PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 13, 2019

NEW ISSUES – BOOK-ENTRY ONLY

DASNY

$3,235,880,000*
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
State Personal Income Tax Revenue Bonds (GENERAL PURPOSE)

$1,933,245,000*	$33,710,000*	$1,268,925,000*
Series 2019D	Series 2019E	Series 2019F
(Tax-Exempt)	(Tax-Exempt)	(Federally Taxable)

Dated: Date of Delivery **Due: As Shown on the Inside Cover**

The Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (General Purpose), Series 2019D (Tax-Exempt) (the "Series 2019D Bonds"), the Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (General Purpose), Series 2019E (Tax-Exempt) (the "Series 2019E Bonds" and, together with the Series 2019D Bonds, the "Tax-Exempt Bonds") and the Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (General Purpose), Series 2019F (Federally Taxable) (the "Series 2019F Bonds" and, together with the Tax-Exempt Bonds, the "Series 2019 Bonds"), are special obligations of the Dormitory Authority of the State of New York ("DASNY"). The Series 2019 Bonds are secured by a pledge of certain payments (the "Financing Agreement Payments") to be made to U.S. Bank National Association, as trustee and paying agent (the "Trustee") on behalf of DASNY by the State of New York (the "State") under a Financing Agreement (the "Financing Agreement") between DASNY and the State, acting by and through the Director of the Division of the Budget (the "Director of the Budget"). Financing Agreement Payments are payable from amounts legally required to be deposited into the Revenue Bond Tax Fund (as hereinafter defined) to provide for the payment of the Series 2019 Bonds and all other State Personal Income Tax Revenue Bonds (as hereinafter defined). The Revenue Bond Tax Fund receives a statutory allocation of 50 percent of State personal income tax receipts imposed by Article 22 of the New York State Tax Law (the "New York State Personal Income Tax Receipts"), and 50 percent of Employer Compensation Expense Program Receipts imposed by Article 24 of the New York State Tax Law (the "New York State ECEP Receipts"). See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program."

DASNY is one of five Authorized Issuers (hereinafter defined) that can issue State Personal Income Tax Revenue Bonds. All financing agreements entered into by the State to secure State Personal Income Tax Revenue Bonds shall be executory only to the extent of the revenues available in the Revenue Bond Tax Fund. The obligation of the State to make financing agreement payments is subject to the State Legislature making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement. Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the State Personal Income Tax.

The Series 2019 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2019 Bonds be payable out of any funds other than those of DASNY pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on the Series 2019 Bonds. DASNY has no taxing power.

The Series 2019 Bonds will be issued as fixed rate obligations, fully registered, in denominations of $5,000 or any integral multiple thereof. The Series 2019 Bonds will bear interest at the rates and mature at the times and in the principal amounts shown on the inside cover page hereof. Interest on the Series 2019 Bonds is payable on each February 15 and August 15, commencing August 15, 2020.

The Series 2019 Bonds will be initially issued under a book-entry only system and will be registered in the name of Cede & Co., as Bondholder and nominee of The Depository Trust Company, New York, New York ("DTC"). See "PART 8—BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" herein. So long as Cede & Co., as nominee for DTC, is the registered owner of the Series 2019 Bonds, payments of principal or redemption price of and interest on the Series 2019 Bonds will be made by U.S. Bank National Association, as Trustee and Paying Agent, to Cede & Co.

The Series 2019 Bonds are subject to redemption prior to maturity as more fully described herein.

In the opinion of Hawkins Delafield & Wood LLP, Co-Bond Counsel to DASNY, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2019D Bonds and the Series 2019E Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2019E Bond for any period during which the Series 2019E Bond is held by a person who, within the meaning of section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with proceeds of the Series 2019E Bonds or a "related person," and (ii) interest on the Series 2019D Bonds and the Series 2019E Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. Hawkins Delafield & Wood LLP also is of the opinion that interest on the Series 2019F Bonds is included in gross income for Federal income tax purposes pursuant to the Code. In addition, Hawkins Delafield & Wood LLP is of the opinion that under existing statutes, interest on the Series 2019 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "PART 13—TAX MATTERS" herein regarding certain other tax considerations.

The Series 2019 Bonds are offered, when, as and if issued and delivered to the Underwriters (as defined herein), and are subject to approval of legality by Hawkins Delafield & Wood LLP, New York, New York, and Golden Holley James LLP, New York, New York, co-bond counsel to DASNY (collectively, "Co-Bond Counsel"), and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. It is expected that the Series 2019 Bonds will be delivered in definitive form through the facilities of DTC on or about January 3, 2020.

Morgan Stanley	**Jefferies**	**Ramirez & Co., Inc.**
Academy Securities, Inc.	Baird	Barclays
Blaylock Van, LLC	BofA Securities	Cabrera Capital Markets LLC
Citigroup	Drexel Hamilton LLC	Duncan-Williams
FHN Financial Capital Markets	Goldman Sachs & Co. LLC	Janney Montgomery Scott
J.P. Morgan	KeyBanc Capital Markets Inc.	Loop Capital Markets
M&T Securities, Inc.	Mesirow Financial, Inc.	Mischler Financial Group, Inc.
Oppenheimer & Co.	Piper Jaffray	PNC Capital Markets LLC
Raymond James	RBC Capital Markets	Rice Financial Products Company
Roosevelt & Cross Incorporated	Siebert Williams Shank & Co., LLC	Stern Brothers & Co.
Stifel	U.S. Bancorp Investments	Wells Fargo Securities

December __, 2019

* Preliminary, subject to change.

MATURITIES, AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIP, ISIN AND COMMON CODE NUMBERS

$1,933,245,000*
State Personal Income Tax Revenue Bonds (General Purpose), Series 2019D (Tax-Exempt)

Due February 15	Amount	Interest Rate	Yield	CUSIP No.†	Due February 15	Amount	Interest Rate	Yield	CUSIP No.†

$________ _____% Term Bond due February 15, 20__ Yield _____% CUSIP No.† _______

$33,710,000*
State Personal Income Tax Revenue Bonds (General Purpose), Series 2019E (Tax-Exempt)

Due February 15	Amount	Interest Rate	Yield	CUSIP No.†	Due February 15	Amount	Interest Rate	Yield	CUSIP No.†

$________ _____% Term Bond due February 15, 20__ Yield _____% CUSIP No.† _______

$1,268,925,000*
State Personal Income Tax Revenue Bonds (General Purpose), Series 2019F (Federally Taxable)

Due February 15	Amount	Interest Rate	Price	CUSIP No.†	ISIN No.†	Common Code No.††	Due February 15	Amount	Interest Rate	Price	CUSIP No.†	ISIN No.†	Common Code No.††

$________ _____% Term Bond due February 15, 20__ Price _____% CUSIP No.† _______ ISIN No.† _______ Common Code No.††_______

*Preliminary, subject to change.

†Copyright, American Bankers Association ("ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP and ISIN numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2019 Bonds, and neither DASNY nor the Underwriters make any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP and ISIN numbers for a specific maturity are subject to being changed after the issuance of the Series 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2019 Bonds.

††The Common Code is provided herein by Euroclear Bank S.A./N.V. Common Codes are provided for the convenience of reference only. Neither DASNY nor the Underwriters are responsible for the selection or use of this Common Code and no representation is made as of its correctness of the Series 2019F Bonds or as included herein.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2019 Bonds by any person in any jurisdiction in which it is unlawful for the person to make such offer, solicitation or sale. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information set forth herein has been provided by DASNY, the State and other sources which are believed to be reliable by DASNY and with respect to the information supplied or authorized by the State and information provided by such other sources, is not to be construed as a representation by DASNY. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of DASNY or the State. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

In connection with offers and sales of the Series 2019 Bonds, no action has been taken by DASNY that would permit a public offering of the Series 2019 Bonds, or possession or distribution of any information relating to the pricing of the Series 2019 Bonds, this Official Statement or any other offering or publicity material relating to the Series 2019 Bonds, in any non-U.S. jurisdiction where action for that purpose is required. Accordingly, the Underwriters are obligated to comply with all applicable laws and regulations in force in any non-U.S. jurisdiction in which it purchases, offers or sells the Series 2019 Bonds or possesses or distributes this Official Statement or any other offering or publicity material relating to the Series 2019 Bonds and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Series 2019 Bonds under the laws and regulations in force in any non-U.S. jurisdiction to which it is subject or in which it makes such purchases, offers or sales and DASNY shall have no responsibility therefor.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2019 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH, TO THE EXTENT THEY ARE NOT RECITATIONS OF HISTORICAL FACT, CONSTITUTE "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. A NUMBER OF IMPORTANT FACTORS AFFECTING THE STATE'S FINANCIAL RESULTS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN FORWARD-LOOKING STATEMENTS.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES HEREIN TO THE "ISSUER" MEANS DASNY AND REFERENCES TO "BONDS" OR "SECURITIES" MEANS THE SERIES 2019 BONDS OFFERED HEREBY. **NEITHER DASNY NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THIS SECTION.**

MINIMUM UNIT SALES

EACH SERIES OF BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE SECURITIES TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA") WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION") FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE SECURITIES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER TO ANY PERSON LOCATED WITHIN A MEMBER STATE OF THE EEA OF THE SECURITIES SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PRODUCE A PROSPECTUS OR SUPPLEMENT FOR SUCH AN OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF SECURITIES THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE SECURITIES CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY SECURITIES WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN ANY MEMBER STATE OF THE EEA, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A "QUALIFIED INVESTOR" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN "QUALIFIED INVESTORS" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION)OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION, SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR THE CORPORATION FOR ANY SUCH OFFER; PROVIDED THAT NO SUCH OFFER OF THE SECURITIES SHALL REQUIRE THE ISSUER OR THE UNDERWRITERS TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE SECURITIES IN ANY MEMBER STATE OF THE EEA MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SECURITIES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE SECURITIES.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "***QUALIFIED INVESTOR***" AS DEFINED IN THE PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY BONDS MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO INVESTORS IN KOREA

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA FOR PUBLIC OFFERING IN KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA AND THE DECREES AND REGULATIONS THEREUNDER (THE "FSCMA"), AND THE BONDS HAVE

BEEN AND WILL BE OFFERED IN KOREA AS A PRIVATE PLACEMENT UNDER THE FSCMA. NONE OF THE BONDS MAY BE OFFERED, SOLD OR DELIVERED DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT PURSUANT TO THE APPLICABLE LAWS AND REGULATIONS OF KOREA, INCLUDING THE FSCMA AND THE FOREIGN EXCHANGE TRANSACTION LAW OF KOREA AND THE DECREES AND REGULATIONS THEREUNDER (THE "FETL"). FURTHERMORE, THE BONDS MAY NOT BE RESOLD TO KOREAN RESIDENTS UNLESS THE PURCHASER OF THE BONDS COMPLIES WITH ALL APPLICABLE REGULATORY REQUIREMENTS (INCLUDING BUT NOT LIMITED TO GOVERNMENT REPORTING REQUIREMENTS UNDER THE FETL) IN CONNECTION WITH THE PURCHASE OF THE BONDS.

NOTICE TO RESIDENTS OF HONG KONG

WARNING. THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS DOCUMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A PROSPECTUS IN HONG KONG NOR HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) ("SFO"). ACCORDINGLY, THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF THIS DOCUMENT OR ANY OTHER DOCUMENT, AND THIS DOCUMENT MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN HONG KONG, OTHER THAN TO `PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER. IN ADDITION, NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, (B) TO `PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR A SOLICITATION TO PURCHASE OR INVEST IN THE BONDS. THE BONDS MAY NOT BE PUBLICLY OFFERED, SOLD OR ADVERTISED, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE OR ON ANY OTHER EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS AS SUCH TERM IS UNDERSTOOD PURSUANT TO ART. 652A OR ART. 1156 OF THE SWISS CODE OF OBLIGATIONS OR A LISTING PROSPECTUS WITHIN THE MEANING OF THE LISTING RULES OF THE SIX SWISS EXCHANGE OR ANY OTHER REGULATED TRADING FACILITY IN SWITZERLAND, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED

OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, NOR THE ISSUER, NOR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE OFFER OF THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("FINMA"), AND THE OFFER OF BONDS HAS NOT BEEN AND WILL NOT BE AUTHORIZED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("CISA"). ACCORDINGLY, INVESTORS DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

SELLING RESTRICTIONS FOR OFFER OF SECURITIES IN SINGAPORE

THIS OFFICIAL STATEMENT HAS NOT BEEN AND WILL NOT BE REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE "SFA")) UNDER SECTION 274 OF THE SFA, (II) TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA) PURSUANT TO SECTION 275(1), OR ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275, OF THE SFA AND (WHERE APPLICABLE) REGULATION 3 OF THE SECURITIES AND FUTURES (CLASSES OF INVESTORS) REGULATIONS 2018, WHERE EACH SUCH PERSON IS (1) AN EXPERT INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA) OR (2) NOT AN INDIVIDUAL.

WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON WHICH IS:

(A) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR

(B) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR,

SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS (EACH TERM AS DEFINED IN THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN SIX MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED SUCH BONDS PURSUANT TO AN OFFER MADE UNDER SECTION 275 OF THE SFA, EXCEPT:

(1) TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON, OR TO ANY PERSON ARISING FROM AN OFFER REFERRED TO IN SECTION 275(1A) OR SECTION 276(4)(I)(B) OF THE SFA;

(2) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;

(3) WHERE THE TRANSFER IS BY OPERATION OF LAW;

(4) AS SPECIFIED IN SECTION 276(7) OF THE SFA; OR

(5) AS SPECIFIED IN REGULATION 37A OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SECURITIES-BASED DERIVATIVES CONTRACTS) REGULATIONS 2018 OF SINGAPORE.

NOTICE TO INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (NO. 25 OF 1948, AS AMENDED, THE "FIEA"). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY "RESIDENT' OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE G OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH I, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ("QIIs"). A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

TABLE OF CONTENTS

PART 1—SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the Series 2019 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Summary Statement and not defined in this Summary Statement will have the meanings given to such terms elsewhere in this Official Statement.

State Personal Income Tax Revenue Bond Financing Program	Part I of Chapter 383 of the Laws of New York of 2001, as amended from time to time (the "Enabling Act"), provides for the issuance of, and a source of payment for, State Personal Income Tax Revenue Bonds (the "State Personal Income Tax Revenue Bonds") by establishing the Revenue Bond Tax Fund (the "Revenue Bond Tax Fund") held separate and apart from all other moneys of the State in the joint custody of the State Commissioner of Taxation and Finance (the "Commissioner") and the Comptroller of the State (the "State Comptroller"). The Enabling Act authorizes the Dormitory Authority of the State of New York ("DASNY"), the New York State Environmental Facilities Corporation, the New York State Housing Finance Agency, the New York State Thruway Authority (the "Thruway Authority") and the New York State Urban Development Corporation, doing business as Empire State Development ("ESD" and collectively, the "Authorized Issuers") to issue State Personal Income Tax Revenue Bonds for certain Authorized Purposes (as hereinafter defined). All five Authorized Issuers have adopted one or more general resolutions and have executed financing agreements with the Director of the Division of the Budget (the "Director of the Budget") pursuant to the Enabling Act. The financing agreements and the general resolutions for State Personal Income Tax Revenue Bonds issued by the Authorized Issuers have substantially identical terms except for applicable references to, and requirements of, the Authorized Issuer and the Authorized Purposes. References to financing agreements, financing agreement payments and general resolutions contained in this Official Statement mean generically the financing agreements, financing agreement payments and general resolutions of all Authorized Issuers, including DASNY. State Personal Income Tax Revenue Bonds issued by an Authorized Issuer are secured solely by a pledge of (i) the payments made pursuant to a financing agreement entered into by such Authorized Issuer with the Director of the Budget and (ii) certain funds held by the applicable trustee or Authorized Issuer under a general resolution and the investment earnings thereon; which together constitute the pledged property under the applicable general resolution.
Purpose of Issue	The Series 2019 Bonds are being issued for the purpose of financing Authorized Purposes, including (i) financing or reimbursing all or a portion of the costs of certain programs and projects within the State, and (ii) refunding all or portions of various series of State-supported debt previously issued by DASNY. See "APPENDIX F—SUMMARY OF REFUNDED BONDS" for a complete list of bonds to be refunded. In addition, proceeds of the Series 2019 Bonds will be used to pay all or a portion of the cost of issuance of the Series 2019 Bonds. For a more complete description of the expected application of proceeds of the Series 2019 Bonds, see "PART 6—THE PROJECTS" and "PART 7—THE REFUNDING PLAN."

Sources of Payment and Security for State Personal Income Tax Revenue Bonds—Revenue Bond Tax Fund Receipts	Effective April 1, 2018, pursuant to legislative changes, the sources of security and the statutory allocation of tax revenues payable to the Revenue Bond Tax Fund (from which financing agreement payments are made on all State Personal Income Tax Revenue Bonds) were changed to (i) increase the percentage of the receipts from the New York State personal income tax, which exclude refunds owed to taxpayers (the “New York State Personal Income Tax Receipts”) to 50 percent from 25 percent, and (ii) add, as a new security source, 50 percent of the receipts from the New York State Employer Compensation Expense Program (the “ECEP”), which, under current law, exclude refunds owed to employers (the “New York State ECEP Receipts”). These changes were made to offset the potential reduction in the level of New York State Personal Income Tax Receipts resulting from activity of the ECEP and Charitable Gifts Trust Fund, as discussed below, and to hold harmless the State Personal Income Tax Revenue Bond Program. The ECEP establishes an optional tax on payroll expenses that employers can elect to pay if they have employees that earn over $40,000 annually in New York State. Accompanying legislation created a new Personal Income Tax credit for employees whose wages are subject to the ECEP tax. New York State ECEP Receipts collected from participating employers are expected to be offset by a comparable decrease in New York State Personal Income Tax Receipts, because the statutory formula used to calculate the Personal Income Tax credit corresponds in value to the ECEP. In addition, a Charitable Gifts Trust Fund was created to accept gifts for the purposes of improving health care and education in New York State, and to provide such taxpayers who itemize deductions the ability to claim a charitable gifts deduction on their Federal income tax returns. Both the ECEP and the Charitable Gifts Trust Fund were created to mitigate the adverse impact on New York State taxpayers of the $10,000 limitation on the Federal income tax deduction for state and local taxes contained in the Tax Cuts and Jobs Act of 2017 (the “TCJA”). See PART 3 – “SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS – Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program”. The State Comptroller is required by the Enabling Act to deposit in the Revenue Bond Tax Fund all of the receipts collected from payroll withholding taxes (the “Withholding Component”) until an amount equal to 50 percent of the estimated monthly New York State Personal Income Tax Receipts have been deposited into the Revenue Bond Tax Fund. The State Comptroller is also required by the Enabling Act to deposit in the Revenue Bond Tax Fund all of the receipts from the ECEP until 50 percent of the estimated monthly New York State ECEP Receipts have been deposited into the Revenue Bond Tax Fund. Such New York State Personal Income Tax Receipts and such New York State ECEP Receipts are sometimes collectively referred to herein as the “Revenue Bond Tax Fund Receipts”. New York State Personal Income Tax Receipts, New York State ECEP Receipts, and the Revenue Bond Tax Fund Receipts for State Fiscal Years 2017-18 through 2019-20 are as follows (dollars in millions):

Sources of Payment and Security for State Personal Income Tax Revenue Bonds—Revenue Bond Tax Fund Receipts

(continued)

State Fiscal Year	New York State Personal Income Tax Receipts	New York State ECEP Receipts	Revenue Bond Tax Fund Receipts
2017-18	$51,501	N/A	$12,875
2018-19	48,087	**	24,044***
2019-20*	52,151	$2	26,077***

* As estimated in the FY 2020 Mid-Year Update to the Financial Plan.

** New York State ECEP Receipts collected in FY 2019 totaled $52,664.

*** Reflects increased deposits to the Revenue Bond Tax Fund, resulting from FY 2019 Enacted Budget legislation.

The Series 2019 Bonds are special obligations of DASNY, being secured by a pledge of Financing Agreement Payments to be made by the State Comptroller to the Trustee on behalf of DASNY and certain funds held by the Trustee under DASNY's State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution (the "General Resolution").

The Series 2019 Bonds are issued on a parity with all other Bonds which have been or may be issued under the General Resolution. All State Personal Income Tax Revenue Bonds (of which $36.3 billion were outstanding as of November 30, 2019) are on a parity with each other as to payments from the Revenue Bond Tax Fund, subject to annual appropriation by the State.

Financing agreement payments are made from certain personal income taxes imposed by the State of New York on a statewide basis and deposited, as required by the Enabling Act, to the Revenue Bond Tax Fund. The financing agreement payments are to be paid by the State Comptroller to the applicable trustees on behalf of the Authorized Issuers from amounts deposited to the Revenue Bond Tax Fund. Financing agreement payments are to equal amounts necessary to pay the debt service and other cash requirements on all State Personal Income Tax Revenue Bonds. **All payments required by financing agreements entered into by the State are executory only to the extent of the revenues available in the Revenue Bond Tax Fund. The obligation of the State to make financing agreement payments is subject to the State Legislature making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement.**

The Enabling Act provides that: (i) no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on amounts on deposit in the Revenue Bond Tax Fund; (ii) Revenue Bond Tax Fund Receipts, which have been set aside in sufficient amounts to pay when due the financing agreement payments of all Authorized Issuers, shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments; and (iii) nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the New York State Personal Income Tax

	or the New York State ECEP. For additional information, see "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS" and "PART 4—SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS AND NEW YORK STATE ECEP RECEIPTS FOR THE REVENUE BOND TAX FUND." **The Series 2019 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2019 Bonds be payable out of any funds other than those of DASNY pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, the premium, if any, or interest on the Series 2019 Bonds. DASNY has no taxing power.** **The Series 2019 Bonds are not secured by any mortgage on, any revenues from, or any other interest in, capital works or purposes authorized to be financed by the application of the proceeds of Series 2019 Bonds.**
Set Aside for Purpose of Making Financing Agreement Payments	The Enabling Act, general resolutions and financing agreements provide procedures for setting aside Revenue Bond Tax Fund Receipts designed to ensure that sufficient amounts are available in the Revenue Bond Tax Fund to make financing agreement payments to the applicable trustees on behalf of all Authorized Issuers, subject to annual appropriation by the State Legislature. The Enabling Act requires the Director of the Budget to annually prepare a certificate (which may be amended as necessary or required) which estimates monthly Revenue Bond Tax Fund Receipts anticipated to be deposited to the Revenue Bond Tax Fund and the amount of all set-asides necessary to make all financing agreement payments of all the Authorized Issuers. The Director of the Budget has prepared such certificate for State Fiscal Year 2019-20. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS."
Availability of General Fund to Satisfy Set-Aside of Revenue Bond Tax Fund Receipts	If at any time the amount of Revenue Bond Tax Fund Receipts set aside, as certified by the Director of the Budget, is insufficient to make all certified financing agreement payments on all State Personal Income Tax Revenue Bonds, the State Comptroller is required by the Enabling Act, without appropriation, to immediately transfer amounts from the General Fund of the State (the "General Fund") to the Revenue Bond Tax Fund sufficient to satisfy the cash requirements of the Authorized Issuers.
Moneys Held in Revenue Bond Tax Fund if State Fails to Appropriate or Pay Required Amounts	In the event that: (i) the State Legislature fails to appropriate all amounts required to make financing agreement payments on State Personal Income Tax Revenue Bonds to all Authorized Issuers or (ii) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, financing agreement payments have not been made when due on any State Personal Income Tax Revenue Bonds, the Enabling Act requires that all of the New York State Personal Income Tax Receipts from the Withholding Component and New York State ECEP Receipts shall continue to be deposited in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 40 percent of the aggregate of the annual New York State Personal Income Tax Receipts and the annual New York State ECEP Receipts or twelve billion dollars ($12,000,000,000). Other than to make financing agreement payments from appropriated amounts, the Enabling Act prohibits the transfer of

	moneys in the Revenue Bond Tax Fund to any other fund or account or the use of such moneys by the State for any other purpose (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees, on behalf of each Authorized Issuer, including DASNY. After the required appropriations and financing agreement payments have been made, excess moneys in the Revenue Bond Tax Fund are to be paid over and distributed to the credit of the General Fund. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Moneys Held in the Revenue Bond Tax Fund."
Additional Bonds and Debt Service Coverage	The Enabling Act and each of the general resolutions permit the Authorized Issuers to issue additional State Personal Income Tax Revenue Bonds subject to (a) statutory limitations on the maximum amount of bonds permitted to be issued by Authorized Issuers for particular Authorized Purposes and (b) the additional bonds test described below and included in each general resolution authorizing State Personal Income Tax Revenue Bonds. As provided in the General Resolution, and in each of the general resolutions of the other Authorized Issuers, additional State Personal Income Tax Revenue Bonds may be issued only if the amount of Revenue Bond Tax Fund Receipts for any 12 consecutive calendar months ended not more than six months prior to the date of such calculation, as certified by the Director of the Budget, is at least 2.0 times the maximum Calculated Debt Service on all outstanding State Personal Income Tax Revenue Bonds, the additional State Personal Income Tax Revenue Bonds proposed to be issued and any additional amounts payable with respect to parity reimbursement obligations. In accordance with the additional bonds debt service coverage test described above, Revenue Bond Tax Fund Receipts of approximately $26.2 billion are available to pay financing agreement payments on a pro forma basis, which amount represents approximately 6.6* times the maximum annual Debt Service for all outstanding State Personal Income Tax Revenue Bonds, including the projected debt service on the Series 2019 Bonds. New York State ECEP Receipts collected from participating employers are expected to be offset by a comparable decrease in New York State Personal Income Tax receipts, because employees whose wages are subject to the ECEP may claim a Personal Income Tax credit calculated using a statutory formula that corresponds in value to the ECEP. As a result, the ECEP is not expected to adversely impact debt service coverage on State Personal Income Tax Revenue Bonds. However, debt service coverage on State Personal Income Tax Revenue Bonds could be adversely impacted to the extent that New York State taxpayers make donations to the Charitable Gifts Trust Fund. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program." While additional State Personal Income Tax Revenue Bonds are expected to continue to be issued by Authorized Issuers for Authorized Purposes as noted herein, in no event may any additional State Personal Income Tax Revenue Bonds (other than certain refunding bonds) be issued unless the additional bonds test under the respective general resolution

* Preliminary, subject to change.

	has been satisfied. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Additional Bonds" and "PART 4—SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS AND NEW YORK STATE ECEP RECEIPTS FOR THE REVENUE BOND TAX FUND—Projected Debt Service Coverage." As of November 30, 2019, approximately $36.3 billion of State Personal Income Tax Revenue Bonds were outstanding.
Appropriation by State Legislature	The State Legislature is expected to make appropriations annually from amounts on deposit in the Revenue Bond Tax Fund sufficient to pay annual financing agreement payments when due. Revenue Bond Tax Fund Receipts are expected to exceed the amounts necessary to pay financing agreement payments. Such an appropriation has been enacted for State Fiscal Year 2019-20. Pursuant to Article VII Section 16 of the State Constitution, if at any time the State Legislature fails to make an appropriation for State general obligation debt service, the State Comptroller is required to set apart from the first revenues thereafter received, applicable to the General Fund, sums sufficient to pay debt service on such general obligation bonds. In the event that such revenues and other amounts in the General Fund are insufficient to pay State general obligation bondholders, the State may also use amounts on deposit in the Revenue Bond Tax Fund as well as other funds to pay debt service on State general obligation bonds. The Division of the Budget is not aware of any existing circumstances that would cause Revenue Bond Tax Fund Receipts to be used to pay debt service on State general obligation bonds in the future. The Director of the Budget believes that any failure by the State Legislature to make annual appropriations as contemplated would have a serious impact on the ability of the State and the Authorized Issuers to issue State-supported bonds to raise funds in the public credit markets.
Continuing Disclosure	In order to assist the Underwriters of the Series 2019 Bonds in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC"), all Authorized Issuers, the State and each applicable trustee, including the Trustee, have entered into a Master Continuing Disclosure Agreement. See "PART 20—CONTINUING DISCLOSURE" and "APPENDIX E – EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT."

DORMITORY AUTHORITY – STATE OF NEW YORK 515 BROADWAY, ALBANY, N.Y. 12207
REUBEN R. McDANIEL, III – ACTING PRESIDENT ALFONSO L. CARNEY, JR., ESQ. – CHAIR

OFFICIAL STATEMENT

Relating to

$3,235,880,000*
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
STATE PERSONAL INCOME TAX REVENUE BONDS
(GENERAL PURPOSE)

$1,933,245,000*	**$33,710,000***	**$1,268,925,000***
Series 2019D	**Series 2019E**	**Series 2019F**
(Tax-Exempt)	**(Tax-Exempt)**	**(Federally Taxable)**

PART 2—INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover page, the Summary Statement and appendices, is to set forth certain information concerning the State and Dormitory Authority of the State of New York ("DASNY"), a public benefit corporation of the State, in connection with the offering by DASNY of its $1,933,245,000* State Personal Income Tax Revenue Bonds (General Purpose), Series 2019D (Tax-Exempt) (the "Series 2019D Bonds"), $33,710,000* State Personal Income Tax Revenue Bonds (General Purpose), Series 2019E (Tax-Exempt) (the "Series 2019E Bonds" and, together with the Series 2019D Bonds, the "Tax-Exempt Bonds") and $1,268,925,000* State Personal Income Tax Revenue Bonds (General Purpose), Series 2019F (Federally Taxable) (the "Series 2019F Bonds" and, together with the Tax-Exempt Bonds, the "Series 2019 Bonds"). The interest rates, maturity dates, principal amounts, and prices or yields of the Series 2019 Bonds being offered hereby are set forth on the inside cover page of this Official Statement.

This Official Statement also summarizes certain information concerning the provisions of the State Finance Law with respect to the issuance of State Personal Income Tax Revenue Bonds (the "State Personal Income Tax Revenue Bonds"), including the Series 2019 Bonds, and the statutory allocation of 50 percent (formerly 25 percent) of the receipts from the New York State Personal Income Tax (the "New York State Personal Income Tax Receipts") imposed by Article 22 of the New York State Tax Law ("Tax Law") which, pursuant to Section 171-a of the Tax Law, are required to be deposited in the Revenue Bond Tax Fund to provide for the payment of State Personal Income Tax Revenue Bonds. Under current law, such New York State Personal Income Tax Receipts exclude refunds owed to taxpayers. In addition, 50 percent of the receipts from the New York State Employer Compensation Expense Program (the "New York State ECEP Receipts") imposed by Article 24 of the Tax Law are required to be deposited in the Revenue Bond Tax Fund to provide for the payment of State Personal Income Tax Revenue Bonds. Under current law, such New York State ECEP Receipts exclude refunds owed to employers. The New York State Personal Income Tax Receipts and the New York State ECEP Receipts set aside for the payment of State Personal Income Tax Revenue Bonds are sometimes collectively referred to herein as

* Preliminary, subject to change.

the “Revenue Bond Tax Fund Receipts”. See “PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS — The Revenue Bond Tax Fund” and “— Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program.”

The State expects that State Personal Income Tax Revenue Bonds together with the State Sales Tax Revenue Bonds will be the primary financing vehicles for financing State-supported programs over the current financial plan period. State Sales Tax Revenue Bonds are authorized to be issued for certain authorized purposes pursuant to Article 5-F and Article 6 (Section 92-h) of the State Finance Law by DASNY, ESD, and the Thruway Authority.

The Series 2019 Bonds are authorized to be issued pursuant to the Enabling Act, and the Dormitory Authority Act, constituting Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended and supplemented (the “Authority Act”), and other provisions of State law. The Enabling Act authorizes the Authorized Issuers to issue State Personal Income Tax Revenue Bonds for certain purposes for which State-supported Debt (as defined by Section 67-a of the State Finance Law and as limited by the Enabling Act) may be issued (the “Authorized Purposes”). The issuance of State-supported Debt is limited in the State Finance Law to the financing of capital works or purposes only, which include the acquisition, construction, demolition or replacement of fixed assets, the major repair or renovation thereof, or the planning or design of the acquisition, construction, demolition, replacement, repair or renovation of fixed assets. The Enabling Act, together with the Authority Act, constitute the “Authorizing Legislation.”

The Series 2019 Bonds are additionally authorized under DASNY’s State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution, adopted by DASNY on April 29, 2009 (the “General Resolution”), as supplemented by DASNY’s Supplemental Resolution 2019-3 Authorizing State Personal Income Tax Revenue Bonds (General Purpose), adopted on October 16, 2019 (the “Series 2019 Supplemental Resolution”) (such General Resolution, together with the Series 2019 Supplemental Resolution, being herein, except as the context otherwise indicates, collectively referred to as the “Resolution,” and any bonds issued pursuant to the General Resolution, including the Series 2019 Bonds, being herein referred to as the “Bonds”).

The Series 2019 Bonds, and any additional series of Bonds which have heretofore been issued or may hereafter be issued under the General Resolution, will be equally and ratably secured thereunder. The Series 2019 Bonds and all other State Personal Income Tax Revenue Bonds which have heretofore been issued or may be issued by an Authorized Issuer are secured by a pledge of (i) the payments made pursuant to one or more financing agreements entered into by such Authorized Issuer with the Director of the Budget and (ii) certain funds held by the applicable trustee or Authorized Issuer under the applicable general resolution and the investment earnings thereon ((i) and (ii) being collectively referred to herein as the “Pledged Property” with respect to each such Authorized Issuer, including DASNY). The financing agreements and the general resolutions for State Personal Income Tax Revenue Bonds adopted by the Authorized Issuers have substantially identical terms except for applicable references to, and requirements of, the Authorized Issuer and the Authorized Purposes. The financing agreement payments are required to be equal to the amounts necessary to pay the debt service and other cash requirements on all State Personal Income Tax Revenue Bonds. The making of financing agreement payments to the Authorized Issuers is subject to annual appropriation by the State Legislature.

References to financing agreements, financing agreement payments and general resolutions contained in this Official Statement mean generically the financing agreements, financing agreement payments and general resolutions of all Authorized Issuers, including DASNY. Descriptions of the provisions of the Enabling Act contained in this Official Statement are of the Enabling Act as it exists on the date of this Official Statement.

All State Personal Income Tax Revenue Bonds are on a parity with each other as to payments from the Revenue Bond Tax Fund, subject to annual appropriation by the State Legislature. As of November 30, 2019, approximately $36.3 billion of State Personal Income Tax Revenue Bonds were outstanding. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Series 2019 Bonds" and "–Additional Bonds."

The Series 2019 Bonds are being issued for the purpose of financing Authorized Purposes, including (i) financing or reimbursing all or a portion of the costs of certain programs and projects within the State, and (ii) refunding all or a portion of certain series of outstanding State-supported debt previously issued by DASNY. See "APPENDIX F—SUMMARY OF REFUNDED BONDS" for a complete list of bonds to be refunded. In addition, proceeds of the Series 2019 Bonds will be used to pay all or part of the cost of issuance of the Series 2019 Bonds. See "PART 6—THE PROJECTS" and "PART 7—THE REFUNDING PLAN" for a more complete description of the application of proceeds of the Series 2019 Bonds. **The Series 2019 Bonds are not secured by any mortgage on, any revenues from, or any other interest in, capital works or purposes authorized to be financed with proceeds of the Series 2019 Bonds.**

Pursuant to the Authorizing Legislation, DASNY and the State entered into a financing agreement dated as of July 1, 2009 (the "Financing Agreement"). See "APPENDIX C—FORM OF FINANCING AGREEMENT."

The revenues, facilities, properties and any and all other assets of DASNY of any name and nature, other than the Pledged Property, may not be used for, or, as a result of any court proceeding or otherwise applied to, the payment of State Personal Income Tax Revenue Bonds, any redemption premium therefor or the interest thereon or any other obligations under the Resolution, and under no circumstances shall these be available for such purposes. See "PART 11—DASNY" for a further description of DASNY.

The Series 2019 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2019 Bonds be payable out of any funds other than those of DASNY pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on the Series 2019 Bonds. DASNY has no taxing power.

Capitalized terms used herein unless otherwise defined have the same meaning as ascribed to them in the General Resolution. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION."

PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS

The Revenue Bond Tax Fund

The Enabling Act provides a source of payment for State Personal Income Tax Revenue Bonds by establishing the Revenue Bond Tax Fund for the purpose of setting aside New York State Personal Income Tax Receipts and New York State ECEP Receipts sufficient to make financing agreement payments to Authorized Issuers. The Enabling Act establishes the Revenue Bond Tax Fund to be held in the joint custody of the State Comptroller and the Commissioner and requires that all moneys on deposit in the Revenue Bond Tax Fund be held separate and apart from all other moneys in the joint custody of the State Comptroller and the Commissioner. The source of the financing agreement payments is a statutory allocation of 50 percent of the receipts from the New York State Personal Income Tax imposed by Article 22 of the Tax Law, which exclude refunds owed to taxpayers, and 50 percent of the receipts from the New York State ECEP imposed by Article 24 of the Tax Law, which exclude refunds owed to employers, and which, pursuant to Section 171-a of the Tax Law, are deposited in the Revenue Bond Tax Fund. See "PART 4—SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS AND NEW YORK STATE ECEP RECEIPTS FOR THE REVENUE BOND TAX FUND—Revenue Bond Tax Fund Receipts."

Financing agreement payments made from amounts set aside in the Revenue Bond Tax Fund are subject to annual appropriation for such purpose by the State Legislature. The Enabling Act provides that: (i) no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on amounts on deposit in the Revenue Bond Tax Fund; (ii) Revenue Bond Tax Fund Receipts, which have been set aside in sufficient amounts to pay when due the financing agreement payments of all Authorized Issuers, shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments; and (iii) nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed by Articles 22 and 24 of the Tax Law.

Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program

On April 1, 2018, New York State legislative changes designed to mitigate the adverse impact of the Tax Cuts and Jobs Act of 2017 enacted by the United States Congress (the "TCJA") on New York State taxpayers went into effect. The New York State legislative changes included the creation of the ECEP and the Charitable Gifts Trust Fund described further below. The ECEP and the Charitable Gifts Trust Fund are expected to reduce New York State Personal Income Tax Receipts, to the extent that employers elect to participate in the ECEP and taxpayers make donations to the Charitable Gifts Trust Fund. To offset the potential reduction in New York State Personal Income Tax Receipts, the FY 2019 Enacted Budget amended the State Finance Law and the Enabling Act so as to hold harmless the State Personal Income Tax Revenue Bond Financing Program. Accordingly, the enacted legislation provided for:

1. An increase from 25 percent to 50 percent in the statutory allocation of New York State Personal Income Tax Receipts imposed by Article 22 of the Tax Law, which exclude refunds owed to taxpayers, that is required to be deposited in the Revenue Bond Tax Fund to provide for the payment of State Personal Income Tax Revenue Bonds.

2. An increase in the statutory maximum aggregate amount of New York State Personal Income Tax Receipts and New York State ECEP Receipts required to be deposited to the Revenue Bond Tax Fund to be the greater of 40 percent of Revenue Bond Tax Fund Receipts or $12 billion in the event that the State Legislature either fails to appropriate or, once appropriated, fails to pay, amounts sufficient to make financing agreement payments for outstanding New York State Personal Income Tax Revenue Bonds (the "Maximum Revenue Bond Tax Fund Deposit"). Prior to the legislative changes, the amount required to be deposited was the greater of 25 percent of Revenue Bond Tax Fund Receipts or $6 billion.

3. The creation of the ECEP pursuant to Article 24 of the Tax Law and a corresponding amendment to the Enabling Act to provide that 50 percent of New York State ECEP Receipts, which exclude refunds owed to employers, be deposited to the Revenue Bond Tax Fund. The ECEP establishes an optional tax on payroll expenses that employers can elect to pay if they have employees that earn over $40,000 annually in New York State. Accompanying legislation created a new Personal Income Tax credit for employees whose wages are subject to the ECEP tax. The credit is calculated using a statutory formula that corresponds in value to the ECEP. As a result, aggregate receipts deposited to the Revenue Bond Tax Fund are expected to remain substantially the same regardless of the amount of New York

State ECEP Receipts. Therefore, from a Revenue Bond Tax Fund perspective, the ECEP is expected to be revenue neutral.

4. The creation of a Charitable Gifts Trust Fund to accept gifts for the purposes of improving health care and education in New York State. Taxpayers who itemize deductions may claim charitable gifts as a Personal Income Tax deduction, pursuant to statute existing prior to 2018. The legislative changes created a new Personal Income Tax credit equal to 85 percent of the donation amount. Credits based on contributions to the Charitable Gifts Trust Fund are claimed for the tax year following the year in which the donation is made.

As described above, the ECEP and Charitable Gifts Trust Fund were developed based on a review of then existing laws, regulations, and precedents. However, subsequent to the enactment of legislation effectuating the ECEP and Charitable Gifts Trust Fund, on June 13, 2019, the IRS adopted final regulations (Treasury Decision 9864) that negatively impacted the deductibility of donations made by taxpayers to the Charitable Gifts Trust Fund for Federal income tax purposes. These regulations effectively disallow Federal income tax deductions for charitable contributions whenever a taxpayer receives or expects to receive a state or local tax credit for such charitable contributions, as in the case of Charitable Gifts Trust Fund. In such event, a taxpayer would have to reduce the Federal income tax deduction by the amount of the state tax credit received for such charitable contribution. As a result, since Treasury Decision 9864, donations to the Charitable Gifts Trust Fund have been greatly reduced.

On July 17, 2019, New York State, joined by Connecticut and New Jersey, filed a Federal lawsuit challenging Treasury Decision 9864. Among other things, the lawsuit seeks to restore the full Federal income tax deduction for charitable contributions, regardless of the amount of any state tax credit provided to taxpayers as a result of contributions made to the Charitable Gifts Trust Fund, in accordance with the precedent since 1917.

If the Federal lawsuit is successful it is expected that donations to the Charitable Gifts Trust Fund in future years could be higher than the $93 million level of donations made in 2018. In such event, the donations to the Charitable Gifts Trust Fund would likely pose a risk to the amount of New York State Personal Income Tax Receipts deposited to the Revenue Bond Tax Fund in future years. To address this risk, the FY 2019 Enacted Budget legislative changes (i) increased the amount of New York State Personal Income Tax Receipts deposited to the Revenue Bond Tax Fund from 25 percent to 50 percent (excluding refunds owed to taxpayers), (ii) added, as a new revenue source, the 50 percent statutory allocation of New York State ECEP Receipts (excluding refunds owed to employers), and (iii) increased the Maximum Revenue Bond Tax Fund Deposit.

In addition, the FY 2019 Enacted Budget legislative changes allow taxpayers to claim reimbursement from the State for interest on underpayments of Federal tax liability for the 2019, 2020 and 2021 tax years if the underpayments arise from reliance on amendments to State tax law enacted in 2018. To receive reimbursement, taxpayers are required to submit their reimbursement claims to the Department of Taxation and Finance within 60 days of making an interest payment to the IRS. If taxpayer participation in the ECEP and donations made to the Charitable Gifts Trust Fund for the 2019, 2020 and 2021 tax years results in Federal determinations of underpayment of Federal income tax, the State could incur costs. However, any such State reimbursement of interest charges would occur in FY 2021 at the earliest, for determinations on 2019 tax payments due in April 2020, or thereafter, and is subject to a number of variables including the rate of participation in the ECEP; the magnitude of donations to the Charitable Gifts Trust Fund; the amount of determinations of underpayment attributable to reliance on other changes in State tax law made in 2018; the amount of time between the due date of the return and the date any Federal determination is issued; the interest rate applied; and the frequency at which taxpayers submit timely reimbursement claims to the State. As a result, the FY 2020 Mid-Year

Update to the Financial Plan does not include any estimate of the possible State reimbursement of interest expense to the State.

Series 2019 Bonds

The Series 2019 Bonds are special obligations of DASNY, secured by and payable from Financing Agreement Payments payable by the State Comptroller to U.S. Bank National Association, as Trustee and Paying Agent (the "Trustee" or "Paying Agent") on behalf of DASNY in accordance with the terms and provisions of the Financing Agreement subject to annual appropriation by the State Legislature, and the Funds and accounts established under the General Resolution (other than the Rebate Fund and other Funds as provided in the Resolution). A copy of the Financing Agreement relating to the Series 2019 Bonds is included as "APPENDIX C—FORM OF FINANCING AGREEMENT" hereto. The Series 2019 Bonds are entitled to a lien, created by a pledge under the General Resolution, on the Pledged Property. The Pledged Property with respect to the Series 2019 Bonds consists of (i) the payments made pursuant to the Financing Agreement and (ii) the Funds and accounts established under the General Resolution (other than the Rebate Fund and the Administrative Fund as provided in the Resolution) and the investment earnings thereon.

The Enabling Act and each of the general resolutions permit the Authorized Issuers to issue additional State Personal Income Tax Revenue Bonds subject to statutory limitations on the maximum amount of bonds permitted to be issued by Authorized Issuers for Authorized Purposes and the additional bonds test described herein included in each of the general resolutions authorizing State Personal Income Tax Revenue Bonds. In accordance with the additional bonds test described herein, Revenue Bond Tax Fund Receipts of approximately $26.2 billion are available to pay financing agreement payments on a pro-forma basis, which amount represents approximately 6.6[*] times the maximum annual Debt Service for all Outstanding State Personal Income Tax Revenue Bonds, including the projected debt service on the Series 2019 Bonds. It should be noted, however, that if New York State taxpayer donations to the Charitable Gifts Trust Fund approach maximum levels of participation, the aggregate amount of New York State Personal Income Tax Receipts would be materially and adversely affected which, in turn, could result in a material reduction in the debt service coverage on State Personal Income Tax Revenue Bonds. As noted above, however, additional bonds may not be issued unless the additional bonds test under the respective general resolution has been satisfied. See "Additional Bonds" below and "PART 4—SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS AND NEW YORK STATE ECEP RECEIPTS FOR THE REVENUE BOND TAX FUND—Projected Debt Service Coverage."

The revenues, facilities, properties and any and all other assets of DASNY of any name and nature, other than the Pledged Property, may not be used for, or, as a result of any court proceeding, otherwise applied to, the payment of State Personal Income Tax Revenue Bonds, any redemption premium therefor or the interest thereon or any other obligations under the General Resolution, and under no circumstances shall these be available for such purposes. See "PART 11—DASNY" for a further description of DASNY.

Certification of Payments to be Set Aside in Revenue Bond Tax Fund

The Enabling Act, the general resolutions and the financing agreements provide procedures for setting aside amounts from the New York State Personal Income Tax Receipts and New York State ECEP Receipts deposited to the Revenue Bond Tax Fund to ensure that sufficient amounts will be available to make financing agreement payments, when due, to the applicable trustees on behalf of DASNY and the other Authorized Issuers.

[*] Preliminary, subject to change.

The Enabling Act, as amended, provides that:

1. No later than October 1 of each year, each Authorized Issuer must submit its State Personal Income Tax Revenue Bond cash requirements (which shall include financing agreement payments) for the following State Fiscal Year and, as required by the financing agreements, each of the subsequent four State Fiscal Years to the Division of the Budget.

2. No later than thirty (30) days after the submission of the Executive Budget in accordance with Article VII of the State Constitution, the Director of the Budget shall prepare a certificate which sets forth an estimate of:

    (a) 50 percent of the amount of the estimated monthly New York State Personal Income Tax Receipts to be deposited in the Revenue Bond Tax Fund pursuant to the Enabling Act during that State Fiscal Year; and

    (b) 50 percent of the amount of the estimated monthly New York State ECEP Receipts to be deposited in the Revenue Bond Tax Fund pursuant to the Enabling Act during that State Fiscal Year; and

    (c) the monthly amounts necessary to be set aside in the Revenue Bond Tax Fund to make the financing agreement payments required to meet the cash requirements of the Authorized Issuers.

3. In the case of financing agreement payments due semi-annually, Revenue Bond Tax Fund Receipts shall be set aside monthly until such amount is equal to not less than the financing agreement payments for State Personal Income Tax Revenue Bonds of all Authorized Issuers in the following month as certified by the Director of the Budget.

4. In the case of financing agreement payments due on a more frequent basis, monthly Revenue Bond Tax Fund Receipts shall be set aside monthly until such amount is, in accordance with the certificate of the Director of the Budget, sufficient to pay the required payment on each issue on or before the date such payment is due.

In addition, the general resolutions and the financing agreements require the State Comptroller to set aside, monthly, in the Revenue Bond Tax Fund, amounts such that the combined total of the (i) amounts previously set aside and on deposit in the Revenue Bond Tax Fund and (ii) amount of estimated monthly New York State Personal Income Tax Receipts (excluding refunds owed to taxpayers) and estimated monthly New York State ECEP Receipts (excluding refunds owed to employers) required to be deposited to the Revenue Bond Tax Fund as provided in 2(a) and 2(b) above, are not less than 125 percent of the financing agreement payments required to be paid by the State Comptroller to the trustees on behalf of the Authorized Issuers in the following month.

The Director of the Budget may amend such certification as shall be necessary, provided that the Director of the Budget shall amend such certification no later than thirty (30) days after the issuance of any State Personal Income Tax Revenue Bonds, including refunding bonds, or after the execution of any interest rate exchange (or "swap") agreements or other financial arrangements which may affect the cash requirements of any Authorized Issuer.

The Enabling Act provides that on or before the twelfth day of each month, the Commissioner shall certify to the State Comptroller the actual New York State Personal Income Tax Receipts and the actual New York State ECEP Receipts for the prior month and, in addition, no later than March 31 of each State Fiscal Year, the Commissioner shall certify such amounts relating to the last month of the State Fiscal Year. At such times, the Enabling Act provides that the State Comptroller shall adjust the amount of estimated New York State Personal Income Tax Receipts (from the Withholding Component) and the amount of estimated New York State ECEP Receipts deposited to the Revenue Bond Tax Fund to the actual amount certified by the Commissioner.

Set Aside of Revenue Bond Tax Fund Receipts

As provided by the Enabling Act, the general resolutions, the financing agreements, and the certificate of the Director of the Budget, the State Comptroller is required to:

1. Beginning on the first day of each month, deposit all of the daily New York State ECEP Receipts and the daily receipts from the Withholding Component to the Revenue Bond Tax Fund until there is on deposit in the Revenue Bond Tax Fund an amount equal to 50 percent of estimated monthly New York State Personal Income Tax Receipts and 50 percent of estimated monthly New York State ECEP Receipts.

2. Set aside, monthly, amounts on deposit in the Revenue Bond Tax Fund, such that the combined total of the (i) amounts previously set aside and on deposit in the Revenue Bond Tax Fund and (ii) amount of estimated monthly New York State Personal Income Tax Receipts and New York State ECEP Receipts required to be deposited to the Revenue Bond Tax Fund in such month, are not less than 125 percent of the financing agreement payments required to be paid by the State Comptroller to the trustees on behalf of all the Authorized Issuers in the following month.

The Enabling Act provides that Revenue Bond Tax Fund Receipts which have been set aside in sufficient amounts to pay, when due, the financing agreement payments of all Authorized Issuers shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments.

Subject to appropriation by the State Legislature, upon receipt of a request for payment from any Authorized Issuer pursuant to a financing agreement, the State Comptroller shall pay over to the trustee, on behalf of such Authorized Issuer, such amount. In the event that Revenue Bond Tax Fund Receipts are insufficient to meet financing agreement payments on all State Personal Income Tax Revenue Bonds of all the Authorized Issuers as set forth in the certificate of the Director of the Budget, the State Comptroller is required by the Enabling Act, without appropriation, to immediately transfer amounts from the General Fund to the Revenue Bond Tax Fund, the amount of such deficiency. Amounts so transferred to the Revenue Bond Tax Fund can only be used to pay financing agreement payments (except, if necessary, for payments authorized to be made to the holders of State general obligation debt).

The State Comptroller shall from time to time, but in no event later than the fifteenth day of each month (other than the last month of the fiscal year) and no later than the thirty-first day of the last month of each fiscal year, pay over and distribute to the credit of the General Fund all moneys in the Revenue Bond Tax Fund, if any, in excess of the aggregate amount required to be set aside for the payment of cash requirements as described above.

Flow of Revenue Bond Tax Fund Receipts

The following chart summarizes the flow of Revenue Bond Tax Fund Receipts.

On or before October 1
Authorized Issuers submit to the Division of the Budget the schedule of anticipated cash requirements (which include financing agreement payments) due with respect to State Personal Income Tax Revenue Bonds for the next State Fiscal Year and for the four subsequent State Fiscal Years

No later than 30 Days after Budget Submission (Mid February)
Director of the Budget submits a certificate to the State Comptroller which estimates for the following State Fiscal Year*: • 50% of monthly New York State Personal Income Tax Receipts to be deposited in the Revenue Bond Tax Fund • 50% of monthly New York State ECEP Receipts to be deposited in the Revenue Bond Tax Fund • Monthly set asides for financing agreement payments and other cash requirements (for outstanding bonds and projected issuances)

↓

Beginning on the First Day of Each Month
100% of daily New York State Personal Income Tax Receipts from the Withholding Component and New York State ECEP Receipts flow to the Revenue Bond Tax Fund until 50% of estimated monthly New York State Personal Income Tax Receipts (excluding refunds owed to taxpayers) and 50% of the estimated monthly New York State ECEP Receipts (excluding refunds owed to employers) have been deposited** New York State Personal Income Tax Receipts and New York State ECEP Receipts, which have been set aside to make financing agreement payments and meet other cash requirements, are required to remain in the Revenue Bond Tax Fund until appropriated and paid to the applicable trustees on behalf of the Authorized Issuers

After the monthly amounts necessary to make financing agreement payments and meet other cash requirements have been set aside, and assuming appropriations have been enacted and any required payments have been made by the State Comptroller, excess moneys in the Revenue Bond Tax Fund flow to the General Fund

12th Day of the following Month
The Commissioner of Taxation and Finance certifies to the State Comptroller 50% of actual New York State Personal Income Tax Receipts and 50% of actual New York State ECEP Receipts for the prior month and the State Comptroller adjusts deposits to the Revenue Bond Tax Fund accordingly

* The Director of the Budget can amend the certification at any time to more precisely account for a revised New York State Personal Income Tax Receipts and New York State ECEP Receipts estimate or actual debt service and other cash requirements, and to the extent necessary, shall do so not later than thirty days after the issuance of any State Personal Income Tax Revenue Bonds.

** The State can certify and set aside New York State Personal Income Tax Receipts and New York State ECEP Receipts in excess of the next month's financing agreement payment requirements to ensure amounts previously set aside and on deposit in the Revenue Bond Tax Fund together with 50 percent of estimated monthly New York State Personal Income Tax Receipts and 50 percent of estimated monthly New York State ECEP Receipts to be deposited in such month are not less than 125 percent of all financing agreement payments due in the following month, as required by the financing agreements.

Moneys Held in the Revenue Bond Tax Fund

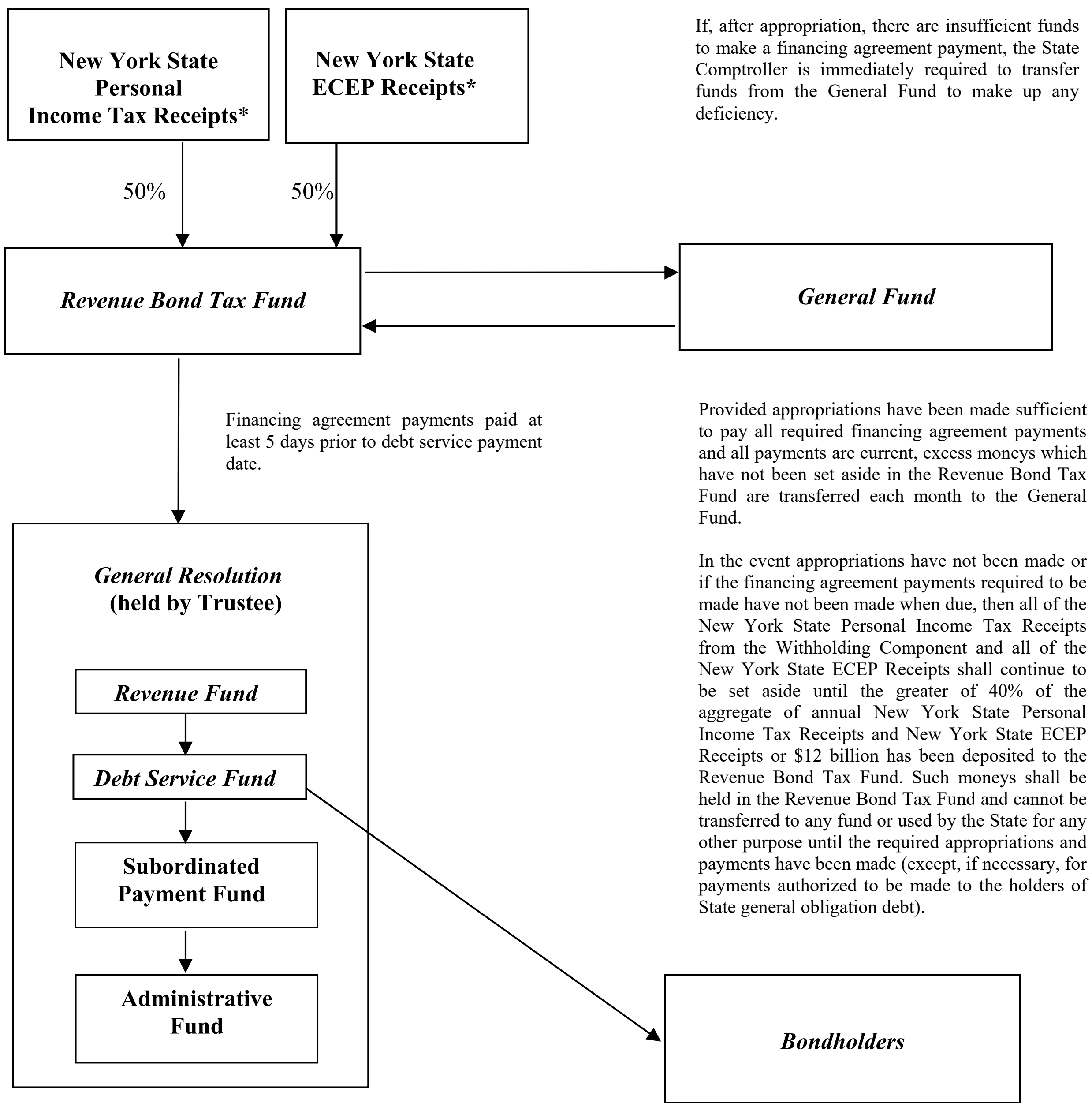
The Enabling Act prohibits the State Comptroller from paying over or distributing any amounts deposited in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) other than to DASNY and other Authorized Issuers (which are paid to the applicable trustees on behalf of DASNY and the other Authorized Issuers), unless two requirements are met. First, all payments as certified by the Director of the Budget for a State Fiscal Year must have been appropriated to DASNY and other Authorized Issuers for the payment of financing agreement payments (including debt service) in the full amount specified in the certificate of the Director of the Budget. Second, each certified and appropriated payment for which moneys are required to be set aside as provided in the Enabling Act must have been made to the trustees on behalf of DASNY and other Authorized Issuers when due.

If such appropriations have been made to pay all annual amounts specified in the certificate of the Director of the Budget as being required by DASNY and all other Authorized Issuers for a State Fiscal Year and all such payments to the applicable trustees on behalf of DASNY and all other Authorized Issuers are current, then the State Comptroller is required by the Enabling Act to pay over and distribute to the credit of the General Fund, at least once a month, all amounts in the Revenue Bond Tax Fund, if any, in excess of the aggregate amount required to be set aside. The Enabling Act also requires the State Comptroller to pay to the General Fund all sums remaining in the Revenue Bond Tax Fund on the last day of each State Fiscal Year, but only if the State has appropriated and paid to the applicable trustees on behalf of DASNY and all other Authorized Issuers the amounts necessary for DASNY and all other Authorized Issuers to meet their cash requirements for the current State Fiscal Year and, to the extent certified by the Director of the Budget, set aside any cash requirements required for the next State Fiscal Year.

In the event that (i) the State Legislature fails to appropriate all amounts required to make financing agreement payments on State Personal Income Tax Revenue Bonds to all Authorized Issuers or (ii) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, any financing agreement payments have not been made when due on State Personal Income Tax Revenue Bonds, the Enabling Act, as amended, requires that all of the Revenue Bond Tax Fund Receipts shall continue to be set aside in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 40 percent of the aggregate of annual New York State Personal Income Tax Receipts and the annual New York State ECEP Receipts or twelve billion dollars ($12,000,000,000). Other than to make financing agreement payments from appropriated amounts, the Enabling Act prohibits the transfer of moneys in the Revenue Bond Tax Fund to any other fund or account or use of such moneys by the State for any other purpose (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees on behalf of each Authorized Issuer, including DASNY.

The Enabling Act provides that no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on moneys on deposit in the Revenue Bond Tax Fund and that the State's agreement to make financing agreement payments shall be executory only to the extent such payments have been appropriated.

Flow of Revenues



* Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22 and Article 24 of the Tax Law.

Appropriation by the State Legislature

The State may not expend money without an appropriation, except for the payment of debt service on general obligation bonds or notes issued by the State. An appropriation is an authorization approved by the State Legislature to expend money. The State Constitution requires all appropriations of State funds, including funds in the Revenue Bond Tax Fund, to be approved by the State Legislature at least every two years. In addition, the State Finance Law generally provides that appropriations shall cease to have force and effect, except as to liabilities incurred thereunder, at the close of the State Fiscal

Year for which they were enacted and that to the extent of liabilities incurred thereunder, such appropriations shall lapse on the succeeding June 30 or September 15 depending on the nature of the appropriation. See "– Moneys Held in the Revenue Bond Tax Fund" in this section.

DASNY expects that the State Legislature will make an appropriation from amounts on deposit in the Revenue Bond Tax Fund sufficient to pay financing agreement payments when due. Revenue Bond Tax Fund Receipts are expected to exceed the amounts necessary to pay financing agreement payments. In addition, in the event that the State Legislature fails to provide an appropriation, the Enabling Act requires that all of the New York State Personal Income Tax Receipts from the Withholding Component and all of the New York State ECEP Receipts shall continue to be deposited in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 40 percent of the aggregate of the annual New York State Personal Income Tax Receipts and the annual New York State ECEP Receipts or twelve billion dollars ($12,000,000,000). The Enabling Act prohibits the transfer of moneys in the Revenue Bond Tax Fund to any other fund or account or the use of such moneys by the State for any other purpose (other than to make financing agreement payments from appropriated amounts, and except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees on behalf of each Authorized Issuer. The State Legislature may not be bound in advance to make an appropriation, and there can be no assurances that the State Legislature will appropriate the necessary funds as anticipated. Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22 and Article 24 of the Tax Law.

All payments required by financing agreements entered into by the State shall be executory only to the extent of the revenues available in the Revenue Bond Tax Fund. The obligation of the State to make financing agreement payments is subject to the State Legislature making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement.

State Personal Income Tax Revenue Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall State Personal Income Tax Revenue Bonds be payable out of any funds other than those pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on State Personal Income Tax Revenue Bonds.

Pursuant to the Enabling Act, Revenue Bond Tax Fund Receipts which have been set aside to pay when due the financing agreement payments of all Authorized Issuers shall remain in the Revenue Bond Tax Fund until they are appropriated and used to make financing agreement payments. However, the Enabling Act also provides that the use of such Revenue Bond Tax Fund Receipts by the State Comptroller is "subject to the rights of holders of debt of the state" (i.e., general obligation bondholders who benefit from the faith and credit pledge of the State). Pursuant to Article VII Section 16 of the State Constitution, if at any time the State Legislature fails to make an appropriation for general obligation debt service, the State Comptroller is required to set apart from the first revenues thereafter received, applicable to the General Fund, sums sufficient to pay debt service on such general obligation debt. In the event that such revenues and other amounts in the General Fund are insufficient to so pay State general obligation bondholders, the State may also use amounts on deposit in the Revenue Bond Tax Fund as well as other funds to pay debt service on State general obligation bonds.

The Division of the Budget is not aware of any existing circumstances that would cause Revenue Bond Tax Fund Receipts to be used to pay debt service on State general obligation bonds in the future. The Director of the Budget believes that any failure by the State Legislature to make annual appropriations as contemplated would have a serious impact on the ability of the State and the Authorized Issuers to issue State-supported bonds to raise funds in the public credit markets.

Additional Bonds

As provided in each general resolution, except as provided in the next paragraph with respect to certain Refunding Bonds, additional State Personal Income Tax Revenue Bonds may be issued by the related Authorized Issuer, provided that the amount of Revenue Bond Tax Fund Receipts for any 12 consecutive calendar months ended not more than six months prior to the date of such calculation, as certified by the Director of the Budget, is at least 2.0 times the maximum Calculated Debt Service on all Outstanding State Personal Income Tax Revenue Bonds, the State Personal Income Tax Revenue Bonds proposed to be issued, and any additional amounts payable with respect to parity reimbursement obligations.

The General Resolution also provides that additional Bonds may be issued to refund Outstanding Bonds either by meeting the debt service coverage test described above, or, in the alternative, by demonstrating that maximum annual debt service on all Outstanding Bonds will not increase as a result of such refunding.

For additional information, see "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Summary of Certain Provisions of the State Personal Income Tax Revenue Bonds Standard Resolution Provisions – Special Provisions for Additional Bonds" and "– Refunding Bonds."

Parity Reimbursement Obligations

An Authorized Issuer, including DASNY, may incur Parity Reimbursement Obligations (as defined in each respective general resolution, including the General Resolution) pursuant to the terms of its general resolution which, subject to certain exceptions, would be secured by a pledge of, and a lien on, the pledged property on a parity with the lien created by the related general resolution with respect to bonds issued thereunder. A Parity Reimbursement Obligation may be incurred in connection with obtaining a Credit Facility and represents the obligation to repay amounts advanced under the Credit Facility. It may include interest calculated at a rate higher than the interest rate on the related State Personal Income Tax Revenue Bonds and may be secured by a pledge of, and a lien on, pledged property on a parity with the lien created by the general resolution for the State Personal Income Tax Revenue Bonds only to the extent that principal amortization requirements of the Parity Reimbursement Obligation are equal to the amortization requirements for the related State Personal Income Tax Revenue Bonds, without acceleration. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION."

Certain Covenants of the State

Pursuant to the general resolutions, the State pledges and agrees with the holders of State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations issued or incurred thereunder that the State will not in any way impair the rights and remedies of holders of such State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations until such State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations issued or incurred thereunder, together with interest thereon, with interest, if any, on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the holders are fully met and discharged.

Pursuant to the Enabling Act and the general resolutions, nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the State personal income taxes imposed pursuant to Article 22 and Article 24 of the Tax Law. An Event of Default under the general resolutions would not occur solely as a result of the State exercising its right to amend, repeal, modify or otherwise alter the statutes imposing or relating to such taxes. However, the Director of the Budget believes that any materially adverse amendment, modification or alteration of, or the repeal of, statutes imposing or related to the State personal income taxes imposed pursuant to Article 22 and Article 24 of the Tax Law could have a serious impact on the flow of New York State Personal Income Tax Receipts and New York State ECEP Receipts to the Revenue Bond Tax Fund, the ability of the Authorized Issuers to issue Additional State Personal Income Tax Revenue Bonds and the marketability of outstanding State Personal Income Tax Revenue Bonds.

Reservation of State's Right to Substitute Credit

Pursuant to the Enabling Act, the State reserves the right, upon amendment of the State Constitution to permit the issuance of State Revenue Bonds, which may be payable from or secured by revenues that may include the Revenues pledged under the general resolutions, (i) to assume, in whole or in part, State Personal Income Tax Revenue Bonds, (ii) to extinguish the existing lien on the pledged property created under the general resolutions, and (iii) to substitute security for State Personal Income Tax Revenue Bonds, in each case only so long as the assumption, extinguishment and substitution is accomplished in accordance with either of two provisions of the general resolutions. (For these purposes, any State Personal Income Tax Revenue Bonds paid or deemed to have been paid in accordance with the applicable general resolution on or before the date of any assumption, extinguishment and substitution are not to be taken into account in determining compliance with those provisions.) The first provision of the general resolutions is intended to permit an assumption, extinguishment and substitution, without any right of consent of Bondholders or other parties, if certain conditions are satisfied. The second provision of the general resolutions permitting such an assumption, extinguishment and substitution is intended to permit a broader range of changes with the consent of issuers of Credit Facilities and the consent of certain Bondholders. It provides that any such assumption, extinguishment and substitution may be effected if certain conditions are satisfied.

In the event a constitutional amendment becomes a part of the State Constitution, there can be no assurance that the State will exercise its rights of assumption, extinguishment, and substitution with respect to State Personal Income Tax Revenue Bonds. There can be no assurance that DASNY or any other Authorized Issuer would be the issuer of any such State Revenue Bonds upon any such assumption, extinguishment and substitution and, if not DASNY or any other Authorized Issuer, the issuer of such State Revenue Bonds could be the State or another public entity.

See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Summary of Certain Provisions of the State Personal Income Tax Revenue Bonds Standard Resolution Provisions–Reservation of State Rights of Assumption, Extinguishment and Substitution."

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PART 4—SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS AND NEW YORK STATE ECEP RECEIPTS FOR THE REVENUE BOND TAX FUND

General History of the State Personal Income Tax

In 1919, New York State became the seventh state to enact a personal income tax. The present system of conformity to Federal tax law with respect to income and deductions was adopted in 1960. The personal income tax is New York's largest source of tax revenue and consistently accounts for more than one-half of all State tax receipts.

The State's personal income tax structure adheres closely to the definitions of adjusted gross income and itemized deductions used for Federal personal income tax purposes, with certain modifications, such as: (1) the inclusion of investment income from debt instruments issued by other states and municipalities and the exclusion of income on certain Federal obligations; and (2) the exclusion of pension income received by Federal, New York State and local government employees, private pension and annuity income up to $20,000 ($40,000 for married couples filing jointly), and any Social Security income and refunds otherwise included in Federal adjusted gross income.

Changes in Federal tax law from time to time may positively or negatively affect the amount of personal income tax receipts collected by the State. State Tax Law changes may also impact personal income tax receipts by authorizing a wide variety of credits against the personal income tax liability of taxpayers. See "PART 3 – SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS – Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program."

Major tax credits include: Empire State Child Credit (enacted and effective in 2006); Earned Income Tax Credit; Child and Dependent Care Credit; Household Credit; College Tuition Credit; Long-term Care Insurance Credit; Investment Credits; and Empire Zone Credits.

Personal Income Tax Rates

Taxable income equals New York adjusted gross income ("AGI") less deductions and exemptions. The tax provides separate rate schedules for married couples, single individuals and heads of households. For the 2009 through 2011 tax years, the State income tax was imposed at rates ranging from 4.0 percent to 8.97 percent on the taxable income of individuals, estates and trusts. For taxpayers with $100,000 or more of AGI, the savings from graduated marginal tax rates is recaptured through a supplementary mechanism in effect since 1991. Between tax years 2012 and 2017, the tax tables were revised to include additional middle-income brackets with reduced tax rates and a new top bracket, which imposed a tax rate of 8.82 percent. The tax tables were also subject to annual inflation-based adjustment beginning tax year 2013 and ending tax year 2017. Tax rate reductions were applied to the aforementioned middle-income brackets in tax year 2018 as part of a scheduled eight-year phase-in of middle-income tax cuts.

The following tables set forth the rate schedules for tax years 2019 through 2024 and for tax years after 2024. Tax years 2020 through 2024 are the same as the tax year 2019 schedule except that the middle class tax rates are phased-in through 2025.

New York State Personal Income Tax Rates for Tax Years After 2018 and Before 2025

Married Filing Jointly and Qualified Widow(er)	Tax±
Taxable Income:	
Not over $17,150	4% of taxable income
Over $17,150 but not over $23,600	$686 plus 4.50% of excess over $17,150
Over $23,600 but not over $27,900	$976 plus 5.25% of excess over $23,600
Over $27,900 but not over $43,000	$1,202 plus 5.90% of excess over $27,900
Over $43,000 but not over $161,550	$2,093 plus 6.21% of excess over $43,000
Over $161,550 but not over $323,200	$9,455 plus 6.49% of excess over
Over $323,200 but not over $2,155,350	$161,550 $19,946 plus 6.85% of excess over $323,200
Over $2,155,350	$145,448 plus 8.82% of excess over $2,155,350
Single, Married Filing Separately, Estates and Trusts	
Taxable Income:	
Not over $8,500	4% of taxable income
Over $8,500 but not over $11,700	$340 plus 4.50% of excess over $8,500
Over $11,700 but not over $13,900	$484 plus 5.25% of excess over $11,700
Over $13,900 but not over $21,400	$600 plus 5.90% of excess over $13,900
Over $21,400 but not over $80,650	$1,042 plus 6.21% of excess over $21,400
Over $80,650 but not over $215,400	$4,721 plus 6.49% of excess over $80,650
Over $215,400 but not over $1,077,550	$13,467 plus 6.85% of excess over $215,400
Over $1,077,550	$72,524 plus 8.82% of excess over $1,077,550
Head of Household	
Taxable Income:	
Not over $12,800	4% of taxable income
Over $12,800 but not over $17,650	$512 plus 4.50% of excess over $12,800
Over $17,650 but not over $20,900	$730 plus 5.25% of excess over $17,650
Over $20,900 but not over $32,200	$901 plus 5.90% of excess over $20,900
Over $32,200 but not over $107,650	$1,568 plus 6.21% of excess over $32,200
Over $107,650 but not over $269,300	$6,253 plus 6.49% of excess over $107,650
Over $269,300 but not over $1,616,450	$16,744 plus 6.85% of excess over $269,300
Over $1,616,450	$109,024 plus 8.82% of excess over $1,616,450

± A supplemental income tax recaptures the savings due to graduated marginal tax rates such that, for example, when a taxpayer's AGI exceeds $2,205,350 for married filing jointly taxpayers in tax years 2019 through 2024, all taxable income becomes effectively subject to a flat 8.82 percent tax rate. Furthermore, the marginal tax rates between 5.9 percent and 6.49 percent are gradually phased-in to rates between 5.61 percent and 6.09 percent between tax years 2019 and 2024.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

New York State Personal Income Tax Rates for Tax Years 2025 and Thereafter

Married Filing Jointly	**Tax±**
Taxable Income:	
Not over $17,150	4% of taxable income
Over $17,150 but not over $23,600	$686 plus 4.50% of excess over $17,150
Over $23,600 but not over $27,900	$976 plus 5.25% of excess over $23,600
Over $27,900 but not over $161,550	$1,202 plus 5.50% of excess over $27,900
Over $161,550 but not over $323,200	$8,553 plus 6.00% of excess over $161,550
Over $323,200	$18,252 plus 6.85% of excess over $323,200
Single, Married Filing Separately, Estates and Trusts	
Taxable Income:	
Not over $8,500	4% of taxable income
Over $8,500 but not over $11,700	$340 plus 4.50% of excess over $8,500
Over $11,700 but not over $13,900	$484 plus 5.25% of excess over $11,700
Over $13,900 but not over $80,650	$600 plus 5.50% of excess over $13,900
Over $80,650 but not over $215,400	$4,271 plus 6.00% of excess over $80,650
Over $215,400	$12,356 plus 6.85% of excess over $215,400
Head of Household	
Taxable Income:	
Not over $12,800	4% of taxable income
Over $12,800 but not over $17,650	$512 plus 4.50% of excess over $12,800
Over $17,650 but not over $20,900	$730 plus 5.25% of excess over $17,650
Over $20,900 but not over $107,650	$901 plus 5.50% of excess over $20,900
Over $107,650 but not over $269,300	$5,672 plus 6.00% of excess over $107,650
Over $269,300	$15,371 plus 6.85% of excess over $269,300

± A supplemental income tax recaptures the savings due to graduated marginal tax rates such that when a taxpayer's AGI exceeds $373,200 for married filing jointly taxpayers for tax years after 2024, all taxable income becomes effectively subject to a flat 6.85 percent tax rate.

Components of the Personal Income Tax

The components of personal income tax liability include withholding, estimated payments, final returns, delinquencies and refunds. Taxpayers prepay their tax liability through payroll withholding taxes imposed by Section 671 of Article 22 of the Tax Law (the "Withholding Component") and estimated taxes imposed by Section 685 of Article 22 of the Tax Law. The New York State Department of Taxation and Finance collects the personal income tax from employers and individuals and reports the amount collected to the State Comptroller, who deposits collections net of overpayments and administrative costs.

Initiated in 1959, withholding tax is the largest component of income tax collections. New York requires employers to withhold and remit personal income taxes on wages, salaries, bonuses, commissions and similar income. The amount of withholding varies with the rates, deductions and exemptions. Under current law, employers must remit withholding liability within three business days after each payroll once the cumulative amount of liability reaches $700. Certain small businesses and educational and health care organizations may make their withholding remittance within five business days, and employers with less than $700 of withheld tax can remit it on a quarterly basis. Large employers (aggregate tax of more than $100,000 per year) must make timely payment by electronic funds transfer or by certified check.

Employer Compensation Expense Program

The ECEP was enacted in 2018 in response to Federal legislation which limited the personal income tax deduction for state and local taxes to $10,000 per taxpayer annually. Businesses are provided the option to participate in the ECEP, and those that elect to participate remit a tax on annual wages paid to each employee in excess of $40,000. The tax rate is 1.5 percent in 2019, 3 percent in 2020, and 5 percent in 2021 and thereafter. The ECEP tax must be paid electronically on the same dates that the electing employer's withholding tax payments are required to be made. An employer that overpays the tax may apply for a refund.

Employers participating in the ECEP in 2019 were required to make an election by December 1, 2018, and participating employers began remittance of taxes on payrolls in January 2019. Likewise, New York State ECEP Receipts to the Revenue Bond Tax Fund also began in January 2019. Employers must elect to participate in the ECEP for the 2020 tax year by December 1, 2019.

New York State ECEP Receipts are dependent on the extent to which employers elect to participate in the program. In State Fiscal Year 2019-20, the Division of the Budget projects $2.4 million of New York State ECEP Receipts, based on the 262 employers that elected to participate in tax year 2019. However, with just one year of employer participation data available, substantial uncertainty exists with respect to participation after tax year 2019 and New York State ECEP Receipts after State Fiscal Year 2019-20.

From a Revenue Bond Tax Fund perspective, the ECEP is expected to be revenue neutral. New York State ECEP Receipts collected from participating employers are expected to be offset by a comparable decrease in Personal Income Tax Receipts, because employees whose wages are subject to the ECEP may claim a Personal Income Tax credit calculated using a statutory formula that corresponds in value to the ECEP. As a result, aggregate receipts deposited to the Revenue Bond Tax Fund are expected to remain substantially the same regardless of the amount of New York State ECEP Receipts.

Revenue Bond Tax Fund Receipts

The Enabling Act provides that 50 percent of the receipts from the New York State personal income tax imposed by Article 22 of the Tax Law which are deposited pursuant to Section 171-a of the Tax Law ("New York State Personal Income Tax Receipts") shall be deposited in the Revenue Bond Tax Fund. Such receipts currently exclude refunds paid to taxpayers.

The Enabling Act also provides that 50 percent of the receipts from the ECEP imposed by Article 24 of the Tax Law which are deposited pursuant to Section 171-a of the Tax Law ("New York State ECEP Receipts") shall be deposited in the Revenue Bond Tax Fund. Such receipts currently exclude refunds paid to employers.

Beginning on the first day of each month, the Enabling Act requires the State Comptroller to deposit in the Revenue Bond Tax Fund all of the receipts from the Withholding Component and all of the New York State ECEP Receipts until 50 percent of estimated monthly New York State Personal Income Tax Receipts and 50 percent of estimated monthly New York State ECEP Receipts, respectively, have been deposited into the Revenue Bond Tax Fund.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The following table sets forth certain historical and projected information concerning New York State Personal Income Tax Receipts, the Withholding Component, New York State ECEP Receipts, and deposits to the Revenue Bond Tax Fund from State Fiscal Years 2009-10 through 2019-20.

NYS Personal Income Tax Receipts and Withholding Component, NYS ECEP Receipts, and Revenue Bond Tax Fund Receipts State Fiscal Years 2009-10 through 2019-20

State Fiscal Year	New York State Personal Income Tax Receipts	Withholding Component	Withholding/ State Personal Income Tax Receipts	New York State ECEP Receipts	Revenue Bond Tax Fund Receipts
2009-10	$34,751,381,665	$29,443,180,489	84.7%	N/A	$8,687,845,416
2010-11	36,209,215,560	31,240,169,745	86.3	N/A	9,052,303,890
2011-12	38,767,826,942	31,198,971,588	80.5	N/A	9,691,956,736
2012-13	40,226,714,989	31,957,653,106	79.4	N/A	10,056,678,747
2013-14	42,960,774,915	33,367,555,788	77.7	N/A	10,740,193,729
2014-15	43,709,833,323	34,906,793,775	79.9	N/A	10,927,458,331
2015-16	47,055,282,776	36,549,037,064	77.7	N/A	11,763,820,694
2016-17	47,565,878,296	37,523,891,435	78.9	N/A	11,891,469,574
2017-18	51,501,337,750	40,269,241,142	78.2	N/A	12,875,334,437
2018-19	48,087,336,735	41,084,099,022	85.4	$52,664	24,043,694,700*
2019-20 (est.)	52,150,700,000	42,900,000,000	82.3	2,400,000	26,076,550,000*

* Reflects increased deposits to the Revenue Bond Tax Fund, resulting from FY 2019 Enacted Budget legislation.

For State Fiscal Year 2018-19, New York State Personal Income Tax Receipts totaled approximately $48.1 billion and accounted for approximately 64 percent of State tax receipts in all State Funds. The FY 2020 Mid-Year Update to the Financial Plan estimates that total New York State Personal Income Tax Receipts (net of refunds to taxpayers but before deposits to the STAR Fund) will increase by 8.4% to approximately $52.2 billion in State Fiscal Year 2019-20. The strong growth projected in FY 2019-20 receipts is mainly attributable to the impact of the TCJA's $10,000 limit on state and local tax deductions effective in 2018, which led many taxpayers to delay estimated payments, which otherwise would have been made in December 2018, until April 2019 through extensions and final returns. New York State ECEP Receipts are estimated to total $2.4 million in State Fiscal Year 2019-20, reflecting the first complete fiscal year of ECEP tax collections.

Total State personal income tax receipts (as distinguished from New York State Personal Income Tax Receipts as defined herein and presented in the table above) estimates are based on the State personal income tax liability estimated by the Division of the Budget for each of the relevant tax years and the patterns of receipts and refunds for each tax year. Such tax year liability estimates are, in turn, based largely on forecasts of State adjusted gross income, with adjustments made for legislative changes (see "—General History of the State Personal Income Tax" above) that will affect each year's tax liability. **The level of total State personal income tax receipts is necessarily dependent upon economic and demographic conditions in the State, and therefore there can be no assurance that historical data with respect to total State personal income tax receipts will be indicative of future receipts.** Since the institution of the modern income tax in New York in 1960, total State personal income tax receipts have fallen seven times on a year-over-year basis, in State Fiscal Years 1964-65, 1971-72, 1977-78, 1990-91, 2002-03, 2009-10 and 2018-19.

For a more detailed discussion of the general economic and financial condition of the State and its projection of State personal income tax receipts, see "APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK."

The following table shows the pattern of State adjusted gross income growth and personal income tax liability for tax years 2010 through 2019.

NYS Adjusted Gross Income (AGI) and Personal Income Tax Liability 2010 to 2019*

Tax Year	NYS AGI	Percent Change	Personal Income Tax Liability	Percent Change
		($ in millions)		
2010	$638,855	7.1%	$34,834	11.8%
2011	657,298	2.9	36,296	4.2
2012	714,698	8.7	38,017	4.7
2013	714,046	(0.1)	37,331	(1.8)
2014	776,477	8.7	41,910	12.3
2015	807,775	4.0	43,503	3.8
2016	794,105	(1.7)	41,736	(4.1)
2017	874,470	10.1	47,991	15.0
2018 (est.)	891,584	2.0	47,917	(0.2)
2019 (proj.)	912,799	2.4	49,147	2.6

* NYS AGI and personal income tax liability reflect amounts reported on timely filed individual returns, and therefore do not include tax paid by fiduciaries or through audits.

The table indicates that under the State's progressive income tax structure with graduated tax rates, tax liability generally changes at a faster percentage rate than adjusted gross income, absent major law changes or economic events. Since tax year 2010, adjusted gross income has grown in all but two years, with the two annual declines in large part due to strategic income shifting in response to changes, or anticipated changes, to the Federal tax code. Consequently, tax liability declined in both of these years, while also declining in tax year 2018 due to the aforementioned strategic income shifting.

The FY 2020 Mid-Year Update to the Financial Plan estimates that tax year 2018 personal income tax liability totaled $47.9 billion, decreasing 0.2 percent from the prior year. Personal income tax liability is projected to increase by 2.6 percent to $49.1 billion in tax year 2019.

For a discussion of the general economic and financial condition of the State, see "APPENDIX A —INFORMATION CONCERNING THE STATE OF NEW YORK."

Debt Service Coverage

The following table sets forth (1) Revenue Bond Tax Fund Receipts for a twelve-consecutive calendar month period ended not more than six months prior to the date of such calculation, (2) maximum Calculated Debt Service on the outstanding State Personal Income Tax Revenue Bonds, including the projected debt service on the Series 2019 Bonds, and (3) resulting debt service coverage. There can be no assurance that actual Revenue Bond Tax Fund Receipts will not be less than the amounts collected during the calculation period, as a result of numerous factors affecting New York State Personal Income Tax Receipts and New York State ECEP Receipts that cannot be predicted at this time.

Debt Service Coverage on State Personal Income Tax Revenue Bonds
(Dollars in Thousands)

Revenue Bond Tax Fund Receipts	$26,219,200
Maximum Calculated Debt Service	$3,953,501*
Debt Service Coverage	6.6x*

* Preliminary, subject to change..

Projected Debt Service Coverage

Based upon the assumptions used in preparing the following table (also included in the Annual Information Statement of the State of New York dated June 12, 2019) including assumed average State Personal Income Tax Revenue Bond issuances of approximately $5.0 billion annually over the next four years, State Personal Income Tax Revenue Bond debt service coverage based only upon the Revenue Bond Tax Fund's receipt of the New York State Personal Income Tax Receipts and New York State ECEP Receipts is expected to decline from 6.1 times in State Fiscal Year 2019-20 to 5.9 times in State Fiscal Year 2020-21, and then rise to 6.2 times by State Fiscal Year 2022-23.

The following table entitled, "Projected Debt Service Coverage on State Personal Income Tax Revenue Bonds" does not reflect any estimate of charitable donations or the impact of such charitable donations on the amount of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund. As a result, the coverage ratios shown in the table may be materially and adversely affected by such donations.

Projected Debt Service Coverage on State Personal Income Tax Revenue Bonds
State Fiscal Years 2019-20 through 2022-23
(Dollars in Thousands)

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Projected Revenue Bond Tax Fund Receipts[1]	$26,076,526	$27,692,245	$29,028,960	$30,601,025
Projected New State Personal Income Tax Revenue Bonds Issuances	5,571,221	5,056,735	4,806,801	4,777,836
Projected Total State Personal Income Tax Revenue Bonds Outstanding	38,350,323	40,924,991	43,141,790	45,141,043
Projected Maximum Annual Debt Service	4,259,332	4,702,787	4,945,993	4,971,467
Projected Debt Service Coverage[2]	6.1x	5.9x	5.9x	6.2x

1. Includes New York State Personal Income Tax Receipts and New York State ECEP Receipts.
2. The projections of future Revenue Bond Tax Fund Receipts are based on a number of factors and considerations. With respect to donations to the Charitable Gifts Trust Fund, meaningful historical baseline data are not available for incorporation into revenue projections. Accordingly, the information in this table may be subject to greater variability than other projections contained in this Official Statement.

Additional State Personal Income Tax Revenue Bonds may be issued, subject to satisfaction of a 2.0 times debt service coverage test. All State Personal Income Tax Revenue Bonds issued by any Authorized Issuer will be on a parity with each other as to payments from the Revenue Bond Tax Fund, subject to annual appropriation by the State Legislature. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS – Additional Bonds."

Impact of Charitable Gifts Trust Fund on State Personal Income Tax Revenue Bonds

The amount of donations made by New York State taxpayers to the Charitable Gifts Trust Fund is the principal direct risk to the amount of New York State Personal Income Tax Receipts deposited to the Revenue Bond Tax Fund. Donations to the Charitable Gifts Trust Fund could reduce State Personal Income Tax Receipts by nearly one dollar for every dollar donated because donors can claim a Personal Income Tax deduction and a tax credit equal to 85 percent of the donation amount for the tax year following the year in which the donation is made.

Prior to the June 13, 2019 release of Treasury Decision 9864 (see, "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS –Legislative Changes to the State Personal Income Tax Revenue Bond Financing Program") the Division of Budget and the Department of Taxation and Finance performed a calculation of the maximum amount of charitable donations to the Charitable Gifts Trust Fund that could occur annually under varying assumptions. This calculation of the maximum amount of potential contributions to the Charitable Gifts Trust Fund is intended to serve as a stress test on New York State Personal Income Tax Receipts that may flow to the Revenue Bond Tax Fund under different levels of assumed taxpayer participation. Accordingly, the calculation should not, under any circumstances, be viewed as a projection of likely donations in any future year. The factors that may influence donation activity are complex, and include, but are not limited to, possible statements, actions, or interpretive guidance by the IRS or others relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; advice or guidance of tax advisors or other professionals; changes in general economic conditions; adoption of similar trusts in other states; and tax reciprocity agreements among states.

The calculation of the maximum amount of potential donations from 2019 through 2023 is on average in the range of $30 billion annually. The calculation assumes that every resident taxpayer who has an incentive to donate will do so, and such donations will be equal to the total value of each resident taxpayer's State and Local Tax payments, less the value of the $10,000 Federal, State and Local Tax deduction limit, up to the value of the taxpayer's total State tax liability. The calculation is dependent on several assumptions concerning the number of itemized filers. It relies on the most recent personal income tax population study file, as trended forward, as well as the impact of the TCJA and State law changes on the number and distribution of itemized and standardized filers. The calculation also assumes that (i) no further changes in Federal tax law occur, and (ii) Division of Budget projections of the level of State taxpayer liability for the forecast period as set forth in the FY 2020 Mid-Year Update to the Financial Plan are materially accurate.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The following table summarizes the calculation of the potential impact of charitable donations on Revenue Bond Tax Fund Receipts under different scenarios of possible taxpayer participation.

Potential Effect of Contributions to the Charitable Gifts Trust Fund on Revenue Bond Tax Fund Receipts State Fiscal Years 2020 Through 2023 (billions of dollars)

	FY 2020	FY 2021	FY 2022	FY 2023
Revenue Bond Tax Fund Receipts, Prior Law	$13.0	$13.8	$14.5	$15.3
Revenue Bond Tax Fund Receipts, Current Law	26.1	27.7	29.0	30.6
Revenue Bond Tax Fund Receipts After Charitable Gifts				
100% Participation	22.2	14.9	15.6	16.8
75% Participation	23.2	18.1	19.0	20.3
50% Participation	24.1	21.3	22.3	23.7
25% Participation	25.1	24.5	25.7	27.2
10% Participation	25.7	26.4	27.7	29.2

NOTE: The calculation of the maximum amount of donations is intended as a stress test on New York State Personal Income Tax Receipts that may flow to the Revenue Bond Tax Fund under certain conditions. It should not under any circumstances be viewed as the likely or projected amount of Charitable Gifts Trust Fund donations in any given year.

ASSUMPTIONS:

1. *Tax Rates, Deductions, and Credits.* Revenue Bond Tax Fund Receipts After Charitable Gifts reflects a State income tax deduction for the tax year that the charitable donation is made, and an 85% State tax credit in the following tax year.
2. *State cap on itemized deductions.* The values within this table are determined without respect to New York State's limitations on itemized deductions and, as a result, likely overestimate the negative effect on Revenue Bond Tax Fund Receipts.
3. *Timing.* The values in this table likely overstate the negative effect of future gifts to the Charitable Gifts Trust Fund on the Revenue Bond Tax Fund by assuming that taxpayers immediately reduce withholding and quarterly estimated tax payments, rather than reconciling through tax returns following the conclusion of the tax year.

In general, assumptions made regarding taxpayer behavior were intended to maximize the calculated impact of charitable giving on personal income tax receipts in each year. After these adjustments and with the inclusion of New York State ECEP Receipts, Revenue Bond Tax Fund Receipts are projected to remain above the level of receipts that would have been expected under statutes effective prior to April 2018, even assuming a maximum taxpayer participation scenario.

The calculation of the projected maximum amount on the amount of donations is necessarily based on many assumptions that may change materially over time. While the Division of the Budget believes that these factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual donations to the Charitable Gifts Trust Fund will not reduce the level of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund below the levels calculated. Accordingly, although the calculation of a maximum amount reflects the Division of the Budget's and Department of Taxation and Finance's current best judgment and estimates, such amount may be higher.

As of the FY 2020 Enacted Budget Financial Plan, the State has received $93 million in charitable gifts that have been deposited to the Charitable Gifts Trust Fund. Donations to the Charitable Gifts Trust Fund will likely reduce New York State Personal Income Tax Receipts by nearly one dollar for every dollar donated. There can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund below the levels projected in February 2018 before State tax reforms were enacted. If that were to occur, it is the Division of the Budget's expectation that changes to the Tax Law would be recommended to further increase the percentage of New York State Personal Income Tax Receipts deposited into the Revenue Bond Tax Fund.

PART 5—DESCRIPTION OF THE SERIES 2019 BONDS

General

The Series 2019 Bonds will bear interest, computed on the basis of a 360-day year and 30-day month, from their date of delivery. Interest on the Series 2019 Bonds is payable August 15, 2020 and on each February 15 and August 15 thereafter at the rates set forth on the inside cover page of this Official Statement. The Series 2019 Bonds will be issued in denominations of $5,000 or any integral multiple thereof.

The Series 2019 Bonds will be issued under a book-entry only system, and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as bond depository for the Series 2019 Bonds. Principal or redemption price of and interest on the Series 2019 Bonds are payable by U.S. Bank National Association, as Trustee and Paying Agent, to Cede & Co., so long as Cede & Co. is the registered owner of the Series 2019 Bonds, as nominee for DTC, which will, in turn, remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners (See "PART 8—BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" below).

Optional Redemption

Tax-Exempt Bonds

The Tax-Exempt Bonds maturing on or before February 15, 20__ are not subject to optional redemption prior to maturity. The Tax-Exempt Bonds maturing after February 15, 20__, are subject to optional redemption prior to maturity on or after February 15, 20__, in any order, at the option of DASNY, as a whole or in part at any time, at a redemption price of par, plus accrued interest to the redemption date.

Series 2019F Bonds

The Series 2019F Bonds are subject to optional redemption prior to maturity as a whole or in part, in any order, at the option of DASNY, on any Business Day, (i) before February 15, 20__, at the Make-Whole Redemption Price below, and (ii) on or after February 15, 20__at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the Series 2019F Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2019F Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2019F Bonds are to be redeemed, discounted to the date on which the Series 2019F Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted Treasury Rate (as defined below) plus __ basis points, plus, in each case, accrued and unpaid interest on the Series 2019F Bonds to be redeemed on the redemption date.

The "Treasury Rate" is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2019F Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Extraordinary Optional Redemption of Series 2019E Bonds

The Series 2019E Bonds are also subject to extraordinary redemption prior to maturity, in whole or in part, at any time, at the option of DASNY, at the redemption price of par, plus accrued interest to the redemption date, in the event (i) moneys derived from the net proceeds of insurance or condemnation awards have been deposited in the Debt Service Fund with respect to the voluntary agency facilities financed or refinanced with proceeds of the Series 2019E Bonds, or (ii) moneys derived as a result of a default by a voluntary agency receiving a loan financed or refinanced from proceeds of the Series 2019E Bonds have been deposited in the Debt Service Fund.

The Series 2019E Bonds are also subject to extraordinary redemption prior to maturity, in whole or in part, at any time, at the option of DASNY, at the redemption price (described below), plus accrued interest to the redemption date, in the event (i) excess moneys are on deposit in the Bond Proceeds Fund or the Debt Service Fund and have not been used to make loans to finance the voluntary agency facilities, or (ii) moneys derived from a prepayment of a loan to a voluntary agency with respect to the voluntary agency facilities financed or refinanced with proceeds of the Series 2019E Bonds have been deposited in the Debt Service Fund.

The redemption price, expressed as a percent, as of a redemption date will be equal to: (A) in the case of a Series 2019E Bond initially sold with original issue premium, the present value of the remaining payments of principal of and interest on such Series 2019E Bond to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the initial offering yield of such Series 2019E Bond, as shown on the inside cover of this Official Statement, divided by the principal amount of such Series 2019E Bond to be redeemed; such redemption price determined by assuming that the principal of such Series 2019E Bond to be redeemed is paid at the earlier of maturity or the first optional redemption date for the Series 2019E Bonds (if applicable), as described above, or (B) in the case of a Series 2019E Bond initially sold at par or a discount, 100% of the principal amount of such Series 2019E Bond.

If fewer than all of the Series 2019E Bonds of the same maturity are to be redeemed, the particular Series 2019E Bonds of such maturity to be redeemed will be determined as set forth below under "—Selection of Bonds to be Redeemed; Notice of Redemption."

Mandatory Redemption

The Series 2019D Bonds maturing on February 15, 20__ are subject to mandatory sinking fund redemption, in part, on each of the dates and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amounts of Series 2019D Bonds specified for each of the dates shown below:

Series 2019D Term Bonds
Maturing February 15, 20__

February 15,	Sinking Fund Installment
	$
†	

____
† Stated maturity.

The Series 2019E Bonds maturing on February 15, 20__ are subject to mandatory sinking fund redemption, in part, on each of the dates and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amounts of Series 2019E Bonds specified for each of the dates shown below:

Series 2019E Term Bonds
Maturing February 15, 20__

February 15,	Sinking Fund Installment
	$
†	

____
† Stated maturity.

The Series 2019F Bonds maturing on February 15, 20__ are subject to mandatory sinking fund redemption, in part, on each of the dates and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amounts of Series 2019F Bonds specified for each of the dates shown below:

Series 2019F Term Bonds
Maturing February 15, 20__

February 15,	Sinking Fund Installment
	$
†	

____
† Stated maturity.

In connection with any optional redemption or purchase and cancellation of the Series 2019 Bonds, the principal amount of such series of Series 2019 Bonds being redeemed or purchased and cancelled shall be allocated against the scheduled sinking fund redemption amounts set forth above in such manner as DASNY may direct and the scheduled sinking fund installments payable thereafter shall be modified as to such series of Series 2019 Bonds. In such event, DASNY shall provide to the Trustee a revised schedule of sinking fund installments. If fewer than all of any series of Series 2019 Bonds of the same maturity are to be redeemed, the particular Series 2019 Bonds of such maturity to be redeemed will be determined as set forth below under "—Selection of Bonds to be Redeemed; Notice of Redemption."

Selection of Bonds to be Redeemed; Notice of Redemption; Conditional Notice

In the case of redemptions of Tax-Exempt Bonds at the option of DASNY, DASNY will select the maturities (and interest rates, if applicable) of the Tax-Exempt Bonds to be redeemed.

If less than all of the Tax-Exempt Bonds of a maturity (and interest rates, if applicable) are to be redeemed, the Trustee shall assign to each Outstanding Tax-Exempt Bond of such maturity (and interest rates, if applicable) to be redeemed a distinctive number for each unit of the principal amount of such Tax-Exempt Bonds, equal to the lowest denomination in which such Tax-Exempt Bonds are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Tax-Exempt Bonds, as many numbers as, at such unit amount equal to the lowest denomination in which such Tax-Exempt Bonds are authorized to be issued for each number, shall equal the principal amount of such Tax-Exempt Bonds to be redeemed.

In the case of optional redemption of the Series 2019F Bonds, if less than all of the Series 2019F Bonds are to be redeemed, the particular Series 2019F Bonds or portions thereof to be redeemed are to be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC operational procedures then in effect. Such procedures currently provide for adjustment of the principal by a factor provided by the Trustee. If the Trustee does not provide the necessary information or does not identify the redemption as on a "Pro Rata Pass-Through Distribution of Principal" basis, the Series 2019F Bonds will be selected for redemption in accordance with DTC procedures by lot. It is expected that redemption allocations to be made by DTC, the DTC Participants or such other intermediaries that may exist between DASNY and the owners of the Series 2019F Bonds would be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, no assurance can be provided that DTC, the DTC Participants or any other intermediaries will allocate redemptions among the owners on such basis. If operational procedures of DTC (or of any successor depository) do not allow for the redemption of the Series 2019F Bonds on a "Pro Rata Pass-Through Distribution of Principal" basis, the Series 2019F Bonds will be selected for redemption by lot.

When the Trustee shall have received notice from DASNY that Series 2019 Bonds are to be redeemed, the Trustee shall give notice, in the name of DASNY, of the redemption of such Series 2019 Bonds, which notice shall specify the Series 2019 Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2019 Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2019 Bonds to be redeemed, if applicable, that such notice is conditional and the conditions that must be satisfied, and in the case of Series 2019 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed.

Such notice shall further state that on the redemption date there shall become due and payable upon each Series 2019 Bond or portion thereof to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on the Series 2019 Bonds or portions thereof to be redeemed.

Notice of any redemption shall be mailed by the Trustee, postage prepaid, no more than forty-five (45) days and no less than thirty (30) days before the redemption date, to the Owners of any Series 2019 Bonds or portions of Series 2019 Bonds, which are to be redeemed, at their last address, if any, appearing upon the registry books.

Any notice of redemption of the Series 2019 Bonds may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Series 2019 Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Bondholders as promptly as practicable upon the failure of such condition or the occurrence of such other event.

For a more complete description of the redemption and other provisions relating to the Series 2019 Bonds, see "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION."

PART 6—THE PROJECTS

The Series 2019 Bonds are being issued in part for the purposes of financing Authorized Purposes.

It is expected that proceeds of the Series 2019 Bonds will be used to (a) finance or reimburse all or a portion of the costs of programs and projects within the State, including capital projects for educational facilities, transportation initiatives, State facilities, environmental projects, grants for health care facilities and economic development programs, and (b) refund certain outstanding State-supported debt previously issued by DASNY. See "APPENDIX F—SUMMARY OF REFUNDED BONDS" for a complete list of bonds to be refunded.

Additionally, all or a portion of the cost of issuance of the Series 2019 Bonds will be financed with the proceeds thereof. **The Series 2019 Bonds are not secured by the Projects or any interest therein.**

PART 7—THE REFUNDING PLAN

A portion of the proceeds of the Series 2019 Bonds, together with other available funds, will be used to refund various series of State-supported debt issued by DASNY, as listed in "APPENDIX F—SUMMARY OF REFUNDED BONDS" hereto (collectively, the "Refunded Bonds").

Simultaneously with the issuance and delivery of the Series 2019 Bonds, a portion of the proceeds of the Series 2019 Bonds will be deposited in separate escrows with the applicable trustee for the Refunded Bonds and, together with other available funds, will be used to purchase securities (the "Defeasance Securities"), the maturing principal and interest on which will be sufficient, together with any uninvested cash, to pay the redemption price of and interest due on the applicable Refunded Bonds to their respective redemption dates. See "PART 18—VERIFICATION OF MATHEMATICAL COMPUTATIONS." At the time of such deposit, DASNY will give the trustee for the respective Refunded Bonds irrevocable instructions to give notices of the defeasance and the redemption of the respective Refunded Bonds, as applicable, and to apply the maturing principal of and interest on the Defeasance Securities, together with any uninvested cash held in escrow, to the payment of the redemption price of and interest coming due on the applicable Refunded Bonds to their respective redemption dates.

PART 8—BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

Book-Entry Only System

The following information concerning DTC and DTC's book-entry system has been obtained from sources that DASNY believes to be reliable, but DASNY takes no responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2019 Bonds. References to the Series 2019 Bonds under this caption "Book-Entry Only System" shall mean all Series 2019 Bonds, the beneficial interests in which are owned in the United States. The Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2019 Bond certificate will be issued for the Series 2019 Bonds of each maturity of each series of the Series 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the related Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2019 Bonds of like series and maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in the Series 2019 Bonds of such series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DASNY as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from DASNY or the Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or DASNY, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DASNY and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2019 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2019 Bonds, giving any notice permitted or required to be given to registered owners under the Resolutions, registering the transfer of the Series 2019 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. DASNY and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2019 Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of DASNY (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2019 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by DASNY; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to any series of the Series 2019 Bonds at any time by giving reasonable notice to DASNY or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2019 Bond certificates are required to be printed and delivered.

DASNY may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) for any series of the Series 2019 Bonds. In that event, Series 2019 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that DASNY believes to be reliable, but DASNY takes no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2019 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER DASNY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2019 BONDS.

So long as Cede & Co. is the registered owner of the Series 2019 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2019 Bonds (other than under the caption "PART 13 – TAX MATTERS" and "PART 20 – CONTINUING DISCLOSURE" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2019 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

For every transfer and exchange of Series 2019 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DASNY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2019 BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE RESOLUTIONS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS A BONDHOLDER; (5) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2019 BONDS; OR (6) ANY OTHER MATTER.

Global Clearance Procedures

Beneficial interests in the Series 2019 Bonds may be held through DTC, Clearstream Banking, S.A. (Clearstream) or Euroclear Bank SA/NV (Euroclear) as operator of the Euroclear System, directly as a participant or indirectly through organizations that are participants in such system.

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream (DTC, Euroclear and Clearstream together, the "Clearing Systems ") currently in effect. The information in this subsection concerning the Clearing Systems has been obtained from sources believed to be reliable. No representation is made herein by DASNY as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement. DASNY will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of beneficial ownership interests in the Series 2019 Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Euroclear and Clearstream. Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures. The Series 2019 Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Series 2019 Bonds, the record holder will be DTC's nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfer Procedures. Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time.

The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

DASNY will not impose any fees in respect of holding the Series 2019 Bonds; however, holders of book-entry, interests in the Series 2019 Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the DTC, Euroclear and Clearstream.

Initial Settlement. Interests in the Series 2019 Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Series 2019 Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Series 2019 Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of the Series 2019 Bonds against payment (value as on the date of delivery of the Series 2019 Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Series 2019 Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Series 2019 Bonds following confirmation of receipt of payment to DASNY on the date of delivery of the Series 2019 Bonds.

Secondary Market Trading. Secondary market trades in the Series 2019 Bonds will be settled by transfer of title to book-entry interests in Euroclear, Clearstream or DTC, as the case may be. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream or DTC, as the' case may be, in accordance with their respective procedures. Book-entry interests in the 2019 Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Book-entry interests in the Series 2019 Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Series 2019 Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Series 2019 Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Series 2019 Bonds, or to receive or make a payment or delivery of the Series 2019 Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information. DASNY expects that the Series 2019 Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers, common codes and CUSIP numbers for the Series 2019 Bonds are set forth on the inside cover of the Official Statement.

General. Neither Euroclear nor Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

NEITHER DASNY NOR ANY OF ITS AGENTS WILL HAVE ANY RESPONSIBILITY FOR THE PERFORMANCE BY EUROCLEAR OR CLEARSTREAM OR THEIR RESPECTIVE DIRECT OR INDIRECT PARTICIPANTS OR ACCOUNT HOLDERS OF THEIR RESPECTIVE OBLIGATIONS UNDER THE RULES AND PROCEDURES GOVERNING THEIR OPERATIONS OR THE ARRANGEMENTS REFERRED TO ABOVE

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PART 9—DEBT SERVICE REQUIREMENTS

The following schedule sets forth, for each 12-month period ending March 31 of the years shown, the amounts required for the payment of debt service on the Series 2019 Bonds, for the payment of debt service on other outstanding State Personal Income Tax Revenue Bonds and the aggregate total during each such period.

	Series 2019 Bonds				
12-Month Period Ending March 31	**Principal Payments**	**Interest Payments**	**Total Debt Service**	**Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service(1)(2)(3)(4)**	**Aggregate Debt Service(1)(2)(4)**
2020	$	$	$	$3,781,392,914.44	$
2021				3,837,919,433.28	
2022				3,707,019,981.79	
2023				3,612,088,714.97	
2024				3,454,139,645.01	
2025				3,318,046,516.22	
2026				3,261,870,790.88	
2027				3,062,781,073.04	
2028				2,937,961,569.71	
2029				2,552,495,898.05	
2030				2,328,256,238.14	
2031				2,230,335,527.79	
2032				2,105,726,481.92	
2033				1,828,755,022.02	
2034				1,594,978,139.76	
2035				1,508,676,124.32	
2036				1,353,863,637.41	
2037				1,245,099,015.41	
2038				1,120,899,647.82	
2039				1,026,571,302.44	
2040				881,540,508.13	
2041				777,866,031.28	
2042				687,802,668.77	
2043				582,187,362.50	
2044				479,750,950.00	
2045				415,357,000.00	
2046				345,728,750.00	
2047				331,071,950.00	
2048				223,256,600.00	
2049				81,926,000.00	
Total(4)				$54,675,365,495.10	

(1) Interest on $303,235,000 principal amount of outstanding State Personal Income Tax Revenue Bonds that bear interest at variable rates is calculated based on assumed rates equal to the fixed swap rates paid by the applicable Authorized Issuers on the related interest rate exchange agreements and interest on $74,615,000 principal amount of outstanding State Personal Income Tax Revenue Bonds that bear interest at variable rates is calculated based on an assumed rate of 3.5 percent.

(2) Includes debt service on outstanding State Personal Income Tax Revenue Bonds issued by DASNY that are being refunded by the Series 2019 Bonds.

(3) The information set forth under the column captioned "Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service" reflects debt service on outstanding State Personal Income Tax Revenue Bonds and on State Personal Income Tax Revenue Bonds contractually obligated to be issued and delivered by Authorized Issuers as of the date of this Official Statement. The State expects that Authorized Issuers will be issuing State Personal Income Tax Revenue Bonds from time to time and to the extent that such other State Personal Income Tax Revenue Bonds are either issued or contractually obligated to be issued and delivered pursuant to one or more executed bond purchase agreements or bond awards after the date of this Official Statement, this Official Statement will not be supplemented to reflect such updated information.

(4) Totals may not add due to rounding.

PART 10—ESTIMATED SOURCES AND USES OF FUNDS

Series 2019D Bonds

The following table sets forth the estimated sources and uses of funds with respect to the Series 2019D Bonds:

Sources of Funds	
Principal amount of Series 2019D Bonds	$
[Net] Original Issue [Premium/Discount]	
Total Sources	$
Uses of Funds	
Deposit to Refunding Escrows	$
Deposit to Bond Proceeds Fund	
Costs of Issuance*	
Underwriters' Discount	
Total Uses	$

Series 2019E Bonds

The following table sets forth the estimated sources and uses of funds with respect to the Series 2019E Bonds:

Sources of Funds	
Principal amount of Series 2019E Bonds	$
[Net] Original Issue [Premium/Discount]	
Total Sources	$
Uses of Funds	
Deposit to Refunding Escrows	$
Deposit to Bond Proceeds Fund	
Costs of Issuance*	
Underwriters' Discount	
Total Uses	$

Series 2019F Bonds

The following table sets forth the estimated sources and uses of funds with respect to the Series 2019F Bonds:

Sources of Funds	
Principal amount of Series 2019F Bonds	$
Total Sources	$
Uses of Funds	
Deposit to Refunding Escrows	$
Deposit to Bond Proceeds Fund	
Costs of Issuance*	
Underwriters' Discount	
Total Uses	$

* Includes New York State Bond Issuance Charge.

PART 11—DASNY

Background, Purposes and Powers

DASNY is a body corporate and politic constituting a public benefit corporation. DASNY was created in 1944 to finance and build dormitories at State teachers' colleges to provide housing for the large influx of students returning to college on the G.I. Bill following World War II. Over the years, the State Legislature has expanded DASNY's scope of responsibilities. Today, pursuant to the Dormitory Authority Act, DASNY is authorized to finance, design, construct or rehabilitate facilities for use by a variety of public and private not-for-profit entities.

DASNY provides financing services to its clients in three major areas: public facilities; not-for-profit healthcare; and independent higher education and other not-for-profit institutions. DASNY issues State-supported debt, including State Personal Income Tax Revenue Bonds and State Sales Tax Revenue Bonds, on behalf of public clients such as The State University of New York, The City University of New York, the Departments of Health and Education of the State, the Office of Mental Health, the Office of People with Developmental Disabilities, the Office of Alcoholism and Substance Abuse Services, the Office of General Services, and the Office of General Services of the State on behalf of the Department of Audit and Control. Other public clients for whom DASNY issues debt include Boards of Cooperative Educational Services ("BOCES"), State University of New York, the Workers' Compensation Board, school districts across the State and certain cities and counties that have accessed DASNY for the purpose of providing court facilities. DASNY's private clients include independent colleges and universities, private hospitals, certain private secondary schools, special education schools, facilities for the aged, primary care facilities, libraries, museums, research centers and government-supported voluntary agencies, among others.

To carry out its programs, DASNY is authorized to issue and sell negotiable bonds and notes to finance the construction of facilities for such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions. At September 30, 2019, DASNY had approximately $56 billion aggregate principal amount of bonds and notes outstanding. DASNY also is authorized to make tax-exempt leases, with its Tax-Exempt Leasing Program (TELP). As part of its operating activities, DASNY also administers a wide variety of grants authorized by the State for economic development, education and community improvement and payable to both public and private grantees from proceeds of State Personal Income Tax Revenue Bonds issued by DASNY.

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance with tax law, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. All of DASNY's outstanding bonds and notes, both fixed and variable rate, are special obligations of DASNY payable solely from payments required to be made by or for the account of the client institution for which the particular special obligations were issued. DASNY has no obligation to pay its special obligations other than from such payments. DASNY has always paid the principal of and interest on all of its obligations on time and in full; however, as a conduit debt issuer, payments on DASNY's special obligations are solely dependent upon payments made by DASNY's client for which the particular special obligations were issued and the security provisions relating thereto.

DASNY also offers a variety of construction services to certain educational, governmental and not-for-profit institutions in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, interior design of projects and designing and managing projects to rehabilitate older facilities.

In connection with the powers described above, DASNY has the general power to acquire real and personal property, give mortgages, make contracts, operate certain facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, borrow money and adopt a program of self-insurance.

DASNY has a staff of approximately 536 employees located in three main offices (Albany, New York City and Buffalo) and at approximately 47 field sites across the State.

Governance

DASNY is governed by an eleven-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the State Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at DASNY meetings. The members of DASNY serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties. The appointment to the Board by the Speaker of the State Assembly is currently vacant.

The Governor of the State appoints a Chair from the members appointed by him or her and the members of DASNY annually choose the following officers, of which the first two must be members of DASNY: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers. The office of Secretary is currently vacant.

The current members of DASNY are as follows:

ALFONSO L. CARNEY, JR., *Chair*, New York.

Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he managed the staff of the Foundation, provided strategic oversight of the administration, communications and legal affairs teams, and developed selected Foundation program initiatives. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc. and General Foods Corporation. Mr. Carney holds a Bachelor's degree in philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

JOHN B. JOHNSON, JR., *Vice-Chair*, Watertown.

John B. Johnson, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Johnson is Chairman of the Board of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from

Clarkson University. Mr. Johnson's term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

JONATHAN H. GARDNER, ESQ., Buffalo.

Jonathan H. Gardner was appointed as a Member of DASNY by the Governor on June 17, 2014. Mr. Gardner is a partner of the law firm Kavinoky Cook, LLP in Buffalo, New York. His practice areas include corporate and securities law, commercial transactions, private placements, venture capital financing and business combinations representing private and public companies. Mr. Gardner is also an adjunct professor at the University of Buffalo Law School. He holds a Bachelor of Arts degree from Brown University and a Juris Doctor degree from the University of Chicago Law School. Mr. Gardner's term expired on March 31, 2015 and by law he continues to serve until a successor shall be chosen and qualified.

WELLINGTON Z. CHEN, Queens.

Wellington Z. Chen was appointed as a Member of DASNY by the Governor on June 20, 2018. Mr. Chen is the Executive Director of the Chinatown Partnership Development Corporation. In this capacity, he leads the Chinatown Partnership in implementing initiatives in infrastructure, post 9/11 rebuilding and public space improvements in a comprehensive effort to improve the environmental and the business conditions. He is a graduate of the School of Architecture and Environmental Studies at The City College of New York. Mr. Chen's term expires on March 31, 2020.

BERYL L. SNYDER, J.D., New York.

Beryl L. Snyder was reappointed as a member of DASNY by the Governor on June 19, 2013. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expired on August 31, 2016 and by law she continues to serve until a successor shall be chosen and qualified.

JOAN M. SULLIVAN, Slingerlands.

Joan M. Sullivan was appointed as a Member of DASNY by the New York State Comptroller on March 26, 2019. Ms. Sullivan is President of On Wavelength Consulting LLC, a firm that assists governmental entities with development of public procurements and private companies with the preparation of effective responses to government solicitations. She possesses over 40 years of experience working in and for the government of New York State, including an expansive career at the Office of New York State Comptroller where she last served as Executive Deputy Comptroller before accepting an appointment as Executive Director of The NYS Forum, Inc. Ms. Sullivan holds a Bachelor of Arts degree in Business Administration (Accounting) from Siena College.

GERARD ROMSKI, ESQ., Mount Kisco.

Gerard Romski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. He is Counsel and Project Executive for "Arverne by the Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, New York. Mr. Romski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

SHANNON TAHOE, *Acting Commissioner of Education of the State of New York, Cohoes; ex-officio*.

Shannon Tahoe assumed the role of Acting Commissioner of Education and Acting President of the University of the State of New York effective November 16, 2019. Since September 2006, Ms. Tahoe has served in various capacities within the Department, including Deputy Counsel and Assistant Counsel for Legislation. In October 2019, she was appointed Acting Counsel and Deputy Commissioner for Legal Affairs. This appointment will continue to remain in effect along with her appointment as Acting Commissioner of Education and Acting President of the University of the State of New York. Ms. Tahoe has provided legal advice and counsel on critical policy matters and key initiatives. She is familiar with all aspects of the work of the Department, having managed the day-to-day operations of the Office of Counsel as Deputy Counsel and now Acting Counsel. During her tenure, Ms. Tahoe has also assisted with the successful management of a broad array of critical Departmental functions and responsibilities. She holds a Juris Doctorate degree from Syracuse University and Bachelor of Science degree from the University of Rochester.

ROBERT F. MUJICA, JR., *Budget Director of the State of New York,* Albany; *ex-officio*.

Robert F. Mujica Jr. was appointed Director of the Budget by the Governor and began serving on January 14, 2016. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio. Prior to his appointment, Mr. Mujica was Chief of Staff to the Temporary President and Majority Leader of the Senate and concurrently served as the Secretary to the Senate Finance Committee. For two decades, he advised various elected and other government officials in New York on State budget, fiscal and policy issues. Mr. Mujica received his Bachelor of Arts degree in Sociology from Brooklyn College at the City University of New York. He received his Master's degree in Government Administration from the University of Pennsylvania and holds a Juris Doctor degree from Albany Law School.

HOWARD A. ZUCKER, M.D., J.D., *Commissioner of Health of the State of New York*, Albany; *ex-officio*.

Howard A. Zucker, M.D., J.D., was appointed Commissioner of Health on May 5, 2015 after serving as Acting Commissioner of Health since May 5, 2014. Prior to that, he served as First Deputy Commissioner leading the State Department of Health's preparedness and response initiatives in natural disasters and emergencies. Before joining the State Department of Health, Dr. Zucker was professor of Clinical Anesthesiology at Albert Einstein College of Medicine of Yeshiva University and a pediatric cardiac anesthesiologist at Montefiore Medical Center. He was also an adjunct professor at Georgetown University Law School where he taught biosecurity law. Dr. Zucker earned his medical degree from George Washington University School of Medicine. He also holds a Juris Doctor degree from Fordham University School of Law and a Master of Laws degree from Columbia Law School.

The principal staff of DASNY are as follows:

REUBEN R. McDANIEL, III is the Acting President and chief executive officer of DASNY, responsible for the overall management of DASNY's administration and operations. Mr. McDaniel possesses more than 30 years of experience in financial services, including public finance, personal wealth management, corporate finance and private equity. During his career in public finance, he participated in more than $75 billion in tax-exempt bond issuances throughout the country. He has also managed investment portfolios and business assets for a variety of professionals. He previously served as Chair of the Atlanta Board of Education for Public Schools. Mr. McDaniel holds an undergraduate degree in Economics and Mathematics from the University of North Carolina at Charlotte and a Master of Business Administration from the University of Texas at Austin.

PAUL G. KOOPMAN is the Vice President of DASNY and assists the President in the administration and operation of DASNY. Mr. Koopman joined DASNY in 1995 managing the Accounts Payable and Banking and Investment Units followed by management positions in the Construction Division including Managing Senior Director of Construction where he was the primary relationship manager for some of DASNY's largest clients and provided oversight of DASNY's construction administration functions. Most recently, Mr. Koopman served as Managing Director of Executive Initiatives of DASNY where he worked closely with executive staff on policy development, enterprise risk management, and strategic planning. His career in public service began in 1985 with the NYS Division of the Budget, and then continued as Chief Budget Analyst for the New York State Facilities Development Corporation. A graduate of the Rockefeller College of Public Affairs, he holds a Master of Arts degree in Public Administration with a Public Finance concentration, and a Bachelor of Arts degree in Political Science from the State University of New York, University at Albany.

KIMBERLY J. NADEAU is the Chief Financial Officer and Treasurer of DASNY. As Chief Financial Officer and Treasurer, Ms. Nadeau is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable, financial reporting functions, budget, payroll, insurance and information services, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. She previously was Vice President-Accounting and Controller for US Light Energy. Prior to that she was Vice President-Accounting and Controller for CH Energy Group, Inc. and held various positions culminating in a director level position at Northeast Utilities. Ms. Nadeau also held various positions with increasing responsibility at Coopers & Lybrand LLP. She holds a Bachelor of Science degree in Accounting, a Master of Business Administration with a concentration in Management and a Juris Doctor degree from the University of Connecticut. She is licensed to practice law in New York and Connecticut.

MICHAEL E. CUSACK is General Counsel to DASNY. Mr. Cusack is responsible for all legal services including legislation, litigation, contract matters, and the legal aspects of all DASNY financings. In addition, he is responsible for the supervision of DASNY's environmental affairs unit. He is licensed to practice law in the State of New York and the Commonwealth of Massachusetts, as well as the United States District Court for the Northern District of New York. Mr. Cusack has over twenty years of combined legal experience, including management of an in-house legal department and external counsel teams (and budgets) across a five-state region. He most recently served as of counsel to the Albany, New York law firm of Young/Sommer, LLC, where his practice included representation of upstate New York municipalities, telecommunications service providers in the siting of public utility/personal wireless service facilities and other private sector clients. He holds a Bachelor of Science degree from Siena College and a Juris Doctor degree from Albany Law School of Union University.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing DASNY bond issuance in the capital markets, implementing and overseeing financing programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. She holds a Bachelor of Arts degree from the State University of New York at Albany.

STEPHEN D. CURRO is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, resource acquisition, contract administration, interior design, real property, sustainability and engineering, as well as other technical services. Mr. Curro joined DASNY in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and has worked in the construction industry for more than 30 years. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CAROLINE V. GRIFFIN is the Chief of Staff of DASNY. She is responsible for overseeing intergovernmental relations and managing the Communications & Marketing Department, as well as coordinating policy and operations across DASNY's multiple business lines. Ms. Griffin most recently served as the Director of Intergovernmental Affairs for Governor Andrew M. Cuomo where she worked as the Governor's liaison with federal, state and local elected officials and managed staff serving in various capacities in the Governor's Office. Prior to that, she served as the Assistant Executive Deputy Secretary for Governor Andrew M. Cuomo overseeing the operations staff and Assistant Secretary for Intergovernmental Affairs for both Governor David A. Paterson and Governor Eliot Spitzer. She holds a Bachelor of Arts degree in Communications from Boston College.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against DASNY, DASNY believes that such claims and litigation either are covered by insurance or by bonds filed with DASNY, or that DASNY has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such matters.

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by DASNY and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. DASNY obtains the approval of the PACB for the issuance of all of its bonds and notes.

Legislation

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect DASNY and its operations. DASNY is not able to represent whether such bills will be introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including DASNY) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect DASNY and its operations.

Environmental Quality Review

DASNY complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of DASNY for the Fiscal Year ended March 31, 2019. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 12—AGREEMENT OF THE STATE

The Authority Act provides that the State pledges and agrees with the holders of DASNY's notes and bonds that the State will not limit or alter the rights vested in DASNY to, among other things, fulfill the terms of any agreements made with the holders of DASNY's notes and bonds or in any way impair the rights and remedies of the holders of such notes and bonds until such notes and bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes and bonds are fully met and discharged. The General Resolution includes such pledge to the fullest extent enforceable under applicable Federal and State law. Nevertheless, nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22 and Article 24 of the Tax Law. An Event of Default under the General Resolution would not occur solely as a result of the State exercising its right to amend, repeal, modify or otherwise alter such taxes and fees.

PART 13—TAX MATTERS

Series 2019D Bonds

General

In the opinion of Hawkins Delafield & Wood LLP, Co-Bond Counsel to DASNY, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2019D Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2019D Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering such opinion, Hawkins Delafield & Wood LLP has relied on certain representations, certifications of fact, and statements of reasonable expectations made by, as applicable, DASNY, the State University of New York ("SUNY"), the State University Construction Fund ("SUCF"), the New York State Department of Transportation ("DOT"), the City University of New York ("CUNY"), the City University Construction Fund ("CUCF"), the New York State Education Department ("SED"), the New York State Division of Homeland Security and Emergency Services ("DHSES"), the New York State Department of Health ("DOH"), the New York State Department of Agriculture and Markets ("DAM"), the New York State Department of Environmental Conservation ("DEC"), the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP"), the New York State Environmental Facilities Corporation ("EFC"), the Hudson River Park Trust ("HRPT"), the New York State Office of Mental Health ("OMH"), the New York State Office of Addiction Services and Supports ("OASAS"), each voluntary agency receiving a loan from DASNY being financed or refinanced with proceeds of the Series 2019D Bonds (collectively, the "2019D Voluntary Agencies") and others, and Hawkins Delafield & Wood LLP has assumed compliance by, as applicable, DASNY, SUNY,

SUCF, DOT, CUNY, CUCF, SED, DHSES, DOH, DAM, DEC, OPRHP, EFC, HRPT, OMH, and OASAS and the 2019D Voluntary Agencies with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2019D Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Hawkins Delafield & Wood LLP, under existing statutes, interest on the Series 2019D Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Hawkins Delafield & Wood LLP expresses no opinion as to any other Federal, state or local tax consequences arising with respect to the Series 2019D Bonds, or the ownership or disposition thereof, except as stated above. Hawkins Delafield & Wood LLP renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Hawkins Delafield & Wood LLP expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Hawkins Delafield & Wood LLP expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2019D Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2019D Bonds in order that interest on the Series 2019D Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2019D Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2019D Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. DASNY, SUNY, SUCF, DOT, CUNY, CUCF, SED, DHSES, DOH, DAM, DEC, OPRHP, EFC, HRPT, OMH, and OASAS and the 2019D Voluntary Agencies, as applicable, have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2019D Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2019D Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Tax-Exempt Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2019D Bonds.

Prospective owners of the Series 2019D Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2019D Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2019D Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series 2019D Bonds. In general, the issue price for each maturity of Series 2019D Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Hawkins Delafield & Wood LLP further is of the opinion that, for any Series 2019D Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2019D Bonds.

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

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

Bond Premium

In general, if an owner acquires a Series 2019D Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2019D Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2019D Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest (including OID) paid on tax-exempt obligations, including the Series 2019D Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2019D Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2019D Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2019D Bonds under Federal or state law or otherwise prevent beneficial owners of the Series 2019D Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2019D Bonds.

Prospective purchasers of the Series 2019D Bonds should consult their own tax advisors regarding the foregoing matters.

The proposed form of the opinion of Hawkins Delafield & Wood LLP relating to the Series 2019D Bonds is set forth in "APPENDIX D — PROPOSED FORMS OF CO-BOND COUNSEL OPINIONS" hereto.

Series 2019E Bonds

General

In the opinion of Hawkins Delafield & Wood LLP, Co-Bond Counsel to DASNY, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2019E Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2019E Bond for any period during which the Series 2019E Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with the proceeds of the Series 2019E Bonds or a "related person," and (ii) interest on the Series 2019E Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering such opinion, Hawkins Delafield & Wood LLP has relied on certain representations, certifications of fact, and statements of reasonable expectations made by, as applicable, DASNY, OMH, each voluntary agency receiving a loan from DASNY that is being financed or refinanced with proceeds of the Series 2019E Bonds (the "2019E Voluntary Agencies") and others, and Hawkins Delafield & Wood LLP has assumed compliance by, as applicable, DASNY, OMH and the 2019E Voluntary Agencies with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2019E Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Hawkins Delafield & Wood LLP, under existing statutes, interest on the Series 2019E Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Hawkins Delafield & Wood LLP expresses no opinion as to any other Federal, state or local tax consequences arising with respect to the Series 2019E Bonds, or the ownership or disposition thereof, except as stated above. Hawkins Delafield & Wood LLP renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretations thereof that may thereafter occur, or for any other reason. Hawkins Delafield & Wood LLP expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Hawkins Delafield & Wood LLP expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for Federal income tax purposes of interest on the Series 2019E Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2019E Bonds in order that interest on the Series 2019E Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2019E Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2019E Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. DASNY, OMH and the 2019E Voluntary Agencies, as applicable, have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2019E Bonds from gross income under Section 103 of the Code.

Under applicable provisions of the Code, the exclusion from gross income of interest on the Series 2019E Bonds for purposes of Federal income taxation requires, among other requirements, that either (i) at least 20% of the units in each 2019E Voluntary Agency facility financed or refinanced by the Series 2019E Bonds be occupied during the "Qualified Project Period" (defined below) by individuals whose incomes, determined in a manner consistent with Section 8 of the United States Housing Act of 1937, as amended, do not exceed 50% of the median income for the area, as adjusted for family size, or (ii) at least 40% of the units in each 2019E Voluntary Agency facility (25% for the units located in New York City) refinanced by the Series 2019E Bonds be occupied during the "Qualified Project Period" by individuals whose incomes, determined in a manner consistent with Section 8 of the United States Housing Act of 1937, as amended, do not exceed 60% of the median income for the area, as adjusted for family size, and (iii) all of the units of each such 2019E Voluntary Agency facility be rented or available for rental on a continuous basis during the Qualified Project Period. "Qualified Project Period" for each such 2019E Voluntary Agency facility means a period commencing upon the later of (a) occupancy of 10% of the units in each such 2019E Voluntary Agency facility or (b) the date of issue of the Series 2019E Bonds or the bonds refunded by the Series 2019E Bonds, as applicable, and running until the later of (i) the date which is 15 years after occupancy of 50% of the units in each such 2019E Voluntary Agency facility, (ii) the first date on which no tax-exempt private activity bonds issued with respect to each such 2019E Voluntary Agency facility are outstanding or (iii) the date on which any assistance provided with respect to such 2019E Voluntary Agency facility under Section 8 of the 1937 Housing Act terminates. Each such 2019E Voluntary Agency facility will meet the continuing low income requirement as long as the income of the individuals occupying the unit does not increase to more than 140% of the applicable limit. Upon an increase over 140% of the applicable limit, the next available unit of comparable or smaller size in the 2019E Voluntary Agency facility must be rented to an individual having an income that does not exceed the applicable income limitation.

In the event of noncompliance with the requirements described in the preceding paragraph arising from events occurring after the issuance of the Series 2019E Bonds, Treasury Regulations provide that the exclusion of interest from gross income for Federal income tax purposes will not be impaired if DASNY takes appropriate corrective action within a reasonable period of time after such noncompliance is first discovered or should have been discovered by DASNY.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2019E Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2019E Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2019E Bonds.

Prospective owners of the Series 2019E Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2019E Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2019E Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, *i.e*., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series 2019E Bonds. In general, the issue price for each maturity of Series 2019E Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Hawkins Delafield & Wood LLP further is of the opinion that, for any Series 2019E Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2019E Bonds.

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

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

Bond Premium

In general, if an owner acquires a Series 2019E Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2019E Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2019E Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2019E Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2019E Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2019E Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2019E Bonds under Federal or state law or otherwise prevent beneficial owners of the Series 2019E Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2019E Bonds.

Prospective purchasers of the Series 2019E Bonds should consult their own tax advisors regarding the foregoing matters.

The proposed form of the opinion of Hawkins Delafield & Wood LLP relating to the Series 2019E Bonds is set forth in "APPENDIX D — PROPOSED FORMS OF CO-BOND COUNSEL OPINIONS" hereto

Series 2019F Bonds

General

In the opinion of Hawkins Delafield & Wood LLP, Co-Bond Counsel to DASNY, interest on the Series 2019F Bonds (the "Taxable Bonds") (i) is included in gross income for Federal income tax purposes pursuant to the Code and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of New York or any political subdivisions thereof (including The City of New York).

The following discussion is a summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of the Taxable Bonds by original purchasers of the Taxable Bonds who are U.S. Holders (as defined below). This summary is based on the Code, Treasury regulations, revenue rulings and court decisions, all as now in effect and all subject to change at any time, possibly with retroactive effect. This summary assumes that the Taxable Bonds will be held as "capital assets" under the Code, and it does not discuss all of the United States Federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Bonds as a position in a "hedge" or "straddle" for United States Federal income tax purposes, U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code. Each prospective purchaser of the Taxable Bonds should consult with its own tax advisor concerning the United States Federal income tax and other tax consequences to it of the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

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

U.S. Holders—Interest Income

Interest and original issue discount (as defined below) on the Taxable Bonds are included in gross income for United States Federal income tax purposes.

Issue Discount

For United States Federal income tax purposes, a Taxable Bond will be treated as issued with original issue discount ("OID") if the excess of a Taxable Bond's "stated redemption price at maturity" over its "issue price" equals or exceeds a statutorily determined de minimis amount. The "issue price" of each Taxable Bond in a particular issue equals the first price at which a substantial amount of such Taxable Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The "stated redemption price at maturity" of a Taxable Bond is the sum of all payments provided by such Taxable Bond other than "qualified stated interest" payments. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. In general, if the excess of a Taxable Bond's stated redemption price at maturity over its issue price is less than 0.25 percent of the Taxable Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (the "de minimis amount"), then such excess, if any, constitutes de minimis OID, and the Taxable Bond is not treated as being issued with OID and all payments of stated interest (including stated interest that would otherwise be characterized as OID) is treated as qualified stated interest, as described below.

Payments of qualified stated interest on a Taxable Bond are taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received in accordance with the U.S. Holder's regular method of tax accounting. A U.S. Holder of a Taxable Bond having a maturity of more than one year from its date of issue generally must include OID in income as ordinary interest as it accrues on a constant-yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder's regular method of tax accounting. The amount of OID included in income by the U.S. Holder of a Taxable Bond is the sum of the daily portions of OID with respect to such Taxable Bond for each day during the taxable year (or portion of the taxable year) on which such U.S. Holder held such Taxable Bond. The daily portion of OID on any Taxable Bond is determined by allocating to each day in any "accrual period" a ratable portion of the OID allocable to the accrual period. All accrual periods with respect to a Taxable Bond may be of any length and the accrual periods may vary in length over the term of the Taxable Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or final day of an accrual period. The amount of OID allocable to an accrual period is generally equal to the difference between (i) the product of the Taxable Bond's "adjusted issue price" at the beginning of such accrual period and such Taxable Bond's yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Taxable Bond at the beginning of any accrual period is the issue price of the Taxable Bond plus the amount of accrued OID includable in income for all prior accrual periods minus the amount of any prior payments on the Taxable Bond other than qualified stated interest payments. The amount of OID allocable to an initial short accrual period may be computed using any reasonable method if all other accrual periods other than a final short accrual period are of equal length. The amount of OID allocable to the final accrual period is the difference between (i) the amount payable at the maturity of the Taxable

Bond (other than a payment of qualified stated interest) and (ii) the Taxable Bond's adjusted issue price as of the beginning of the final accrual period. Under the OID rules, U.S. Holders generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

A U.S. Holder may elect to include in gross income all interest that accrues on a Taxable Bond using the constant-yield method described immediately above under the heading "Original Issue Discount," with the modifications described below. For purposes of this election, interest includes, among other things, stated interest, OID and de minimis OID, as adjusted by any amortizable bond premium described below under the heading "Bond Premium". In applying the constant-yield method to a Taxable Bond with respect to which this election has been made, the issue price of the Taxable Bond will equal its cost to the electing U.S. Holder, the issue date of the Taxable Bond will be the date of its acquisition by the electing U.S. Holder, and no payments on the Taxable Bond will be treated as payments of qualified stated interest. The election will generally apply only to the Taxable Bond with respect to which it is made and may not be revoked without the consent of the Internal Revenue Service. If this election is made with respect to a Taxable Bond with amortizable bond premium, then the electing U.S. Holder will be deemed to have elected to apply amortizable bond premium against interest with respect to all debt instruments with amortizable bond premium (other than debt instruments the interest on which is excludable from gross income) held by the electing U.S. Holder as of the beginning of the taxable year in which the Taxable Bond with respect to which the election is made is acquired or thereafter acquired. The deemed election with respect to amortizable bond premium may not be revoked without the consent of the Internal Revenue Service.

U.S. Holders of any Taxable Bonds issued with OID should consult their own tax advisors with respect to the treatment of OID for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, and disposition of Taxable Bonds.

Bond Premium

In general, if a U.S. Holder acquires a Taxable Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Taxable Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Taxable Bond (a "Taxable Premium Bond"). In general, if a U.S. Holder of a Taxable Premium Bond elects to amortize the premium as "amortizable bond premium" over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to such U.S. Holder's basis in the Taxable Premium Bond. Any such election applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired, and is irrevocable without the Internal Revenue Service's consent. A U.S. Holder of a Taxable Premium Bond that so elects to amortize bond premium does so by offsetting the qualified stated interest allocable to each interest accrual period under the U.S. Holder's regular method of Federal tax accounting against the bond premium allocable to that period. If the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is treated as a bond premium deduction under Section 171(a)(1) of the Code, subject to certain limitations. If a Taxable Premium Bond is optionally callable before maturity at a price in excess of its stated redemption price at maturity, special rules may apply with respect to the amortization of bond premium. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium

Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder's original acquisition cost.

U.S. Holders of any Taxable Premium Bonds should consult their own tax advisors with respect to the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, and disposition of Taxable Premium Bonds.

U.S. Holders—Disposition of Taxable Bonds

Except as discussed above, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Taxable Bond. A U.S. Holder's adjusted tax basis in a Taxable Bond generally will equal such U.S. Holder's initial investment in the Taxable Bond, increased by any OID included in the U.S. Holder's income with respect to the Taxable Bond and decreased by the amount of any payments, other than qualified stated interest payments, received and bond premium amortized with respect to such Taxable Bond. Such gain or loss generally will be long-term capital gain or loss if the Taxable Bond was held for more than one year.

U.S. Holders—Defeasance

U.S. Holders of the Taxable Bonds should be aware that, for Federal income tax purposes, the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the Resolutions (a "defeasance") (See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION"), could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, for Federal income tax purposes, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected. U.S. Holders of the Taxable Bonds are advised to consult with their own tax advisors regarding the consequences of a defeasance for Federal income tax purposes, and for state and local tax purposes.

U.S. Holders—Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate U.S. Holders with respect to payments of principal, payments of interest, and the accrual of OID on a Taxable Bond and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding at a rate provided for in the Code will apply to such payments and to payments of OID unless the U.S. Holder (i) is a corporation or other exempt recipient and, when required, demonstrates that fact, or (ii) provides a correct taxpayer identification number, certifies under penalties of perjury, when required, that such U.S. Holder is not subject to backup withholding and has not been notified by the Internal Revenue Service that it has failed to report all interest and dividends required to be shown on its United States Federal income tax returns.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Taxable Bonds under state law and could affect the market price or marketability of the Taxable Bonds.

Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

The proposed form of the opinion of Hawkins Delafield & Wood LLP relating to the Series 2019F Bonds is set forth in "APPENDIX D — PROPOSED FORMS OF CO-BOND COUNSEL OPINIONS" hereto.

PART 14—LITIGATION

There is no litigation or other proceeding pending or, to the knowledge of DASNY, threatened in any court, agency or other administrative body (either State or Federal) restraining or enjoining the issuance, sale or delivery of the Series 2019 Bonds, or in any way questioning or affecting (i) the proceedings under which the Series 2019 Bonds are to be issued, (ii) the pledge effected under the General Resolution, or (iii) the validity of any provision of the Authorizing Legislation, the Series 2019 Bonds, the General Resolution or the Financing Agreement. See "APPENDIX A — INFORMATION CONCERNING THE STATE OF NEW YORK" under the heading "Litigation" for a description of certain litigation relating to the State generally.

PART 15—CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2019 Bonds are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, and Golden Holley James LLP, New York, New York, Co-Bond Counsel to DASNY, and to certain other conditions. The approving opinions of Co-Bond Counsel will be delivered with the Series 2019 Bonds. The proposed forms of such opinions are included in this Official Statement as "APPENDIX D — PROPOSED FORMS OF CO-BOND COUNSEL OPINIONS".

Certain legal matters will be passed on for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York.

PART 16—UNDERWRITING

Morgan Stanley & Co. LLC (the "Representative"), on behalf of the Underwriters of the Series 2019 Bonds (the "Underwriters"), has agreed, subject to the terms of a Contract of Purchase with DASNY relating to the Tax-Exempt Bonds (the "Tax-Exempt Contract of Purchase"), to purchase the Tax-Exempt Bonds from DASNY. The Tax-Exempt Contract of Purchase provides, in part, that subject to certain conditions, the Underwriters will purchase the Tax-Exempt Bonds from DASNY at a purchase price of $________ (representing the principal amount of the Tax-Exempt Bonds plus [net] original issue [premium/discount] of $________ and less an underwriters' discount of $________) and to make a public offering of the Tax-Exempt Bonds at prices that are not in excess of the public offering price or prices (or less than the yields) stated on the inside cover page of this Official Statement. The Representative, on behalf of the Underwriters has agreed, subject to the terms of a Contract of Purchase with DASNY relating to the Series 2019F Bonds (the "Series 2019F Contract of Purchase"), to purchase the Series 2019F Bonds from DASNY. The Series 2019F Contract of Purchase provides, in part, that subject to certain conditions, the Underwriters will purchase the Series 2019F Bonds from DASNY at a purchase price of $________ (representing the principal amount of the Series 2019F Bonds less an underwriters' discount of $________) and to make a public offering of the Series 2019F Bonds at prices that are not in excess of the public offering price or prices (or less than the yields) stated on the inside cover page of this Official Statement. The Underwriters will be obligated to purchase all such Series 2019 Bonds if any are purchased. The Series 2019 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The following paragraphs have been provided by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform various investment banking services for DASNY, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of DASNY. In addition, to the extent an Underwriter or an affiliate thereof holds any of the Refunded Bonds, such Underwriter or affiliate, as applicable, would receive a portion of the proceeds from the issuance of the Series 2019 Bonds contemplated herein in connection with the refunding of the Refunded Bonds.

In addition, certain of the Underwriters may have entered into distribution agreements with other broker-dealers (that have not been designated by DASNY as Underwriters) for the distribution of the offered bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

PART 17—LEGALITY OF INVESTMENT

Under New York State law, the Series 2019 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual authorities and public benefit corporations of the State may limit the investment of funds of such authorities and corporations in the Series 2019 Bonds.

PART 18—VERIFICATION OF MATHEMATICAL COMPUTATIONS

When the Series 2019 Bonds are issued, Samuel Klein and Company, Certified Public Accountants (the "Verification Agent"), will deliver its report indicating that it has verified the arithmetic accuracy of (a) the mathematical computations of the adequacy in each escrow of the cash and the maturing principal amounts of, and the interest on, the Defeasance Securities to pay the interest and principal or redemption price coming due on the Refunded Bonds and (b) certain calculations relating to the Refunded Bonds and the Series 2019 Bonds. See "PART 7—THE REFUNDING PLAN."

PART 19—RATINGS

The Series 2019 Bonds are rated "___" by Moody's Investors Service and "___" by Fitch Ratings. Each rating reflects only the view of the rating agency issuing such rating and an explanation of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such credit ratings will continue for any given period of time or that either or both will not be revised downward or withdrawn entirely by either or both of such rating agencies, if, in the judgment of either or both of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2019 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

PART 20—CONTINUING DISCLOSURE

In order to assist the Underwriters of the Series 2019 Bonds to comply with Rule 15c2-12 ("Rule 15c2-12") promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended, each of the Authorized Issuers, the State, and each of the trustees under the general resolutions have entered into a written agreement, dated as of May 1, 2002, and amended and restated as of July 1, 2009, December 1, 2010 and June 10, 2019 (the "Master Disclosure Agreement") for the benefit of all holders of State Personal Income Tax Revenue Bonds, including the holders of the Series 2019 Bonds. The parties to the Master Disclosure Agreement have agreed to provide continuing disclosure of certain financial and operating data concerning the State and the sources of the Revenue Bond Tax Fund Receipts (collectively, the "Annual Information") in accordance with the requirements of Rule 15c2-12 and as described in the Master Disclosure Agreement. The Division of the Budget will electronically file with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") System on or before 120 days after the end of each State fiscal year. An executed copy of the Master Disclosure Agreement is attached hereto as "APPENDIX E — EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT."

The State Comptroller is required by existing law to issue audited annual financial statements of the State, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), within 120 days after the close of the State Fiscal Year, and the State will undertake to electronically file with the MSRB, the State's annual financial statements prepared in accordance with GAAP and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, provided, however, that if audited financial statements are not then available, unaudited financial statements shall be filed no later than 120 days after the end of the State's fiscal year and such audited statements shall be electronically filed with the MSRB, if and when such statements are available. In addition, the Authorized Issuers have agreed in the Master Disclosure Agreement to electronically file with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of any of the sixteen events described in the Master Disclosure Agreement, notice of any such events.

If any party to the Master Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to the Master Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of State Personal Income Tax Revenue Bonds, including the holders of the Series 2019 Bonds, may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the Master Disclosure Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties thereunder. The parties to the Master Disclosure Agreement, however, are not obligated to enforce the obligations of the others. The sole and exclusive remedy for breach or default under the Master Disclosure Agreement to provide continuing disclosure described above is an action to compel specific performance of the obligations of the State and/or the applicable Authorized Issuer contained therein, and no person or other entity, including any holder of State Personal Income Tax Revenue Bonds, including the holders of the Series 2019 Bonds, may recover monetary damages thereunder under any circumstances. Any holder or beneficial owner of State Personal Income Tax Revenue Bonds, including the holders of Series 2019 Bonds, may enforce the Master Disclosure Agreement to the equal and proportionate benefit of all holders or beneficial owners similarly situated to the extent provided in the Master Disclosure Agreement. A breach or default under the Master Disclosure Agreement shall not constitute an Event of Default under the general resolutions. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Master Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided. The obligations of the State under the Master Disclosure Agreement may be terminated if the State ceases to be an obligated person as defined in Rule 15c2-12.

The State has not in the previous five years failed to comply, in any material respect, with the Master Disclosure Agreement or any other previous undertakings or agreements pursuant to Rule 15c2-12 in relation to State Personal Income Tax Revenue Bonds. Pursuant to the terms of the Master Disclosure Agreement, DASNY, as conduit issuer of State Personal Income Tax Revenue Bonds, has agreed in such agreement to provide notices of certain events as described in such agreement and has complied with such contractual undertaking in all material respects.

The Master Disclosure Agreement contains a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and if an undertaking calls for information that no longer can be generated because the operations to which it is related have been materially changed or discontinued, a statement to that effect would be provided. As a result, it is not anticipated that it often will be necessary to amend the information undertakings. The Master Disclosure Agreement, however, may be amended or modified without Bondholders' consent under certain circumstances set forth therein.

PART 21—MISCELLANEOUS

Certain information concerning the State (which is either included in or appended to this Official Statement) has been furnished or reviewed and authorized for use by DASNY by such sources as described in this Official Statement. While DASNY believes that these sources are reliable, DASNY has not independently verified this information and does not guarantee the accuracy or completeness of the information furnished by the respective sources.

The State provided the information relating to the State in "APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK."

The Director of the Budget is to certify that the statements and information appearing (a) under the headings (i) "PART 1 — SUMMARY STATEMENT" (except under the subcaption "Purpose of Issue" and except for the fifth, ninth (last sentence only) and tenth paragraphs under the subcaption "Sources of Payment and Security for State Personal Income Tax Revenue Bonds — Revenue Bond Tax Fund Receipts", as to which no representation is made), (ii) "PART 2 — INTRODUCTION" (the second, third, fourth, sixth, seventh, eighth, tenth and twelfth (other than the last sentence thereof) paragraphs only), (iii) "PART 3 — SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS," (iv) "PART 4 — SOURCES OF NEW YORK STATE

PERSONAL INCOME TAX RECEIPTS FOR THE REVENUE BOND TAX FUND," (v) "PART 9 — DEBT SERVICE REQUIREMENTS" as to the column "Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service," and (vi) "PART 20 — CONTINUING DISCLOSURE" (the first sentence of the fourth paragraph only), and (b) in the "Annual Information Statement of the State of New York", including any updates or supplements, included in "APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK" to this Official Statement are true, correct and complete in all material respects, and that no facts have come to his attention that would lead him to believe that such statements and information contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements and information, in light of the circumstances under which they were made, not misleading, provided, however, that while the information and statements contained under such headings and in "APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK" which were obtained from sources other than the State are not certified as to truth, correctness or completeness, such statements and information have been obtained from sources that he believes to be reliable and he has no reason to believe that such statements and information contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements and information, in light of the circumstances under which they were made, not misleading; provided, further, however, that with regard to the statements and information in "APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK" hereto under the caption "Litigation", such statements and information as to legal matters are given to the best of his information and belief, having made such inquiries as he deemed appropriate at the offices of the Department of Law of the State, without any further independent investigation. The certification is to apply both as of the date of this Official Statement and as of the date of delivery of the Series 2019 Bonds.

Public Resources Advisory Group has acted as financial advisor to the Division of the Budget in connection with the sale and issuance of the Series 2019 Bonds.

The references herein to the Authority Act, the Enabling Act and other laws of the State, the General Resolution and the Financing Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference should be made to each for a full and complete statement of its provisions. The agreements of DASNY with the registered Owners of the Series 2019 Bonds are fully set forth in the General Resolution (including any supplemental resolutions thereto), and neither any advertisement of the Series 2019 Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2019 Bonds. So far as any statements are made in this Official Statement involving matters of opinion, forecasts or estimates, whether or not expressly stated, are intended merely as expressions of opinion, forecasts or estimates and not as representations of fact. Copies of the documents mentioned in this paragraph are available for review at the corporate headquarters of DASNY located at 515 Broadway, Albany, New York 12207.

The execution and delivery of this Official Statement by an Authorized Officer have been duly authorized by DASNY.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

By:________________________
Authorized Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

INFORMATION CONCERNING THE STATE OF NEW YORK

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

INFORMATION CONCERNING THE STATE OF NEW YORK

The State Legislature is not legally obligated to appropriate amounts for the payment of principal of, sinking fund installments, if any, or interest on the obligations to which this Official Statement relates. For information about the sources of payment of such obligations, the foregoing Official Statement to which this Appendix A is attached should be read in its entirety. The continued willingness and ability of the State, however, to make the appropriations and otherwise provide for the payments contemplated in the foregoing Official Statement, and the market for and market prices of the obligations, may depend in part upon the financial condition of the State.

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

The AIS set forth in this Appendix A is dated June 12, 2019. It was updated on December 11, 2019. The AIS was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS can be accessed through the EMMA system at www.emma.msrb.org. An official copy of the AIS may be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705. An informational copy of the AIS is available on the Internet at http://www.budget.ny.gov.

The Basic Financial Statements and Other Supplementary Information for the State fiscal year ended March 31, 2019 were prepared by the State Comptroller in accordance with accounting principles generally accepted in the United States of America and independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information were issued on July 28, 2019 and have been referred to or set forth thereafter in appendices of information concerning the State in Preliminary Official Statements and Official Statements of the State and certain of its public authorities. The Basic Financial Statements and Other Supplementary Information, which are included in the Comprehensive Annual Financial Report, may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 Tel: (518) 474-4015.

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

Update to
Annual Information Statement
State of New York

December 11, 2019

[THIS PAGE INTENTIONALLY LEFT BLANK]

Annual Information Statement Update

Table of Contents

[THIS PAGE INTENTIONALLY LEFT BLANK]

Introduction

[THIS PAGE INTENTIONALLY LEFT BLANK]

Introduction

This Annual Information Statement (AIS) Update (the "AIS Update") is dated December 11, 2019 and contains information only through that date. This AIS Update constitutes the official disclosure regarding the financial position of the State of New York (the "State") and related matters and is the second quarterly update to the AIS dated June 12, 2019 (the "AIS"). This AIS Update should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Extracts from the Mid-Year Update to the Financial Plan for FY 2020 (the "Financial Plan"), issued by the Division of the Budget (DOB) in November 2019. The Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of second quarter operating results for FY 2020 (quarter ended September 30, 2019) and updates to the State's official financial projections for FY 2020 through FY 2023[1]. Except for the specific revisions described in these extracts, the projections (and the assumptions upon which these are based) in the Financial Plan are consistent with the projections set forth in the FY 2020 Enacted Budget Financial Plan (the "Enacted Budget Financial Plan") reflected in the AIS. DOB next expects to update the State's multi-year financial projections in January 2020 with the FY 2021 Executive Budget Financial Plan.
2. A discussion of issues and risks that may affect the State's financial projections during the State's current fiscal year or in future years (under the heading "Other Matters Affecting the Financial Plan").
3. A summary of the Generally Accepted Accounting Principles (GAAP)-basis results for the prior three fiscal years.
4. Updated information on certain public authorities of the State.
5. Updated information regarding the State Retirement System.
6. The status of significant litigation 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 2019 and projected receipts and disbursements for fiscal years 2020 through 2023 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 System" has been furnished by OSC, while information relating to matters described in the section entitled "Litigation" has been furnished by the State Office of the Attorney General. DOB has not undertaken any independent verification of the information contained in these sections of this AIS Update.

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

Introduction

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

The factors affecting the State's financial condition are numerous and complex. This AIS Update contains "forward-looking statements" relating to future results and economic performance as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. The forward-looking statements contained herein are based on the State's expectations at the time they were prepared and are necessarily dependent upon assumptions, estimates and data that it believes are reasonable as of the date made, but that may be incorrect, incomplete or imprecise or not reflective of actual results. Forecasts, projections, and estimates are not intended as representations of fact or guarantees of results. The words "expects", "forecasts", "projects", "intends", "anticipates", "estimates", "assumes" and analogous expressions are intended to identify forward-looking statements. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from projections. Such risks and uncertainties include, but are not limited to, general economic and business conditions; changes in political, social, economic and environmental conditions, including climate change and extreme weather events; cybersecurity events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; Federal tax law changes; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances. Many of these risks and uncertainties are beyond the control of the State. These forward-looking statements are based on the State's expectations as of the date of this AIS 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 the AIS, as updated or supplemented, in Official Statements or related disclosure documents for State or State-supported debt issuances. The State has filed this AIS Update with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS Update can be accessed through EMMA at www.emma.msrb.org. An official copy of this AIS Update may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-2302.

OSC issued the State's Basic Financial Statements for FY 2019 and the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting in accordance with the annual statutory deadline of July 29. Copies of this report 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 2019 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 undertakings under various continuing disclosure agreements (CDAs) entered into by the State in connection with financings of the State, as well as certain issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payments of their respective bonds, notes or other obligations.

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

Neither this AIS Update nor any portion thereof may be: (i) included in a Preliminary Official Statement, Official Statement, or other offering document, or incorporated by reference therein, unless DOB has expressly consented thereto following a written request to the State of New York, Division of the Budget, State Capitol, Albany, NY 12224, or (ii) considered to be continuing disclosure in connection with any offering unless a CDA relating to the offered 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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Budgetary/ Accounting Practices

[THIS PAGE INTENTIONALLY LEFT BLANK]

Significant Budgetary/Accounting Practices

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

The State accounts for receipts and disbursements by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Financial Plan tables present State projections and results by fund and category.

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

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

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

---

[2] State Finance Law also requires DOB to prepare a pro forma financial plan using, to the extent practicable, GAAP. The GAAP-basis financial plan is informational only. DOB does not use it as a benchmark for managing State finances during the fiscal year and does not update it on a quarterly basis. The GAAP-basis financial plan follows, to the extent practicable, the accrual methodologies and fund accounting rules applied by the Office of the State Comptroller (OSC) in preparation of the audited Basic Financial Statements, but there can be no assurance that the pro forma GAAP financial plan conforms to all GAAP principles.

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

State Operating Funds is a broader measure of spending on operations (as distinct from capital purposes) that is funded with State resources. It includes financial activity in the General Fund, as well as State-funded Special Revenue Funds and Debt Service Funds (spending from Capital Project Funds and Federal Funds is excluded). As a significant amount of financial activity occurs in funds outside of the General Fund, the State Operating Funds perspective is, in DOB’s view, a more comprehensive measure of operations funded with State resources (e.g., taxes, assessments, fees and tuition). The State Operating Funds perspective eliminates certain distortions in operating activities that may be caused by, among other things, the State's complex fund structure and the transfer of money between funds. For example, the State funds its share of the Medicaid program from both the General Fund and State Special Revenue Funds. The State Operating Funds perspective captures Medicaid disbursements from both fund types, giving a more complete accounting of State-funded Medicaid disbursements. Accordingly, projections often emphasize the State Operating Funds perspective. The State’s adherence to a 2 percent annual spending growth benchmark is calculated on the State Operating Funds basis.

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

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

Projections for future years may show budget gaps or budget surpluses in the General Fund. Budget gaps represent the difference between: (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain current service levels and specific commitments, and (b) the projected level of resources, including transfers from other funds, to pay for these disbursements. The General Fund projections are based on many assumptions and are developed by DOB in conjunction with other State agencies. Some projections are based on specific, known information (e.g., a statutory requirement to increase payments to a prescribed level), while others are based on more uncertain or speculative information (e.g., the pace at which a new program will enroll recipients). In general, the multi-year projections assume that money appropriated in one fiscal year will continue to be appropriated in future years, even for programs that were not created in permanent law and that the State has no obligation to fund. Funding levels for nearly all State programs are reviewed annually in the context of the current and projected fiscal position of the State.

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

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

Overview of the Updated Financial Plan

[THIS PAGE INTENTIONALLY LEFT BLANK]

Overview of the Updated Financial Plan

The following table provides certain Financial Plan information for FY 2019 and FY 2020, as of the Mid-Year Update to the Financial Plan.

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

	FY 2019	FY 2020	
	Results	First Quarter	Mid-Year
State Operating Funds Disbursements			
Size of Budget[1]	$100,137	$102,153	$102,153
Annual Growth	2.0%	2.0%	2.0%
Other Disbursement Measures			
General Fund (Including Transfers)[1, 2]	$72,783	$77,826	$77,762
Annual Growth	4.4%	6.9%	6.8%
Capital Budget (Federal and State)	$12,266	$14,043	$13,812
Annual Growth	15.3%	14.5%	12.6%
Federal Operating Aid	$58,472	$59,921	$58,216
Annual Growth	6.4%	2.5%	-0.4%
All Funds[1]	$170,875	$176,117	$174,181
Annual Growth	4.4%	3.1%	1.9%
Capital Budget (Including "Off-Budget" Capital)[3]	$12,783	$14,595	$14,371
Annual Growth	13.3%	14.2%	12.4%
All Funds (Including "Off-Budget" Capital)[1, 3]	$171,392	$176,669	$174,740
Annual Growth	4.3%	3.1%	2.0%
Inflation (CPI)	2.3%	2.0%	2.0%
All Funds Receipts			
Taxes	$75,578	$81,273	$81,273
Annual Growth	-4.7%	7.5%	7.5%
Miscellaneous Receipts	$31,184	$29,347	$29,793
Annual Growth	14.4%	-5.9%	-4.5%
Federal Receipts (Operating and Capital)	$61,344	$66,324	$62,316
Annual Growth	4.1%	8.1%	1.6%
Total All Funds Receipts	$168,106	$176,944	$173,382
Annual Growth	1.6%	5.3%	3.1%
General Fund Cash Balance[1]	$7,206	$6,499	$6,727
Rainy Day Reserves	$2,048	$2,476	$2,476
Extraordinary Monetary Settlements	$4,194	$2,640	$2,840
Economic Uncertainties	$0	$862	$890
All Other Reserves/Fund Balances	$964	$521	$521
Debt			
Debt Service as % All Funds Receipts	4.0%	3.0%	3.0%
State-Related Debt Outstanding	$53,528	$57,527	$57,024
Debt Outstanding as % Personal Income	4.0%	4.2%	4.1%
State Workforce FTEs (Subject to Direct Executive Control)	117,967	119,491	119,491

1 Estimated disbursements and cash balances assume successful implementation of the FY 2020 savings plan.

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

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

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 Financial Plan and this AIS Update are consistent with the projections set forth in the Enacted Budget Financial Plan described in the AIS. Please see "Other Matters Affecting the Financial Plan" for subsequent developments.

Summary

DOB estimates that the General Fund will remain in balance in the current year, based on a review of operating results through the first half of FY 2020 and updated data on State programs and activities. This estimate depends on the successful implementation of measures to address an imbalance that has formed in the portion of Department of Health (DOH) State funds Medicaid spending growth which is statutorily capped at the ten-year rolling average of the medical component of the Consumer Price Index (CPI) ("Global Cap"), as described below. For information on the current Global Cap imbalance see "Other Matters Affecting the Financial Plan – Medicaid Global Cap".

The General Fund budget gaps are currently estimated at $6.1 billion in FY 2021, $7.5 billion in FY 2022, and $8.5 billion in FY 2023. The gaps, excluding the imbalances in State Medicaid spending in excess of the Global Cap, are now estimated at $4.1 billion in FY 2021, $4.7 billion in FY 2022, and $5.5 billion in FY 2023. The growth in the gaps in comparison to the First Quarterly Update Financial Plan is due to an increase in minimum wage costs for health care providers, which is funded entirely outside of the Global Cap and thus not subject to the indexed spending limit. The increased minimum wage costs are entirely offset in FY 2020 and partly offset in subsequent years by savings in other areas.

In addition to these General Fund budget gaps, the Global Cap has a structural imbalance. Absent savings measures, DOB estimates that State-share Medicaid spending subject to the Global Cap would exceed the indexed growth amount by $4.0 billion in FY 2020 (including the FY 2019 deferral of $1.7 billion), $3.1 billion in FY 2021, $3.5 billion in FY 2022, and $3.9 billion in FY 2023. Factors that are placing upward pressure on State-share Medicaid spending (which includes spending under and outside the Global Cap) include but are not limited to: State reimbursement to providers for the cost of the increase in the minimum wage; the phase-out of enhanced Federal funding; increased enrollment and costs in managed long-term care; and State payments to financially distressed hospitals.

For the current fiscal year, DOB is developing a savings plan (the "FY 2020 savings plan") intended to maintain a balanced General Fund and working with the DOH to avoid, to the extent practicable, piercing the Global Cap. At a minimum, the FY 2020 savings plan is expected to consist of a permanent adjustment to the timing of certain health care payments, consistent with contractual terms and past practice, and a range of cost containment measures. Savings may include across the board reductions in rates paid to providers and health plans, reductions in discretionary payments, and other actions that can be executed administratively in the current fiscal year. The Financial Plan projections assume that roughly half of the measures identified in the FY 2020 savings plan will provide recurring savings. The FY 2021 Executive Budget, which is due in January 2020, will describe the specific elements of the FY 2020 savings plan and the proposals that will be advanced to eliminate the General Fund budget gap, including the Global Cap imbalance, in FY 2021.

The following table summarizes the Financial Plan revisions to the First Quarterly Update Financial Plan relating to the General Fund.

SUMMARY OF REVISIONS
GENERAL FUND BUDGETARY BASIS OF ACCOUNTING
SAVINGS/(COSTS)
(millions of dollars)

	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
FIRST QUARTERLY UPDATE SURPLUS/(GAP)	**0**	**(3,987)**	**(4,183)**	**(4,682)**
Mid-Year Revisions	**0**	**(74)**	**(505)**	**(842)**
Health Care Minimum Wage Costs	(322)	(560)	(724)	(915)
HCRA/Provider Assessment	342	155	164	172
Debt Service	24	266	55	15
All Other	(44)	65	0	(114)
Medicaid Global Cap	**(1,782)**	**(2,902)**	**(3,731)**	**(3,915)**
Health Care Spending Above Global Cap	(4,026)	(3,079)	(3,515)	(3,915)
Payment Restructuring	2,244	177	(216)	0
FY 2020 Savings Plan[1]	1,782	890	890	890
MID-YEAR UPDATE BUDGET SURPLUS/(GAP)[2]	**0**	**(6,073)**	**(7,529)**	**(8,549)**
Adherence to 2% SOF Spending - Calculated Savings[3]	**0**	**6,993**	**9,572**	**11,788**
MID-YEAR UPDATE SURPLUS/(GAP)	**0**	**920**	**2,043**	**3,239**

[1] Estimated disbursements and cash balances assume successful implementation of the FY 2020 savings plan.

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

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

DOB estimates that, if State Operating Funds disbursements growth can be limited to 2 percent in FY 2020 and FY 2021, it would result in a General Fund surplus of roughly $920 million in FY 2021. The estimate is dependent on several assumptions, including the sufficiency of the FY 2020 savings plan to limit annual growth of FY 2020 disbursements to 2 percent, that the recurring value of the savings plan will reduce FY 2021 disbursements by nearly $900 million, and that all savings from reduced spending is made available to the General Fund.

FY 2020 Closing Balance

DOB estimates that the State will end FY 2020 with a General Fund cash balance of $6.7 billion, an increase of $228 million compared to the First Quarterly Update Financial Plan. Estimated disbursements related to activities funded by Extraordinary Monetary Settlements[3] have been reduced by $200 million. In addition, the General Fund received a $28 million Extraordinary Monetary Settlement payment in October 2019.[4] The payment has been added to the balance reserved for economic uncertainties, which now totals $890 million. The closing balance estimate depends on successful implementation of the FY 2020 savings plan.

Operating Results Through September 2019

The State ended September 2019 with a General Fund cash balance of $9.1 billion, $1.4 billion above the Enacted Budget Financial Plan estimate. The higher balance is mainly attributable to lower local assistance spending and higher receipts.

General Fund receipts, including transfers from other funds, totaled nearly $42 billion through September 2019. Tax receipts were $406 million above the Enacted Budget Financial Plan estimates. Higher personal income and business tax collections were partly offset by lower receipts of sales and estate tax. Non-tax receipts were $109 million above planned levels, due mainly to refunds, reimbursements and investment income.

General Fund disbursements, including transfers to other funds, totaled $40 billion through the first half of FY 2020, $934 million lower than initial projections in the Enacted Budget Financial Plan. Lower spending for local assistance reflects payments for education, higher education, and social services programs. Many of these payments are timing related and are expected to occur later in FY 2020. The lower spending was partly offset by higher Medicaid spending consistent with the estimated structural imbalance described herein.

State Operating Funds disbursements totaled $49 billion through the first half of FY 2020, an increase of $1.3 billion (2.8 percent) over the same period in in FY 2019. Compared to the initial projections in the Enacted Budget Financial Plan, spending was $415 million lower than estimated. Most of the underspending occurred in local assistance consistent with the variances described above.

Through September 2019, State-share Medicaid spending exceeded the Enacted Budget estimate by $665 million (5.3 percent). On a year-over-year basis, Medicaid spending increased by roughly 8 percent compared to the first six months of FY 2019, excluding the impact of the $1.7 billion FY 2019 deferral and adjusting for other timing related variances.

---

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

[4] In October 2019, Google, LLC ("Google") and YouTube, LLC ("YouTube") paid a $34 million penalty to the State pursuant to a September 10, 2019 stipulated order between Google and YouTube and the Federal Trade Commission and the People of the State of New York. This order pertains to Google and YouTube's failure to post a privacy policy on their online service in a clear, understandable, and complete way regarding the collection of personal information from children. Part of the payment was deposited to the General Fund ($28 million), and the remaining funds were retained by the Attorney General.

Annual Spending Growth

State Operating Funds spending is estimated to total $102.2 billion in FY 2020, an increase of 2 percent over FY 2019 results. The estimate depends on successful implementation of the FY 2020 savings plan, as well as other actions to control disbursements outside of the General Fund. The Financial Plan assumes FY 2020 disbursements will be reduced by the full value of the FY 2020 savings plan in the General Fund ($1.8 billion) and by $327 million in other State funds to limit FY 2020 disbursements to 2 percent. The table below summarizes the sources of the annual change.

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

	FY 2019 Results	FY 2020 Updated	Annual Change $	Annual Change %
LOCAL ASSISTANCE	**66,177**	**70,626**	**4,449**	**6.7%**
School Aid (School Year Basis)	26,843	27,856	1,013	3.8%
DOH Medicaid[1]	20,476	23,821	3,345	16.3%
Transportation	3,938	3,550	(388)	-9.9%
STAR[2]	2,423	2,176	(247)	-10.2%
Social Services	2,798	2,873	75	2.7%
Higher Education	2,980	2,976	(4)	-0.1%
Mental Hygiene[3]	2,150	2,022	(128)	-6.0%
All Other[4]	4,569	5,352	783	17.1%
STATE OPERATIONS/GENERAL STATE CHARGES	**27,261**	**28,490**	**1,229**	**4.5%**
State Operations	**19,057**	**19,765**	**708**	**3.7%**
Personal Service:	13,687	14,292	605	4.4%
Executive Agencies	7,526	7,715	189	2.5%
Retroactive Labor Agreements	0	185	185	--
University Systems	4,000	4,239	239	6.0%
Elected Officials	2,161	2,153	(8)	-0.4%
Non-Personal Service:	5,370	5,473	103	1.9%
Executive Agencies	2,706	2,775	69	2.5%
University Systems	2,097	2,093	(4)	-0.2%
Elected Officials	567	605	38	6.7%
General State Charges	**8,204**	**8,725**	**521**	**6.4%**
Pension Contribution	2,432	2,448	16	0.7%
Health Insurance	4,193	4,308	115	2.7%
Other Fringe Benefits/Fixed Costs	1,579	1,969	390	24.7%
DEBT SERVICE	**6,699**	**5,146**	**(1,553)**	**-23.2%**
FY 2020 Savings Plan	**0**	**(2,109)**	**(2,109)**	--
TOTAL STATE OPERATING FUNDS[5]	**100,137**	**102,153**	**2,016**	**2.0%**
Capital Projects (State and Federal Funds)	**12,266**	**13,812**	**1,546**	**12.6%**
Federal Operating Aid	**58,472**	**58,216**	**(256)**	**-0.4%**
TOTAL ALL GOVERNMENTAL FUNDS	**170,875**	**174,181**	**3,306**	**1.9%**

[1] Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of the offset is reported in "All Other" local assistance disbursements.

[2] The conversion of benefit payments to a State PIT credit decreases reported disbursements for STAR and decreases reported PIT receipts by an identical amount; there is no impact on STAR benefits received by these homeowners.

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

[4] "All Other" includes spending for various other functions, as well as reclassifications between financial plan categories, a reconciliation between school year and State fiscal year spending for School Aid, and MSA payments deposited directly to a Medicaid Escrow Fund ($444 million in FY 2019 and $315 million in FY 2020), which reduces reported disbursements.

[5] Estimated disbursements assume successful implementation of the FY 2020 savings plan.

State Operating Funds — Summary of Annual Spending Change

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

Spending growth in recent years reflects the State's effort to address long-standing public policy issues. For example, in FY 2015, the State absorbed the full cost of growth in Medicaid on behalf of local governments, creating significant mandate relief for counties. In FY 2017, the State enacted a law that provides scheduled increases in the minimum wage. In 1970, the State's minimum wage was $1.85. Over the following 45 years, the State increased the minimum wage sporadically, with long periods between changes. These two policy initiatives alone add an estimated $2.6 billion to FY 2020 State spending.

Local Assistance

Local assistance spending includes financial aid to local governments and not-for-profit organizations, as well as benefit entitlement payments to individuals. Local assistance comprises nearly 70 percent of State Operating Funds spending. Medicaid and School Aid are the State's largest local aid programs, comprising roughly half of State Operating Funds spending.

In School Year (SY) 2020, School Aid is expected to total $27.9 billion, an increase of $1 billion (3.8 percent) from the prior year, including a $618 million increase in Foundation Aid.

Medicaid spending subject to the Global Cap is limited by the indexed growth rate to $568 million (3 percent) over FY 2019 spending. Total Medicaid spending, which includes the cost of minimum wage increases and the takeover of local government Medicaid growth outside of the Global Cap, is expected to increase by $3.3 billion to $23.8 billion in FY 2020, before savings from the FY 2020 savings plan. To limit disbursements to the level authorized under the Global Cap, DOH and DOB actively manage the timing of payments. In FY 2019, this included the deferral of $1.7 billion in payments from FY 2019 to FY 2020. The current estimate for Medicaid in FY 2020 assumes a permanent adjustment to the timing of payments ($2.2 billion), consistent with contractual terms and past practice.

Reported disbursements for transportation are expected to decline in FY 2020, mainly due to one-time aid payments made in FY 2019 and changes in the accounting and flow of funds to the MTA. In FY 2019, the State made an extraordinary operating aid payment of $194 million for the Subway Action Plan and remitted $135 million in residual PMT collections held in fund balances to the MTA. In addition, several taxes and fees collected by the State and remitted to the MTA are no longer subject to annual appropriation by the State Legislature. Previously, the State collected these revenues on behalf of, and disbursed the entire amount to, the MTA. These taxes are now expected to be remitted directly to the MTA, increasing timeliness and removing any uncertainty related to the annual appropriation process. Accordingly, beginning in FY 2020, the Financial Plan does not include the receipts and related local assistance disbursements for these taxes and fees (estimated at approximately $300 million).[5] The annual decline is offset in part by increased disbursements from transportation funds supported by expected growth in dedicated resources and use of existing balances.

STAR spending is affected by the continuing conversion of benefit payments from a real property tax exemption to a PIT credit. By shifting taxpayers to the credit program, the State is able to more efficiently administer the program while strengthening its ability to prevent abuse. The conversion initially had no impact on the value of STAR benefits available to taxpayers. The FY 2020 Budget amended the program so that homeowners who receive the exemption and who move to the credit program may see an increase in their STAR benefit upon transitioning to a PIT credit. For the State, the conversion decreases both the level of reported PIT receipts and reported State Operating Funds disbursements by an identical amount ($938 million in FY 2019 and an estimated $1.2 billion in
FY 2020).[6]

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

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

Mental hygiene spending is estimated to total $4 billion in FY 2020, an increase of $253 million from FY 2019. The growth reflects enhancements in community mental health services, community-based employment opportunities for individuals with disabilities, increased funding to not-for-profit providers for minimum wage costs, additional resources to address the heroin and opioid crisis, and the costs of a 4 percent raise for direct care workers over the next two years and a 2 percent raise for clinical workers. In FY 2020, $2 billion of the $4 billion total spent on mental hygiene is reported under the Global Cap, an increase of $381 million from FY 2019. This has the effect of reducing the amount of spending reported as “mental hygiene” spending.

---

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

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

State Operations/General State Charges

Operating costs for State agencies include salaries, wages, fringe benefits, and Non-Personal Service (NPS) costs (e.g., supplies, utilities) and comprise more than a quarter of State Operating Funds spending.

Spending for executive agency operations is impacted by the retroactive payment of salary increases in FY 2020 for labor contracts reached with the unions representing correctional officers, State troopers and State police investigators. In general, agencies have funded and are expected to continue to fund salary increases within their operating budgets. However, exceptions have been made for retroactive salary payments and increases for certain agencies that provide institutional care (e.g., Department of Corrections and Community Supervision (DOCCs) and mental hygiene agencies), as well as the State Police.

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

	FY 2019 Results	FY 2020 Updated	Change
Executive Agencies (Excluding Retroactive Payments)	**10,232**	**10,490**	**2.5%**
Executive Agencies	10,232	10,675	4.3%
Retroactive Labor Agreements (Prior-Year Costs)	0	(185)	--

Operating spending for SUNY is estimated to grow by 3.9 percent in FY 2020 and includes the cost of a six-year labor contract through academic year (AY) 2022. Operating costs for independently elected offices (Attorney General, Comptroller, Judiciary, and Legislature) are collectively expected to increase by 1.1 percent in FY 2020.

Spending on fringe benefits is expected to increase mainly due to rising health care and prescription drug costs for State employees and retirees, and a decrease in the use of reserve funds to offset increasing workers' compensation expenses. The annual change is also affected by increasing social security and employee benefit fund costs related to collective bargaining and by one-time savings in FY 2019 from the automation of fringe benefit bills payable by State agencies.

Debt Service

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

General Fund Cash-Basis Financial Plan

The General Fund is expected to remain balanced on a cash basis. General Fund receipts, including transfers from other funds, are expected to total $77.3 billion. Disbursements, including transfers to other funds, and expected savings from the FY 2020 savings plan[7], are estimated at $77.8 billion. The General Fund closing balance is projected to be reduced by $479 million reflecting the planned use of reserves set aside for payments that did not occur as previously expected in FY 2019, and the use of Extraordinary Monetary Settlements to support spending from the Dedicated Infrastructure Investment Fund (DIIF) and other funds for authorized purposes. The following table summarizes the General Fund annual change from FY 2019 to FY 2020.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Annual Change Dollar	Annual Change Percent
Opening Fund Balance	9,445	7,206	(2,239)	-23.7%
Total Receipts	70,544	77,283	6,739	9.6%
Taxes[1]	63,957	71,351	7,394	11.6%
Miscellaneous Receipts	3,586	2,904	(682)	-19.0%
Non-Tax Transfers from Other Funds	3,001	3,028	27	0.9%
Total Disbursements	72,783	77,762	4,979	6.8%
Local Assistance	49,745	54,028	4,283	8.6%
State Operations	18,480	19,580	1,100	6.0%
Transfers to Other Funds	4,558	5,936	1,378	30.2%
FY 2020 Savings Plan[2]	0	(1,782)	(1,782)	--
Net Change in Operations	(2,239)	(479)	1,760	78.6%
Closing Fund Balance	7,206	6,727	(479)	-6.6%
Rainy Day Reserves	2,048	2,476	428	
Economic Uncertainties	0	890	890	
Reserve for Timing of Payments	408	0	(408)	
All Other Reserves/Balances	556	521	(35)	
Extraordinary Monetary Settlements	4,194	2,840	(1,354)	

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

[2] Estimated disbursements and cash balances assume successful implementation of the FY 2020 savings plan.

[7] The Financial Plan assumes FY 2020 disbursements will be reduced by the full value of the FY 2020 savings plan in the General Fund ($1.8 billion) and by $327 million in other State funds to limit annual growth of FY 2020 disbursements to 2 percent.

General Fund receipts and disbursements, as well as fund balances, are affected by the receipt and use of Extraordinary Monetary Settlements. The table below summarizes the General Fund sources and uses of Extraordinary Monetary Settlements.

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

	FY 2019 Results	FY 2020 Updated	Annual Change Dollar	Annual Change Percent
Opening Balance	5,020	4,194	(826)	-16.5%
Total Receipts	1,106	890	(216)	-19.5%
Settlements Received	1,186	896	(290)	-24.5%
Funds Retained by Dept. of Law	(80)	(6)	74	-92.5%
Total Uses	1,932	2,244	312	16.1%
Capital Purposes	769	1,116	347	45.1%
MTA Operating Aid	194	0	(194)	-100.0%
General Fund Operations	719	0	(719)	-100.0%
Rainy Day Reserves	250	238	(12)	-4.8%
Economic Uncertainties	0	890	890	--
Net Change in Operations	(826)	(1,354)	(528)	-63.9%
Closing Balance	4,194	2,840	(1,354)	-32.3%

Receipts

General Fund receipts, including transfers from other funds, are projected to total $77.3 billion in FY 2020, an increase of $6.7 billion (9.6 percent) from FY 2019 results. The annual change is affected by taxpayers responding to the Tax Cuts and Jobs Act of 2017 (TCJA) by shifting estimated PIT payments, typically made on a quarterly basis, into the extension and final payments period. Specifically, FY 2020 receipts are positively affected by an increase in extension and final payments at the expense of FY 2019 estimated payments.

PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are estimated to total $48.6 billion in FY 2020, an increase of $5.6 billion (13 percent) from FY 2019 results. A large share of the increase in FY 2020 is due to a shift in estimated payments from FY 2019 to FY 2018.

Consumption/use tax receipts, including transfers after payment of debt service on the Local Government Assistance Corporation (LGAC) and Sales Tax Revenue Bonds, are estimated to total

$14.6 billion in FY 2020, an increase of $1.2 billion (8.8 percent) from FY 2019 results. The increase mainly reflects projected growth in disposable income and taxable consumption.

Business tax receipts are estimated at $6.1 billion in FY 2020, an increase of $576 million (10.5 percent) from FY 2019 results. The growth is primarily attributable to new for-profit insurance providers subject to premium insurance tax, partially offset by a large refund that was processed in April 2019 instead of March 2019.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds and transfers after payment of debt service on revenue bonds, are expected to total $2.1 billion in FY 2020, an increase of $44 million (2.2 percent) from FY 2019 results.

Non-tax receipts and transfers are estimated at $5.9 billion in FY 2020, a decrease of $655 million (9.9 percent) from FY 2019 results. The decline largely reflects the use of resources in FY 2019 that are not expected to recur in FY 2020.

General Fund receipts are affected by the deposit of dedicated taxes in other funds for debt service and other purposes, the transfer of balances among funds of the State, and other factors.[8]

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

Disbursements

General Fund disbursements, including transfers to other funds and assuming successful implementation of the FY 2020 savings plan, are expected to total $77.8 billion in FY 2020, an increase of $5 billion (6.9 percent) from FY 2019 results.

Local assistance spending is estimated at $54 billion in FY 2020, an increase of $4.3 billion (8.6 percent) from FY 2019. The increase is primarily driven by Medicaid ($3.2 billion) and School Aid ($486 million on a State fiscal year basis). The estimate for Medicaid disbursements is before savings from the FY 2020 savings plan. Additional information on Medicaid cash management, budgetary risks and uncertainties can be found in the "Other Matters Affecting the Financial Plan" section herein.

State Operations spending in the General Fund, including fringe benefits and fixed costs, is expected to total $19.6 billion in FY 2020, an increase of $1.1 billion (6 percent) from FY 2019. The increase reflects salary increases related to labor contracts, including the payment of retroactive salary increases and associated fringe benefits, and underlying growth in fringe benefits, including health insurance costs for State employees and retirees, and State costs for Workers' Compensation. In addition, operating costs in the General Fund are affected by offsets in other funds and fund reclassifications, such as operating costs related to snow and ice removal that were reclassified from Capital Projects Funds to the General Fund beginning in FY 2019.

General Fund transfers to other funds are projected to total $5.9 billion in FY 2020, an increase of $1.4 billion from FY 2019. Transfers for capital projects are projected to increase by $1.1 billion due mainly to the timing of bond proceeds used to reimburse prior-year advances and increasing support for transportation costs and activities funded with Extraordinary Monetary Settlements. SUNY transfers are expected to increase by $165 million primarily due to a change in accounting for TAP payments made to State-operated SUNY campuses. Debt service transfers are expected to decline by $240 million, mainly due to prepayments. Other transfers are projected to increase by $322 million, largely attributable to the transfer of certain sales tax collections to the MTA.

General Fund disbursements are affected by the level of financing sources available in other funds, transfers of balances between funds of the State, and other factors that may change from year to year.[9] In addition, General Fund disbursements reflect conservative estimates of disbursements in each financial category, a practice that provides a cushion for potential receipts shortfalls and other unanticipated costs.

---

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

Closing Balance for FY 2020

The State is projected to end FY 2020 with a General Fund cash balance of $6.7 billion, a decrease of $479 million from FY 2019 results. The balance excluding Extraordinary Monetary Settlements is estimated at $3.9 billion, or $875 million higher than FY 2019. The change reflects a new reserve for economic uncertainties funded with new settlement receipts ($890 million) and planned deposits to the Rainy Day Reserves ($428 million). These increases are partly offset by the planned use of reserves carried over from FY 2019 to fund retroactive payments related to labor agreements ($206 million) and a large business tax refund ($202 million), as well as projected spending from reappropriations in the Community Projects Fund ($35 million).

Extraordinary Monetary Settlements on deposit at the close of FY 2020 are expected to total $2.8 billion, a decrease of $1.4 billion from the FY 2019 closing balance. This decrease reflects expected uses and disbursements for initiatives funded with such settlements.[10]

TOTAL BALANCES
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Annual Change
TOTAL GENERAL FUND BALANCE	**7,206**	**6,727**	**(479)**
Statutory Reserves:			
Rainy Day Reserves	2,048	2,476	428
Community Projects	35	0	(35)
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Economic Uncertainties	0	890	890
Debt Management	500	500	0
Labor Agreements (Timing)	206	0	(206)
Business Tax Refund (Timing)	202	0	(202)
Subtotal Excluding Settlements	**3,012**	**3,887**	**875**
Extraordinary Monetary Settlements	**4,194**	**2,840**	**(1,354)**

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

Cash Flow

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

DOB expects that the State will have adequate liquidity in FY 2020 to make all planned payments as they become due without having to temporarily borrow from STIP. The State continues to reserve money on a quarterly basis for debt service payments financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

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

	General Fund	Other Funds	All Funds
April 2019	11,969	6,299	18,268
May 2019	5,222	5,703	10,925
June 2019	6,593	7,135	13,728
July 2019	6,614	6,161	12,775
August 2019	6,886	6,854	13,740
September 2019	9,050	5,260	14,310
October 2019	8,904	5,425	14,329
November 2019	6,478	4,549	11,027
December 2019	6,836	4,629	11,465
January 2020	9,293	6,363	15,656
February 2020	8,543	6,109	14,652
March 2020[1]	6,727	2,692	9,419

[1] Estimated cash balances assume successful implementation of the FY 2020 savings plan.

Multi-Year Financial Plan Revisions

General Fund

The following table summarizes revisions to the Enacted Budget Financial Plan by financial plan category and is followed by a summary of the changes.

SUMMARY OF REVISIONS
GENERAL FUND BUDGETARY BASIS OF ACCOUNTING
SAVINGS/(COSTS)
(millions of dollars)

	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
ENACTED BUDGET SURPLUS/(GAP)	**0**	**(3,913)**	**(4,142)**	**(4,691)**
Receipts Changes	**2**	**(71)**	**(71)**	**(31)**
Tax Receipts	(27)	(38)	(27)	(27)
Debt Service	(4)	(33)	(44)	(4)
Extraordinary Monetary Settlements	33	0	0	0
Spending Changes	**31**	**(3)**	**30**	**40**
Local Assistance	9	0	0	0
Agency Operations	6	(18)	10	15
All Other	16	15	20	25
Use/(Reserve) of Balances	**(33)**	**0**	**0**	**0**
Economic Uncertainties	(33)	0	0	0
FIRST QUARTERLY UPDATE SURPLUS/(GAP)[1]	**0**	**(3,987)**	**(4,183)**	**(4,682)**
Receipts Revisions	**164**	**291**	**96**	**54**
Debt Service	22	250	40	0
Extraordinary Monetary Settlements	28	0	0	0
Non-Tax Receipts/Transfers	114	41	56	54
Spending Revisions	**(1,718)**	**(3,232)**	**(4,506)**	**(4,723)**
Local Assistance	(1,937)	(3,264)	(4,239)	(4,712)
Agency Operations	41	(5)	(111)	(118)
Debt Service	4	49	49	56
Capital Projects	172	(12)	(205)	51
All Other	2	0	0	0
FY 2020 Savings Plan[2]	**(1,782)**	**(890)**	**(890)**	**(890)**
Use/(Reserve) of Balances	**(228)**	**(35)**	**174**	**(88)**
Extraordinary Monetary Settlements	(200)	(35)	174	(88)
Economic Uncertainties	(28)	0	0	0
MID-YEAR UPDATE BUDGET SURPLUS/(GAP)[1]	**0**	**(6,073)**	**(7,529)**	**(8,549)**
Adherence to 2% SOF Spending - Calculated Savings[3]	**0**	**6,993**	**9,572**	**11,788**
MID-YEAR UPDATE SURPLUS/(GAP)	**0**	**920**	**2,043**	**3,239**

1 Before actions to adhere to the 2 percent benchmark.
2 Estimated disbursements and cash balances assume successful implementation of the FY 2020 savings plan.
3 Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on FY 2020 estimate) and assuming all savings are made available to the General Fund.

Receipts Revisions

General Fund receipts, including transfers from other funds, are increased by $164 million in FY 2020 from the First Quarterly Update Financial Plan. Projected General Fund tax receipts remain unchanged. However, transfers of tax receipts after payment of debt service have been revised to reflect lower debt service costs. Miscellaneous receipts and transfers from other State funds have been revised to reflect the receipt of an unplanned Extraordinary Monetary Settlement payment, updated information and accounting reclassifications, as well as updated revenue estimates for State-operated mental hygiene services related to prior-year rate reconciliations.

Spending Revisions

FY 2020 General Fund disbursements, including transfers to other funds, have been increased by $1.7 billion from First Quarterly Update Financial Plan projections. Revisions to General Fund disbursements are based on a review of operating results to date and updated information on programs and activities, including estimated disbursements under the Global Cap.

Local Assistance

Projected General Fund disbursements for local assistance have been revised upward in each year of the Financial Plan. General Fund disbursements for local assistance are expected to total $54 billion in FY 2020, a $1.9 billion increase from the First Quarterly Update Financial Plan. Notable revisions include:

- ***Medicaid Global Cap (FY 2020: $1.8 billion; FY 2021: $2.9 billion):*** Before current year savings that are expected to be taken in FY 2020 to limit spending, Medicaid spending is expected to exceed the Global Cap by $4.0 billion in FY 2020 (including the FY 2019 deferral of $1.7 billion) and $3.1 billion in FY 2021. In FY 2020, DOB is developing a savings plan intended to avoid exceeding the Global Cap, which includes $2.2 billion in FY 2020 savings from a permanent adjustment to the timing of payments consistent with contractual terms and past payment management practices. Savings may include across the board reductions in rates paid to providers and health plans, reductions in discretionary payments, and other actions that can be executed administratively in FY 2020.

- ***Minimum Wage (FY 2020: $322 million; FY 2021: $560 million):*** The entire cost of increases in the minimum wage for the health-care sector is outside of the Global Cap and thus not subject to the indexed spending limit. DOB has revised the estimate of minimum wage costs based on unaudited cost information reported by providers to DOH. The increase brings the total minimum wage costs for the health care sector to $1.5 billion in FY 2020 growing to nearly $1.8 billion in FY 2021.

- ***HCRA/Medicaid (FY 2020: $342 million; FY 2021: $155 million):*** Estimated receipts that offset General Fund spending have been increased for provider assessments ($86 million in FY 2020) and HCRA ($261 million in FY 2020) based on prior year trends and actual collections to date. Upward spending revisions partly offset these savings, including increased Child Health Plus (CHP) spending due to enrollment trends.

- ***Education/Special Education (FY 2020: $37 million; FY 2021: $56 million):*** Education savings primarily reflects a moderation in enrollment and cost growth for preschool and summer school special education programs, and lower than projected participation in the locally-sourced school food program in FY 2020.

- ***Mental Hygiene (FY 2020: $32 million; FY 2021: $14 million):*** Higher spending is largely driven by updated information associated with the development of service opportunities. These costs are entirely offset by upward forecast revisions to revenue estimates.

- ***Social Services (FY 2020: $12 million):*** Spending has been increased in FY 2020 for the Pay for Success program, which was launched in FY 2014 to train and employ approximately 2,000 formerly incarcerated individuals. State reimbursement is provided to entities that demonstrate effective performance and outcomes. Costs in FY 2023 reflect a transition from settlement funds to the General Fund for supportive housing for vulnerable populations committed to under the Affordable Housing and Homelessness Plan and supported by the Empire State Supportive Housing Initiative (ESSHI).

- ***Other:*** Local assistance spending estimates have been revised for other programs based on enrollment, applications, participation and spending to date, as well as accounting reclassifications and adjustments.

Agency Operations

General Fund disbursements for agency operations, including employee fringe benefits, are expected to total $19.6 billion in FY 2020, a decrease of $41 million from First Quarterly Update Financial Plan projections. The most significant changes include:

- ***Pensions (FY 2020: $18 million; FY 2021: $90 million):*** The pension bill issued by OSC was lower than previously estimated. The preliminary FY 2021 bill includes a reduction by OSC to the expected rate of return on pension assets from 7.0 to 6.8 percent, which was estimated to increase the State's contribution by roughly $300 million. However, the higher cost is partially offset by the implementation of a new "mortality" scale and other adjustments.

- ***Other:*** State Operations estimates have been revised across several areas based on spending to date, updated information and accounting reclassifications and adjustments. Notable changes include shifting personal service expenses for the administration of several Environmental Protection Fund (EPF) programs back to State Operating Funds from the EPF (a capital projects fund), higher mental hygiene spending offset by higher revenue collections, and the closure of two prisons. In addition, spending has been revised to reflect lower estimated fringe benefit reimbursement (i.e., escrow receipt collections) from accounts outside of the General Fund based upon activity to date.

Transfers to Other Funds

General Fund transfers to other funds are expected to total $5.9 billion in FY 2020, a decrease of $178 million from the First Quarterly Update Financial Plan. The most significant changes include:

- ***Transfers to DIIF (FY 2020: $200 million; FY 2021: $35 million):*** Timing of transfers of settlement reserves to support activities appropriated in other funds has been updated based on spending to date.

- ***Transfers to Debt Service Funds (FY 2020: $4 million; FY 2021: $49 million):*** Updated debt service costs reflect actual bond sales to date and savings from refunding certain bonds.

- ***Transfers to Other Funds (FY 2020: $26 million; FY 2020: $47 million):*** Other General Fund transfers are expected to be lower than previously anticipated mainly due to revised levels of spending for capital projects and other programs, certain fees, delayed implementation of fees for fiber optic utilities using State highway rights of way, and other accounting reclassifications and adjustments.

Other Matters Affecting the Financial Plan

[THIS PAGE INTENTIONALLY LEFT BLANK]

Other Matters Affecting the Financial Plan

General

The Financial Plan is subject to complex economic, social, financial, political, and environmental risks and uncertainties, many of which are outside the ability of the State to predict or control. DOB believes that the projections of receipts and disbursements in the Financial Plan are based on reasonable assumptions, but there can be no assurance that results will not differ materially and adversely from these projections. For instance, receipts collections have fallen substantially below the levels forecasted in certain fiscal years. In addition, certain projections contained in the Financial Plan assume that annual growth in State Operating Funds spending will be limited to 2 percent in FY 2021 through FY 2023, and that all savings that result from the 2 percent spending growth benchmark will be made available to the General Fund. The imbalance in the Global Cap and stress to the Financial Plan caused by higher levels of State Medicaid spending is placing upward pressure on State Operating Funds disbursements in FY 2020 and in future years. The current Financial Plan projections assume the sufficiency of the FY 2020 savings plan to limit FY 2020 disbursements to 2 percent, the recurring value of the FY 2020 savings plan will reduce FY 2021 disbursements by nearly $900 million, and that all savings from reduced spending is made available to the General Fund.

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

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

The Financial Plan is subject to various uncertainties and contingencies relating to: wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State’s workforce; realization of the projected rate of return for pension fund assets, and current assumptions with respect to wages for State employees affecting the State's required pension fund contributions; willingness and ability of the Federal government to provide the aid projected in the

Financial Plan; ability of the State to implement cost reduction initiatives, including reductions in State agency operations, and success with which the State controls expenditures; unanticipated growth in Medicaid program costs; and ability of the State and its public authorities to issue securities successfully in public credit markets. Some of these issues are described in more detail herein. The projections and assumptions contained in the Financial Plan are subject to revisions which may result in substantial changes. No assurance can be given that these estimates and projections, which depend in part upon actions the State expects to be taken but which are not within the State's control, will be realized.

Budget Risks and Uncertainties

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

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

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

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

Other Matters Affecting the Financial Plan

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

In FY 2012, the State enacted legislation intended to limit the year-to-year growth in the State's two largest local assistance programs.

School Aid

The School Aid growth cap is calculated based on the annual growth in NYS Personal Income Growth Index (PIGI). With the exception of the 2013 school year increase (based on a five-year average), the PIGI was based on a one-year growth index. However, in FYs 2014 through 2019 the authorized school aid increases were above the indexed levels. To reduce volatility and align with the Medicaid cap, the statutory PIGI for School Aid has been amended to reflect average annual income growth over a ten-year period, beginning in FY 2021.

Medicaid Global Cap

A portion of DOH State funds Medicaid spending growth is subject to the Global Cap -- the ten-year rolling average of the medical component of the Consumer Price Index (CPI). Thus, the Global Cap allows for growth related to increasing costs but does not account for utilization growth. The statutory provisions of the Global Cap allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster, and grant the Commissioner of Health certain powers to limit Medicaid disbursements to the level authorized by the Global Cap. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap indexed rate for the then current fiscal year, through actions which may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation. Major changes to the State share of Medicaid spending include State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. It should further be noted that General Fund spending remains sensitive to revenue performance in the State's HCRA fund that finances approximately one-quarter of the DOH State-share costs of Medicaid.

Since the enactment of the Global Cap, subject to the management action described below, the portion of DOH State Funds Medicaid spending subject to the Global Cap has remained at or below indexed levels. However, the DOH has, at times, taken management actions, including adjustments to the timing of Medicaid payments, consistent with contractual terms, to ensure compliance with the Global Cap.

At the close of FY 2019, DOH deferred, for three business days, the final cycle payment to Medicaid Managed Care Organizations, as well as other payments. The FY 2019 deferral had a State-share value of $1.7 billion and was paid from available funds in the General Fund in April 2019, consistent with contractual obligations. According to DOH, the deferral had no impact on provider services. However, absent the deferral and any other actions, Medicaid spending under the Global Cap would have exceeded the statutorily indexed rate for FY 2019 and the State would have used available General Fund resources to fund the payments in FY 2019. The General Fund ended FY 2019 with sufficient resources. According to DOH, the higher spending in FY 2019 reflected growth in managed care and long-term managed care enrollment and utilization costs above projections, as well as the timing of certain savings actions and offsets that were not processed by year-end.

The Global Cap Imbalance

Based on a review of price and utilization trends, FY 2019 results and FY 2020 results to-date, and other factors, DOB has concluded that a structural imbalance exists within the Global Cap. A structural imbalance in this case means that estimated expense growth in State-share Medicaid subject to the Global Cap, absent measures to control costs, is growing faster than allowed under the Global Cap spending growth index (currently 3 percent).[11]

DOB estimates that, absent the actions described below, State-share Medicaid spending subject to the Global Cap would exceed the indexed growth amount by $4.0 billion in FY 2020 (including the FY 2019 deferral of $1.7 billion) and $3.1 billion in FY 2021. Factors that are placing upward pressure on State-share Medicaid spending (which includes spending under and outside the Global Cap) include, but are not limited to: reimbursement to providers for the cost of the increase in the minimum wage; the phase-out of enhanced Federal funding; increased enrollment and costs in managed long-term care; and payments to financially distressed hospitals.

For the current fiscal year, DOB is developing the FY 2020 savings plan intended to maintain a balanced General Fund and working with DOH to avoid, to the extent practicable, piercing the Global Cap. At a minimum, the FY 2020 savings plan is expected to consist of a permanent adjustment to the timing of certain health care payments, consistent with contractual terms and past practice, and a range of cost containment measures. Savings may include across the board reductions in rates paid to providers and health plans, reductions in discretionary payments, and other actions that can be executed administratively in the current fiscal year. The Financial Plan projections assume that roughly half of the measures identified in the FY 2020 savings plan will provide recurring savings. The FY 2021 Executive Budget, which is due in January 2020, will describe the specific elements of the FY 2020 savings plan and the proposals that will be advanced to eliminate the General Fund budget gap, including the Global Cap imbalance, in FY 2021 and thereafter.

---

[11] The annual growth in Medicaid spending subject to the Global Cap is limited to the ten-year rolling average of the medical component of the CPI.

If State Funds Medicaid spending is not reduced to levels that adhere to the Global Cap or other savings are not identified, it could have a materially adverse impact on General Fund budget balance and the State's ability to limit annual State Operating Funds spending growth to 2 percent in FY 2020 and FY 2021.

Federal Issues

The State receives a substantial amount of Federal aid for health care, education, transportation, and other governmental purposes, as well as Federal funding to respond to, and recover from, severe weather events and disasters. Many policies that drive this Federal aid may be subject to change under the Trump Administration and Congress. Current Federal aid projections and the assumptions on which they rely are subject to revision because of changes in Federal policy.

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

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

Current Federal Aid

President Trump proposed significant cuts to mandatory and discretionary domestic programs in Federal Fiscal Years (FFYs) 2018 and 2019, which were largely rejected by the final appropriations bills advanced for both years. The President proposed similar cuts for FFY 2020; these cuts are unlikely given the enactment of the Bipartisan Budget Act of 2019. The law increases the discretionary spending caps set by the Budget Control Act of 2011 for the final two years that the caps are in place under current law – FFYs 2020 and 2021. Assuming Congress passes appropriations at the levels allowed under the newly increased caps, cuts to discretionary Federal aid programs on which the State relies are unlikely. Final appropriations for FFY 2020 are still under consideration in Congress, with the Federal government currently operating under a continuing resolution through December 20, 2019.

Medicaid Disproportionate Share Hospital (DSH) Payments

Provisions within the Federal Medicaid statute allow for a capped amount of payments to hospitals that treat a disproportionate number of Medicaid recipients. Changes made initially in the Affordable Care Act (ACA) to reduce the aggregate amount of Federal reimbursements for DSH payments are scheduled to take effect in FFY 2020, beginning December 21, 2019. The State estimates that if the changes take effect as scheduled, New York hospitals will lose $7.2 billion when the ACA is fully phased in, the largest reduction in Federal DSH payments among all states.

Essential Plan (EP)

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

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

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

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

Regulations from the Internal Revenue Service (IRS) have yet to be published. The U.S. House of Representatives recently passed legislation (H.R. 748) to repeal the excise tax and it is now under consideration in the U.S. Senate. Currently, DOB has no estimate as to the potential impact to the State from this Federal excise tax.

Medicaid Redesign Team (MRT) Medicaid Waiver

The CMS and the State have an agreement authorizing up to $8 billion in new Federal funding over several years to transform New York's health care system and ensure access to quality care for all Medicaid beneficiaries. This funding, provided through an amendment to the State's Partnership Plan 1115 Medicaid waiver, is divided among the Interim Access Assurance Fund (IAAF), the Delivery System Reform Incentive Payment (DSRIP) Program, Health Homes, and various other Medicaid redesign initiatives. Since January 1, 2014, in accordance with provisions of the ACA, the State has been eligible for enhanced Federal Medical Assistance Percentage (FMAP) funding associated with childless adults. The DOH continues to work with the CMS to refine eligibility data systems to draw the appropriate amount of enhanced FMAP funding. This reconciliation may result in a modification of payments to the State and local governments.

Due to the demonstrated success of the DSRIP waiver, the State is seeking an extension for an additional period of four years (through FY 2024) and up to an additional $8 billion in additional Federal funding for continued support of health care transformation in the State. The waiver extension seeks additional time and funding support for these successful initiatives to fully mature across the State to complete the transformation of the way Medicaid pays for services – from fee for service which rewards volume, to a value-based system where care is funded based on outcomes. While continuing its emphasis on DSRIP practices that have proven successful, the waiver extension also seeks support of new critical initiatives that are aligned with State and Federal priorities including: caring for populations with substance abuse disorder and serious behavioral health diagnoses, high-risk children, persons in need of long-term care services and addressing disparities in maternal mortality.

Federal Debt Limit

The Bipartisan Budget Act of 2019 temporarily suspended the debt limit through July 31, 2021, and brought to a close the extraordinary measures that the U.S. Treasury had been operating under since the prior suspension expired on March 1, 2019. A Federal government default on payments, particularly for a prolonged period, could have a materially adverse effect on national and State economies, financial markets, and intergovernmental aid payments. Specific effects on the updated Financial Plan of a future Federal government default are unknown and impossible to predict. However, data from past economic downturns suggest that the State's revenue loss could be substantial if the economy goes into a recession due to a Federal default.

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

Federal Tax Law Changes

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

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

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

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

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

State Response to Federal Tax Law Changes

In response to the TCJA, the State enacted tax reforms in Tax Year 2018 intended to mitigate issues arising from the Federal law, including decoupling many State tax provisions from the Federal changes, creation of an optional payroll tax program, and establishment of a new State charitable giving vehicle, as described below.

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

On July 17, 2018, the State, joined by Connecticut, Maryland, and New Jersey, filed a lawsuit to protect New York taxpayers from the new Federal limit on the SALT deduction. The lawsuit claimed the new SALT limit was enacted to target New York and similarly situated states, interfered with states' rights to make their own fiscal decisions, and disproportionately harmed taxpayers in these states. On September 30, 2019, the Southern District of New York found that the states failed to make a valid legal claim that the SALT limit unconstitutionally encroaches on states' sovereign authority to determine their own taxation and fiscal policies. The State, along with Connecticut, Maryland, and New Jersey, filed a notice of appeal on November 26, 2019.

On June 13, 2019, the IRS issued final regulations (Treasury Decision 9864) that provided final rules and additional guidance on the availability of Federal income tax deductions for charitable contributions when a taxpayer receives or expects to receive a State or local tax credit for such charitable contributions. In the case of State tax credits received by a taxpayer making a charitable contribution, the regulations require the taxpayer to reduce the Federal income tax deduction by the amount of the State tax credit received for such charitable contribution. This rule does not apply, however, if the value of the State tax credit does not exceed 15 percent of the charitable contribution. The regulations were made retroactive to August 27, 2018 (the date on which the U.S. Treasury and IRS first published proposed regulatory changes).

On July 17, 2019, New York State, joined by Connecticut and New Jersey, filed a Federal lawsuit challenging Treasury Decision 9864. Among other things, the lawsuit seeks to restore the full Federal income tax deduction for charitable contributions, regardless of the amount of any State tax credit provided to taxpayers as a result of contributions made to the Charitable Gifts Trust Fund, in accordance with the precedent since 1917. If the Federal lawsuit is successful it is expected that donations to the Charitable Gifts Trust Fund in future years could be higher than the $93 million level of donations made in 2018. See "Impact of State Tax Law Changes on PIT Revenue Bonds" below.

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

The State would incur costs if taxpayer participation in the ECEP and Charitable Gifts initiatives for the 2019, 2020 and 2021 Tax Years results in Federal determinations of underpayment of Federal income tax. Any cost to the Financial Plan from State reimbursement of interest charges would occur in FY 2021 at the earliest for determinations on 2019 tax payments due in April 2020 or thereafter.

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

Employer Compensation Expense Program

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

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

Charitable Gifts Trust Fund

Starting in Tax Year 2018, the Charitable Gifts Trust Fund was established to accept gifts for the purposes of funding health care and education in New York State. Taxpayers who itemize deductions may claim these charitable contributions as deductions on their Federal and State income tax returns. Any taxpayer who makes a donation may also claim a State tax credit equal to 85 percent of the donation amount for the Tax Year after the donation is made. State PIT receipts will be reduced by the State tax deduction and 85 percent tax credit.[12]

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

Impact of State Tax Law Changes on PIT Revenue Bonds

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

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

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

Donations to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. If Treasury Decision 9864 is upheld in Federal court, taxpayer participation in the future will likely be reduced. However, if the legal challenge is successful in restoring the full Federal tax deduction for charitable contributions, donations to the Charitable Gifts Trust Fund in future years could be higher than in 2018, when donations totaled $93 million. In such event, the amount of donations to the Charitable Gifts Trust Fund would pose a risk to the amount of New York State PIT receipts deposited to the RBTF in future years. To address this risk, the State increased the amount of PIT receipts deposited to the RBTF from 25 percent to 50 percent as part of the State tax reforms enacted in 2018.

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

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

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

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

Climate Change Adaptation

Climate change poses significant long-term threats to physical, biological and economic systems in New York and around the world. Potential hazards and risks related to climate change for the State include, among other things, rising sea levels, more severe coastal flooding and erosion hazards, and more intense storms. Storms in recent years, including Superstorm Sandy, Hurricane Irene, and Tropical Storm Lee, have demonstrated vulnerabilities in the State's infrastructure (including mass transit systems, power transmission and distribution systems, and other critical lifelines) to extreme weather events including coastal flooding caused by storm surges. The potential effects of climate change could adversely impact the Financial Plan in current or future years. To mitigate and manage these impacts, significant long-term planning and investments by the Federal government, the State, municipalities, and public utilities are expected to be needed to adapt existing infrastructure to climate change risks.

The State continues to recover from the damage sustained during three powerful storms that crippled entire regions. In August 2011, Hurricane Irene disrupted power and caused extensive flooding in various State counties. In September 2011, Tropical Storm Lee caused flooding in additional State counties and, in some cases, exacerbated the damage caused by Hurricane Irene two weeks earlier. On October 29, 2012, Superstorm Sandy struck the East Coast, causing widespread infrastructure damage and economic losses to the greater New York region. The frequency and intensity of these storms present economic and financial risks to the State. Reimbursement claims for costs of the immediate response, recovery, and future mitigation efforts continue, largely supported by Federal Funds. In January 2013, the Federal government approved approximately $60 billion in Federal disaster aid for general recovery, rebuilding, and mitigation activity nationwide. It is anticipated that the State, its localities, and the MTA may receive approximately one-half of this amount for response, recovery, and mitigation costs. To date, a total of $17 billion has been committed to repairing impacted homes and businesses, restoring community services, and mitigating future storm risks across the State. There can be no assurance that all anticipated Federal disaster aid described above will be provided to the State and its affected entities over the coming years.

Financial markets participants are increasingly acknowledging climate change risks. In June 2017, an industry-led Task Force on Climate-Related Financial Disclosure convened by the Financial Stability Board (an international body which monitors the global financial system), published recommendations stating that climate risk affects most market sectors and that climate-related risk should be publicly disclosed to investors in annual financial filings.[13] In November 2017, Moody's Investors Service issued guidance to state and local governments that climate change is forecast to heighten exposure to economic losses, placing potential pressure on credit ratings. The Moody's report identified rising sea levels and their effect on coastal infrastructure as the primary climate risks for the northeastern United States, including New York State. These risks are heightened by population and critical infrastructure concentration in coastal counties.

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

The State is participating in efforts to reduce greenhouse gas emissions in order to mitigate the risk of severe impacts from climate change. At the end of the 2019 legislative session, the Governor and Legislature agreed to set the State on a path toward developing regulations to reduce statewide greenhouse gas emissions to 85 percent below the 1990 level by 2050. As part of this target, the State plans to fully transition its electricity sector away from carbon emissions by 2040. The State is a member of the Regional Greenhouse Gas Initiative (RGGI) and has used a cap and trade mechanism to regulate carbon dioxide emissions from electric power plants since 2008.

Current Labor Negotiations and Agreements (Current Contract Period)

The State has multi-year labor agreements in place with most of the unionized workforce. Negotiations for new agreements with the Public Employees Federation (PEF), the Council 82 Security Supervisors Unit and the Police Benevolent Association of New York State (PBANYS) are on-going.

On July 18, 2019, the New York State Police Investigators Association (NYSPIA) membership ratified an agreement with the State covering five years (FY 2019 through FY 2023). The agreement provides for a 2 percent general salary increase annually, and additional compensation changes,

---

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

which are partly offset by benefit design changes within the New York State Health Insurance Program (NYSHIP). The cost of this agreement is estimated to be roughly $15 million in FY 2020 and has been reflected in the multi-year spending projections for State Police.

On October 7, 2019, the Graduate Student Employees Union (GSEU) ratified a four-year labor contract that provides for 2 percent general annual salary increases for 2020 through 2023. The ratified contract costs an estimated $2 million in FY 2020. SUNY is responsible for funding the cost of the contract.

Labor contracts are in force with the following unions:

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

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

The New York State Correctional Officers and Police Benevolent Association (NYSCOPBA) has a seven-year labor contract (FY 2017 through FY 2023). The contract provides for 2 percent general salary increases in each year of the agreement, and additional compensation changes, offset by benefit design changes within NYSHIP and reductions in overtime costs. The Police Benevolent Association of the New York State Troopers (NYSTPBA) has a five-year collective bargaining agreement for FY 2019 through FY 2023. The agreement provides for 2 percent general salary increases in each year of the contract and additional compensation changes, which are partly offset by benefit design changes within NYSHIP.

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

UNION LABOR CONTRACTS										
	Contract Period	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
NYSTPBA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%
NYSPIA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%
NYSCOPBA	FY 2017 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%
GSEU	AY 2020 - AY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%
UUP	AY 2017 - AY 2022	2%	2%	2%	2%	2%	2%	2%	2%	TBD
CSEA	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%	TBD	TBD
DC-37	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%	TBD	TBD
PEF	FY 2017 - FY 2019	2%	2%	2%	2%	2%	TBD	TBD	TBD	TBD
CUNY	FY 2011 - FY 2018	2.5%	2%	2%	1.5%	TBD	TBD	TBD	TBD	TBD
COUNCIL 82	FY 2010 - FY 2016	2%	2%	TBD	TBD	TBD	TBD	TBD	TBD	TBD
PBANYS	FY 2006 - FY 2015	2%	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

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

Pension Contributions[14]

Overview

The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). This section discusses contributions from the State, including the Judiciary, to the NYSLRS, which account for the majority of the State's pension costs.[15] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could change these projections materially.

During FY 2016, the NYSLRS updated its actuarial assumptions based on the results of the 2015 five-year experience study. In September 2015, NYSLRS announced that employer contribution rates would decrease beginning in FY 2017 and the assumed rate of return would be lowered from 7.5 percent to 7 percent. The salary scale assumptions were also changed – for ERS the scale was reduced from 4.9 percent to 3.8 percent and for PFRS the scale was reduced from 6 percent to 4.5 percent. During FY 2019, salary scale assumptions were further changed via a one-time 10 percent increase for both ERS and PFRS, which is reflected in FY 2020 contribution rates.

In August 2019, the actuary for NYSLRS issued the Annual Report to the Comptroller on Actuarial Assumptions, which provides a reduction in the State pension fund's assumed long-term rate of return on investments from 7 percent to 6.8 percent, anticipating a lower return on investment environment. The estimated average employer contribution rate for the ERS will remain stable at 14.6 percent of payroll due to offsetting gains from a change in the mortality improvement scale and new Tier 6 entrants. However, the estimated average employer contribution rate for the PFRS will increase by 0.9 percent, from 23.5 percent of payroll to 24.4 percent of payroll (the assumed rate reduction had more leverage in PFRS due to the maturity of the system).[16]

FY 2020 Projections

The FY 2020 ERS/PFRS pension estimate of $2.2 billion is based on the October 15, 2019 report of the State Comptroller which includes a variety of factors such as past investment performance and growth in lower cost Tier 6 entrants. The estimate includes payment of $432 million towards the balance outstanding on prior-year deferrals and additional interest savings from paying the majority of the pension bill in May 2019.

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

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

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

The pension liability also reflects changes to military service credit provisions found in Section 1000 of the Retirement and Social Security Law (RSSL) enacted during the 2016 legislative session (Chapter 41 of the Laws of 2016). All veterans who are members of NYSLRS may, upon application, receive extra service credit for up to three years of military duty if such veterans (a) were honorably discharged, (b) have achieved five years of credited service in a public retirement system, and (c) have agreed to pay the employee share of such additional pension credit. Costs to the State for employees in the ERS will be incurred at the time each member purchases credit, as documented by OSC at the end of each calendar year, while costs for employees in PFRS will be distributed across PFRS employers and billed on a two-year lag (e.g., FY 2017 costs were first billed in FY 2019). Additionally, Section 25 of the RSSL requires the State to pay the ERS employer contributions associated with this credit on behalf of local governments. The State is also permitted to amortize the cost of past service credits that are newly incurred in a given fiscal year. However, the State does not anticipate choosing this option as there would be an interest rate of 7 percent applied to this amortization. The ERS cost to the State (including costs covered for local ERS) was $26 million in FY 2019 based on actual credit purchased through December 31, 2018. DOB currently estimates ERS costs of $25 million in FY 2020 and ongoing annual costs of $7 million beginning in FY 2021 as additional veterans become eligible to purchase the credit.

FY 2021 and Outyear Projections

The FY 2021 ERS/PFRS pension estimate of $2.3 billion is based on the State Comptroller's October 15, 2019 report, which reflects a reduction in the assumed rate of return and other increases, partially offset by the use of a new mortality improvement scale and lower cost Tier 6 entrants. The State will continue to pay $432 million towards the balance outstanding on prior-year deferrals. OSC does not forecast pension liability estimates beyond the budget year, thus estimates for FYs 2022 and 2023 are developed by DOB. DOB's forecast includes growth in the salary base consistent with collective bargaining agreements and a stable rate of return.

Pension Amortization

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

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

The portion of an employer's annual pension costs that may be amortized is determined by comparing the employer's amortization-eligible contributions as a percentage of employee salaries (i.e., the normal rate[17]) to a system-wide amortization threshold (i.e., the graded rate). Graded rates are determined for ERS and PFRS according to a formula enacted in the FY 2010 legislation, and generally move toward their system's average normal rate by up to one percentage point per year. When an employer's normal rate is greater than the system-wide graded rate, the employer can elect to amortize the difference. However, when the normal rate of an employer that previously amortized is less than the system-wide graded rate, the employer is required to pay the graded rate. Additional contributions are first used to pay off existing amortizations and are then deposited into a reserve account to offset future increases in contribution rates. Chapter 48 of the Laws of 2017 changed the graded rate computation to provide an employer-specific graded rate based on the employer's own tier and plan demographics.

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

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

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM
IMPACTS OF AMORTIZATION ON PENSION CONTRIBUTIONS
(millions of dollars)

	Statewide Pension Payments[1]					Rates for Determining (Amortization Amount) / Excess Contributions			
Fiscal Year	Normal Costs[2]	(Amortization Amount) / Excess Contributions	Repayment of Amortization	Total Statewide Pension Payments	Interest Rate on Amortization Amount (%)[3]	System Average Normal Rate[4]		Amortization Threshold (Graded Rate)	
						ERS (%)	PFRS (%)	ERS (%)	PFRS (%)
2011	1,543.2	(249.6)	0.0	1,293.6	5.00	11.5	18.1	9.5	17.5
2012	2,037.5	(562.8)	32.3	1,507.0	3.75	15.9	21.6	10.5	18.5
2013	2,077.9	(778.5)	100.9	1,400.3	3.00	18.5	25.7	11.5	19.5
2014	2,633.6	(937.0)	192.1	1,888.7	3.67	20.5	28.9	12.5	20.5
2015	2,328.8	(713.1)	305.7	1,921.4	3.15	19.7	27.5	13.5	21.5
2016	1,972.1	(356.2)	390.0	2,005.9	3.21	17.7	24.7	14.5	22.5
2017	1,789.0	0.0	432.2	2,221.2	2.33	15.1	24.3	15.1	23.5
2018	1,788.7	0.0	432.2	2,220.9	2.84	14.9	24.3	14.9	24.3
2019	1,770.2	0.0	432.2	2,202.4	3.64	14.4	23.5	14.4	23.5
2020 Est.	1,784.3	0.0	432.2	2,216.5	2.55	14.2	23.5	14.2	23.5
2021 Est.	1,869.8	0.0	432.2	2,302.0	TBD	14.1	24.4	14.1	24.4
Projected by DOB[5]									
2022	2,189.0	0.0	399.9	2,588.9	TBD	16.2	25.5	16.2	25.5
2023	2,387.8	0.0	331.3	2,719.1	TBD	17.2	26.5	17.2	26.5
2024	2,479.0	0.0	240.1	2,719.1	TBD	18.2	27.5	18.2	27.5

[1] Pension Contribution values in this table do not include pension costs related to the ORP, VDC, and TRS for SUNY and SED, whereas the projected pension costs in other Financial Plan tables include such pension disbursements.

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

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

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

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

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

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

Other Post-Employment Benefits (OPEB)

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

The State Comptroller adopted Governmental Accounting Standards Board (GASB) Statement (GASBS) 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for State’s Basic Financial Statements for FY 2019. GASBS 75, which replaces GASBS 45 and GASBS 57, addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. GASBS 75 establishes standards for recognizing and measuring liabilities and expenses/expenditures, as well as identifying the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial determined present value, and attribute that present value to periods of employee service. Specifically, GASBS 75 now requires the full liability be recognized. As a result, the March 31, 2018 ending net positive position of $28.6 billion (previously reported using GASBS 45) in the State's governmental activities was restated to an April 1, 2018 beginning net deficit position of $3.3 billion upon the implementation of GASBS 75.

The State’s total OPEB liability equals the employer's share of the actuarial determined present value of projected benefit payments attributed to past periods of employee service. The total OPEB obligation less any OPEB assets set aside in an OPEB trust or similar arrangement represent the net OPEB obligation.

As reported in the State's Basic Financial Statements for FY 2019, the total ending OPEB liability for FY 2019 is $63.4 billion ($50.9 billion for the State and $12.5 billion for SUNY). The total OPEB liability as of March 31, 2019 was measured as of March 31, 2018 and was determined using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total OPEB liability to March 31, 2018. The total beginning OPEB liability for FY 2019 was $66.5 billion ($53.5 billion for the State and $13.0 billion for SUNY). The total OPEB liability was calculated using the Entry Age Normal cost method. The discount rate is based on the Bond Buyer 20-year general obligation municipal bond index rate at March 31 (3.86 percent in FY 2018 and 3.89 percent in FY 2019). The total OPEB liability declined by $3.1 billion during FY 2019, primarily attributable to the difference between expected and actual experience.

The contribution requirements of NYSHIP members and the State are established by, and may be amended by, the Legislature. The State is not required to provide funding above the PAYGO amount necessary to provide current benefits to retirees and has not funded a qualified trust or its equivalent as defined in GASBS 75. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis, meaning the State pays these costs as they become due.

The FY 2018 Enacted Budget included legislation creating a Retiree Health Benefit Trust Fund (the "Trust Fund"), a qualified trust under GASBS 75, that authorizes the State to reserve money for the payment of health benefits of retired employees and their dependents. Under the legislation, the State may deposit into the Trust Fund, in any given fiscal year, up to 0.5 percent of total then-current unfunded actuarial accrued OPEB liability. The Financial Plan does not currently include any deposits to the Trust Fund.

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

Litigation

Litigation against the State may include, among other things, potential challenges to the constitutionality of various actions. The State may also be affected by adverse decisions that are the result of various lawsuits. Such adverse decisions may not meet the materiality threshold to warrant a description herein but, in the aggregate, could still adversely affect the Financial Plan. For more information, see the "Litigation" section later herein.

Cybersecurity

New York State government, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the State and its public corporations and municipalities face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the State invests in multiple forms of cybersecurity and operational controls. The State's Chief Information Security Office (CISO) within the State's Office of Information Technology Services (ITS) maintains comprehensive policies and standards, programs, and services relating to the security of State government networks and geographic information systems,[18] and annually assesses the implementation of security policies and standards to ensure compliance through the Nationwide Cyber Security Review. In addition, the CISO maintains the New York State Cyber Command Center team, which provides a security operations center, digital forensics capabilities, and related procedures for cyber incident reporting and response, distributes real-time advisories and alerts, provides managed security services, and implements statewide information security training and exercises. While controls are routinely reviewed and tested, no assurances can be given that such security and operational control measures will be completely successful at guarding against cyber threats and attacks. The results of any such attack could impact business operations and/or damage State digital networks and systems, State and local infrastructure, and the costs of remedying any such damage could be substantial.

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

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

Other Matters Affecting the Financial Plan

Financial Condition of New York State Localities

The State's localities rely in part on State aid to balance their budgets and meet their cash requirements. As such, unanticipated financial need among localities can adversely affect the State's Financial Plan projections. Certain localities outside NYC, including cities and counties, have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. In 2013, the Financial Restructuring Board for Local Governments was created to aid distressed local governments. The Restructuring Board performs comprehensive reviews and provides grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit www.frb.ny.gov.

Bond Market

Successful implementation of the Financial Plan is dependent on the State's ability to market bonds. The State finances much of its capital spending, in the first instance, from the General Fund or STIP, which it then reimburses with proceeds from the sale of bonds. If the State or its public authorities cannot sell bonds at the levels (or on the timetable) expected in the capital plan, the State's overall cash position and capital funding plan may be adversely affected. The success of projected public sales will be subject to prevailing market conditions and related ratings issued by national credit rating agencies, among other factors. Future developments in the financial markets, including possible changes in Federal tax law relating to the taxation of interest on municipal bonds, as well as future developments concerning the State and public discussion of such developments generally, may affect the market for outstanding State-supported and State-related debt. The TCJA adversely impacted the State and its public authorities by removing certain refunding opportunities for Federal tax-exempt financing, including advance refundings for debt service savings when interest rates are favorable.

Debt Reform Act Limit

The Debt Reform Act of 2000 ("Debt Reform Act") restricts the issuance of State-supported debt funding to capital purposes only and limits the maximum term of bonds to 30 years. The Act limits the amount of new State-supported debt to 4 percent of State personal income, and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to all new State-supported debt issued after April 1, 2000. DOB, as administrator of the Debt Reform Act, determined that the State was in compliance with the statutory caps in the most recent calculation period.

The statute requires that limitations on the amount of State-supported debt and debt service costs be calculated by October 31 of each year and reported in the Mid-Year Financial Plan. If the actual amount of new State-supported debt outstanding and debt service costs for the prior fiscal year are below the caps at that time, State-supported debt may continue to be issued. However, if either the debt outstanding or debt service caps are met or exceeded, the State would be precluded from issuing new State-supported debt until the next annual cap calculation is made and debt is found to be within the applicable limitations.

For FY 2019, the cumulative debt outstanding and debt service caps are 4 and 5 percent, respectively. As shown in the following tables, actual levels of debt outstanding and debt service costs continue to remain below the statutory caps. From April 1, 2000 through March 31, 2019, the State has issued new debt resulting in $47.6 billion of debt outstanding applicable to the debt reform cap. This is about $6.0 billion below the statutory debt outstanding limitation. In addition, the debt service costs on this new debt totaled $4.8 billion in FY 2019, or roughly $3.7 billion below the statutory debt service limitation.

Debt Outstanding Cap (millions of dollars)		
	Dollar	Percent
Personal Income (CY 2018)[1]	$1,341,932	
Max. Allowable Debt Outstanding	$53,677	4.00%
Debt Outstanding Subject to Cap	$47,642	3.55%
Remaining Capacity	$6,035	0.45%

[1] Bureau of Economic Analysis

Debt Service Cap (millions of dollars)		
	Dollar	Percent
All Funds Receipts (FY 2019)	$168,106	
Max. Allowable Debt Service	$8,405	5.00%
Debt Service Subject to Cap	$4,755	2.83%
Remaining Capacity	$3,650	2.17%

Financial Plan projections indicate that debt outstanding and debt service will continue to remain below limits imposed by the Debt Reform Act. Based on the most recent personal income and debt outstanding forecasts, the available debt capacity under the debt outstanding cap is expected to decline from $6 billion in FY 2019 to about $473 million in FY 2024. This includes the estimated impact of funding increased capital commitment levels with State bonds. The cost of debt issued after April 1, 2000 and estimated new issuances is projected at $5.1 billion in FY 2020, or roughly $3.5 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Since April 1, 2000[1]	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Prior to April 1, 2000	Total State-Supported Debt Outstanding
FY 2019	$1,341,932	4.00%	53,677	47,642	6,035	3.55%	0.45%	5,582	53,224
FY 2020	$1,387,963	4.00%	55,519	51,991	3,528	3.75%	0.25%	4,793	56,784
FY 2021	$1,439,666	4.00%	57,587	56,630	957	3.93%	0.07%	3,389	60,019
FY 2022	$1,498,532	4.00%	59,941	59,286	655	3.96%	0.04%	2,783	62,069
FY 2023	$1,560,914	4.00%	62,437	61,681	756	3.95%	0.05%	2,182	63,863
FY 2024	$1,626,196	4.00%	65,048	64,575	473	3.97%	0.03%	1,695	66,270

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap $	Debt Service Since April 1, 2000	$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Prior to April 1, 2000	Total State-Supported Debt Service[2]
FY 2019	$168,106	5.00%	8,405	4,755	3,650	2.83%	2.17%	1,060	5,815
FY 2020	$173,381	5.00%	8,669	5,138	3,531	2.96%	2.04%	1,305	6,443
FY 2021	$175,326	5.00%	8,766	5,573	3,193	3.18%	1.82%	1,234	6,807
FY 2022	$182,294	5.00%	9,115	6,080	3,035	3.34%	1.66%	990	7,070
FY 2023	$188,264	5.00%	9,413	6,506	2,907	3.46%	1.54%	808	7,314
FY 2024	$195,610	5.00%	9,780	6,855	2,925	3.50%	1.50%	600	7,455

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

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

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

Such volatility in New York State personal income estimates has prompted DOB to reexamine the manner in which BEA calculates personal income, in particular the apportionment of income among states. For Federal reporting purposes, BEA reassigns income from the state where it was earned to the state in which a person resides, for situations where a person lives and earns income in different states (the "residency adjustment"). The BEA residency adjustment has the effect of reducing reported New York State personal income because income earned in New York by nonresidents regularly exceeds income earned in other states by New York residents. The net residency adjustment reported by BEA decreased the measure of 2018 State personal income by $77 billion at the time of the FY 2019 debt outstanding calculation. The State taxes all personal income earned in New York, regardless of place of residency. Therefore, including the BEA personal income residency adjustment in the debt cap calculation reduces alignment with the State tax base and understates the PIT revenues available to support State-supported debt. To date, in administering the debt reform cap, DOB has used State personal income, as reduced by the BEA residency adjustment, in debt outstanding cap calculations and projections which correspondingly reduces the State's debt capacity under the Debt Reform Act.

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

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

	FY 2019 Results	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
First Quarterly Update to the Financial Plan	**5,947**	**2,938**	**694**	**463**	**629**	**415**
Personal Income Forecast Adjustment	85	116	(66)	(83)	(93)	(102)
Capital Spending Adjustment	3	474	329	275	220	160
Mid-Year Update to the Financial Plan	**6,035**	**3,528**	**957**	**655**	**756**	**473**

Secured Hospital Program

Under the Secured Hospital Program, the State entered into service contracts to enable certain financially distressed not-for-profit hospitals to have tax-exempt debt issued on their behalf, to pay for upgrading their primary health care facilities. Revenues pledged to pay debt service on the bonds include hospital payments made under loan agreements between the Dormitory Authority of the State of New York (DASNY) and the hospitals, and certain reserve funds held by the applicable trustees for the bonds. In the event of revenue shortfalls to pay debt service on the Secured Hospital bonds, the service contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by DASNY through the Secured Hospital Program. As of March 31, 2019, approximately $165 million of bonds were outstanding for this program.

Three of the four remaining hospitals in the State's Secured Hospital Program are in poor financial condition. In relation to the Secured Hospital Program, the State's contingent contractual obligation was invoked to pay debt service for the first time in FY 2014. Since then the State has paid $129 million for debt service costs. DASNY estimates the State will pay debt service costs of approximately $31 million both in FY 2020 and FY 2021, $25 million in FY 2022, and $20 million in both FY 2023 and FY 2024. These amounts are based on the actual experience to date of the participants in the program and would cover debt service costs for one hospital whose debt service obligation was discharged in bankruptcy, a second hospital which closed in 2010, and a third hospital that is currently delinquent in its payments. The State has estimated additional exposure of up to $7 million annually, if all hospitals in the program failed to meet the terms of their agreements with DASNY, and if available reserve funds were depleted.

SUNY Downstate Hospital and Long Island College Hospital (LICH)

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

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

In accordance with the settlement, Holdings has entered into a purchase and sale agreement with (a) the Fortis Property Group (FPG) Cobble Hill Acquisitions, LLC (the "Purchaser"), an affiliate of Fortis Property Group, LLC ("Fortis") (also party to the agreement), which proposes to purchase the LICH property, and (b) New York University (NYU) Hospitals Center, which proposes to provide both interim and long-term health care services. The Fortis affiliate plans to develop a mixed-use project. The agreement was approved by the Offices of the Attorney General and the State Comptroller, and the sale of all or substantially all of the assets of Holdings was approved by the

State Supreme Court in Kings County. The initial closing was held as of September 1, 2015, and on September 3, 2015 sale proceeds of approximately $120 million were transferred to the trustee for the PIT Bonds, which were paid and legally defeased from such proceeds. Titles to 17 of the 20 properties were conveyed to the special purpose entities formed by the Purchaser to hold title.

The next closing, when title to the New Medical Site (NMS) portion of the LICH property is to be conveyed to NYU Hospitals Center (the NMS Closing), is anticipated to occur within 30 days after all buildings on the NMS are fully demolished and all environmental issues remediated by the Purchaser. The physical demolition has been completed, and final review of the environmental paperwork is nearing completion.

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

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

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

Extraordinary Monetary Settlements

Beginning in FY 2015, the State began receiving Extraordinary Monetary Settlements for violations of State laws by major financial institutions and other entities. The table below lists the receipts by firm and amount. Effective April 1, 2019, DOB is no longer classifying or distinctly identifying any settlement of less than $25 million as an Extraordinary Monetary Settlement.

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
Extraordinary Monetary Settlements	**4,942**	**3,605**	**1,317**	**805**	**1,186**	**896**	**12,751**
Aetna Insurance Company	0	0	0	0	2	0	2
Agricultural Bank of China	0	0	215	0	0	0	215
American International Group, Inc.	35	0	0	0	0	0	35
Athene Life Insurance	0	0	0	0	15	0	15
AXA Equitable Life Insurance Company	20	0	0	0	0	0	20
Bank Leumi	130	0	0	0	0	0	130
Bank of America	300	0	0	0	0	0	300
Bank of America Merrill Lynch	0	0	0	0	42	0	42
Bank of Tokyo Mitsubishi	315	0	0	0	0	0	315
Barclays	0	670	0	0	15	0	685
BNP Paribas	2,243	1,348	0	350	0	0	3,941
Chubb	0	0	0	0	1	0	1
Cigna	0	0	0	2	0	0	2
Citigroup (State Share)	92	0	0	0	0	0	92
Commerzbank	610	82	0	0	0	0	692
Conduent Education Services	0	0	0	0	1	0	1
Credit Agricole	0	459	0	0	0	0	459
Credit Suisse AG	715	30	0	135	0	0	880
Deutsche Bank	0	800	444	0	205	0	1,449
FedEx	0	0	0	0	26	0	26
Goldman Sachs	0	50	190	0	55	0	295
Google/YouTube	0	0	0	0	0	34	34
Habib Bank	0	0	0	225	0	0	225
Intesa SanPaolo	0	0	235	0	0	0	235
Lockton Affinity	0	0	0	0	7	0	7
Mashreqbank	0	0	0	0	40	0	40
Mega Bank	0	0	180	0	0	0	180
MetLife Parties	50	0	0	0	20	0	70
Morgan Stanley	0	150	0	0	0	0	150
MUFG Bank	0	0	0	0	0	33	33
Nationstar Mortgage	0	0	0	0	5	0	5
New Day	0	1	0	0	0	0	1
Ocwen Financial	100	0	0	0	0	0	100
Oscar Insurance Company	0	0	0	0	1	0	1
PHH Mortgage	0	0	28	0	0	0	28
PricewaterhouseCoopers LLP	25	0	0	0	0	0	25
Promontory	0	15	0	0	0	0	15
RBS Financial Products Inc.	0	0	0	0	100	0	100
Société Générale SA	0	0	0	0	498	0	498
Standard Chartered Bank	300	0	0	0	40	322	662
Unicredit	0	0	0	0	0	507	507
UBS	0	0	0	0	41	0	41
Volkswagen	0	0	32	33	0	0	65
Wells Fargo	0	0	0	0	65	0	65
Western Union	0	0	0	60	0	0	60
William Penn	0	0	0	0	6	0	6
Other Settlements	7	0	(7)	0	1	0	1

Other Matters Affecting the Financial Plan

The table below summarizes the past and planned uses of Extraordinary Monetary Settlements received.

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

	FYs 2015 - 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Opening Settlement Balance in General Fund	**0**	**4,194**	**2,840**	**2,017**	**976**	**271**	**34**	**0**
Receipt of Extraordinary Monetary Settlements	**11,855**	**896**	**0**	**0**	**0**	**0**	**0**	**12,751**
Use/Transfer of Funds	**7,661**	**2,250**	**823**	**1,041**	**705**	**237**	**34**	**12,751**
Capital Purposes:	**4,134**	**1,116**	**823**	**1,041**	**705**	**237**	**34**	**8,090**
Dedicated Infrastructure Investment Fund	3,373	1,191	1,079	926	476	231	34	7,310
Environmental Protection Fund	120	0	0	0	0	0	0	120
Mass Transit	70	5	5	2	2	1	0	85
Healthcare	25	100	80	63	52	5	0	325
Clean Water Grants	0	0	25	50	175	0	0	250
Javits Center Expansion	546	320	134	0	0	0	0	1,000
Bond Proceed Receipts for Javits Center Expansion	0	(500)	(500)	0	0	0	0	(1,000)
Other Purposes:	**3,122**	**6**	**0**	**0**	**0**	**0**	**0**	**3,128**
Audit Disallowance - Federal Settlement	850	0	0	0	0	0	0	850
CSX Litigation Payment	76	0	0	0	0	0	0	76
Financial Plan - General Fund Operating Purposes	1,807	0	0	0	0	0	0	1,807
Mass Transit Operating	10	0	0	0	0	0	0	10
MTA Operating Aid	194	0	0	0	0	0	0	194
Department of Law - Litigation Services Operations	180	6	0	0	0	0	0	186
OASAS Chemical Dependence Program	5	0	0	0	0	0	0	5
Reservation of Funds:	**405**	**1,128**	**0**	**0**	**0**	**0**	**0**	**1,533**
Rainy Day Reserves	250	238	0	0	0	0	0	488
Reserve for Economic Uncertainties	0	890	0	0	0	0	0	890
Reserve for Retroactive Labor Agreements	155	0	0	0	0	0	0	155
Closing Settlement Balance in General Fund	**4,194**	**2,840**	**2,017**	**976**	**271**	**34**	**0**	**0**

[THIS PAGE INTENTIONALLY LEFT BLANK]

State Financial Plan
Multi-Year Projections

[THIS PAGE INTENTIONALLY LEFT BLANK]

Introduction

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

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

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

- ***Disbursements.*** Roughly 30 percent of projected State-financed spending for operating purposes (excluding transfers) is accounted for outside the General Fund, concentrated primarily in the areas of health care, School Aid, higher education, and transportation. To provide a clear picture of spending commitments, the multi-year projections and growth rates are presented, where appropriate, on both a General Fund and State Operating Funds basis.

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections as a predictor of the State's future financial position is likely to diminish, the further removed such estimates and projections are from the date of the Financial Plan. Accordingly, in terms of outyear projections, the first "outyear" of the FY 2020 Budget, FY 2021, is the most relevant from a planning perspective.

Summary

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

The projections for FY 2021 and thereafter, as set forth in the Financial Plan, reflect savings that DOB estimates would be realized if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in State Operating Funds spending to no greater than 2 percent. The calculations are developed using the State Operating Funds accounting perspective, as it is currently reflected in the Financial Plan. From time to time, the State has approved legislation that has affected spending reflected in State Operating Funds.

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

The imbalance in the Global Cap is placing upward pressure on State Operating Funds disbursements in FY 2020 and in future years. The Financial Plan projections assume the sufficiency of the FY 2020 savings plan to limit FY 2020 disbursements to 2 percent, the recurring value of the savings plan will reduce FY 2021 disbursements by nearly $900 million, and that all savings from reduced spending is made available to the General Fund. Additional information on Medicaid cash management, budgetary risks and uncertainties can be found in the “Other Matters Affecting the Financial Plan” section herein. The Financial Plan assumes FY 2020 disbursements will be reduced by the full value of the FY 2020 savings plan in the General Fund ($1.8 billion) and by $327 million in other State funds to limit FY 2020 disbursements to 2 percent.

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

General Fund Projections

GENERAL FUND PROJECTIONS
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
RECEIPTS					
Taxes (After Debt Service)	63,957	71,351	74,542	77,298	81,345
Miscellaneous Receipts	3,586	2,904	2,041	1,899	1,874
Other Transfers	3,001	3,028	2,091	1,745	1,609
Total Receipts	**70,544**	**77,283**	**78,674**	**80,942**	**84,828**
DISBURSEMENTS					
Local Assistance	49,745	54,028	59,058	62,167	65,681
School Aid	23,080	23,566	24,912	26,086	27,307
Medicaid	14,340	17,546	20,100	21,925	23,073
All Other	12,325	12,916	14,046	14,156	15,301
State Operations	11,341	11,913	12,621	12,651	12,960
Personal Service	8,719	9,075	9,568	9,561	9,772
Non-Personal Service	2,622	2,838	3,053	3,090	3,188
General State Charges	7,139	7,667	8,234	8,904	9,470
Transfers to Other Funds	4,558	5,936	6,547	6,680	6,861
Debt Service	786	546	689	588	556
Capital Projects	1,888	3,019	3,317	3,373	3,435
State Share of Mental Hygiene Medicaid	(29)	0	0	0	0
SUNY Operations	1,020	1,185	1,259	1,255	1,255
All Other	893	1,186	1,282	1,464	1,615
Total Disbursements	**72,783**	**79,544**	**86,460**	**90,402**	**94,972**
Use (Reservation) of Fund Balance:	**2,239**	**479**	**823**	**1,041**	**705**
Community Projects	11	35	0	0	0
Labor Agreements	(51)	206	0	0	0
Business Tax Refund	(202)	202	0	0	0
Undesignated Fund Balance	1,905	0	0	0	0
Rainy Day Reserves	(250)	(428)	0	0	0
Economic Uncertainties	0	(890)	0	0	0
Extraordinary Monetary Settlements[1]	826	1,354	823	1,041	705
FY 2020 Savings Plan[2]	**0**	**(1,782)**	**(890)**	**(890)**	**(890)**
BUDGET SURPLUS/(GAP) PROJECTIONS[3]	**0**	**0**	**(6,073)**	**(7,529)**	**(8,549)**
Adherence to 2% Spending Benchmark[4]	**n/a**	**n/a**	**6,993**	**9,572**	**11,788**
BUDGET SURPLUS/(GAP) ESTIMATE AT 2%	**0**	**0**	**920**	**2,043**	**3,239**

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

[2] Estimated disbursements assume successful implementation of the FY 2020 savings plan.

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

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

State Operating Funds Projections

STATE OPERATING FUNDS DISBURSEMENTS (millions of dollars)	FY 2019 Results	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
RECEIPTS					
Taxes	74,144	79,853	84,293	87,719	91,913
Miscellaneous Receipts/Federal Grants	23,558	21,542	18,834	19,050	18,511
Total Receipts	**97,702**	**101,395**	**103,127**	**106,769**	**110,424**
DISBURSEMENTS					
Local Assistance	66,177	70,626	74,970	78,381	81,523
School Aid (School Year Basis)	26,843	27,856	28,957	30,159	31,382
DOH Medicaid[1]	20,476	23,821	26,193	28,009	29,248
Transportation	3,938	3,550	3,885	4,064	4,310
STAR	2,423	2,176	2,073	1,979	1,858
Higher Education	2,980	2,976	2,945	2,989	3,024
Social Services	2,798	2,873	2,961	3,016	3,129
Mental Hygiene	2,150	2,022	2,497	2,450	2,705
All Other[2]	4,569	5,352	5,459	5,715	5,867
State Operations	19,057	19,765	20,258	20,364	20,724
Personal Service	13,687	14,292	14,701	14,718	15,007
Non-Personal Service	5,370	5,473	5,557	5,646	5,717
General State Charges	8,204	8,725	9,354	10,037	10,633
Pension Contribution	2,432	2,448	2,546	2,830	2,965
Health Insurance	4,193	4,308	4,651	5,001	5,378
All Other	1,579	1,969	2,157	2,206	2,290
Debt Service	6,699	5,146	6,607	7,070	7,314
Capital Projects	0	0	0	0	0
FY 2020 Savings Plan[3]	**0**	**(2,109)**	**(890)**	**(890)**	**(890)**
Total Disbursements[4]	**100,137**	**102,153**	**110,299**	**114,962**	**119,304**
Net Other Financing Sources/(Uses)	1,190	273	(232)	(441)	(484)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	1,245	485	1,331	1,105	815
General Fund	2,239	479	823	1,041	705
Special Revenue Funds	(1,082)	(1)	501	69	116
Debt Service Funds	88	7	7	(5)	(6)
GENERAL FUND BUDGET SURPLUS/(GAP)[4]	**0**	**0**	**(6,073)**	**(7,529)**	**(8,549)**
Adherence to 2% Spending Benchmark[5]	**n/a**	**n/a**	**6,993**	**9,572**	**11,788**
BUDGET SURPLUS/(GAP) ESTIMATE AT 2%	**0**	**0**	**920**	**2,043**	**3,239**

[1] Total State share Medicaid funding prior to the spending offset from the application of MSA payments, which are directly deposited to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of the offset is reported in "All Other" local assistance disbursements.

[2] All Other includes education, parks, environment, economic development, and public safety, as well as the MSA payment offset and a reconciliation between school year and State fiscal year spending on School Aid.

[3] Estimated disbursements assume successful implementation of the FY 2020 savings plan.

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

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

Economic Backdrop

The U.S. and Global Economy

The U.S. economy officially entered its longest economic expansion in July 2019, breaking the 120-month record of economic recovery between March 1991 to March 2001, according to the National Bureau of Economic Research (NBER). The current economic expansion that started in June of 2009 after a particularly deep recession (Great Recession, December 2007–June 2009), while record-breaking in duration, is marked by slower real Gross Domestic Product (GDP) growth compared to previous post-war expansions. Job gains have also been slower than most post-war economic expansions, even though the September 2019 unemployment rate was the lowest since December 1969. Worries about the continuation of the expansion have intensified recently due to waning support from fiscal stimulus, slowing global growth, labor market constraints, heightened trade frictions with China and other significant trading partners, and increasing economic policy uncertainties.

The International Monetary Fund (IMF), in its latest World Economic Outlook Report projects global growth to slow in calendar year 2019, particularly in several key economies.[19] China's GDP growth slowed to its weakest growth rate since 1992. Germany is currently in an industrial-manufacturing downturn, while Italy is still in recession territory. The European Central Bank (ECB) has been providing more stimulus to counter the slowdown in the Eurozone. In addition, most major central banks are either cutting rates and/or offering more stimulus.

U.S. Economic Forecast[20]

According to the BEA, the third estimate of second quarter of calendar year 2019 real GDP growth released in September 2019 was 2.0 percent. This was unrevised from the second estimate reported in August 2019. The third estimate revised down consumption by 0.1 percentage point to 4.6 percent, while it raised growth of government expenditures and net trade.

DOB expects real GDP growth of 2.3 percent in 2019, slower than the 2.9 percent pace set in 2018. Compared to the First Quarterly Update Financial Plan forecast, 2019 real GDP growth has been revised down by 0.3 percentage point. Weakness in 2019 is led by business investment and exports. In 2018, growth rates in these two sectors are significantly lower after BEA's annual revision of the National Income and Product Accounts (NIPA). In 2019, business investment was further hampered by the General Motors United Auto Workers strike, the production cut and delivery halt of Boeing's 737 MAX aircrafts, and tariff policy uncertainties. Weaker global growth and retaliatory tariffs are also placing downward pressure on the U.S.'s export growth. On the other hand, consumer and government spending growth rates are stronger.

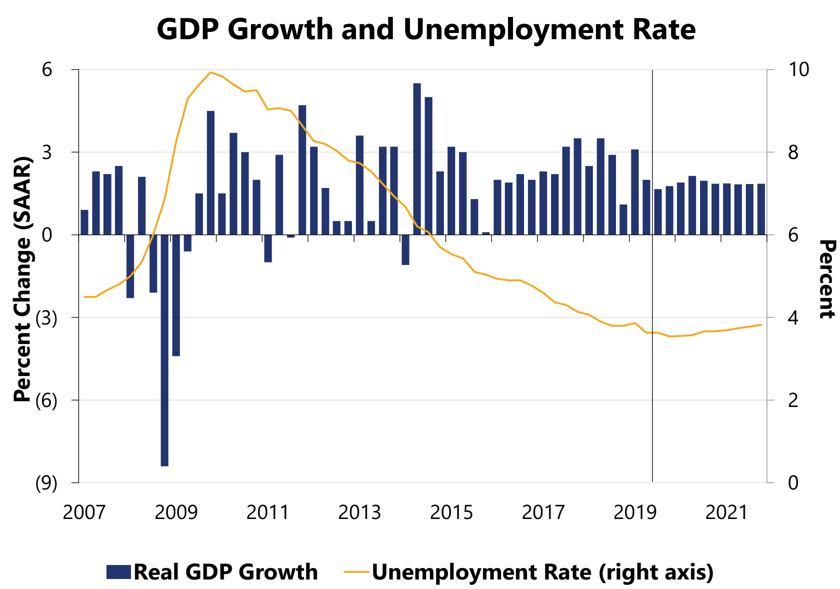
---

[19] https://www.imf.org/en/Publications/WEO/Issues/2019/10/01/world-economic-outlook-october-2019.

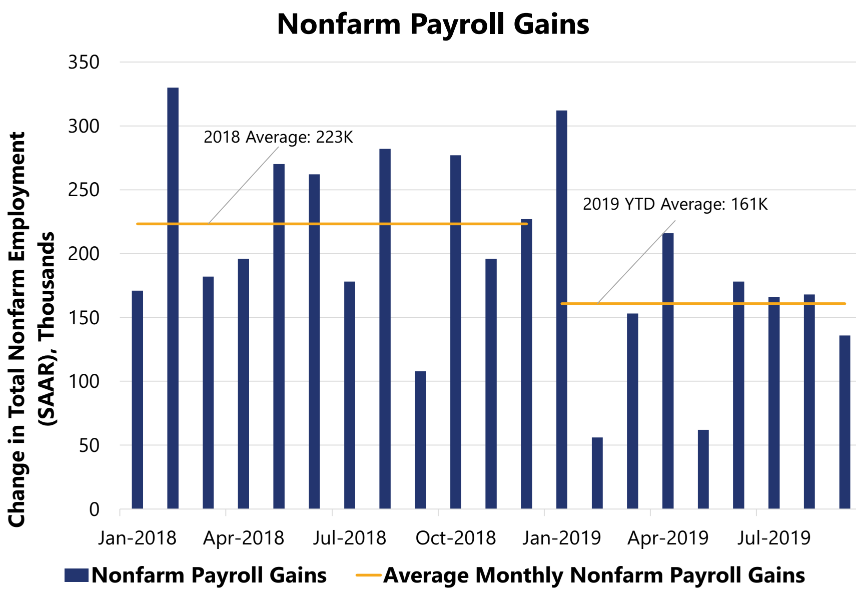
[20] DOB's forecast incorporates the third estimate of 2019 second quarter GDP, August personal income and outlays, September 2019 employment, and September 2019 CPI reports.

Real consumption, the largest component of GDP, is estimated to have grown 3.0 percent in calendar year 2018, 0.4 percentage point higher than estimated in July 2019; and it is forecast to grow 2.6 percent in calendar year 2019, an uptick of 0.1 percentage point from 2.5 percent expected in July 2019. Government consumption and gross investment were revised up from the First Quarterly Update Financial Plan forecast, mainly due to the Bipartisan Budget Act of 2019, which is expected to inject new fiscal stimulus and mitigate fiscal risks in 2020. On balance, real GDP growth is forecast to increase 1.9 percent in 2020, one-tenth of a percent lower than the First Quarterly Update Financial Plan forecast.

The U.S. economy added 136,000 nonfarm payroll jobs in September 2019, bringing the average monthly job gains through September 2019 to 161,000; this is considerably weaker than the 223,000 monthly average for 2018. The unemployment rate edged down to 3.5 percent in September from a 3.7 percent reading in the prior three months. Employment growth is expected to lose momentum over the next several years. Total nonfarm employment growth of 1.5 percent is projected for 2019, followed by 1.1 percent growth for 2020, virtually unchanged from the First Quarterly Update Financial Plan forecast. However, the Current Employment Statistics (CES) Preliminary Benchmark announcement released in August 2019 indicates potential downward revisions for 2019.



Source: Haver Analytics/BEA, BLS; DOB staff estimates.



Source: Haver Analytics/BLS.

Consistent with capacity-constrained labor markets and a current unemployment rate that is one percentage point below the Congressional Budget Office's (CBO) Non-Accelerating Inflation Rate of Unemployment (NAIRU),[21] the outlook for wage growth is expected to remain robust. The BEA's annual revision of NIPA accounts substantially raised wages in 2018 and the first half of 2019. Although average hourly earnings growth has slowed down during the second half of 2019, wage and salaries growth estimate for calendar year 2019 is revised up to 5.3 percent, 1.7 percentage points above the First Quarterly Update Financial Plan forecast. Large upward revisions to wage and other labor income components are partially offset by downward revisions to property and transfer incomes in 2019. Farm subsidies are expected to cause additional volatility in proprietor's income. Overall, personal income growth for 2019 is projected to be 4.7 percent, 0.7 percentage point higher than the First Quarterly Update Financial Plan forecast.

Additional tariffs on imports from China have started to raise consumer prices, but the stronger dollar may have muted some of the upward pressure. Imported oil prices also stabilized after U.S. sanctions on Iran were renewed, indicating less inflationary pressure from energy prices. The CPI is projected to rise 1.8 percent in 2019, unchanged from the First Quarterly Update Financial Plan forecast, after growing 2.4 percent in 2018. CPI is projected to rise 2.3 percent in 2020 and 2.3 percent in 2021, slightly stronger than the First Quarterly Update Financial Plan forecast.

[21] NAIRU is the specific level of unemployment that is evident in an economy that does not cause inflation to increase. In other words, if unemployment is at the NAIRU level, inflation is constant. NAIRU often represents the equilibrium between the state of the economy and the labor market. (https://www.investopedia.com/terms/n/non-accelerating-rate-unemployment.asp).

The Federal Reserve cut its benchmark interest rate in July 2019 and then again in September 2019 by 25 basis points. As expected by DOB, the Federal Open Market Committee cut the Federal funds target rate by another 25 basis points in October 2019. These rate cuts are considered “insurance” against downside risks such as softening domestic growth, trade policy uncertainty, fading impacts of fiscal stimulus, and weaker-than-expected core consumer price inflation. Projections of yields on U.S. 10-year treasury notes are revised down in 2019 through 2021 from the First Quarterly Update Financial Plan forecast.

Real consumer spending growth rebounded to 4.6 percent at an annualized rate of growth in the second quarter of 2019 after growing only 1.1 percent in the first quarter. Upward revisions in household net worth data are supporting stronger personal consumption. Thus, consumption is anticipated to grow slightly stronger at 2.6 percent in 2019, a 0.1 percentage point increase from the First Quarterly Update Financial Plan forecast. Although consumption growth is forecast to slow to 2.4 percent in 2020 and decelerate further to 1.9 percent in 2021, both are representing upward revisions from the First Quarterly Update Financial Plan forecast.

Mortgage rates continued falling after July 2019. The 30-year mortgage rate was 3.6 percent as of mid-October 2019, 130 basis points lower than its peak in November 2018. The decline in mortgage rates seems to have finally started to stimulate new construction since the third quarter of 2019. DOB expects real residential investment will rebound in the second half of 2019 after declining for six consecutive quarters. Following a 1.5 percent decline in 2018, real residential investment is expected to drop 1.8 percent in 2019, before reversing course with an upwardly-revised momentum in 2020 and 2021.

Business investment declined in the second quarter of 2019 as global growth cooled and trade policy uncertainties deterred businesses from making capital investment plans. The six-week-long strike that concluded on October 25th stopped production at more than 30 General Motors factories and slowed production for auto parts suppliers in the U.S. and Mexico. In addition, Boeing may continue to cut production and delay deliveries of 737 MAX aircrafts through at least the end of 2019. As a result, DOB has significantly revised down the projection for real non-residential investment in 2019 from the First Quarterly Update Financial Plan forecast. Overall non-residential fixed investment is forecast to grow 2.5 percent during 2019, following 6.4 percent growth in 2018. Growth of investment in equipment is forecast at 1.9 percent in 2019, a sharp decline from the 2018 growth rate of 6.8 percent. Investment in structures is expected to decline 3.9 percent in 2019, following 4.1 percent growth last year. Investment in intellectual property is expected to maintain its healthy pace in 2019 at a rate of 7.7 percent, following 7.4 percent growth in 2018.

Following a two-day meeting on October 10-11, 2019, President Trump announced that the U.S. would delay a tariff increase scheduled to go into effect on October 15. The delay applied to tariffs that were scheduled to increase from 25 percent to 30 percent on approximately 45 percent of goods imported from China. In response, China agreed to purchase $40 to $50 billion in U.S. agricultural products annually. This "phase 1" agreement relieved some of the trade tensions, but as negotiations are still ongoing, DOB expects trade policy uncertainties will continue to place upward pressure on core (excluding food and energy) consumer price inflation, and downward pressure on business fixed investment and exports.

U.S. ECONOMIC INDICATORS
(Calendar Year Growth)

	CY 2018 Actual	CY 2019 Forecast	CY 2020 Forecast
Real U.S. Gross Domestic Product	2.9	2.3	1.9
Consumer Price Index (CPI)	2.4	1.8	2.3
Personal Income	5.6	4.7	3.9
Nonagricultural Employment	1.7	1.5	1.1
Civilian Unemployment Rate	3.9	3.7	3.6

Source: Haver Analytics; DOB staff estimates.

Risks

Downside risks to the DOB forecast include an escalation of the trade dispute between the U.S., China, and other trading partners, anemic global economic growth, commodity price shocks from geopolitical instability, the uncertainty surrounding the Brexit process, a splintering of the eurozone, and a stock market correction.

Upside risks to the DOB forecast include easing of U.S.-China trade tensions, improved global economic conditions, stronger business investments and exports, a speedy recovery of the housing market, rising wages sustaining domestic demand, and an amicable resolution to Brexit.

The New York State Economy

New York State's private sector started calendar year 2019 strong with jobs growing 1.7 percent during the first quarter compared to calendar year 2018. The State's leading industrial sectors continue to be healthcare, transportation and warehousing, management and administrative services, and construction. In contrast, the retail and wholesale trade, utilities and manufacturing sectors continue to exhibit losses. Although the real estate rental and leasing and educational services sectors added jobs at a slower pace during the first quarter compared to the fourth quarter of 2018, job growth in finance and insurance, and professional, scientific, and technical services sectors improved during the first quarter.

New York Economic Forecast[22]

State private sector job growth is expected to slow down slightly in calendar year 2019 with growth of 1.4 percent, following 1.5 percent growth in calendar year 2018. Slower growth of 1.2 percent is projected for calendar year 2020, same as projected with the First Quarterly Update Financial Plan forecast, as national and global economic growth slows down.

NEW YORK STATE ECONOMIC INDICATORS (State Fiscal Year Growth)

	FY 2019 Actual	FY 2020 Forecast	FY 2021 Forecast
Personal Income	3.2	3.6	3.9
Wages	3.7	3.7	4.1
Nonagricultural Employment	1.4	1.1	1.1

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

Finance and insurance sector bonuses are estimated to have declined 8.0 percent for the FY 2019 bonus season, partly due to the prior year's one-time payments associated with the reduction in tax rates stipulated in the TCJA. Although Wall Street Banks had strong IPO activity during the second quarter of calendar year 2019, the Initial Public Offerings (IPOs) fizzled during the third quarter with a year over year decline of over 16 percent. Corporate debt underwriting also declined 8.1 percent during the third quarter. Consequently, finance and insurance sector bonuses are expected to fall four percent during FY 2020, compared with small growth projected at the First Quarterly Update Financial Plan. Overall wage growth of 3.7 percent is estimated for FY 2020, slightly below the First Quarterly Update Financial Plan forecast, following 3.7 percent growth for FY 2019.

In September 2019, the U.S. BEA published a comprehensive revision to its state-level personal income estimates going back to 1998. The revision incorporates updated source data that are more detailed and complete, updated seasonal factors, and the results of the National comprehensive revisions to income released in July 2019. Although the NYS personal income growth estimate for the FY 2019 was nearly unchanged, the level of income was revised up by $5.2 billion as the table below indicates. Income levels were revised down prior to FY 2018 due to significant downward revisions to interest, dividend and rental income, also known as property income. Revisions to property income were positive for calendar year 2018 and the first quarter of calendar year 2019, although a large portion of property income is imputed by BEA since the estimates are based on information on tax returns, which becomes available with a long lag.

[22] DOB's forecast incorporates the first estimate of 2019 second quarter New York State BEA's personal income, and September 2019 NYC metro CPI reports.

NEW YORK STATE BEA PERSONAL INCOME	Level ($ in Billions)			Growth Rate		
	Current	Pre-revision	Difference	Current	Pre-revision	Difference
FY 2010	923.4	925.8	(2.4)	0.5	0.9	(0.3)
FY 2011	967.5	972.1	(4.6)	4.8	5.0	(0.2)
FY 2012	1,012.1	1,018.1	(6.0)	4.6	4.7	(0.1)
FY 2013	1,061.3	1,070.9	(9.6)	4.9	5.2	(0.3)
FY 2014	1,079.8	1,092.1	(12.3)	1.7	2.0	(0.2)
FY 2015	1,126.4	1,135.7	(9.3)	4.3	4.0	0.3
FY 2016	1,176.0	1,185.4	(9.4)	4.4	4.4	0.0
FY 2017	1,219.8	1,222.6	(2.9)	3.7	3.1	0.6
FY 2018	1,302.9	1,297.5	5.4	6.8	6.1	0.7
FY 2019	1,353.0	1,347.8	5.2	3.8	3.9	(0.0)

Source: Bureau of Economic Analysis (BEA).

The revision to the BEA's estimate of New York State wages for the first quarter of calendar year 2019 aligns the BEA's estimate more closely to the source data, the Quarterly Census of Employment and Wages (QCEW).[23] Prior to the revision, the BEA's year-over-year wage growth for the first quarter of 2019 was only 2.6 percent, compared with the current estimate of 5.2 percent. Unlike wages and property income, personal current transfers were revised down for calendar year 2018 and the first quarter of 2019 (see table below).

NEW YORK PERSONAL INCOME REVISIONS (billions of dollars, SAAR)	2014	2015	2016	2017	2018	2019Q1
Total	**(10.5)**	**(9.9)**	**(5.8)**	**4.9**	**2.1**	**18.2**
Wage and salary disbursements	0.1	0.2	0.2	1.8	8.0	26.6
Dividends; interest; and rental income	(9.6)	(8.7)	(5.7)	(0.8)	10.4	10.2
Proprietors' income	(0.9)	(0.9)	(0.2)	0.8	(0.4)	(0.1)
Personal current transfer receipts	(0.2)	(0.5)	(0.6)	(1.7)	(15.1)	(14.4)
Supplements to wages and salaries	0.1	0.1	0.3	(0.4)	(1.6)	(1.9)
Personal contributions for social insurance	(0.0)	(0.0)	(0.5)	(0.4)	(0.6)	0.4
Adjustment for residence	(0.1)	(0.1)	(0.2)	4.7	0.2	(1.8)

Source: Bureau of Economic Analysis (BEA).

[23] The QCEW is the series used by DOB to forecast State wages and bonuses.

Although the State's private sector employment growth has stabilized at a healthy pace, there are many risks to the forecast. All the risks to the U.S. forecast apply to the State forecast as well. Thus, as the nation's financial capital, both the volume of financial market activity and the volatility in equity markets pose a particularly large degree of uncertainty for the State. The uncertainty surrounding the macroeconomic outlook for the national and global economies is amplified in the financial markets, as demonstrated by the recent volatility in equity prices. Risks related to the impact of tariffs, the strong dollar, and weakening global growth are likely to continue to create volatility and restrain equity market growth over the near-term, and thus the State's finance sector is very vulnerable to these risks. Weaker and/or more volatile markets than anticipated could result in weaker bonus and wage growth, as well as lower realizations of taxable capital gains than reflected in this forecast. In contrast, stronger equity markets, along with stronger national and global growth, could result in stronger employment and wage growth than is reflected in this forecast.

Receipts

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

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

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

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

Overview of the Receipts Forecast

All Funds receipts in FY 2020 are projected to total $173.4 billion, 3.1 percent above FY 2019 results.

ALL FUNDS RECEIPTS
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
Personal Income Tax	48,088	52,150	8.4%	55,376	6.2%	58,036	4.8%	61,178	5.4%
Consumption/Use Taxes	17,357	18,308	5.5%	19,014	3.9%	19,548	2.8%	20,123	2.9%
Business Taxes	7,912	8,553	8.1%	8,934	4.5%	9,049	1.3%	9,417	4.1%
Other Taxes	2,221	2,262	1.8%	2,362	4.4%	2,472	4.7%	2,581	4.4%
Total State Taxes	**75,578**	**81,273**	**7.5%**	**85,686**	**5.4%**	**89,105**	**4.0%**	**93,299**	**4.7%**
Miscellaneous Receipts	31,184	29,793	-4.5%	26,161	-12.2%	25,371	-3.0%	24,533	-3.3%
Federal Receipts	61,344	62,316	1.6%	63,478	1.9%	67,819	6.8%	70,433	3.9%
Total All Funds Receipts	**168,106**	**173,382**	**3.1%**	**175,325**	**1.1%**	**182,295**	**4.0%**	**188,265**	**3.3%**

State tax receipts are projected to increase 7.5 percent in FY 2020, driven by underlying annual outyear growth across all tax categories, consistent with the projected growth in the State economy over the multi-year Financial Plan period.

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

Personal Income Tax

PERSONAL INCOME TAX
(millions of dollars)

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

[1]Excludes Transfers.

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

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

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS (millions of dollars)	FY 2019 Results	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Receipts					
Withholding	41,084	42,900	44,556	46,738	48,672
Estimated Payments	14,010	16,972	17,169	18,751	20,391
Current Year	10,481	10,956	11,579	12,433	13,276
Prior Year[1]	3,529	6,016	5,590	6,318	7,115
Final Returns	2,685	3,348	3,508	3,632	3,789
Current Year	344	251	316	331	346
Prior Year[1]	2,341	3,097	3,192	3,301	3,443
Delinquent	1,396	1,509	1,606	1,676	1,726
Gross Receipts	59,175	64,729	66,839	70,797	74,578
Refunds					
Prior Year[1]	6,034	6,448	6,841	7,827	8,147
Previous Years	589	658	688	719	750
Current Year[1]	2,249	2,250	1,750	1,750	1,750
Advanced Credit Payment	1,080	1,924	760	916	1,079
State/City Offset[1]	1,135	1,299	1,424	1,549	1,674
Total Refunds	11,087	12,579	11,463	12,761	13,400
Net Receipts	**48,088**	**52,150**	**55,376**	**58,036**	**61,178**

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

FY 2020 withholding is estimated to be $1.8 billion (4.4 percent) higher than FY 2019 results, driven by wage growth of 3.7 percent. Extension payments related to Tax Year 2018 are expected to increase by $2.5 billion (70.5 percent), primarily due to a behavioral response to the TCJA. Taxpayers, who otherwise would have made more substantial estimated payments in December 2018, opted to pay a greater percentage of their liabilities through extensions and final payments in April 2019. Estimated payments attributable to Tax Year 2019 are expected to increase by $475 million (4.5 percent), suppressed by a 0.4 percent growth in nonwage income. FY 2020 final return payments are estimated to increase by $663 million (24.7 percent), due to the aforementioned behavioral response to the TCJA, and delinquencies are expected to increase by $113 million (8.1 percent).

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

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

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

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

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

Consumption/Use Taxes

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

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

[2] Excludes Transfers.

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

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

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

FY 2021 All Funds consumption/use tax receipts are projected to increase to $19 billion, a $706 million (3.9 percent) increase from FY 2020 estimates. Increases in sales tax receipts reflect base growth of 3.5 percent, and an additional $494 million in projected revenue related to enacted legislation and guidance as previously discussed. When fully phased-in, the excise taxes on vapor products and opioids are projected to generate an additional $29 million and $34 million, respectively. These increases are partially offset by a continued decline in taxable cigarette consumption. FY 2021 General Fund consumption/use tax receipts are projected to increase to nearly $8.6 billion, a $349 million (4.3 percent) increase from FY 2020 estimates.

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

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

Business Taxes

BUSINESS TAXES (millions of dollars)	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
STATE/ALL FUNDS	**7,912**	**8,553**	**8.1%**	**8,934**	**4.5%**	**9,049**	**1.3%**	**9,417**	**4.1%**
Corporate Franchise Tax	4,297	4,245	-1.2%	4,775	12.5%	4,833	1.2%	5,077	5.0%
Corporation and Utilities Tax	672	729	8.5%	706	-3.2%	713	1.0%	724	1.5%
Insurance Tax	1,837	2,251	22.5%	2,344	4.1%	2,413	2.9%	2,541	5.3%
Bank Tax	(60)	167	378.3%	0	-100.0%	0	0.0%	0	0.0%
Petroleum Business Tax	1,166	1,161	-0.4%	1,109	-4.5%	1,090	-1.7%	1,075	-1.4%
GENERAL FUND	**5,501**	**6,077**	**10.5%**	**6,472**	**6.5%**	**6,550**	**1.2%**	**6,871**	**4.9%**
Corporate Franchise Tax	3,410	3,363	-1.4%	3,843	14.3%	3,855	0.3%	4,053	5.1%
Corporation and Utilities Tax	495	557	12.5%	537	-3.6%	543	1.1%	552	1.7%
Insurance Tax	1,638	2,017	23.1%	2,092	3.7%	2,152	2.9%	2,266	5.3%
Bank Tax	(42)	140	433.3%	0	-100.0%	0	0.0%	0	0.0%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

FY 2020 All Funds business tax receipts are estimated to total nearly $8.6 billion, an increase of $641 million (8.1 percent) from FY 2019 results. The estimate reflects increases in insurance tax, bank tax and utilities tax receipts.

Corporation franchise tax receipts are estimated to decrease $52 million (1.2 percent) from FY 2019 results, reflecting a large increase in refunds and lower growth in gross receipts. Several refunds that were initially expected to be paid in FY 2019 were instead paid in FY 2020. The significant growth in gross receipts in FY 2019 (29.3 percent) is not expected to recur in FY 2020. The 95 percent Global Intangible Low-Taxed Income (GILTI) exemption enacted at the end of the 2019 legislative session is estimated to decrease gross receipts by $32 million ($27 million decrease to the General Fund, $5 million to MTA funds.) Audit receipts in FY 2019 were lower than recent history and are expected to increase to recent trend levels in FY 2020.

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

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

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

General Fund business tax receipts for FY 2020 of $6.1 billion are estimated to increase by $576 million (10.5 percent) from FY 2019 results, reflecting the All Funds trends discussed above.

All Funds business tax receipts for FY 2021 of $8.9 billion are projected to increase by $381 million (4.5 percent), and General Fund business tax receipts are projected to increase to $6.5 billion (6.5 percent growth) from FY 2020 estimates. The increase primarily reflects growth in corporation franchise tax receipts driven by higher gross receipts and lower refunds. An increase in projected insurance tax receipts is partially offset by a decline in projected corporation and utilities tax, bank tax and PBT receipts.

All Funds business tax receipts for FY 2022 of over $9 billion are projected to increase by $115 million (1.3 percent), and General Fund business tax receipts are projected to increase to nearly $6.6 billion (1.2 percent) from FY 2021 projections. The increase primarily reflects growth in insurance tax and corporation franchise tax receipts driven by higher gross receipts. A decline in PBT receipts is partially offset by a modest increase in corporation and utilities tax receipts.

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

Other Taxes

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

[1]Excludes Transfers.

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

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

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

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

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

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

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

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

Miscellaneous Receipts

All Funds miscellaneous receipts include moneys received from HCRA financing sources, SUNY tuition and patient income, lottery receipts for education, assessments on regulated industries, Tribal-State compact revenue, Extraordinary Monetary Settlements and a variety of fees. As such, miscellaneous receipts are driven in part by year-to-year variations in health care surcharges and other HCRA resources, bond proceeds, tuition income revenue and other miscellaneous receipts.

MISCELLANEOUS RECEIPTS
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
ALL FUNDS	**31,184**	**29,793**	**-4.5%**	**26,161**	**-12.2%**	**25,371**	**-3.0%**	**24,533**	**-3.3%**
General Fund	3,586	2,904	-19.0%	2,041	-29.7%	1,899	-7.0%	1,874	-1.3%
Special Revenue Funds	19,668	18,391	-6.5%	16,550	-10.0%	16,910	2.2%	16,400	-3.0%
Capital Projects Funds	7,497	8,124	8.4%	7,196	-11.4%	6,189	-14.0%	5,887	-4.9%
Debt Service Funds	433	374	-13.6%	374	0.0%	373	-0.3%	372	-0.3%

All Funds miscellaneous receipts are projected to total $29.8 billion in FY 2020, a decrease of 4.5 percent from FY 2019 results. This decrease is primarily due to the loss of one-time Extraordinary Monetary Settlements in the General Fund, which totaled over $1.1 billion in FY 2019, paired with declines in bond-financed capital spending on a year-over-year basis. Bond-financed capital expenses are paid from the General Fund (or STIP) in the first instance and subsequently reimbursed with PIT or Sales Tax Revenue Bond proceeds.

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

Federal Grants

FEDERAL GRANTS (millions of dollars)									
	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
ALL FUNDS	**61,344**	**62,316**	**1.6%**	**63,478**	**1.9%**	**67,819**	**6.8%**	**70,433**	**3.9%**
General Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	58,920	60,013	1.9%	61,218	2.0%	65,560	7.1%	68,177	4.0%
Capital Projects Funds	2,350	2,229	-5.1%	2,187	-1.9%	2,187	0.0%	2,187	0.0%
Debt Service Funds	74	74	0.0%	73	-1.4%	72	-1.4%	69	-4.2%

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

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

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

Disbursements

In FY 2020, disbursements from the State's General Fund, including transfers, are expected to total $77.8 billion, and disbursements from State Operating Funds are expected to total $102.2 billion. School Aid, Medicaid, pensions, debt service, and health benefits are significant drivers of annual spending growth, as further described in this section.

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

Local Assistance Grants

Local assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. Local assistance spending in State Operating Funds is estimated at $69.7 billion in FY 2020, which is approximately two-thirds of total State Operating Funds spending. Education and health care spending account for nearly three-quarters of State Operating Funds local assistance spending.

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

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

			Forecast		
	FY 2019 Results[1]	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
HEALTH CARE					
Medicaid - Individuals Covered	6,243,498	6,268,035	6,280,303	6,286,437	6,289,504
Essential Plan - Individuals Covered	773,584	778,944	784,341	789,775	795,247
Child Health Plus - Individuals Covered	396,351	411,651	419,391	423,423	425,175
State Takeover of County/NYC Costs[2]	$3,772	$4,115	$4,467	$4,818	$5,179
CY 2005 Local Medicaid Cap	$2,855	$3,015	$3,184	$3,353	$3,531
FY 2013 Local Takeover Costs	$917	$1,100	$1,283	$1,465	$1,648
EDUCATION					
School Aid (School Year Basis Funding)	$26,843	$27,856	$28,957	$30,159	$31,382
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	558,135	557,950	557,525	557,220	557,100
Tuition Assistance Program (Recipients)	266,108	265,936	265,936	265,936	265,936
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	206,170	201,673	198,774	195,823	192,967
Safety Net Program (Families)	120,580	117,775	115,903	114,041	112,256
Safety Net Program (Singles)	211,438	212,716	215,224	217,332	219,622
MENTAL HYGIENE					
OMH Community Beds	44,819	47,040	48,321	49,038	50,069
OPWDD Community Beds	43,193	43,494	43,797	44,102	44,409
OASAS Community Beds	13,425	13,645	13,821	13,935	14,166
Total	101,437	104,179	105,939	107,075	108,644
PRISON POPULATION	47,400	47,400	47,400	47,400	47,400

[1] Reflects preliminary unaudited results.

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

Education

School Aid

School Aid supports elementary and secondary education for New York pupils enrolled in the 673 major school districts. State aid is provided to districts based on statutory aid formulas and through reimbursement of categorical expenses, such as prekindergarten programs, education of homeless children, and bilingual education. State funding for schools assists districts in meeting locally defined needs, supports the construction of school facilities, and finances school transportation for nearly three million students statewide.

School Year (July 1 — June 30)

School Aid is expected to total $27.9 billion in SY 2020, an annual increase of $1.0 billion (3.8 percent), including a $618 million Foundation Aid increase. A Community Schools set-aside of $250 million within Foundation Aid (a $50 million increase from the prior year) provides funds intended to facilitate the transformation of schools into community hubs. In addition, another $345 million supports increased reimbursement in expense-based and categorical aid programs such as transportation, Boards of Cooperative Educational Services (BOCES), school construction, and other miscellaneous aid categories.

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

Since FY 2013, projections have assumed that year-over-year growth in School Aid disbursements would not exceed the annual percent growth in NYS personal income. However, from FY 2014 to FY 2019, the State annually authorized School Aid increases above the PIGI. The FY 2020 Enacted Budget amended the School Aid growth cap to equal the ten-year average of the State PIGI, beginning in FY 2021. The use of a School Aid growth cap based on a ten-year average is expected to reduce the volatility associated with a one-year average growth cap, limit the impact of the BEA's frequent revisions to NYS personal income growth estimates, and better align Executive School Aid proposals with the State's enacted School Aid increases.

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

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

State Fiscal Year

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

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

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

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**26,403**	**27,412**	**3.8%**	**28,490**	**3.9%**	**29,664**	**4.1%**	**30,881**	**4.1%**
General Fund Local Assistance	22,927	23,456	2.3%	24,802	5.7%	25,975	4.7%	27,198	4.7%
Medicaid	153	110	-28.1%	110	0.0%	110	0.0%	110	0.0%
Lottery Aid	2,294	2,709	18.1%	2,457	-9.3%	2,457	0.0%	2,457	0.0%
VLT Lottery Aid	907	975	7.5%	966	-0.9%	961	-0.5%	961	0.0%
Commercial Gaming	122	162	32.8%	155	-4.3%	161	3.9%	155	-3.7%

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

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

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

Other Education Funding

The State also provides funding and support for various other education-related programs. These include: special education services; programs administered by the Office of Prekindergarten through Grade 12 Education; cultural education; higher and professional education programs; and adult career and continuing education services.

OTHER EDUCATION FUNDING (millions of dollars)									
	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,143**	**2,369**	**10.5%**	**2,354**	**-0.6%**	**2,422**	**2.9%**	**2,518**	**4.0%**
Special Education	1,291	1,332	3.2%	1,362	2.3%	1,428	4.8%	1,495	4.7%
All Other Education	852	1,037	21.7%	992	-4.3%	994	0.2%	1,023	2.9%

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

The increase in Special Education spending in FY 2020 and thereafter is primarily attributable to increased State reimbursement to special education providers for minimum wage costs and projected enrollment and cost growth in preschool and summer school special education programs.

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

School Tax Relief Program

The STAR program provides school tax relief to taxpayers by exempting the first $30,000 of every eligible homeowner's property value from the local school tax levy. Lower-income senior citizens will receive a $68,700 exemption in FY 2020. The DTF oversees local property assessment administration and is responsible for establishing STAR property tax exemption amounts.

The three program components are: the basic school property tax exemption for homeowners with incomes under $250,000 or a PIT credit for homeowners with incomes under $500,000 (applies to homeowners who have moved or purchased a home after the 2015-2016 school year levy date, were transitioned to the property tax exemption due to an income above $250,000, or voluntarily opted to receive the credit); the enhanced school property tax exemption or PIT credit for senior citizen homeowners with incomes under $86,300; and a credit for income-eligible resident NYC personal income taxpayers.

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

Spending on STAR property tax exemptions reflects reimbursements made to school districts to offset the reduction in the amount of property tax revenue collected from homeowners. Since FY 2017, the STAR exemption program has been gradually transitioned from a spending program to an advance refundable PIT credit program. As a result, first-time homebuyers and homeowners who move receive a refundable PIT credit in lieu of a property tax exemption. This change initially had no impact on the value of the STAR benefit received by homeowners. Going forward, exemption homeowners will not see an increase in their STAR benefit (details below).

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

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

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

Higher Education

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

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

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

HESC is New York State's student financial aid agency. It oversees numerous State-funded financial aid programs including the Excelsior Scholarship, TAP, Aid for Part-Time Study program, and 26 other scholarship and loan forgiveness programs. State funded tuition assistance provides financial aid to approximately 400,000 students and will allow approximately 55 percent of full-time SUNY and CUNY in-state students to attend college tuition-free when it is fully phased in. The Financial Plan includes funding for the DREAM Act which provides undocumented students access to the Excelsior Scholarship, TAP, as well as other state-administered scholarships. The Financial Plan also includes funding for the third and final phase of the Excelsior Scholarship, increasing the family income eligibility threshold to $125,000, and provides new funding to implement a Family Empowerment Pilot Program at SUNY and CUNY community colleges. The Family Empowerment Pilot Program enables single parents to receive financial and academic supports, including on-campus childcare aligned with the nationally recognized Accelerated Study in Associate Program (ASAP).

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

Health Care

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

DOH is also engaged in a multi-year initiative to implement the DSRIP program through an approved Federal waiver amendment to reinvest $8 billion in Federal savings generated by MRT reforms. The DSRIP program promotes community-level collaborations and focuses on system reform, with the goal of achieving a 25 percent reduction in avoidable hospital use over five years. As of June 30, 2018, the DSRIP program has reduced preventable hospital admissions by 21 percent and preventable hospital readmissions by 17 percent, resulting in care improvements in other critical areas such as behavioral health. A portion of DSRIP funding flows through the SUNY hospital system and other State-operated health care facilities. The Financial Plan currently reflects nearly $8 billion in Federal spending related to the DSRIP program through FY 2021. Pending Federal approval, the State may realize up to an additional $8 billion in Federal funding through FY 2024. The extension seeks additional funds to aid financially distressed hospitals as they continue to make the transition to primary and ambulatory care, support workforce investments and support referral networks to address social determinants of health such as assistance with housing and food security which are critical to an individual's overall health.

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 by a combination of State, Federal government and local government resources. Eligible services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care and services provided in a variety of community-based settings (including mental health, substance abuse treatment, developmental disabilities services, school-based services and foster care services).

Fluctuation in enrollment, costs of provider health care services, and health care utilization levels are among the factors that drive higher State Medicaid spending. The number of State Medicaid recipients is expected to reach about 6.3 million by the end of FY 2020, a slight increase from FY 2019. This increase is partly driven by an increase in elderly enrollees in the Medicaid program, offset by slightly declining enrollment of non-elderly adults.

Financing of Medicaid Spending

The State share of DOH Medicaid spending is financed by a combination of the General Fund, HCRA resources, indigent care support, provider assessment revenue, and tobacco settlement proceeds. The following table provides information on financing sources for State Medicaid spending.

DEPARTMENT OF HEALTH MEDICAID
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
STATE OPERATING FUNDS	**23,380**	**26,615**	**13.8%**	**29,368**	**10.3%**	**31,117**	**6.0%**	**32,553**	**4.6%**
Department of Health Medicaid	**20,370**	**23,830**	**17.0%**	**26,137**	**9.7%**	**27,958**	**7.0%**	**29,193**	**4.4%**
General Fund - DOH Medicaid Local	14,340	17,546	22.4%	20,100	14.6%	21,925	9.1%	23,073	5.2%
DOH Medicaid	11,511	13,274	15.3%	15,498	16.8%	16,619	7.2%	17,322	4.2%
Non-DOH Medicaid[1]	1,653	2,034	23.0%	1,923	-5.5%	2,201	14.5%	2,201	0.0%
Minimum Wage	703	1,453	106.7%	1,767	21.6%	2,011	13.8%	2,273	13.0%
Local Takeover Cost[2]	917	1,100	20.0%	1,283	16.6%	1,465	14.2%	1,648	12.5%
MSA Payments (Share of Local Growth)[3]	(444)	(315)	29.1%	(371)	-17.8%	(371)	0.0%	(371)	0.0%
General Fund - DOH Medicaid State Ops	261	244	-6.5%	237	-2.9%	244	3.0%	242	-0.8%
General Fund - Essential Plan	77	80	3.9%	78	-2.5%	76	-2.6%	74	-2.6%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	77	80	3.9%	78	-2.5%	76	-2.6%	74	-2.6%
Other State Funds - DOH Medicaid Local	5,692	5,960	4.7%	5,722	-4.0%	5,713	-0.2%	5,804	1.6%
HCRA Financing	4,029	4,137	2.7%	3,894	-5.9%	3,858	-0.9%	3,922	1.7%
Indigent Care Support	777	892	14.8%	892	0.0%	892	0.0%	892	0.0%
Provider Assessment Revenue	886	929	4.9%	934	0.5%	961	2.9%	988	2.8%
Medical Indemnity Fund	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%
Other State Agency Medicaid Spending	**3,010**	**2,785**	**-7.5%**	**3,231**	**16.0%**	**3,159**	**-2.2%**	**3,360**	**6.4%**
USE OF MSA PAYMENTS (Share of Local Growth)[3]	**444**	**315**	**-29.1%**	**371**	**17.8%**	**371**	**0.0%**	**371**	**0.0%**
LOCAL SHARE OF MEDICAID[4]	**8,516**	**7,328**	**-14.0%**	**7,036**	**-4.0%**	**7,204**	**2.4%**	**7,212**	**0.1%**
FEDERAL SHARE OF MEDICAID	**44,190**	**44,735**	**1.2%**	**46,368**	**3.7%**	**50,569**	**9.1%**	**53,042**	**4.9%**
DOH Medicaid	40,183	40,710	1.3%	42,162	3.6%	46,354	9.9%	48,818	5.3%
Essential Plan	4,007	4,025	0.4%	4,206	4.5%	4,215	0.2%	4,224	0.2%
ALL FUNDING SOURCES	**76,530**	**78,993**	**3.2%**	**83,143**	**5.3%**	**89,261**	**7.4%**	**93,178**	**4.4%**

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

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

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

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

State share Medicaid spending also appears in the Financial Plan estimates for other State agencies and programs, including the mental hygiene agencies, child welfare programs, education aid and corrections as shown below.

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

	FY 2019 Results	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Department of Health Medicaid	20,293	23,750	26,059	27,882	29,119
Local Assistance	20,476	23,821	26,193	28,009	29,248
State Operations	261	244	237	244	242
MSA Payments (Share of Local Growth)[2]	(444)	(315)	(371)	(371)	(371)
Other State Agency Medicaid Spending	3,010	2,785	3,231	3,159	3,360
Mental Hygiene	2,785	2,592	3,027	2,953	3,154
Foster Care	72	81	92	96	96
Education	153	110	110	110	110
Corrections	0	2	2	0	0
Total State Share Medicaid (All Agencies)	**23,303**	**26,535**	**29,290**	**31,041**	**32,479**
Annual $ Change		3,232	2,755	1,751	1,438
Annual % Change		13.9%	10.4%	6.0%	4.6%
Essential Plan[3]	**77**	**80**	**78**	**76**	**74**
Local Assistance	0	0	0	0	0
State Operations	77	80	78	76	74

[1] DOH spending in the Financial Plan includes certain items that are excluded from the indexed provisions of the Medicaid Global Cap. This includes administrative costs, such as the takeover of local administrative responsibilities; the decision of Monroe County to participate in the Medicaid local cap program, rather than continuing the sales tax intercept option; increased Federal Financial Participation that became effective in January 2014; and a share of minimum wage increases.
[2] MSA payments will be deposited directly to a Medicaid Escrow Fund to cover a portion of the State share for Medicaid.
[3] The EP is not a Medicaid program; however, State-funded resources for the EP are managed under the Medicaid Global Cap.

Global Cap

The statutory provisions of the Global Cap limit the year-to-year growth of a portion of DOH State funds Medicaid spending to the ten-year rolling average of the medical component of the CPI and allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster, and grant the Commissioner of Health certain powers to limit Medicaid disbursements to the level authorized by the Global Cap. The Commissioner's powers are intended to limit the rate of annual spending growth to the levels set by the Global Cap indexed rate for the then current fiscal year.

The indexed provisions of the Global Cap apply to a majority of the State share of Medicaid spending budgeted and expended principally through DOH. However, the Global Cap does not include the takeover of local Medicaid growth and the multi-year assumption of local Medicaid administration costs, increased FFP pursuant to the ACA (effective in January 2014), and the cost of minimum wage increases for health care providers.

Absent management and other savings measures, DOB estimates that State-share Medicaid spending subject to the Global Cap would exceed the indexed growth amount through FY 2023. For information on the current Global Cap imbalance see "Other Matters Affecting the Financial Plan – Medicaid Global Cap". The following table summarizes the allowable Global Cap spending and growth rates before the estimated Global Cap imbalance or the FY 2020 savings plan intended to ensure, to the extent practicable, the Global Cap is not exceeded.

MEDICAID GLOBAL CAP FORECAST
(millions of dollars)

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

[1] Under the Global Cap, forecasted Medicaid services growth is indexed to the 10-year average of the medical component of the CPI. Current Global Cap imbalance is not reflected.

Minimum Wage

Medicaid spending includes the cost of increases in the minimum wage for employees in the health care sector. These costs are not subject to the Global Cap indexed spending limit. The State costs of the minimum wage increases in the health care sector totaled $703 million in FY 2019, and are projected at $1.5 billion in FY 2020, $1.8 billion in FY 2021, $2.0 billion in FY 2022, and $2.3 billion in FY 2023 and are included in the Financial Plan.

Per statute, home health care workers in NYC and certain counties receive supplemental benefits in addition to their base wage. These benefits include paid leave, differentials, premiums for certain shifts, education and fringe benefits. The supplemental benefits typically can be satisfied by increasing the base cash wage by a corresponding amount. As a result, wages for home health care workers in these regions exceed minimum wage levels by $4.09 for NYC and $3.22 for Westchester, Nassau, and Suffolk counties. However, statute exempts the supplemental wages portion of total compensation from the minimum wage calculation to ensure home health care workers in these counties receive incremental growth in wage compensation commensurate with the new minimum wage schedule.

Local Medicaid Cap

The local Medicaid Cap was designed to relieve pressure on county property taxes and the NYC budget by capping local costs and having the State absorb all local program growth above a fixed statutory inflation rate. Beginning in January 2006, counties' Medicaid cost contributions were capped based on 2005 expenditures that were indexed at a growth rate of 3.5 percent in 2006, 3.25 percent in 2007, and 3 percent per year thereafter. In FY 2013, the State committed to phasing out all growth in the local share of Medicaid costs over a three-year period. The takeover of local Medicaid costs by the State saves local districts nearly $4.1 billion in FY 2020 including approximately $2.1 billion for counties outside NYC and $2.0 billion for NYC.

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

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

Master Settlement Agreement

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

FUNDING SOURCES FOR STATE MEDICAID CONTRIBUTIONS
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
State Share Support	**23,824**	**26,930**	**29,739**	**31,488**	**32,924**
State Funds Medicaid Disbursements	23,380	26,615	29,368	31,117	32,553
MSA Payments (Local Growth)	444	315	371	371	371

Health Care Transformation Fund (HCTF)

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

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

Following the completion of all regulatory approvals, the initial $1 billion direct payment from Fidelis Care was deposited into the HCTF[24] in July 2018. The HCTF does not include increased insurance tax receipts from Centene or higher Medicaid provider rates paid to Centene, which are reflected in the General Fund.

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

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

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

---

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

Essential Plan

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

ESSENTIAL PLAN
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL ALL FUNDS SPENDING	4,084	4,105	0.5%	4,284	4.4%	4,291	0.2%	4,298	0.2%
State Operating Funds	77	80	3.9%	78	-2.5%	76	-2.6%	74	-2.6%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	77	80	3.9%	78	-2.5%	76	-2.6%	74	-2.6%
Federal Operating Funds	4,007	4,025	0.4%	4,206	4.5%	4,215	0.2%	4,224	0.2%

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

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

Public Health/Aging Programs

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

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

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,712**	**1,728**	**0.9%**	**1,930**	**11.7%**	**2,051**	**6.3%**	**2,073**	**1.1%**
Public Health	**1,582**	**1,583**	**0.1%**	**1,785**	**12.8%**	**1,901**	**6.5%**	**1,917**	**0.8%**
Child Health Plus	399	425	6.5%	634	49.2%	745	17.5%	762	2.3%
General Public Health Work	155	179	15.5%	163	-8.9%	167	2.5%	167	0.0%
EPIC	123	117	-4.9%	118	0.9%	118	0.0%	118	0.0%
Early Intervention	173	173	0.0%	165	-4.6%	165	0.0%	165	0.0%
HCRA Program	365	370	1.4%	400	8.1%	400	0.0%	400	0.0%
All Other	367	319	-13.1%	305	-4.4%	306	0.3%	305	-0.3%
Aging	**130**	**145**	**11.5%**	**145**	**0.0%**	**150**	**3.4%**	**156**	**4.0%**

The Public Health budget maintains average annual growth over the multi-year Financial Plan of 5.0 percent and reflects increased support to local governments for services administered on behalf of the State, partly offset by program restructuring and administrative efficiencies. Increased CHP spending reflects enrollment that continues to increase at a strong pace. Additionally, a portion of the increase in FY 2020 reflects the October 2019 phase-down of enhanced Federal support currently provided through the ACA. Growth in FY 2021 reflects the full annual impact of the expiration of enhanced Federal support and increased enrollment.

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

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

HCRA Financial Plan

HCRA was established in 1996 to help fund a portion of State health care activities. Extensions and modifications to HCRA have financed new health care programs, such as CHP, and additional funding for the health care industry, including investments in worker recruitment and retention, and the Doctors Across New York program. HCRA is authorized through FY 2020.

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

HCRA FINANCIAL PLAN
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
OPENING BALANCE	**15**	**0**	**0**	**0**	**0**
TOTAL RECEIPTS	**5,960**	**6,258**	**6,226**	**6,282**	**6,344**
Surcharges	3,624	3,819	3,823	3,896	3,972
Covered Lives Assessment	1,018	1,117	1,110	1,110	1,110
Cigarette Tax Revenue	780	731	685	651	620
Hospital Assessments	438	485	471	487	502
Excise Tax on Vapor Products	0	10	39	39	39
NYC Cigarette Tax Transfer	28	32	32	32	32
EPIC Receipts/ICR Audit Fees	72	64	66	67	69
TOTAL DISBURSEMENTS AND TRANSFERS	**5,975**	**6,258**	**6,226**	**6,282**	**6,344**
Medicaid Assistance Account	3,985	4,137	3,894	3,858	3,922
Medicaid Costs	*3,788*	*3,940*	*3,697*	*3,661*	*3,725*
Workforce Recruitment & Retention	*197*	*197*	*197*	*197*	*197*
Hospital Indigent Care	777	892	892	892	892
HCRA Program Account	379	378	409	409	409
Child Health Plus	409	435	649	760	777
Elderly Pharmaceutical Insurance Coverage	137	128	130	129	129
Qualified Health Plan Administration[1]	44	52	49	48	47
SHIN-NY/APCD	40	40	40	40	40
All Other	204	196	163	146	128
ANNUAL OPERATING SURPLUS/(DEFICIT)	**(15)**	**0**	**0**	**0**	**0**
CLOSING BALANCE	**0**	**0**	**0**	**0**	**0**

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

Total HCRA receipts are expected to grow modestly over the multi-year period. Projected increases in surcharges and assessments in FY 2020 reflect updated assumptions based on actual growth to date; offsetting the increase are declining Cigarette Tax receipts from decreasing consumption.

In September 2019, New York became the first state in the nation to implement a ban on the sale of flavored vapor products. The State was in the process of expanding this ban to include menthol products, however, the NYS Appellate Division Court temporarily enjoined and prevented the State from enforcing such ban. Since these flavored products make up a large portion of the market, a ban would reduce the sale of these products and commensurately drive lower tax revenue beginning in December 2019, when the State's 20 percent excise tax on vapor products becomes effective. Pending the NYS Supreme Court's decision, the Financial Plan maintains an estimated $10 million in FY 2020 receipts growing to $39 million in the outyears.

Total HCRA disbursements are limited to available receipts. HCRA is expected to continue funding roughly $4 billion of annual Medicaid spending, as well as a number of programs and initiatives including:

- Hospital Indigent Care, which assists providers in paying for uncompensated services provided ($892 million);

- CHP program, which is expected to grow due to the expiration of the enhanced Federal resources provided through the ACA and strong enrollment growth ($435 million);

- EPIC program, which assists income-eligible seniors with their out-of-pocket Medicare Part D drug plan costs ($128 million); and,

- Statewide Health Information Network for New York (SHIN-NY)/All-Payer Claims Databases (APCD) infrastructure development initiative, which improves the informational and data capabilities associated with claiming records ($40 million).

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

Mental Hygiene

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

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

MENTAL HYGIENE
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,150**	**2,022**	**-6.0%**	**2,497**	**23.5%**	**2,450**	**-1.9%**	**2,705**	**10.4%**
People with Developmental Disabilities	**2,171**	**2,313**	**6.5%**	**2,570**	**11.1%**	**2,737**	**6.5%**	**2,905**	**6.1%**
Residential Services	1,325	1,377	3.9%	1,494	8.5%	1,592	6.6%	1,691	6.2%
Day Programs	662	689	4.1%	746	8.3%	795	6.6%	844	6.2%
Clinic	16	16	0.0%	18	12.5%	19	5.6%	20	5.3%
All Other Services (Net of Offsets)	168	231	37.5%	312	35.1%	331	6.1%	350	5.7%
Mental Health	**1,282**	**1,372**	**7.0%**	**1,464**	**6.7%**	**1,516**	**3.6%**	**1,583**	**4.4%**
Adult Local Services	1,058	1,133	7.1%	1,211	6.9%	1,256	3.7%	1,313	4.5%
Children Local Services	224	239	6.7%	253	5.9%	260	2.8%	270	3.8%
Alcohol and Substance Abuse	**349**	**370**	**6.0%**	**385**	**4.1%**	**397**	**3.1%**	**417**	**5.0%**
Residential	103	110	6.8%	114	3.6%	119	4.4%	127	6.7%
Other Treatment	159	167	5.0%	175	4.8%	181	3.4%	190	5.0%
Prevention	53	56	5.7%	58	3.6%	59	1.7%	62	5.1%
Recovery	34	37	8.8%	38	2.7%	38	0.0%	38	0.0%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
SUBTOTAL BEFORE ADJUSTMENTS	**3,803**	**4,056**	**6.7%**	**4,420**	**9.0%**	**4,651**	**5.2%**	**4,906**	**5.5%**
Total DOH Medicaid Adjustments [1]	**(1,653)**	**(2,034)**	**-23.0%**	**(1,923)**	**5.5%**	**(2,201)**	**-14.5%**	**(2,201)**	**0.0%**
OPWDD Medicaid	**(1,653)**	**(1,814)**	**-9.7%**	**(1,703)**	**6.1%**	**(1,981)**	**-16.3%**	**(1,981)**	**0.0%**
OMH Medicaid	**0**	**(220)**	**0.0%**	**(220)**	**0.0%**	**(220)**	**0.0%**	**(220)**	**0.0%**

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

Local assistance spending for mental hygiene is projected to grow by an average rate of 6.6 percent over the Financial Plan period. The main factors driving growth are: enhancements in community mental health services; enhancements in community-based employment and residential opportunities for individuals with disabilities; and new or increased funding for not-for-profit providers for growth in employee wages related to minimum wage increases.

Local assistance funding for the mental hygiene agencies is expected to increase by $253 million, or 6.7 percent. Roughly $63 million will be used to support the incremental pay standards and related fringe benefit increases associated with the transition to a $15 per hour minimum wage. Other increases include investments to leverage up to $120 million in additional OPWDD funding, which will allow for the development of new certified housing supports in the community, support more independent living, provide more day program and employment options, and increase respite availability. Additional OMH funding is included to support enhanced funding to existing residential programs.

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

Increased funding for OASAS is expected to support prevention, treatment and recovery programs targeted toward chemical dependency, residential service opportunities, and public awareness activities.

Mental hygiene activities funded under the Global Cap will increase by $381 million in FY 2020. This has no impact on mental hygiene service delivery or operations.

Social Services

Office of Temporary and Disability Assistance (OTDA)

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

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,139**	**1,340**	**17.6%**	**1,351**	**0.8%**	**1,355**	**0.3%**	**1,468**	**8.3%**
SSI	644	656	1.9%	667	1.7%	667	0.0%	667	0.0%
Public Assistance Benefits	381	535	40.4%	541	1.1%	541	0.0%	541	0.0%
Public Assistance Initiatives	13	30	130.8%	24	-20.0%	24	0.0%	24	0.0%
All Other	101	119	17.8%	119	0.0%	123	3.4%	236	91.9%

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

SSI spending is projected to increase slightly over the course of the multi-year Financial Plan as caseload is expected to level off. Public assistance benefits will increase due to a variety of factors, including the expansion of NYC HIV/AIDS Services Administration (HASA) benefits to public assistance recipients living in NYC, increased costs associated with an increase in Safety Net caseload for singles, and a one-time change in the timing of payments in FY 2019. Other spending growth includes increased spending on homeless services and prevention, and the Response to Human Trafficking program. The Enacted Budget Financial Plan restructured financing for the Family Assistance program, moving 10 percent of costs previously financed by Federal TANF to the City of New York to align with the funding structure for the Emergency Assistance for Families program. Spending increases by $110 million in FY 2023 reflecting a transition from State settlement funds to the General Fund for services and operating funding for supportive housing constructed for vulnerable homeless populations provided by ESSHI and committed under the Governor's Affordable Housing and Homelessness Plan. The increase incorporates costs for all ESSHI-participating agencies, and will be allocated to those agencies in a future update.

Office of Children and Family Services (OCFS)

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

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,659**	**1,533**	**-7.6%**	**1,610**	**5.0%**	**1,661**	**3.2%**	**1,661**	**0.0%**
Child Welfare Service	434	491	13.1%	501	2.0%	501	0.0%	501	0.0%
Foster Care Block Grant	384	384	0.0%	388	1.0%	398	2.6%	398	0.0%
Child Care	345	170	-50.7%	245	44.1%	264	7.8%	264	0.0%
Adoption	137	148	8.0%	149	0.7%	150	0.7%	150	0.0%
Youth Programs	114	105	-7.9%	92	-12.4%	92	0.0%	92	0.0%
Medicaid	72	81	12.5%	93	14.8%	97	4.3%	97	0.0%
Adult Protective/Domestic Violence	45	48	6.7%	51	6.3%	54	5.9%	54	0.0%
Committees on Special Education	29	24	-17.2%	26	8.3%	28	7.7%	29	3.6%
All Other	99	82	-17.2%	65	-20.7%	77	18.5%	76	-1.3%

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

Transportation

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

The MTA receives additional, exclusive operating support from PMT, authorized in May 2009 to collect regional taxes and fees imposed within the MCTD. Pursuant to legislation enacted in December 2011, the MTA payroll tax was eliminated for all elementary and secondary schools and small business operators within the MCTD. The General Fund provides additional annual support to the MTA, subject to appropriation, to partially offset this revenue loss. The MTA will receive nearly $1.9 billion from on-budget and off-budget PMT resources in FY 2020.

TRANSPORTATION
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
STATE OPERATING FUNDS SUPPORT	**3,938**	**3,550**	**-9.9%**	**3,885**	**9.4%**	**4,064**	**4.6%**	**4,310**	**6.1%**
Mass Transit Operating Aid:	2,321	2,513	8.3%	2,697	7.3%	2,740	1.6%	2,835	3.5%
Metro Mass Transit Aid	2,185	2,357	7.9%	2,534	7.5%	2,577	1.7%	2,672	3.7%
Public Transit Aid	92	112	21.7%	119	6.3%	119	0.0%	119	0.0%
18-b General Fund Aid	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	379	244	-35.6%	244	0.0%	244	0.0%	244	0.0%
MTA Aid Trust	293	32	-89.1%	0	-100.0%	0	0.0%	0	0.0%
NY Central Business District Trust	0	0	0.0%	150	0.0%	152	1.3%	153	0.7%
Dedicated Mass Transit	685	695	1.5%	728	4.7%	862	18.4%	1,012	17.4%
AMTAP	260	66	-74.6%	66	0.0%	66	0.0%	66	0.0%
All Other	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

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

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

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

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

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

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

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

Local Government Assistance

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

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**722**	**666**	**-7.8%**	**672**	**0.9%**	**704**	**4.8%**	**704**	**0.0%**
Big Four Cities	429	429	0.0%	429	0.0%	429	0.0%	429	0.0%
Other Cities	218	218	0.0%	218	0.0%	218	0.0%	218	0.0%
Towns and Villages	68	9	-86.8%	9	0.0%	9	0.0%	9	0.0%
Restructuring/Efficiency	7	10	42.9%	16	60.0%	48	200.0%	48	0.0%

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

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

Agency Operations

Agency operating costs consist of PS, NPS, and General State Charges (GSCs). PS includes the salaries of State employees of the Executive, Legislative, and Judicial branches as well as salaries of temporary/seasonal employees. NPS includes real estate rentals, utilities, contractual payments (e.g., consultants, IT, and professional business services), supplies and materials, equipment, and telephone service. GSCs, which are discussed separately, reflect the cost of fringe benefits (e.g., pensions and health insurance) provided to State employees and retirees of the Executive, Legislative and Judicial branches. GSC's also include certain fixed costs paid by the State, such as taxes on public lands and litigations. Certain agency operating costs of DOT and DMV (adjusted for the reclassification discussed above) are included in Capital Projects Funds and are not reflected in State Operating Funds. The PS estimates reflect current negotiated collective bargaining agreements.

Approximately 93 percent of the State workforce is unionized. The largest unions include CSEA, which represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; PEF, which represents professional and technical personnel (attorneys, nurses, accountants, engineers, social workers, and institution teachers); UUP, which represents faculty and nonteaching professional staff within the State University system; and NYSCOPBA, which represents security personnel (correction officers, safety and security officers).

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

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

	FY 2019 Results	FY 2020 Updated	Forecast FY 2021 Projected	Forecast FY 2022 Projected	Forecast FY 2023 Projected
Negotiated Base Salary Increases[1]					
NYSTPBA /NYSPIA	2%	2%	2%	2%	2%
NYSCOPBA	2%	2%	2%	2%	2%
GSEU	2%	2%	2%	2%	2%
UUP	2%	2%	2%	2%	TBD
CSEA/DC-37 (Rent Regulation Unit)/MC	2%	2%	2%	TBD	TBD
PEF	2%	TBD	TBD	TBD	TBD
Council 82/PBANYS	TBD	TBD	TBD	TBD	TBD
State Workforce[2]	117,967	119,491	TBD	TBD	TBD
ERS Contribution Rate					
Before Amortization[3]	15.5%	15.1%	15.2%	15.9%	16.5%
After Amortization[4]	19.2%	18.8%	18.7%	19.1%	19.1%
PFRS Contribution Rate					
Before Amortization[3]	24.1%	24.0%	24.8%	25.6%	26.1%
After Amortization[4]	26.9%	26.8%	27.7%	28.3%	28.4%
Employee/Retiree Health Insurance Growth Rates	5.8%	2.7%	8.0%	7.5%	7.5%
PS/Fringe as % of Receipts (All Funds Basis)	13.4%	13.6%	14.0%	13.9%	13.9%

[1] Reflects current collective bargaining agreements with settled unions. Does not reflect potential impact of future negotiated labor agreements.
[2] Reflects workforce that is subject to direct Executive control.
[3] Before amortization contribution rate reflects the State's normal and administrative costs, contributions for the Group Life Insurance Plan (GLIP), and Chapter 41 of 2016 veterans' pension credit legislation.
[4] After amortization contribution rate additionally includes new amortization, if any, and payments on prior amortizations.

Operating costs for PS/NPS are projected to increase over the Financial Plan period, from $19.1 billion in FY 2019 to $20.7 billion in FY 2023. Most Executive agencies are expected to hold spending at FY 2019 levels, with some exceptions as described below. The increases in the outyears of the Financial Plan are driven mainly by juvenile justice reform, salary increases per labor agreements, growth in SUNY operating costs, including labor costs pursuant to the settled UUP contract, and an additional administrative payroll in FY 2021.

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

	FY 2019 Results	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL[1]	**10,232**	**10,675**	**10,853**	**10,928**	**11,083**
Mental Hygiene	2,795	2,844	2,885	2,935	2,982
Corrections and Community Supervision	2,599	2,860	2,756	2,798	2,875
State Police	717	790	810	807	827
Department of Health	728	771	766	766	763
Information Technology Services	545	540	550	557	568
Tax and Finance	312	305	356	345	344
Children and Family Services	261	262	381	384	384
Transportation	301	342	337	342	342
Environmental Conservation	211	216	227	222	222
All Other	1,763	1,745	1,785	1,772	1,776
UNIVERSITY SYSTEMS	**6,097**	**6,332**	**6,586**	**6,675**	**6,880**
State University	6,001	6,235	6,489	6,576	6,781
City University	96	97	97	99	99
INDEPENDENT AGENCIES	**336**	**339**	**347**	**339**	**339**
Law	187	182	187	182	182
Audit & Control (OSC)	149	157	160	157	157
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**16,665**	**17,346**	**17,786**	**17,942**	**18,302**
Judiciary	**2,169**	**2,176**	**2,223**	**2,166**	**2,166**
Legislature	**223**	**243**	**249**	**256**	**256**
Statewide Total	**19,057**	**19,765**	**20,258**	**20,364**	**20,724**
Personal Service	13,687	14,292	14,701	14,718	15,007
Non-Personal Service	5,370	5,473	5,557	5,646	5,717

[1] FY 2020 estimates include $185 million in retroactive salary payments for NYSCOPBA, PBA and NYSPIA labor agreements.

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

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

- ***State Police.*** Increased spending is due to the cost of collective bargaining agreements reached in FY 2019, which includes retroactive payments for FY 2019.

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

- ***DOH.*** Growth is attributable to the cost increases of QHPs supported under the NYSOH program, offset by funding provided under Global Cap local assistance. Additionally, growth in FY 2020 is attributable to the use of nonrecurring Federal credits applied against Medicaid NPS spending in FY 2019.

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

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

Workforce

In FY 2020, $14.3 billion, or 13.8 percent, of the State Operating Funds budget is dedicated to supporting roughly 97,700 Full-Time Equivalent (FTE) employees under direct Executive control; individuals employed by SUNY and CUNY (47,215) and Independent Agencies (18,434); employees paid on a non-annual salaried basis; and overtime pay. Roughly 60 percent of Executive agency spending related to the workforce occurs in the mental hygiene agencies and DOCCS.

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

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**7,900**	**97,680**
Mental Hygiene	2,366	32,533
Corrections and Community Supervision	2,358	26,858
State Police	730	5,666
Department of Health	286	4,068
Information Technology Services	300	3,461
Tax and Finance	262	4,085
Children and Family Services	172	2,360
Environmental Conservation	178	2,235
Transportation	162	2,591
Financial Services	154	1,391
All Other	932	12,432
UNIVERSITY SYSTEMS	**4,239**	**47,215**
State University	4,190	46,834
City University[2]	49	381
INDEPENDENT AGENCIES	**2,153**	**18,434**
Law	129	1,533
Audit & Control (OSC)	126	1,524
Judiciary	1,710	15,374
Legislature[3]	188	3
Statewide Total	**14,292**	**163,329**

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

[2] CUNY employees are funded primarily through an agency trust fund that supports an additional 13,349 FTEs, which are excluded from this table.

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

General State Charges

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

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

GSC spending is projected to increase at an average annual rate of 6.7 percent over the multi-year Financial Plan period. The growth is primarily attributable to the Health Insurance, Social Security, and less Escrow receipts received. Growth is offset by reductions in other fringe benefits and fixed costs.

In FY 2020, growth in the health insurance program of $115 million (2.7 percent) reflects medical inflation offset by savings from the new prescription drug contract and collectively negotiated benefit design changes. The projected increase in Social Security (5.9 percent) and employee benefit funds (6.3 percent) reflect the implementation of recent collective bargaining agreements that increase general salaries. Workers' compensation costs are projected to increase by $76 million due to underlying growth in the average weekly wage used for benefit calculations and medical costs ($27 million), and a reduction in available reserve funds to offset costs ($49 million).

The estimated fringe benefit reimbursement (i.e., escrow receipt collections) from accounts outside of the General Fund has been reduced based upon activity to date, adding $73 million in costs in the current year and $60 million in future years.

Overall pension costs are projected to remain relatively stable due to expected investment returns and ongoing savings from Tier 5 and Tier 6 pension reforms. In FY 2020, these costs are offset by $54 million in interest saving achieved by paying most of the State pension bill in May 2019, rather than on a monthly basis as previously assumed. The preliminary FY 2021 bill includes a reduction by OSC to the expected rate of return on pension assets from 7.0 to 6.8 percent, which was estimated to increase the State's contribution by roughly $300 million. However, the higher cost is offset by the implementation of a new "mortality improvement" scale and other adjustments.

Over the multi-year Financial Plan period, outyear pension costs reflect expected investment performance, projected salary base growth, and assumptions about future normal and administrative costs. Pension costs also reflect prepayment of prior-year amortization, costs for Chapter 41 of 2016 (veteran's pension credit legislation), and other adjustments.

GENERAL STATE CHARGES
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**8,204**	**8,725**	**6.4%**	**9,354**	**7.2%**	**10,037**	**7.3%**	**10,633**	**5.9%**
Fringe Benefits	**7,799**	**8,298**	**6.4%**	**8,894**	**7.2%**	**9,571**	**7.6%**	**10,167**	**6.2%**
Health Insurance	4,193	4,308	2.7%	4,651	8.0%	5,001	7.5%	5,378	7.5%
Pensions	2,432	2,448	0.7%	2,546	4.0%	2,830	11.2%	2,965	4.8%
Social Security	1,036	1,097	5.9%	1,129	2.9%	1,133	0.4%	1,151	1.6%
Workers' Compensation	464	540	16.4%	679	25.7%	736	8.4%	797	8.3%
Employee Benefits	96	102	6.3%	114	11.8%	117	2.6%	121	3.4%
Dental Insurance	59	61	3.4%	63	3.3%	65	3.2%	66	1.5%
Unemployment Insurance	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
All Other/Non-State Escrow	(493)	(270)	45.2%	(300)	-11.1%	(323)	-7.7%	(323)	0.0%
Fixed Costs	**405**	**427**	**5.4%**	**460**	**7.7%**	**466**	**1.3%**	**466**	**0.0%**
Public Land Taxes/PILOTS	271	269	-0.7%	288	7.1%	294	2.1%	294	0.0%
Litigation	134	158	17.9%	172	8.9%	172	0.0%	172	0.0%

Transfers to Other Funds (General Fund Basis)

General Fund transfers help finance debt service for bonds that do not have dedicated revenues, SUNY operating costs, certain capital initiatives, and a range of other activities.

GENERAL FUND TRANSFERS TO OTHER FUNDS
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**4,558**	**5,936**	**6,547**	**6,680**	**6,861**
State Share of Mental Hygiene Medicaid[1]	(29)	0	0	0	0
Debt Service	786	546	689	588	556
SUNY University Operations	1,020	1,185	1,259	1,255	1,255
Capital Projects	1,888	3,019	3,317	3,373	3,435
Extraordinary Monetary Settlements:	**769**	**1,116**	**823**	**1,041**	**705**
Dedicated Infrastructure Investment Fund	878	1,191	1,079	926	476
FY 2018 Temporary Loan to Capital Projects Fund[2]	(500)	0	0	0	0
Transfer to DIIF for Javits Expansion	382	320	134	0	0
Bond Proceeds Receipts for Javits Expansion	0	(500)	(500)	0	0
Transfer to Capital Projects Fund - Clean Water Grants	0	0	25	50	175
Mass Transit Capital	3	5	5	2	2
Statewide Health Care Capital	6	100	80	63	52
Dedicated Highway and Bridge Trust Fund	169	431	524	357	474
Environmental Protection Fund	28	28	28	28	96
All Other Capital	922	1,444	1,942	1,947	2,160
ALL OTHER TRANSFERS	**893**	**1,186**	**1,282**	**1,464**	**1,615**
Department of Transportation (MTA Payroll Tax)	244	244	244	244	244
SUNY - Medicaid Reimbursement	241	243	243	243	243
NY Central Business District Trust	0	113	150	152	153
Judiciary Funds	117	112	113	113	113
Dedicated Mass Transportation Trust Fund	67	65	116	256	408
Banking Services	37	49	49	49	49
Business Services Center	6	28	30	30	30
Indigent Legal Services	27	28	28	75	75
General Service	22	10	10	3	0
Mass Transportation Operating Assistance	26	21	21	21	21
Correctional Industries	21	21	21	21	21
Public Transportation Systems	17	16	16	16	16
Health Income Fund	11	16	16	16	16
Centralized Technology Services	14	11	11	11	11
Spinal Cord Injury Fund	9	9	9	9	9
Medical Cannabis Fund	7	5	7	7	7
All Other	27	195	198	198	199

[1] Reflects an accounting adjustment associated with prior year reimbursements.

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

General Fund transfers to other funds are expected to total $5.9 billion in FY 2020, a $1.4 billion increase from FY 2019. The change is mainly due to capital projects transfers that are expected to increase by $1.1 billion in FY 2020. The capital increase reflects higher transfers of Extraordinary Monetary Settlements ($347 million); bond proceed reimbursements executed in FY 2019; and bond restructuring savings related to transportation that ended in FY 2019.

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

Debt Service

The State pays debt service on all outstanding State-supported bonds. These include General Obligation bonds for which the State is constitutionally obligated to pay debt service, as well as certain bonds issued by State public authorities, such as Empire State Development Corporation (ESD), DASNY, and the New York State Thruway Authority (NYSTA). Depending on the credit structure, debt service is financed by transfers from the General Fund, dedicated taxes and fees, and other resources such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
General Fund	786	546	-30.5%	689	26.2%	588	-14.7%	556	-5.4%
Other State Support	5,913	4,600	-22.2%	5,918	28.7%	6,482	9.5%	6,758	4.3%
State Operating/All Funds Total	**6,699**	**5,146**	**-23.2%**	**6,607**	**28.4%**	**7,070**	**7.0%**	**7,314**	**3.5%**

Total State Operating/All Funds debt service is projected to be $5.1 billion in FY 2020, of which $546 million is paid from the General Fund via transfers, and $4.6 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation and service contract bonds. Debt service for the State's revenue bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax bonds, DHBTF bonds, and mental health facilities bonds.

The Financial Plan estimates for debt service spending have been revised to reflect bond sale results to date, refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service spending estimates also reflect the prepayment of $1.5 billion in FY 2019 in debt service costs due in FY 2020, as well as a planned prepayment of $200 million in FY 2020 for debt service costs due in FY 2021. See the section on "Other Matters Affecting the Financial Plan – Debt Reform Act Limit" herein for the status of State compliance with the limits on debt service established in the State Debt Reform Act.

April – September 2019 Operating Results

[THIS PAGE INTENTIONALLY LEFT BLANK]

April – September 2019 Operating Results

This section provides a summary of preliminary operating results for April through September 2019 compared to: (1) results for the prior fiscal year (April through September 2018), (2) the estimates set forth in the Enacted Budget Financial Plan ("initial estimates"), and (3) the most recent projections set forth in the FY 2020 First Quarterly Financial Plan Update ("revised estimates"). The focus of the spending discussion is on State Operating Funds, the basis on which the 2 percent growth benchmark is measured.

Summary of General Fund Operating Results

The receipt and use of Extraordinary Monetary Settlements continue to affect the State's cash position. The table below and the discussion that follows summarizes the variance from the estimates in the initial and revised estimates, excluding Extraordinary Monetary Settlements, unless otherwise noted.

FY 2020 GENERAL FUND OPERATING RESULTS COMPARED TO FY 2020 ENACTED AND REVISED BUDGETS
(millions of dollars)

	Initial	Revised Plan	Results	Variance Above/ (Below) Initial	Variance Above/ (Below) Revised
Opening Fund Balance (Excl. Extr. Monetary Settlements)	**3,012**	**3,012**	**3,012**	0	0
Total Receipts	**40,490**	**40,885**	**40,973**	**483**	**88**
Taxes[1]	39,000	39,226	39,406	406	180
Non-Tax Receipts/Transfers[2]	1,490	1,659	1,567	77	(92)
Total Disbursements	**40,281**	**40,389**	**39,286**	**(995)**	**(1,103)**
Local Assistance	25,475	25,717	24,596	(879)	(1,121)
Agency Operations	10,700	10,780	10,621	(79)	(159)
Transfers to Other Funds[3]	4,106	3,892	4,069	(37)	177
Net Change in Operations	**209**	**496**	**1,687**	**1,478**	**1,191**
Closing Fund Balance (Excl. Extr. Monetary Settlements)	**3,221**	**3,508**	**4,699**	**1,478**	**1,191**
Extraordinary Monetary Settlements					
Opening Balance	4,194	4,194	4,194	0	0
Settlements Received/Expected[4]	829	861	861	32	0
Transfers/Uses	(643)	(705)	(704)	(61)	1
Closing Balance	**4,380**	**4,350**	**4,351**	**(29)**	**1**
Closing Fund Balance (Incl. Extr. Monetary Settlements)	**7,601**	**7,858**	**9,050**	**1,449**	**1,192**

[1] Includes transfers from other funds after debt service.
[2] Non-tax receipts exclude the monetary settlements received by the General Fund less amounts retained by the Department of Law in other funds to support operational costs.
[3] Transfers to other funds exclude monetary settlements transferred from the General Fund to other funds (e.g., Dedicated Investment Infrastructure Fund).
[4] Includes gross value of all settlements received/expected by the State, including amounts retained by the Department of Law in other funds to support operational costs.

General Fund – Results Compared to Initial and Revised Estimates

The General Fund closing balance at the end of September 2019 was $4.7 billion, which was $1.5 billion and $1.2 billion above the initial and revised estimates respectively. Both variances are attributable to lower spending and higher receipts.

PIT collections continue to marginally exceed projections, primarily due to lower than expected tax refund levels. Business Tax collections are also higher than projected mainly in the corporate franchise tax category. The higher collections are partly offset by lower than expected sales tax collections and estate tax payments.

Lower spending was mainly due to the timing of planned local assistance payments in the areas of social services, school aid and higher education, partly offset by higher spending on special education. Operational spending through the first half of year was lower than estimated. Nearly all variances are timing related and expected to resolve in future months.

At the end of September 2019, the Extraordinary Monetary Settlements balance held in the General Fund was $4.4 billion, consistent with projections.

The table below summarizes the General Fund variances from both the initial and revised estimates, inclusive of Extraordinary Monetary Settlements.

GENERAL FUND OPERATING RESULTS
April 2019 through September 2019
(millions of dollars)

				Variance Above/ (Below)			
				Initial		Revised Plan	
	Initial	Revised Plan	Results	$	%	$	%
OPENING BALANCE	**7,206**	**7,206**	**7,206**	**0**	**0.0%**	**0**	**0.0%**
Total Receipts	**41,319**	**41,746**	**41,834**	**515**	**1.2%**	**88**	**0.2%**
Taxes:	39,000	39,226	39,406	406	1.0%	180	0.5%
Personal Income Tax[1]	27,616	27,875	28,148	532	1.9%	273	1.0%
Consumption / Use Taxes[1]	7,522	7,460	7,375	(147)	-2.0%	(85)	-1.1%
Business Taxes	2,774	2,828	2,929	155	5.6%	101	3.6%
Other Taxes[1]	1,088	1,063	954	(134)	-12.3%	(109)	-10.3%
Receipts and Grants	1,591	1,662	1,713	122	7.7%	51	3.1%
Transfers From Other Funds	728	858	715	(13)	-1.8%	(143)	-16.7%
Total Spending	**40,924**	**41,094**	**39,990**	**(934)**	**-2.3%**	**(1,104)**	**-2.7%**
Local Assistance	25,475	25,717	24,596	(879)	-3.5%	(1,121)	-4.4%
Agency Operations (including GSCs)	10,700	10,780	10,621	(79)	-0.7%	(159)	-1.5%
Transfers to Other Funds	4,749	4,597	4,773	24	0.5%	176	3.8%
Debt Service Transfer	227	225	226	(1)	-0.4%	1	0.4%
Capital Projects Transfer	2,948	2,804	2,943	(5)	-0.2%	139	5.0%
SUNY Operations Transfer	1,022	980	1,007	(15)	-1.5%	27	2.8%
All Other Transfers	552	588	597	45	8.2%	9	1.5%
Change in Operations	**395**	**652**	**1,844**	**1,449**	**366.8%**	**1,192**	**182.8%**
CLOSING BALANCE	**7,601**	**7,858**	**9,050**	**1,449**	**19.1%**	**1,192**	**15.2%**

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

All Governmental Funds – Results Compared to Prior Year

All Funds receipts were $6.4 billion higher than the prior year attributable to growth in tax collections and Federal grants. Spending increased by $607 million over the prior year. Higher Medicaid spending includes the $1.7 billion payment deferred from March 2019 to the current year. School Aid growth is consistent with the authorized FY 2020 school aid increase. Agency operations and fringe benefits spending also increased due to the payment of retroactive salary increases and higher SUNY spending. These increases are offset by lower spending for Federal operating aid, debt service and other local assistance. Additional information on Medicaid cash management and budgetary risks and uncertainties can be found in "Other Matters Affecting the Financial Plan" section herein.

ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR
April through September
(millions of dollars)

	Results		Increase/(Decrease)	
	FY 2019	FY 2020	$	%
OPENING BALANCE	**12,749**	**9,975**	**(2,774)**	**-21.8%**
ALL FUNDS RECEIPTS:	**81,083**	**87,495**	**6,412**	**7.9%**
Total Taxes	**37,292**	**42,401**	**5,109**	**13.7%**
Personal Income Tax	23,662	27,981	4,319	18.3%
All Other Taxes	13,630	14,420	790	5.8%
Miscellaneous Receipts	**12,896**	**13,067**	**171**	**1.3%**
Federal Grants	**30,895**	**32,027**	**1,132**	**3.7%**
Bond & Note Proceeds	**0**	**0**	**0**	**0.0%**
ALL FUNDS DISBURSEMENTS:	**82,451**	**83,058**	**607**	**0.7%**
STATE OPERATING FUNDS	**47,663**	**48,997**	**1,334**	**2.8%**
Local Assistance	**31,828**	**32,969**	**1,141**	**3.6%**
School Aid	11,250	11,712	462	4.1%
DOH Medicaid (incl. admin and EP)	11,817	13,213	1,396	11.8%
All Other	8,761	8,044	(717)	-8.2%
State Operations	**14,526**	**15,051**	**525**	**3.6%**
Agency Operations	**9,476**	**9,872**	**396**	**4.2%**
Executive Agencies	5,117	5,325	208	4.1%
University Systems	2,979	3,180	201	6.7%
Elected Officials	1,380	1,367	(13)	-0.9%
Fringe Benefits/Fixed Costs	**5,050**	**5,179**	**129**	**2.6%**
Pension Contribution	2,276	2,311	35	1.5%
Health Insurance	2,099	2,114	15	0.7%
Other Fringe Benefits/Fixed Costs	675	754	79	11.7%
Debt Service	**1,309**	**977**	**(332)**	**-25.4%**
Capital Projects	**0**	**0**	**0**	**0.0%**
CAPITAL PROJECTS (State and Federal Funds)	**5,665**	**5,903**	**238**	**4.2%**
FEDERAL OPERATING AID	**29,123**	**28,158**	**(965)**	**-3.3%**
NET OTHER FINANCING SOURCES	**(47)**	**(102)**	**(55)**	**-117.0%**
CHANGE IN OPERATIONS	**(1,415)**	**4,335**	**5,750**	**406.4%**
CLOSING BALANCE	**11,334**	**14,310**	**2,976**	**26.3%**

Receipts

PIT collections were $4.3 billion (18 percent) higher than last year. This growth is due to an increase in April 2019 extensions and final returns related to taxpayer behavior in response to the cap on SALT deductions.

Business tax collections growth ($534 million) is due to higher corporate franchise tax (CFT) and insurance gross receipts partially offset by higher refunds and lower audits. Consumption/user tax collections increases ($338 million) were attributable to growth in the sales tax base. These increases were partially offset by the direct remittance of various supplemental fees and taxes to the MTA beginning in FY 2020, which previously passed through the State and was thus included in FY 2019 receipts, as well as lower cigarette tax receipts.

Miscellaneous Receipts were $171 million (1 percent) higher than the prior year due to unplanned receipts from Extraordinary Monetary Settlements ($356 million), higher bond proceed reimbursements ($522 million), and growth in HCRA receipts ($202 million); partially offset by the nonrecurring receipt of a $1 billion payment from Fidelis Care in July 2018 pursuant to the sale of substantially all its assets to Centene Corporation.

Federal grants were $1.1 billion higher in FY 2020 than in FY 2019 largely due to the deferral of the final FY 2019 Medicaid cycle.[25]

Spending

State Operating Funds spending totaled $49 billion through the first half of FY 2020, an increase of $1.3 billion (2.8 percent) over the same period in in FY 2019.

Local assistance spending growth of $1.1 billion includes Medicaid and School Aid increases partially offset by lower aggregate spending in all other program areas. Spending growth for Medicaid includes deferred liabilities from FY 2019 that were paid in FY 2020 and increased claims experience, partly offset by the timing of certain offline payments, including the FMAP reconciliation and Voluntary UPL payments. The School Aid spending increase is largely attributable to higher spending on Lottery revenue supported school aid ($415 million) and General Aid payments ($227 million); partially offset by lower Universal Prekindergarten payments ($308 million).

---

[25] A two-business day period exists between the charge to the State's Federal Fund accounts to reflect a payment and the draw down from the Federal Treasury to reimburse the spending. Thus, the Federal share of the deferred payment from March 2019 was charged to Federal Funds spending on March 28 and reimbursed via the receipt of Federal funds on April 1 ($1.8 billion) in accordance with Federal cash management guidelines.

The most significant other local assistance variances include:

- Transportation ($312 million lower) attributable to one-time payments made to the MTA in FY 2019 for (i) the MTA Subway Action Plan ($194 million) and (ii) a final payment of PMT collections attributable to FY 2018 ($135 million);

- Social Services ($287 million lower) related to Child Welfare Services ($85 million), Day Care ($58 million), Foster Care Block Grants ($34 million), and Adoption Subsidies ($29 million) payments;

- Public Health ($171 million lower) attributable to the timing of payments for the General Public Health Work program ($47 million) and Early Intervention program ($88 million);

- Mental Hygiene ($119 million lower) which primarily reflects the year-to-year increase in Mental Hygiene spending shifted to the Global Cap pursuant to increased Financial Plan savings assumed in the FY 2020 Enacted Budget; and

- Other education spending ($286 million higher), largely related to timing of payments for special education programs ($162 million), charter schools ($48 million), nonpublic schools ($40 million) and fiscal stabilization grants ($26 million).

Executive agency operational spending growth is largely attributable to personal service costs associated with the payment of retroactive salary increases. University systems operations increased primarily due to higher costs incurred in SUNY Hospitals and higher personal service costs in SUNY colleges. Fringe Benefits spending increased due to higher Pension and Social Security payments, and lower reimbursements for operations supported by Federal and capital funding.

Capital Projects (State and Federal) spending increased by $238 million, primarily due to the timing of payments for MTA ($159 million) and ESD ($74 million).

Federal operating aid spending decreased by $965 million over the same period in FY 2019. The largest areas of lower spending include social welfare programs due to the timing of payments to Child Care ($354 million), Flexible Fund for Family Services ($281 million), and public assistance benefits ($252 million); and education programs due to the timing of Individuals with Disabilities in Education (IDEA) flow-through grant payments ($225 million) based on school district claiming. These spending decreases were offset by higher Medicaid spending ($468 million) attributable to growth in Medicaid claims and provider rate packages, lower rebate collections and higher offline DSRIP payments to hospitals.

All Governmental Funds – Results Compared to Plan

The State ended September 2019 with an All Fund closing balance of $14.3 billion ($1.8 billion above the initial estimate and $2.3 billion above the revised estimate).

ALL GOVERNMENTAL FUNDS COMPARED TO PLAN
April 2019 through September 2019
(millions of dollars)

				Variance Above/ (Below)			
				Initial		Revised Plan	
	Initial	Revised Plan	Results	$	%	$	%
OPENING BALANCE	**9,975**	**9,975**	**9,975**	**0**	**0.0%**	**0**	**0.0%**
ALL FUNDS RECEIPTS:	**88,547**	**86,783**	**87,495**	**(1,052)**	**-1.2%**	**712**	**0.8%**
Total Taxes	**41,865**	**42,173**	**42,401**	**536**	**1.3%**	**228**	**0.5%**
Personal Income Tax	27,432	27,690	27,981	549	2.0%	291	1.1%
Consumption / Use Tax	9,273	9,246	9,165	(108)	-1.2%	(81)	-0.9%
Business Taxes	4,001	4,097	4,239	238	5.9%	142	3.5%
Other Taxes	1,159	1,140	1,016	(143)	-12.3%	(124)	-10.9%
Miscellaneous Receipts	**12,548**	**12,662**	**13,067**	**519**	**4.1%**	**405**	**3.2%**
Federal Grants	**34,134**	**31,948**	**32,027**	**(2,107)**	**-6.2%**	**79**	**0.2%**
ALL FUNDS DISBURSEMENTS:	**85,921**	**84,695**	**83,058**	**(2,863)**	**-3.3%**	**(1,637)**	**-1.9%**
STATE OPERATING FUNDS	**49,412**	**49,799**	**48,997**	**(415)**	**-0.8%**	**(802)**	**-1.6%**
Local Assistance	**33,363**	**33,583**	**32,969**	**(394)**	**-1.2%**	**(614)**	**-1.8%**
School Aid	12,177	12,090	11,712	(465)	-3.8%	(378)	-3.1%
DOH Medicaid[1]	12,548	12,853	13,213	665	5.3%	360	2.8%
Transportation	1,759	1,726	1,764	5	0.3%	38	2.2%
STAR	0	0	0	0	0.0%	0	0.0%
Social Services	1,361	1,157	859	(502)	-36.9%	(298)	-25.8%
Higher Education	1,802	1,751	1,679	(123)	-6.8%	(72)	-4.1%
Mental Hygiene	942	951	910	(32)	-3.4%	(41)	-4.3%
All Other	2,774	3,055	2,832	58	2.1%	(223)	-7.3%
State Operations	**15,076**	**15,239**	**15,051**	**(25)**	**-0.2%**	**(188)**	**-1.2%**
Agency Operations	**9,815**	**10,050**	**9,872**	**57**	**0.6%**	**(178)**	**-1.8%**
Personal Service:	6,974	7,263	7,231	257	3.7%	(32)	-0.4%
Executive Agencies	3,874	4,069	4,075	201	5.2%	6	0.1%
University Systems	2,031	2,107	2,068	37	1.8%	(39)	-1.9%
Elected Officials	1,069	1,087	1,088	19	1.8%	1	0.1%
Non-Personal Service:	2,841	2,787	2,641	(200)	-7.0%	(146)	-5.2%
Executive Agencies	1,450	1,381	1,250	(200)	-13.8%	(131)	-9.5%
University Systems	1,100	1,125	1,112	12	1.1%	(13)	-1.2%
Elected Officials	291	281	279	(12)	-4.1%	(2)	-0.7%
Fringe Benefits/Fixed Costs	**5,261**	**5,189**	**5,179**	**(82)**	**-1.6%**	**(10)**	**-0.2%**
Pension Contribution	2,309	2,311	2,311	2	0.1%	0	0.0%
Health Insurance	2,103	2,114	2,114	11	0.5%	0	0.0%
Other Fringe Benefits/Fixed Costs	849	764	754	(95)	-11.2%	(10)	-1.3%
Debt Service	**973**	**977**	**977**	**4**	**0.4%**	**-**	**0.0%**
CAPITAL PROJECTS (State and Federal Funds)	**6,659**	**5,961**	**5,903**	**(756)**	**-11.4%**	**(58)**	**-1.0%**
FEDERAL OPERATING AID	**29,850**	**28,935**	**28,158**	**(1,692)**	**-5.7%**	**(777)**	**-2.7%**
NET OTHER FINANCING SOURCES	**(51)**	**(70)**	**(102)**	**(51)**	**-100.0%**	**(32)**	**-45.7%**
CHANGE IN OPERATIONS	**2,575**	**2,018**	**4,335**	**1,760**	**68.3%**	**2,317**	**114.8%**
CLOSING BALANCE	**12,550**	**11,993**	**14,310**	**1,760**	**14.0%**	**2,317**	**19.3%**

1. Includes the Essential Plan

Receipts

Through September 2019, PIT and business tax collections were higher than estimated. Higher PIT collections are attributable to lower than expected current and prior year refunds, stronger wage growth, and slower than expected processing of advanced credit payments, offset by weaker than expected assessments and estimated payments. Business taxes to date reflect stronger than anticipated Corporate Franchise tax collections and lower refunds, partially offset by lower audits. The increased collections are partly offset by lower collections in sales and other taxes, which include fewer than expected super-large and extra-large estate tax payments.

Miscellaneous Receipts have exceeded estimates due to the timing of bond proceed reimbursements for several projects including Moynihan Station as well various economic development and mental hygiene projects, and the timing of monies received for OMH Medicare and 3rd party payments dedicated to support debt service payments on mental hygiene facilities.

Federal grants reflect Federal operating aid disbursements, as well as the timing of reimbursements for program costs initially financed by the State and later reimbursed with Federal funding.

Spending

State Operating Funds spending was below both the initial and revised projections. The following discussion of the variances is focused on the comparison to the initial budget estimates.

Local assistance spending was lower ($394 million) than estimated due mainly to the timing of payments in various programs that more than offset higher Medicaid spending as summarized below.

- Medicaid ($665 million higher) variance is due to increased Medicaid claims offset by the timing of other offline payments.

- Social Services ($502 million lower) variances include slower than expected payments for Child Welfare Services ($245 million), Day Care programs ($74 million), Foster Care Block Grants ($66 million), public assistance benefit payments ($44 million), and Adoption Subsidies ($34 million).

- School Aid ($465 million lower) variance includes slower spending for Universal Prekindergarten ($286 million), Excess Cost aid ($82 million), General Aid ($49 million), Categorical Spending ($35 million), and Statewide Full-Day Universal Prekindergarten ($23 million).

- All Other Education ($348 million higher) variances are largely attributable to timing of payments for special education programs ($334 million) and charter schools ($31 million), partially offset by lower than projected spending on various other education programs.

- Higher Education ($123 million lower) variances include slower spending for Higher Education Service Corporation Scholarships ($68 million) and TAP ($51 million).

State operations spending, including fringe benefits, was lower than estimated due to slower NPS spending among multiple agencies, most notably Transportation and Corrections, which more than offset the payment of retroactive salary increases.

Capital Projects spending was lower than planned due mainly to the following:

- Education ($325 million lower) variances include slower spending for the smart schools program ($140 million), SUNY projects ($116 million), and safety and security grants for at-risk facilities and library construction grants ($43 million).

- Economic Development ($204 million lower) spending was due to delayed approval of spending for the High-Tech innovation program and slower spending on the Moynihan project.

- Transportation ($181 million lower) construction spending was slower than projected for several large projects ($387 million) including JFK access, Van Wyck and Bruckner, and Hunts-Point, and was partly offset by higher MTA spending ($204 million) .

- Housing and Community Renewal ($142 million lower) spending lags were attributable to variable market and industry conditions and use of off-budget resources.

Federal operating aid spending was $1.7 billion (5.7 percent) lower than initial projections, driven by:

- Medicaid, including administration ($1.1 billion lower) due to administrative delays in State approval of certain claims and rate packages and the processing of certain offline payments.

- Social Services ($676 million lower) reflecting slower spending for the Flexible Fund for Family Services ($297 million), public assistance benefit payments ($237 million), Child Care ($139 million), Home Energy Assistance Program (HEAP) ($64 million), and Title XX ($52 million).

- School Aid ($93 million higher) related to School Breakfast and Lunch Meal reimbursements ($55 million) and Federal Every Student Succeeds Act (ESSA) grant payments ($38 million).

GAAP-Basis Results for Prior Fiscal Years

[THIS PAGE INTENTIONALLY LEFT BLANK]

GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and Other Supplementary Information, including a management discussion and analysis, on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements and Other Supplementary Information are released in July each year. These statements are audited by independent certified public accountants. The State issued the Basic Financial Statements for FY 2019 on July 29, 2019. The Comptroller also prepares and issues a Comprehensive Annual Financial Report (CAFR), which, in addition to the components referred to above, also includes an introductory section and a statistical section. The CAFR for the fiscal year ended March 31, 2019 was issued on September 27, 2019.

The following tables summarize recent governmental funds results on a GAAP basis.

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

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accumulated General Fund Surplus/(Deficit)
March 31, 2019	(1,291)	1,873	594	(1,079)	97	3,381
March 31, 2018	2,386	1,095	(877)	(86)	2,518	4,672
March 31, 2017	(2,788)	188	(599)	(153)	(3,352)	2,286

SUMMARY OF NET POSITION (millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2019*	(4,127)	(8,334)	(12,461)
March 31, 2018	28,608	69	28,677
March 31, 2017	28,580	332	28,912

*FY 2019 values reflect the implementation of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which established accounting and financial reporting for OPEB plans including the immediate recognition of the full actuarial accrued liability upon adoption and SUNY's adoption of GASB Statement 81, Irrevocable Split-Interest Agreements. The restatements of net position in governmental activities and business-type activities for these GASB Statement implementations were ($31,928) and ($8,558), respectively.

The CAFR for the fiscal year ended March 31, 2019 and CAFRs related to prior fiscal years can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the Office of the State Comptroller's website at www.osc.state.ny.us. The Basic Financial Statements can also be accessed through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system website at www.emma.msrb.org.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Authorities and Localities

[THIS PAGE INTENTIONALLY LEFT BLANK]

Public Authorities

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

The State has numerous public authorities with various responsibilities, including those which finance, construct and/or operate revenue-producing public facilities. These entities generally pay their own operating expenses and debt service costs on their notes, bonds or other legislatively authorized financing structures from revenues generated by the projects they finance or operate, such as tolls charged for the use of highways, bridges or tunnels; charges for public power, electric and gas utility services; tuition and fees; rentals charged for housing units; and charges for occupancy at medical care facilities. Since the State has no actual or contingent liability for the payment of this type of public authority indebtedness, it is not classified as either State-supported debt or State-related debt. Some public authorities, however, receive monies from State appropriations to pay for the operating costs of certain programs.

There are statutory arrangements that, under certain circumstances, authorize State local assistance payments that have been appropriated in a given year and are otherwise payable to localities to be made instead to the issuing public authorities in order to secure the payment of debt service on their revenue bonds and notes. However, in honoring such statutory arrangement for the redirection of local assistance payments, the State has no constitutional or statutory obligation to provide assistance to localities beyond amounts that have been appropriated therefor in any given year.

As of December 31, 2018, (with respect to Job Development Authority or "JDA" as of March 31, 2019) each of the 16 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $193 billion, only a portion of which constitutes State-supported or State-related debt. Note that the outstanding debt information contained in the following table is the most current information provided by OSC from data submitted by the 16 authorities in the following table at the time of this AIS Update.

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

Authority	State-Related Debt	Authority and Conduit	Total
Dormitory Authority	34,734	20,418	55,152
Metropolitan Transportation Authority	0	30,914	30,914
Port Authority of NY & NJ	0	25,136	25,136
Housing Finance Agency	154	17,582	17,736
UDC/ESD	12,679	1,080	13,759
Job Development Authority[2]	0	11,532	11,532
Triborough Bridge and Tunnel Authority	0	8,461	8,461
Thruway Authority	2,773	5,447	8,220
Long Island Power Authority[3]	0	7,711	7,711
Environmental Facilities Corporation	32	6,091	6,123
State of New York Mortgage Agency	0	2,782	2,782
Energy Research and Development Authority	0	1,887	1,887
Power Authority	0	1,285	1,285
Local Government Assistance Corporation	1,195	0	1,195
Battery Park City Authority	0	928	928
Municipal Bond Bank Agency	139	172	311
TOTAL OUTSTANDING	51,706	141,426	193,132

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

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

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2019. This includes $11.5 billion in conduit debt issued by JDA's blended component units consisting of $6.1 billion issued by New York Liberty Development Corporation ($1.2 billion of which is also included in the amount reported for Port Authority of NY and NJ), $742 million issued by the Brooklyn Arena Local Development Corporation and $4.7 billion issued by the New York Transportation Development Corporation.

(3) Includes $4.14 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013 established UDSA for the sole purpose of retiring certain outstanding indebtedness of the Long Island Power Authority (LIPA) through the issuance of restructuring bonds. UDSA is reported as a blended component unit of LIPA in LIPA's audited financial statements.

Localities

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

The City of New York

The fiscal demands on the State may be affected by the fiscal condition of New York City, which relies in part on State aid to balance its budget and meet its cash requirements. It is also possible that the State's finances may be affected by the ability of New York City, and its related issuers, to market securities successfully in the public credit markets. The official financial disclosure of the City of New York and its related issuers is available by contacting Jason Goh, Investor Relations, (212) 788-5864, or contacting the City Office of Management and Budget, 255 Greenwich Street, 8th Floor, New York, NY 10007. The official financial disclosures of the City of New York and its related issuers can also be accessed through the EMMA system website at www.emma.msrb.org. The State assumes no liability or responsibility for any financial information reported by the City of New York. The following table summarizes the debt of New York City and its related issuers.

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

Year	General Obligation Bonds	Obligations of TFA (1)	Obligations of STARC Corp. (2)	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other Obligations (3)	Total
2010	41,555	20,094	2,178	1,265	2,000	2,444	69,536
2011	41,785	23,820	2,117	1,260	2,000	2,590	73,572
2012	42,286	26,268	2,054	1,253	3,000	2,493	77,354
2013	41,592	29,202	1,985	1,245	3,000	2,394	79,418
2014	41,665	31,038	1,975	1,228	3,000	2,334	81,240
2015	40,460	33,850	2,035	1,222	3,000	2,222	82,789
2016	38,073	37,358	1,961	1,145	3,000	2,102	83,639
2017	37,891	40,696	1,884	1,089	2,751	2,034	86,345
2018	38,628	43,355	1,805	1,071	2,724	2,085	89,668
2019	37,519	46,624	1,721	1,053	2,724	1,901	91,542

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

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

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

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

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

Other Localities

Certain localities other than New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing by local governments has become more common in recent years. State legislation enacted post-2004 includes 28 special acts authorizing bond issuances to finance local government operating deficits. Included in this figure are special acts that extended the period of time related to prior authorizations and modifications to issuance amounts previously authorized. When a local government is authorized to issue bonds to finance operating deficits, the local government is subject to certain additional fiscal oversight during the time the bonds are outstanding as required by the State's Local Finance Law, including an annual budget review by OSC.

In addition to deficit financing authorizations, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within particular localities. The Cities of Buffalo and Troy, and the Counties of Erie and Nassau are subject to varying levels of review and oversight by entities created by such legislation. The City of Newburgh operates under special State legislation that provides for fiscal oversight by the State Comptroller and the City of Yonkers must adhere to a Special Local Finance and Budget Act. The impact on the State of any possible requests in the future for additional oversight or financial assistance cannot be determined at this time and therefore is not included in the Financial Plan projections.

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

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

A total of 35 local governments (8 counties, 12 cities, 7 towns and 8 villages) and 26 school districts have been placed in a stress category by OSC based on financial data for their fiscal years ending in 2018. The vast majority of entities scored by OSC (97 percent) are classified in the "No Designation" category.

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

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

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

The following table summarizes the debt of New York City and its related issuers, and other New York State localities, from 1980 to 2018.

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

Locality Fiscal Year Ending	Combined New York City Debt[(2)] Bonds	Combined New York City Debt[(2)] Notes	Other Localities Debt[(3)] Bonds[(4)]	Other Localities Debt[(3)] Notes[(4)]	Total Locality Debt[(3)] Bonds[(3)(4)]	Total Locality Debt[(3)] Notes[(4)]
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,093	4,470	58,337	4,985
2010	69,536	0	36,110	7,369	105,646	7,369
2014	81,240	0	36,290	7,236	117,530	7,236
2015	82,789	0	34,346	6,981	117,135	6,981
2016	83,639	0	35,006	6,952	118,645	6,952
2017	86,345	0	34,788	5,617	121,133	5,617
2018	89,668	0	35,855	5,737	125,523	5,737

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

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

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

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

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

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

State Retirement System

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE INFORMATION THAT FOLLOWS UNDER THIS HEADING HAS BEEN PREPARED SOLELY BY THE OFFICE OF THE STATE COMPTROLLER, AND DOB HAS NOT UNDERTAKEN ANY INDEPENDENT VERIFICATION OF SUCH INFORMATION.

General

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

Greater detail, including the independent auditor's report for the fiscal year ending March 31, 2019, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' CAFR") for the fiscal year ended March 31, 2019 and is available on the OSC website at the following address: https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php. Additionally, available at the OSC website are the System's asset listing for the fiscal year ended March 31, 2019 and audited financial statements with the independent auditor's report for the fiscal year ended March 31, 2019.

The Annual Reports to the Comptroller on Actuarial Assumptions from the Retirement System's Actuary - the contents of which explain the methodology used to determine employer contribution rates to the System - issued from 2007 through 2019 are available at the OSC website at https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php. Benefit plan booklets describing how each of the System's tiers works can be accessed at https://www.osc.state.ny.us/retire/publications/.

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

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

The System engages an independent auditor to conduct an audit of the System's annual financial statements. Furthermore, an Actuarial Advisory Committee meets annually to review the actuarial assumptions and the results of the actuarial valuation of the System. The Actuarial Advisory Committee is composed of current or retired senior actuaries from major insurance companies or pension plans. The System also engages the services of an outside actuarial consultant to perform a statutorily required quinquennial review. At least once every five years, NYSLRS is also examined by DFS. The Comptroller has established within the Retirement System, the Pension Integrity Bureau, the purpose of which is to identify and prevent errors, fraud and abuse. The State Comptroller has also established an Office of Internal Audit to provide the Comptroller with independent and objective assurance and consulting services for the programs and operations of the Office of the State Comptroller, including programs and operations of NYSLRS. The Comptroller's Advisory Audit Committee, established in compliance with DFS regulations, meets three times per year to review the System's audited financial statements and the NYSLRS' CAFR, and to discuss a variety of financial and investment-related activities. Pursuant to DFS regulations, a fiduciary review of the System for the three-year period ended March 31, 2015 was submitted on June 16, 2016. The fiduciary review of the System for the three-year period ended March 31, 2018 is currently underway.

The System

The System provides pension benefits to public employees of the State and its localities (except employees of New York City, and public school teachers and administrators, who are covered by separate public retirement systems). State employees made up about 34 percent of the System's membership as of March 31, 2019. There were 3,020 public employers participating in the System, including the State, all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees), and many public authorities.

As of March 31, 2019, 658,176 persons were members of the System and 481,795 pensioners or beneficiaries were receiving pension benefits. Article 5, section 7 of the State Constitution considers membership in any State pension or retirement system to be "a contractual relationship, the benefits of which shall not be diminished or impaired."

Comparison of Benefits by Tier

The System's members are categorized into six tiers depending on date of membership. As of March 31, 2019, approximately 54 percent of ERS members were in Tiers 3 and 4 and approximately 63 percent of PFRS members were in Tier 2. Tier 5 was enacted in 2009 and included significant changes to the benefit structure for ERS members who joined on or after January 1, 2010 and PFRS members who joined on or after January 9, 2010. Tier 6 was enacted in 2012 and included further changes to the benefit structure for ERS and PFRS members who joined on or after April 1, 2012.

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

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

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

Contributions and Funding

Contributions to the System are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 were required to contribute 3 percent of their salaries. A statutory change in 2000, however, limited the contributions to the first 10 years of membership, but did not authorize refunds where contributions had already exceeded 10 years. All ERS members joining after 2009 and prior to April 1, 2012, and all PFRS members joining after January 9, 2010 and prior to April 1, 2012, are members of Tier 5. All Tier 5 ERS members and 88 percent of the Tier 5 PFRS members are required to contribute 3 percent of their salaries for their career. Members joining on or after April 1, 2012 are in Tier 6, and are required to pay contributions throughout their career on a stepped basis relative to each respective member's wages.[26] Members in Tier 6 of both ERS and PFRS earning $45,000 or less are required to contribute 3 percent of their gross annual wages; members earning between $45,001 and $55,000 are required to contribute 3.5 percent; members earning between $55,001 and $75,000 are required to contribute 4.5 percent; members earning between $75,001 and $100,000 are required to contribute 5.75 percent; and, those earning in excess of $100,000 are required to contribute 6 percent of their gross annual salary.

In order to protect employers from potentially volatile contributions tied directly to the value of the System's assets held by the CRF, the System utilizes a multi-year smoothing procedure. One of the factors used by the System's Actuary to calculate employer contribution requirements is the assumed investment rate of return, which is currently 6.8 percent.[27]

---

[26] Less than 1 percent of the 10,942 PFRS Tier 6 members are non-contributory.

[27] During 2015, the Retirement System's Actuary conducted the statutorily required quinquennial actuarial experience study of economic and demographic assumptions. The assumed investment rate of return is an influential factor in calculating employer contribution rates. In addition, the Chief Investment Officer conducted an asset allocation study. The resulting asset allocation and long-term asset allocation policy informed the Actuary's recommendation regarding the revision of the investment rate of return (discount rate). In September 2015, the Comptroller announced the assumed rate of return for NYSLRS would be lowered from 7.5 percent to 7 percent. The 7 percent rate of return has been used to determine employer contribution rates in FYs 2017 through 2020. In August 2019, the Comptroller announced the assumed rate of return for NYSLRS would again be lowered from 7.0 percent to 6.8 percent. The 6.8 percent rate of return has been used to determine employer contribution rates in FY 2021.

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

The amount of future annual employer contribution rates will depend, in part, on the value of the assets held by the CRF as of each April 1, as well as on the present value of the anticipated benefits to be paid by the System as of each April 1. Contribution rates for FY 2021 were released in August 2019. The average ERS rate in FY 2021 will remain at 14.6 percent of salary; the same as in FY 2020, while the average PFRS rate increased by 0.9 percent from 23.5 percent of salary in FY 2020 to 24.4 percent of salary in FY 2021. Information regarding average rates for FY 2021 may be found in the 2019 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:

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

Legislation enacted in 2010 authorized the State and participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. The legislation provided employers with an optional mechanism intended to reduce the budgetary volatility of employer contributions. Amortized amounts must be paid by the State and participating employers in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers are required to pay interest on the amortized amounts at a rate determined annually by the State Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate on the amount an employer chooses to amortize in a particular rate year is fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year. For amounts amortized in FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016, FY 2017, FY 2018, FY 2019 and FY 2020, the interest rates are 5 percent, 3.75 percent, 3 percent, 3.67 percent, 3.15 percent, 3.21 percent, 2.33 percent, 2.84 percent, 3.64 percent and 2.55 percent respectively. The first payment is due in the fiscal year following the decision to amortize pension costs. When contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, OSC expects that this will reduce the budgetary volatility of employer contributions. As of March 31, 2019, the amortized amount receivable, including accrued interest, for the 2011 amortization is $52.3 million from the State and $7.2 million from 20 participating employers; the amortized amount receivable, including accrued interest, for the 2012 amortization is $191.7 million from the State and $57.8 million from 96 participating employers; the amortized amount receivable, including accrued interest, for the 2013 amortization is $340.1 million from the State and $135.3 million from 119 participating employers; the amortized amount receivable, including accrued interest, for the 2014 amortization is $512.1 million for the State and $95.9 million from 88 participating employers; the amortized amount receivable including accrued interest, for the 2015 amortization is $455.3 million from the State and $84.4 million from 76 participating employers; the amortized amount receivable, including accrued interest for the 2016 amortization, is $261.5 million from the State and $47.3 million from 51 participating employers; the amortized amount receivable, including accrued interest for the 2017 amortization, is $5.0 million from 9 participating employers; the State did not amortize in 2017; the amortized amount receivable, including accrued interest for the 2018 amortization, is

$4.0 million from 4 participating employers; the State did not amortize in 2018; and the amortized amount receivable, including accrued interest for the 2019 amortization, is $4.2 million from 1 participating employer; the State did not amortize in 2019.

The FY 2014 Enacted Budget included an alternate contribution program (the "Alternate Contribution Stabilization Program") that provides certain participating employers with a one-time election to amortize slightly more of their required contributions than would have been available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election is available to counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State is not eligible to participate in the Alternate Contribution Stabilization Program. There are 41 employers that are currently enrolled in the program. Employers are not required to amortize every year. As of March 31, 2019, the amortized amount receivable, including interest, from 24 participating employers for the 2014 amortization is $142.8 million. The amortized amount receivable, including interest, from 26 participating employers for the 2015 amortization is $135.2 million. The amortized amount receivable, including interest, from 23 participating employers for the 2016 amortization is $105.3 million. The amortized amount receivable, including interest, from 19 participating employers for the 2017 amortization is $79.4 million. The amortized amount receivable, including interest, from 13 participating employers for the 2018 amortization is $69.8 million. The amortized amount receivable, including interest, from 11 participating employers for the 2019 amortization is $25.1 million.

For those eligible employers electing to participate in the Alternate Contribution Stabilization Program, the graded contribution rate for fiscal years ending 2014 and 2015 is 12 percent of salary for ERS and 20 percent of salary for PFRS. Thereafter, the graded contribution rate will increase one half of one percent per year towards the actuarially required rate. The FY 2019 amounts are 14.0 percent for ERS and 22.0 percent for PFRS. Electing employers may amortize the difference between the graded rate and the actuarially required rate over a twelve-year period at an interpolated twelve-year U.S. Treasury Security rate (3.76 percent for FY 2014, 3.50 percent for FY 2015, 3.31 percent for FY 2016, 2.63 percent for FY 2017, 3.31 percent for FY 2018, 3.99 percent for FY 2019, and 2.87 percent for FY 2020). As with the original Contribution Stabilization Program, when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elect to amortize under the alternate program will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future.

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

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

The estimated total State payment (including Judiciary) due to NYSLRS for FY 2020 is approximately $2.309 billion. Multiple prepayments (including interest credit) have reduced this amount to $0.

The estimated total State payment (including Judiciary) due to NYSLRS for FY 2021 is approximately $2.354 billion

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

Pension Assets and Liabilities

The System's assets are held by the CRF for the exclusive benefit of members, retirees and beneficiaries. Investments for the System are made by the State Comptroller as trustee of the CRF. The System reports that the net position restricted for pension benefits as of March 31, 2019 was $215.2 billion (including $5.0 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 $3.1 billion or 1.5 percent from the FY 2018 level of $212.1 billion. The increase in net position restricted for pension benefits from FY 2018 to FY 2019 reflects, in large part, equity market performance.[28] The System's audited Financial Statement reports a time-weighted investment rate of return of 5.23 percent (gross rate of return before the deduction of certain fees) for FY 2019.

Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management. The purpose of this asset allocation strategy is to identify the optimal diversified mix of assets to meet the requirements of pension payment obligations to members. In the fiscal year ended March 31, 2015, an asset liability analysis was completed and a long-term policy allocation was adopted. The current long-term policy allocation seeks a mix that includes 50 percent public equities (36 percent domestic and 14 percent international); 18 percent bonds, cash and mortgages; 4 percent inflation indexed bonds and 28 percent alternative investments (10 percent private equity, 10 percent real estate, 2 percent absolute return or hedge funds, 3 percent opportunistic and 3 percent real assets). Since the implementation of the long-term policy allocation will take several years, transition targets have been established to aid in the asset rebalancing process. [29]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $260.3 billion (including $133.3 billion for retirees and beneficiaries)

[28] On November 18, 2019, the State Comptroller announced that the System's estimated time-weighted return (gross of certain investment fees) for the second quarter of the 2019-2020 fiscal year was 1.16 percent for the three-month period ended September 30, 2019, with an estimated value of $215.4 billion. This reflects unaudited data for the invested assets of the System. The value of the invested assets changes daily.

[29] More detail on the CRF's asset allocation as of March 31, 2019, long-term policy and transition target allocation can be found on page 96 of the NYSLRS' CAFR for the fiscal year ending March 31, 2019.

as of April 1, 2019, up from $251.4 billion as of April 1, 2018. The funding method used by the System anticipates that the plan net position, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. The valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2019. 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, 2019 in that the determination of actuarial assets utilized a smoothing method that recognized 20 percent of the unexpected loss for FY 2019, 40 percent of the unexpected gain for FY 2018, 60 percent of the unexpected gain for FY 2017, and 80 percent of the unexpected loss for FY 2016. The asset valuation method smooths gains and losses based on the market value of all investments. Actuarial assets increased from $206.7 billion on April 1, 2018 to $213.0 billion on April 1, 2019.

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

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

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2019, calculated by the System's Actuary, was 96.3 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2019, calculated by the System's Actuary, was 95.1 percent.[30]

Statement No. 68, Accounting and Financial Reporting for Pensions, replaced the requirements of Statement No. 27, Accounting for Pensions by State and Local Government Employers, and Statement No. 50, Pension Disclosures. Statement No. 68 establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. Statement No. 68 requires employers participating in the plans to report expanded information concerning pensions in their financial statements, as well as their proportionate share of the Net Pension Liability effective for fiscal years beginning after June 15, 2014. The Net Pension Liability is a measure of the amount by which the Total Pension Liability exceeds a pension system's Fiduciary Net Position. Employers now have to recognize their proportionate share of the

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

collective Net Pension Liability in their financial statements, as well as pension expense and deferred inflows and outflows.

As noted above, Statement No. 68 impacts neither the actuarial funding method nor the calculation of rates. The System provided employers with the information required to comply with Statement No. 68 in August 2019, based on the System's measurement date of March 31, 2019. The Net Pension liability is allocated to participating employers and reported pursuant to both Statements 67 and 68.

Detailed "Schedules of Employer Allocation" and "Schedules of Pension Amounts by Employer" can be found on the OSC website at the following link:
https://www.osc.state.ny.us/retire/about us/financial statements index.php.

The GASB 68 "Schedules of Employer Allocation" and "Schedules of Pension Amounts by Employer" as of March 31, 2019 have been posted to the OSC website.

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

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

Fiscal Year Ended March 31	Contributions Recorded: All Participating Employers[1][2]	Local Employers[1][2]	State[1][2]	Employees	Total Benefits Paid[3]
2010	2,344	1,447	897	284	7,719
2011	4,165	2,406	1,759	286	8,520
2012	4,585	2,799	1,786	273	8,938
2013	5,336	3,386	1,950	269	9,521
2014	6,064	3,691	2,373	281	9,978
2015	5,797	3,534	2,263	285	10,514
2016	5,140	3,182	1,958	307	11,060
2017	4,787	2,973	1,814	329	11,508
2018	4,823	3,021	1,802	349	12,129
2019	4,744	2,973	1,771	387	12,834

Sources: State and Local Retirement System.

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

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

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

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

Fiscal Year Ended March 31	Net Assets	Percent Increase/ (Decrease) From Prior Year
2010	134,252	21.0%
2011	149,549	11.4%
2012	153,394	2.6%
2013	164,222	7.1%
2014	181,275	10.4%
2015	189,412	4.5%
2016	183,640	-3.0%
2017	197,602	7.6%
2018	212,077	7.3%
2019	215,169	1.5%

Sources: State and Local Retirement System.

(1) Includes relatively small amounts held under Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2019 includes approximately $5.0 billion of receivables.

Additional Information Regarding the System

The NYSLRS CAFR contains in-depth and audited information about the System. Among other things, the NYSLRS CAFR contains information about the number of members and retirees, salaries of members, valuation of assets, changes in fiduciary net position and information related to contributions to the System. The 2019 NYSLRS CAFR is available on the OSC website at the following web address:

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

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

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

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

4) Information on contributions can be found on pages 139-147 of the NYSLRS CAFR at the link noted above.

5) A table with the market value of assets, actuarial value of assets and actuarial accrued liability of the CRF since 2008 can be found on page 148 of the NYSLRS CAFR at the link noted above.

6) Information related to the salaries of members can be found on pages 181-185 of the NYSLRS CAFR at the link noted above.

Litigation

[THIS PAGE INTENTIONALLY LEFT BLANK]

Litigation

THE INFORMATION THAT FOLLOWS UNDER THIS HEADING HAS BEEN FURNISHED BY THE STATE OFFICE OF THE ATTORNEY GENERAL AND DOB HAS NOT UNDERTAKEN ANY INDEPENDENT VERIFICATION OF SUCH INFORMATION.

Real Property Claims

Over the years, there have been a number of cases in which Native American tribes have asserted possessory interests in real property or sought monetary damages as a result of claims that certain transfers of property from the tribes or their predecessors-in-interest in the 18th and 19th centuries were illegal. Of these cases, only one remains active.

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

On May 21, 2013, the State, Franklin and St. Lawrence Counties, and the tribe signed an agreement resolving a gaming exclusivity dispute, which agreement provides that the parties will work towards a mutually agreeable resolution of the tribe's land claim. The land claim has been stayed by the Second Circuit through at least February 12, 2020 to allow for settlement negotiations. The district court has extended the stay until December 18, 2019, with a status report due on that date.

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

School Aid

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

The trial commenced on January 21, 2015 and was completed on March 12, 2015. On September 19, 2016, the trial court ruled in favor of the State and dismissed the action. Plaintiffs filed a notice of appeal dated October 5, 2016 with the Appellate Division, Third Department. Plaintiffs have filed their appellate brief and the State's brief was filed May 30, 2017. The appeal was argued on September 5, 2017. By decision and order dated October 26, 2017, the Appellate Division reversed the judgment of the trial court and remanded the case for the trial court to make specific findings as to the adequacy of inputs and causation. In a decision and order dated January 10, 2019, Supreme Court, Albany County, found that the State's system of financing public education is adequate to provide the opportunity for a sound basic education. Plaintiffs filed a Notice of Appeal on February 21, 2019. Their time to perfect their appeal was extended until November 19, 2019, and they filed a motion for a further extension until February 17, 2020.

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

By decision dated August 12, 2014, Supreme Court, New York County, granted a motion to consolidate Aristy-Farer, discussed in the preceding paragraph, with New Yorkers for Student Educational Rights v. New York. On June 27, 2017, the Court of Appeals dismissed the Aristy-Farer action but held that the New Yorkers for Student Educational Rights v. New York action could proceed on a limited basis as to the New York City and Syracuse school districts, as discussed below.

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

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

On May 30, 2014, the State filed a motion to dismiss all claims. By order dated November 17, 2014, Supreme Court, New York County, denied defendants' motion to dismiss. Defendants filed a Notice of Appeal on December 15, 2014. Defendants filed Answers to the Amended Complaint on February 2, 2015. The appeals of both November 17, 2014 decisions, along with the appeal in Aristy-Farer, were heard by the First Department on February 24, 2016.

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

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

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

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

Defendants filed a partial motion to dismiss the third cause of action in the Second Amended Complaint on April 9, 2018. On May 4, 2018, plaintiffs filed a Third Amended Complaint, which is identical to the Second Amended Complaint, but removed the third cause of action. Defendants' Answer to the Third Amended Complaint was filed on July 10, 2018. The current schedule is as follows: 1) depositions of named plaintiffs to be completed by October 15, 2019; 2) depositions of defendants to be completed by December 16, 2019; 3) fact discovery completed by April 16, 2020; 4) expert discovery to be completed by June 15, 2020; 5) note of issue due by June 22, 2020; and 6) summary of judgment motions due 120 days after note of issue. The parties have not yet completed depositions of plaintiffs and defendants, and they expect to conduct these depositions through January and February 2020.

On May 4, 2018, the case was reassigned from Hon. Manuel J. Mendez to Hon. Lucy Billings. On August 12, 2019, the individual plaintiffs from Central Islip voluntarily discontinued their claims. On October 17, 2019, the individual plaintiff from Gouverneur voluntarily discontinued his claim. Central Islip and Gouverneur are no longer subjects of the litigation.

Health Insurance Premiums

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

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

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

Following discovery, the State defendants filed motions for summary judgment in all eleven cases. In the motions, the State defendants argued primarily that nothing in the language of any of the collective bargaining agreements or in the negotiating history supports plaintiffs' claim that the health insurance premium contribution rates for retirees vested and could not be changed. With respect to the court employees, State defendants argued that their contract terms required extension of the premium shift to them. Briefing was completed on January 26, 2018.

On September 24, 2018, the District Court granted defendants' motions for summary judgment in all respects. Between October 13, 2018 and November 2, 2018, notices of appeal were filed in all eleven cases. (Three separate notices of appeal were filed in Brown v. Cuomo, No. 13-CV-645.) On December 21, 2018, the U.S. Court of Appeals for the Second Circuit issued an order coordinating briefing in the twelve appeals. Under that order, plaintiffs' opening brief in the lead case (Donahue v. State) was filed February 4, 2019, and plaintiffs in the other cases filed supplemental briefs by March 6, 2019. Defendants' brief responding to all twelve appeals was filed on July 8, 2019. Plaintiffs' reply briefs were filed on or about August 7, 2019. The State defendants have requested oral argument, as have the plaintiffs in each of the twelve appeals.

Financial Plan Tables

[THIS PAGE INTENTIONALLY LEFT BLANK]

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 2019 and projected receipts and disbursements for fiscal years 2020 through 2023 on a General Fund, State Operating Funds and All Governmental Funds basis.[31] The Financial Plan projections for FY 2020 and thereafter, set forth in this AIS Update, reflect the savings that DOB estimates would occur if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in spending from State Operating Funds to no greater than 2 percent. The estimated savings are labeled in the Financial Plan tables as "Adherence to 2% Spending Benchmark". Total disbursements in the Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps would be higher.

General Fund - Total Budget

Financial Plan, Annual Change from FY 2019 to FY 2020
Financial Plan Projections FY 2020 through FY 2023
Update to FY 2020
Update to FY 2021
Update to FY 2022
Update to FY 2023

General Fund - Receipts Detail (Excluding Transfers)

Financial Plan Projections FY 2020 through FY 2023

State Operating Funds Budget

FY 2020
FY 2021
FY 2022
FY 2023

All Governmental Funds - Total Budget

FY 2020
FY 2021
FY 2022
FY 2023

Cashflow - FY 2020 Monthly Projections

General Fund

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

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2019 Results	FY 2020 Mid-Year	Annual $ Change	Annual % Change
Opening Fund Balance	**9,445**	**7,206**	**(2,239)**	**-23.7%**
Receipts:				
Taxes:				
Personal Income Tax	21,621	23,899	2,278	10.5%
Consumption/Use Taxes	7,681	8,209	528	6.9%
Business Taxes	5,501	6,077	576	10.5%
Other Taxes	1,086	1,113	27	2.5%
Miscellaneous Receipts	3,586	2,904	(682)	-19.0%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	21,346	24,653	3,307	15.5%
ECEP in Excess of Revenue Bond Debt Service	0	1	1	0.0%
Sales Tax in Excess of LGAC Bond Debt Service	3,113	3,481	368	11.8%
Sales Tax in Excess of Revenue Bond Debt Service	2,653	2,945	292	11.0%
Real Estate Taxes in Excess of CW/CA Debt Service	956	973	17	1.8%
All Other	3,001	3,028	27	0.9%
Total Receipts	**70,544**	**77,283**	**6,739**	**9.6%**
Disbursements:				
Local Assistance	49,745	54,028	4,283	8.6%
State Operations:				
Personal Service	8,719	9,075	356	4.1%
Non-Personal Service	2,622	2,838	216	8.2%
General State Charges	7,139	7,667	528	7.4%
Transfers to Other Funds:				
Debt Service	786	546	(240)	-30.5%
Capital Projects	1,888	3,019	1,131	59.9%
State Share of Mental Hygiene Medicaid	(29)	0	29	100.0%
SUNY Operations	1,020	1,185	165	16.2%
Other Purposes	893	1,186	293	32.8%
Total Disbursements	**72,783**	**79,544**	**6,761**	**9.3%**
FY 2020 Savings Plan	**0**	**(1,782)**	**(1,782)**	**--**
Excess (Deficiency) of Receipts Over Disbursements	**(2,239)**	**(479)**	**1,760**	**78.6%**
Closing Fund Balance	**7,206**	**6,727**	**(479)**	**-6.6%**
Statutory Reserves				
Tax Stabilization Reserve	1,258	1,258	0	
Rainy Day Reserves	790	1,218	428	
Contingency Reserve	21	21	0	
Community Projects	35	0	(35)	
Reserved For				
Labor Agreements	206	0	(206)	
Business Tax Refund	202	0	(202)	
Debt Management	500	500	0	
Economic Uncertainties	0	890	890	
Extraordinary Monetary Settlements	4,194	2,840	(1,354)	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2020 Mid-Year	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Receipts:				
Taxes:				
Personal Income Tax	23,899	25,615	27,039	28,731
Consumption/Use Taxes	8,209	8,558	8,817	9,095
Business Taxes	6,077	6,472	6,550	6,871
Other Taxes	1,113	1,175	1,242	1,306
Miscellaneous Receipts	2,904	2,041	1,899	1,874
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	24,653	25,260	25,795	27,226
ECEP in Excess of Revenue Bond Debt Service	1	4	11	12
Sales Tax in Excess of LGAC Bond Debt Service	3,481	3,694	3,942	4,122
Sales Tax in Excess of Revenue Bond Debt Service	2,945	2,751	2,848	2,877
Real Estate Taxes in Excess of CW/CA Debt Service	973	1,013	1,054	1,105
All Other	3,028	2,091	1,745	1,609
Total Receipts	**77,283**	**78,674**	**80,942**	**84,828**
Disbursements:				
Local Assistance	54,028	59,058	62,167	65,681
State Operations:				
Personal Service	9,075	9,568	9,561	9,772
Non-Personal Service	2,838	3,053	3,090	3,188
General State Charges	7,667	8,234	8,904	9,470
Transfers to Other Funds:				
Debt Service	546	689	588	556
Capital Projects	3,019	3,317	3,373	3,435
SUNY Operations	1,185	1,259	1,255	1,255
Other Purposes	1,186	1,282	1,464	1,615
Total Disbursements	**79,544**	**86,460**	**90,402**	**94,972**
Use (Reservation) of Fund Balance:				
Community Projects	35	0	0	0
Labor Agreements	206	0	0	0
Business Tax Refund	202	0	0	0
Rainy Day Reserves	(428)	0	0	0
Economic Uncertainties	(890)	0	0	0
Extraordinary Monetary Settlements	1,354	823	1,041	705
Total Use (Reservation) of Fund Balance	**479**	**823**	**1,041**	**705**
FY 2020 Savings Plan	**(1,782)**	**(890)**	**(890)**	**(890)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**0**	**(6,073)**	**(7,529)**	**(8,549)**
Adherence to 2% Spending Benchmark*	**0**	**6,993**	**9,572**	**11,788**
Net General Fund Surplus (Deficit)	**0**	**920**	**2,043**	**3,239**

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

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2020 Enacted	Change	FY 2020 First Quarter	Change	FY 2020 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	23,899	0	23,899	0	23,899
Consumption/Use Taxes	8,209	0	8,209	0	8,209
Business Taxes	6,104	(27)	6,077	0	6,077
Other Taxes	1,113	0	1,113	0	1,113
Miscellaneous Receipts	2,857	33	2,890	14	2,904
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	24,635	(4)	24,631	22	24,653
ECEP in Excess of Revenue Bond Debt Service	1	0	1	0	1
Sales Tax in Excess of LGAC Bond Debt Service	3,481	0	3,481	0	3,481
Sales Tax in Excess of Revenue Bond Debt Service	2,945	0	2,945	0	2,945
Real Estate Taxes in Excess of CW/CA Debt Service	973	0	973	0	973
All Other	2,900	0	2,900	128	3,028
Total Receipts	**77,117**	**2**	**77,119**	**164**	**77,283**
Disbursements:					
Local Assistance	52,100	(9)	52,091	1,937	54,028
State Operations:					
Personal Service	9,031	33	9,064	11	9,075
Non-Personal Service	2,880	(10)	2,870	(32)	2,838
General State Charges	7,716	(29)	7,687	(20)	7,667
Transfers to Other Funds:					
Debt Service	550	0	550	(4)	546
Capital Projects	3,191	0	3,191	(172)	3,019
SUNY Operations	1,185	0	1,185	0	1,185
Other Purposes	1,204	(16)	1,188	(2)	1,186
Total Disbursements	**77,857**	**(31)**	**77,826**	**1,718**	**79,544**
Use (Reservation) of Fund Balance:					
Community Projects	35	0	35	0	35
Labor Agreements	206	0	206	0	206
Business Tax Refund	202	0	202	0	202
Rainy Day Reserves	(428)	0	(428)	0	(428)
Economic Uncertainties	(829)	(33)	(862)	(28)	(890)
Extraordinary Monetary Settlements	1,554	0	1,554	(200)	1,354
Total Use (Reservation) of Fund Balance	**740**	**(33)**	**707**	**(228)**	**479**
FY 2020 Savings Plan	**0**	**0**	**0**	**(1,782)**	**(1,782)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**0**	**0**	**0**	**0**	**0**
Adherence to 2% Spending Benchmark*	**0**	**0**	**0**	**0**	**0**
Net General Fund Surplus (Deficit)	**0**	**0**	**0**	**0**	**0**

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

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2021 Enacted	Change	FY 2021 First Quarter	Change	FY 2021 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	25,615	0	25,615	0	25,615
Consumption/Use Taxes	8,558	0	8,558	0	8,558
Business Taxes	6,510	(38)	6,472	0	6,472
Other Taxes	1,175	0	1,175	0	1,175
Miscellaneous Receipts	2,049	0	2,049	(8)	2,041
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	25,097	(33)	25,064	196	25,260
ECEP in Excess of Revenue Bond Debt Service	4	0	4	0	4
Sales Tax in Excess of LGAC Bond Debt Service	3,694	0	3,694	0	3,694
Sales Tax in Excess of Revenue Bond Debt Service	2,697	0	2,697	54	2,751
Real Estate Taxes in Excess of CW/CA Debt Service	1,013	0	1,013	0	1,013
All Other	2,042	0	2,042	49	2,091
Total Receipts	**78,454**	**(71)**	**78,383**	**291**	**78,674**
Disbursements:					
Local Assistance	55,794	0	55,794	3,264	59,058
State Operations:					
Personal Service	9,513	56	9,569	(1)	9,568
Non-Personal Service	3,051	0	3,051	2	3,053
General State Charges	8,268	(38)	8,230	4	8,234
Transfers to Other Funds:					
Debt Service	738	0	738	(49)	689
Capital Projects	3,305	0	3,305	12	3,317
SUNY Operations	1,259	0	1,259	0	1,259
Other Purposes	1,297	(15)	1,282	0	1,282
Total Disbursements	**83,225**	**3**	**83,228**	**3,232**	**86,460**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	858	0	858	(35)	823
Total Use (Reservation) of Fund Balance	**858**	**0**	**858**	**(35)**	**823**
FY 2020 Savings Plan	**0**	**0**	**0**	**(890)**	**(890)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(3,913)**	**(74)**	**(3,987)**	**(2,086)**	**(6,073)**
Adherence to 2% Spending Benchmark*	**3,741**	**11**	**3,752**	**3,241**	**6,993**
Net General Fund Surplus (Deficit)	**(172)**	**(63)**	**(235)**	**1,155**	**920**

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

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2022 Enacted	Change	FY 2022 First Quarter	Change	FY 2022 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	27,039	0	27,039	0	27,039
Consumption/Use Taxes	8,817	0	8,817	0	8,817
Business Taxes	6,577	(27)	6,550	0	6,550
Other Taxes	1,242	0	1,242	0	1,242
Miscellaneous Receipts	1,892	0	1,892	7	1,899
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	25,799	(44)	25,755	40	25,795
ECEP in Excess of Revenue Bond Debt Service	11	0	11	0	11
Sales Tax in Excess of LGAC Bond Debt Service	3,942	0	3,942	0	3,942
Sales Tax in Excess of Revenue Bond Debt Service	2,848	0	2,848	0	2,848
Real Estate Taxes in Excess of CW/CA Debt Service	1,054	0	1,054	0	1,054
All Other	1,696	0	1,696	49	1,745
Total Receipts	**80,917**	**(71)**	**80,846**	**96**	**80,942**
Disbursements:					
Local Assistance	57,928	0	57,928	4,239	62,167
State Operations:					
Personal Service	9,508	39	9,547	14	9,561
Non-Personal Service	3,100	0	3,100	(10)	3,090
General State Charges	8,846	(49)	8,797	107	8,904
Transfers to Other Funds:					
Debt Service	637	0	637	(49)	588
Capital Projects	3,168	0	3,168	205	3,373
SUNY Operations	1,255	0	1,255	0	1,255
Other Purposes	1,484	(20)	1,464	0	1,464
Total Disbursements	**85,926**	**(30)**	**85,896**	**4,506**	**90,402**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	867	0	867	174	1,041
Total Use (Reservation) of Fund Balance	**867**	**0**	**867**	**174**	**1,041**
FY 2020 Savings Plan	**0**	**0**	**0**	**(890)**	**(890)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(4,142)**	**(41)**	**(4,183)**	**(3,346)**	**(7,529)**
Adherence to 2% Spending Benchmark*	**5,052**	**(6)**	**5,046**	**4,526**	**9,572**
Net General Fund Surplus (Deficit)	**910**	**(47)**	**863**	**1,180**	**2,043**

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

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2023 Enacted	Change	FY 2023 First Quarter	Change	FY 2023 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	28,731	0	28,731	0	28,731
Consumption/Use Taxes	9,095	0	9,095	0	9,095
Business Taxes	6,898	(27)	6,871	0	6,871
Other Taxes	1,306	0	1,306	0	1,306
Miscellaneous Receipts	1,869	0	1,869	5	1,874
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	27,230	(4)	27,226	0	27,226
ECEP in Excess of Revenue Bond Debt Service	12	0	12	0	12
Sales Tax in Excess of LGAC Bond Debt Service	4,122	0	4,122	0	4,122
Sales Tax in Excess of Revenue Bond Debt Service	2,877	0	2,877	0	2,877
Real Estate Taxes in Excess of CW/CA Debt Service	1,105	0	1,105	0	1,105
All Other	1,560	0	1,560	49	1,609
Total Receipts	**84,805**	**(31)**	**84,774**	**54**	**84,828**
Disbursements:					
Local Assistance	60,969	0	60,969	4,712	65,681
State Operations:					
Personal Service	9,713	44	9,757	15	9,772
Non-Personal Service	3,199	0	3,199	(11)	3,188
General State Charges	9,415	(59)	9,356	114	9,470
Transfers to Other Funds:					
Debt Service	612	0	612	(56)	556
Capital Projects	3,486	0	3,486	(51)	3,435
SUNY Operations	1,255	0	1,255	0	1,255
Other Purposes	1,640	(25)	1,615	0	1,615
Total Disbursements	**90,289**	**(40)**	**90,249**	**4,723**	**94,972**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	793	0	793	(88)	705
Total Use (Reservation) of Fund Balance	**793**	**0**	**793**	**(88)**	**705**
FY 2020 Savings Plan	**0**	**0**	**0**	**(890)**	**(890)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(4,691)**	**9**	**(4,682)**	**(3,867)**	**(8,549)**
Adherence to 2% Spending Benchmark*	**6,786**	**(50)**	**6,736**	**5,052**	**11,788**
Net General Fund Surplus (Deficit)	**2,095**	**(41)**	**2,054**	**1,185**	**3,239**

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

Source: NYS DOB.

CASH RECEIPTS
GENERAL FUND
(millions of dollars)

	FY 2020 Mid-Year	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Taxes:				
Withholdings	42,900	44,556	46,738	48,672
Estimated Payments	16,972	17,169	18,751	20,391
Final Payments	3,348	3,508	3,632	3,789
Other Payments	1,509	1,606	1,676	1,726
Gross Collections	**64,729**	**66,839**	**70,797**	**74,578**
State/City Offset	(1,299)	(1,424)	(1,549)	(1,674)
Refunds	(11,280)	(10,039)	(11,212)	(11,726)
Reported Tax Collections	**52,150**	**55,376**	**58,036**	**61,178**
STAR (Dedicated Deposits)	(2,176)	(2,073)	(1,979)	(1,858)
RBTF (Dedicated Transfers)	(26,075)	(27,688)	(29,018)	(30,589)
Personal Income Tax	**23,899**	**25,615**	**27,039**	**28,731**
Sales and Use Tax	15,136	15,786	16,320	16,890
Cigarette and Tobacco Taxes	310	296	285	275
Vapor Excise Tax	0	0	0	0
Motor Fuel Tax	0	0	0	0
Alcoholic Beverage Taxes	265	269	272	275
Opioid Excise Tax	66	100	100	100
Medical Cannabis Excise Tax	0	0	0	0
Adult Use Cannabis Tax	0	0	0	0
Highway Use Tax	0	0	0	0
Auto Rental Tax	0	0	0	0
Taxicab Surcharge	0	0	0	0
Gross Consumption/Use Taxes	**15,777**	**16,451**	**16,977**	**17,540**
LGAC/STBF (Dedicated Transfers)	(7,568)	(7,893)	(8,160)	(8,445)
Consumption/Use Taxes	**8,209**	**8,558**	**8,817**	**9,095**
Corporation Franchise Tax	3,363	3,843	3,855	4,053
Corporation and Utilities Tax	557	537	543	552
Insurance Taxes	2,017	2,092	2,152	2,266
Bank Tax	140	0	0	0
Petroleum Business Tax	0	0	0	0
Business Taxes	**6,077**	**6,472**	**6,550**	**6,871**
Estate Tax	1,094	1,153	1,214	1,277
Real Estate Transfer Tax	1,148	1,183	1,219	1,263
Employer Compensation Expense Program	2	8	21	23
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	15	15	15	15
Other Taxes	3	3	3	3
Gross Other Taxes	**2,262**	**2,362**	**2,472**	**2,581**
Real Estate Transfer Tax (Dedicated)	(1,148)	(1,183)	(1,219)	(1,263)
RBTF (Dedicated Transfers)	(1)	(4)	(11)	(12)
Other Taxes	**1,113**	**1,175**	**1,242**	**1,306**
Payroll Tax	**0**	**0**	**0**	**0**
Total Taxes	**39,298**	**41,820**	**43,648**	**46,003**
Licenses, Fees, Etc.	694	678	678	678
Abandoned Property	450	450	450	450
Motor Vehicle Fees	285	280	210	202
ABC License Fee	66	62	68	64
Reimbursements	112	123	70	70
Investment Income	100	50	25	12
Extraordinary Settlements	787	0	0	0
Other Transactions	410	398	398	398
Miscellaneous Receipts	**2,904**	**2,041**	**1,899**	**1,874**
Federal Receipts	**0**	**0**	**0**	**0**
Total	**42,202**	**43,861**	**45,547**	**47,877**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2020
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**7,206**	**5,091**	**65**	**12,362**
Receipts:				
Taxes	39,298	5,882	34,673	79,853
Miscellaneous Receipts	2,904	18,189	374	21,467
Federal Receipts	0	1	74	75
Total Receipts	**42,202**	**24,072**	**35,121**	**101,395**
Disbursements:				
Local Assistance	54,028	16,598	0	70,626
State Operations:				
Personal Service	9,075	5,217	0	14,292
Non-Personal Service	2,838	2,589	46	5,473
General State Charges	7,667	1,058	0	8,725
Debt Service	0	0	5,146	5,146
Capital Projects	0	0	0	0
Total Disbursements	**73,608**	**25,462**	**5,192**	**104,262**
Other Financing Sources (Uses):				
Transfers from Other Funds	35,081	2,373	3,683	41,137
Transfers to Other Funds	(5,936)	(1,309)	(33,619)	(40,864)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**29,145**	**1,064**	**(29,936)**	**273**
FY 2020 Savings Plan	**(1,782)**	**(327)**	**0**	**(2,109)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(479)**	**1**	**(7)**	**(485)**
Closing Fund Balance	**6,727**	**5,092**	**58**	**11,877**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	41,820	5,824	36,649	84,293
Miscellaneous Receipts	2,041	16,345	374	18,760
Federal Receipts	0	1	73	74
Total Receipts	**43,861**	**22,170**	**37,096**	**103,127**
Disbursements:				
Local Assistance	59,058	15,912	0	74,970
State Operations:				
Personal Service	9,568	5,133	0	14,701
Non-Personal Service	3,053	2,460	44	5,557
General State Charges	8,234	1,120	0	9,354
Debt Service	0	0	6,607	6,607
Capital Projects	0	0	0	0
Total Disbursements	**79,913**	**24,625**	**6,651**	**111,189**
Other Financing Sources (Uses):				
Transfers from Other Funds	34,813	2,538	3,572	40,923
Transfers to Other Funds	(6,547)	(584)	(34,024)	(41,155)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**28,266**	**1,954**	**(30,452)**	**(232)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	823	0	0	823
Total Use (Reservation) of Fund Balance	**823**	**0**	**0**	**823**
FY 2020 Savings Plan	**(890)**	**0**	**0**	**(890)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(6,073)**	**(501)**	**(7)**	**(6,581)**
Adherence to 2% Spending Benchmark*	**6,993**	**0**	**0**	**6,993**
Net Surplus (Deficit)	**920**	**(501)**	**(7)**	**412**

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

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	43,648	5,782	38,289	87,719
Miscellaneous Receipts	1,899	16,705	373	18,977
Federal Receipts	0	1	72	73
Total Receipts	**45,547**	**22,488**	**38,734**	**106,769**
Disbursements:				
Local Assistance	62,167	16,214	0	78,381
State Operations:				
Personal Service	9,561	5,157	0	14,718
Non-Personal Service	3,090	2,512	44	5,646
General State Charges	8,904	1,133	0	10,037
Debt Service	0	0	7,070	7,070
Capital Projects	0	0	0	0
Total Disbursements	**83,722**	**25,016**	**7,114**	**115,852**
Other Financing Sources (Uses):				
Transfers from Other Funds	35,395	2,712	3,277	41,384
Transfers to Other Funds	(6,680)	(253)	(34,892)	(41,825)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**28,715**	**2,459**	**(31,615)**	**(441)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	1,041	0	0	1,041
Total Use (Reservation) of Fund Balance	**1,041**	**0**	**0**	**1,041**
FY 2020 Savings Plan	**(890)**	**0**	**0**	**(890)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(7,529)**	**(69)**	**5**	**(7,593)**
Adherence to 2% Spending Benchmark*	**9,572**	**0**	**0**	**9,572**
Net Surplus (Deficit)	**2,043**	**(69)**	**5**	**1,979**

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

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	46,003	5,720	40,190	91,913
Miscellaneous Receipts	1,874	16,195	372	18,441
Federal Receipts	0	1	69	70
Total Receipts	**47,877**	**21,916**	**40,631**	**110,424**
Disbursements:				
Local Assistance	65,681	15,842	0	81,523
State Operations:				
Personal Service	9,772	5,235	0	15,007
Non-Personal Service	3,188	2,485	44	5,717
General State Charges	9,470	1,163	0	10,633
Debt Service	0	0	7,314	7,314
Capital Projects	0	0	0	0
Total Disbursements	**88,111**	**24,725**	**7,358**	**120,194**
Other Financing Sources (Uses):				
Transfers from Other Funds	36,951	2,866	3,233	43,050
Transfers to Other Funds	(6,861)	(173)	(36,500)	(43,534)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**30,090**	**2,693**	**(33,267)**	**(484)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	705	0	0	705
Total Use (Reservation) of Fund Balance	**705**	**0**	**0**	**705**
FY 2020 Savings Plan	**(890)**	**0**	**0**	**(890)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(8,549)**	**(116)**	**6**	**(8,659)**
Adherence to 2% Spending Benchmark*	**11,788**	**0**	**0**	**11,788**
Net Surplus (Deficit)	**3,239**	**(116)**	**6**	**3,129**

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

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	7,206	3,842	(1,138)	65	9,975
Receipts:					
Taxes	39,298	5,882	1,420	34,673	81,273
Miscellaneous Receipts	2,904	18,391	8,124	374	29,793
Federal Receipts	0	60,013	2,229	74	62,316
Total Receipts	**42,202**	**84,286**	**11,773**	**35,121**	**173,382**
Disbursements:					
Local Assistance	54,028	72,412	5,267	0	131,707
State Operations:					
Personal Service	9,075	5,851	0	0	14,926
Non-Personal Service	2,838	4,032	0	46	6,916
General State Charges	7,667	1,383	0	0	9,050
Debt Service	0	0	0	5,146	5,146
Capital Projects	0	0	8,545	0	8,545
Total Disbursements	**73,608**	**83,678**	**13,812**	**5,192**	**176,290**
Other Financing Sources (Uses):					
Transfers from Other Funds	35,081	2,385	3,360	3,683	44,509
Transfers to Other Funds	(5,936)	(3,503)	(1,597)	(33,619)	(44,655)
Bond and Note Proceeds	0	0	389	0	389
Net Other Financing Sources (Uses)	**29,145**	**(1,118)**	**2,152**	**(29,936)**	**243**
FY 2020 Savings Plan	**(1,782)**	**(327)**	**0**	**0**	**(2,109)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(479)**	**(183)**	**113**	**(7)**	**(556)**
Closing Fund Balance	**6,727**	**3,659**	**(1,025)**	**58**	**9,419**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	41,820	5,824	1,393	36,649	85,686
Miscellaneous Receipts	2,041	16,550	7,196	374	26,161
Federal Receipts	0	61,218	2,187	73	63,478
Total Receipts	**43,861**	**83,592**	**10,776**	**37,096**	**175,325**
Disbursements:					
Local Assistance	59,058	73,170	5,370	0	137,598
State Operations:					
Personal Service	9,568	5,792	0	0	15,360
Non-Personal Service	3,053	3,848	0	44	6,945
General State Charges	8,234	1,467	0	0	9,701
Debt Service	0	0	0	6,607	6,607
Capital Projects	0	0	8,249	0	8,249
Total Disbursements	**79,913**	**84,277**	**13,619**	**6,651**	**184,460**
Other Financing Sources (Uses):					
Transfers from Other Funds	34,813	2,550	3,644	3,572	44,579
Transfers to Other Funds	(6,547)	(2,552)	(1,613)	(34,024)	(44,736)
Bond and Note Proceeds	0	0	800	0	800
Net Other Financing Sources (Uses)	**28,266**	**(2)**	**2,831**	**(30,452)**	**643**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	823	0	0	0	823
Total Use (Reservation) of Fund Balance	**823**	**0**	**0**	**0**	**823**
FY 2020 Savings Plan	**(890)**	**0**	**0**	**0**	**(890)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(6,073)**	**(687)**	**(12)**	**(7)**	**(6,779)**
Adherence to 2% Spending Benchmark*	**6,993**	**0**	**0**	**0**	**6,993**
Net Surplus (Deficit)	**920**	**(687)**	**(12)**	**(7)**	**214**

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

Source: NYS DOB.

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2022 (millions of dollars)	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	43,648	5,782	1,386	38,289	89,105
Miscellaneous Receipts	1,899	16,910	6,189	373	25,371
Federal Receipts	0	65,560	2,187	72	67,819
Total Receipts	**45,547**	**88,252**	**9,762**	**38,734**	**182,295**
Disbursements:					
Local Assistance	62,167	77,542	4,920	0	144,629
State Operations:					
Personal Service	9,561	5,819	0	0	15,380
Non-Personal Service	3,090	3,916	0	44	7,050
General State Charges	8,904	1,503	0	0	10,407
Debt Service	0	0	0	7,070	7,070
Capital Projects	0	0	7,481	0	7,481
Total Disbursements	**83,722**	**88,780**	**12,401**	**7,114**	**192,017**
Other Financing Sources (Uses):					
Transfers from Other Funds	35,395	2,724	3,681	3,277	45,077
Transfers to Other Funds	(6,680)	(2,161)	(1,500)	(34,892)	(45,233)
Bond and Note Proceeds	0	0	413	0	413
Net Other Financing Sources (Uses)	**28,715**	**563**	**2,594**	**(31,615)**	**257**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	1,041	0	0	0	1,041
Total Use (Reservation) of Fund Balance	**1,041**	**0**	**0**	**0**	**1,041**
FY 2020 Savings Plan	**(890)**	**0**	**0**	**0**	**(890)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(7,529)**	**35**	**(45)**	**5**	**(7,534)**
Adherence to 2% Spending Benchmark*	**9,572**	**0**	**0**	**0**	**9,572**
Net Surplus (Deficit)	**2,043**	**35**	**(45)**	**5**	**2,038**

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

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	46,003	5,720	1,386	40,190	93,299
Miscellaneous Receipts	1,874	16,400	5,887	372	24,533
Federal Receipts	0	68,177	2,187	69	70,433
Total Receipts	**47,877**	**90,297**	**9,460**	**40,631**	**188,265**
Disbursements:					
Local Assistance	65,681	79,608	4,736	0	150,025
State Operations:					
Personal Service	9,772	5,900	0	0	15,672
Non-Personal Service	3,188	3,890	0	44	7,122
General State Charges	9,470	1,534	0	0	11,004
Debt Service	0	0	0	7,314	7,314
Capital Projects	0	0	7,224	0	7,224
Total Disbursements	**88,111**	**90,932**	**11,960**	**7,358**	**198,361**
Other Financing Sources (Uses):					
Transfers from Other Funds	36,951	2,878	3,736	3,233	46,798
Transfers to Other Funds	(6,861)	(1,967)	(1,621)	(36,500)	(46,949)
Bond and Note Proceeds	0	0	362	0	362
Net Other Financing Sources (Uses)	**30,090**	**911**	**2,477**	**(33,267)**	**211**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	705	0	0	0	705
Total Use (Reservation) of Fund Balance	**705**	**0**	**0**	**0**	**705**
FY 2020 Savings Plan	**(890)**	**0**	**0**	**0**	**(890)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(8,549)**	**276**	**(23)**	**6**	**(8,290)**
Adherence to 2% Spending Benchmark*	**11,788**	**0**	**0**	**0**	**11,788**
Net Surplus (Deficit)	**3,239**	**276**	**(23)**	**6**	**3,498**

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

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2020
(dollars in millions)

	2019 April Results	May Results	June Results	July Results	August Results	September Results	October Projected	November Projected	December Projected	2020 January Projected	February Projected	March Projected	Total
OPENING BALANCE	7,206	11,969	5,222	6,593	6,614	6,886	9,050	8,904	6,478	6,836	9,293	8,543	7,206
RECEIPTS:													
Personal Income Tax	4,608	1,242	2,605	1,665	1,454	2,417	1,281	820	1,981	2,278	1,760	1,788	23,899
Consumption/Use Taxes	585	598	796	637	630	813	626	644	812	743	558	767	8,209
Business Taxes	543	(181)	1,143	160	(20)	1,284	83	71	1,090	105	(52)	1,851	6,077
Other Taxes	81	58	65	126	44	56	168	104	103	103	103	102	1,113
Total Taxes	5,817	1,717	4,609	2,588	2,108	4,570	2,158	1,639	3,986	3,229	2,369	4,508	39,298
Abandoned Property	1	0	0	0	5	30	35	135	45	0	0	199	450
ABC License Fee	6	6	5	6	7	7	7	4	5	5	4	4	66
Investment Income	22	17	20	13	14	13	2	0	0	0	0	(1)	100
Licenses, Fees, etc.	69	42	50	49	49	67	37	65	65	70	65	66	694
Motor Vehicle Fees	33	35	12	35	24	24	34	17	18	17	18	18	285
Reimbursements	7	29	33	(69)	70	40	22	3	3	2	3	(31)	112
Extraordinary Settlements	585	142	0	33	0	0	28	0	0	0	0	(1)	787
Other Transactions	19	8	38	20	(1)	98	33	21	48	41	25	60	410
Total Miscellaneous Receipts	742	279	158	87	168	279	198	245	184	135	115	314	2,904
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	4,607	1,126	2,606	1,658	1,476	2,683	1,281	553	2,056	2,712	1,273	2,622	24,653
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	1	1
Tax in Excess of LGAC	261	105	542	290	277	367	304	297	382	310	(17)	363	3,481
Sales Tax Bond Fund	191	198	294	212	213	367	203	210	295	223	175	364	2,945
Real Estate Taxes in Excess of CW/CA Debt Service	70	86	85	114	74	94	56	84	82	84	82	62	973
All Other	49	111	118	249	119	71	211	213	115	169	199	1,404	3,028
Total Transfers from Other Funds	5,178	1,626	3,645	2,523	2,159	3,582	2,055	1,357	2,930	3,498	1,712	4,816	35,081
TOTAL RECEIPTS	11,737	3,622	8,412	5,198	4,435	8,431	4,411	3,241	7,100	6,862	4,196	9,638	77,283
DISBURSEMENTS:													
School Aid	775	3,896	1,722	366	599	1,497	864	1,684	2,157	625	758	8,622	23,565
Higher Education	38	24	337	1,112	28	141	85	91	195	35	329	560	2,975
All Other Education	97	57	130	183	44	706	181	81	148	35	158	535	2,355
Medicaid - DOH	3,302	1,717	1,426	1,270	1,088	1,282	1,623	1,872	1,238	1,063	1,571	94	17,546
Public Health	24	23	100	41	30	34	32	31	64	204	29	24	636
Mental Hygiene	124	63	267	181	75	199	176	53	333	116	135	294	2,016
Children and Families	19	21	30	29	93	79	364	177	263	70	118	267	1,530
Temporary & Disability Assistance	67	65	150	106	95	105	65	156	130	130	131	140	1,340
Transportation	0	24	14	0	24	0	0	24	11	0	13	0	110
Unrestricted Aid	0	11	388	0	7	39	10	8	195	9	9	71	747
All Other	24	(67)	144	32	65	34	18	97	135	120	145	461	1,208
Total Local Assistance	4,470	5,834	4,708	3,320	2,148	4,116	3,418	4,274	4,869	2,407	3,396	11,068	54,028
Personal Service	689	1,072	679	697	853	676	805	704	705	843	691	661	9,075
Non-Personal Service	159	249	219	201	211	189	250	257	215	274	245	369	2,838
Total State Operations	848	1,321	898	898	1,064	865	1,055	961	920	1,117	936	1,030	11,913
General State Charges	728	2,349	365	385	423	477	573	436	415	451	449	616	7,667
Debt Service	135	11	(7)	132	(17)	(28)	124	0	(2)	259	(24)	(37)	546
Capital Projects	499	406	610	252	473	703	(712)	(178)	465	137	137	227	3,019
State Share Medicaid	0	0	0	0	0	0	0	0	0	0	0	0	0
SUNY Operations	219	218	327	181	3	59	0	79	14	12	9	64	1,185
Other Purposes	75	230	140	9	69	75	99	95	61	22	43	268	1,186
Total Transfers to Other Funds	928	865	1,070	574	528	809	(489)	(4)	538	430	165	522	5,936
TOTAL DISBURSEMENTS	6,974	10,369	7,041	5,177	4,163	6,267	4,557	5,667	6,742	4,405	4,946	13,236	79,544
FY 2020 Savings Plan	0	0	0	0	0	0	0	0	0	0	0	(1,782)	(1,782)
Excess/(Deficiency) of Receipts over Disbursements	4,763	(6,747)	1,371	21	272	2,164	(146)	(2,426)	358	2,457	(750)	(1,816)	(479)
CLOSING BALANCE	11,969	5,222	6,593	6,614	6,886	9,050	8,904	6,478	6,836	9,293	8,543	6,727	6,727

Source: NYS DOB.

[THIS PAGE INTENTIONALLY LEFT BLANK]

New York State
Annual Information Statement

June 12, 2019

[THIS PAGE INTENTIONALLY LEFT BLANK]

Annual Information Statement

Table of Contents

[THIS PAGE INTENTIONALLY LEFT BLANK]

Introduction

[THIS PAGE INTENTIONALLY LEFT BLANK]

Introduction

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

In this AIS, readers will find:

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

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

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

4. Updated information regarding the State Retirement System.

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

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

Introduction

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

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

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

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

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

Usage Notice

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

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

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

Budgetary and Accounting Practices

[THIS PAGE INTENTIONALLY LEFT BLANK]

Significant Budgetary/Accounting Practices

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

The State accounts for receipts and disbursements by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Financial Plan tables present State projections and results by fund and category.

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

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

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

---

[2] State Finance Law also requires DOB to prepare a pro forma financial plan using, to the extent practicable, generally accepted accounting principles (GAAP). The GAAP-basis financial plan is informational only. DOB does not use it as a benchmark for managing State finances during the fiscal year and does not update it on a quarterly basis. The GAAP-basis financial plan follows, to the extent practicable, the accrual methodologies and fund accounting rules applied by OSC in preparation of the audited Basic Financial Statements, but there can be no assurance that the pro forma GAAP financial plan conforms to all GAAP principles.

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

State Operating Funds is a broader measure of spending for operations (as distinct from capital purposes) that is funded with State resources. It includes financial activity in the General Fund, as well as State-funded special revenue funds and Debt Service Funds (spending from Capital Projects Funds and Federal Funds is excluded). As a significant amount of financial activity occurs in funds outside of the General Fund, the State Operating Funds perspective is, in DOB's view, a more comprehensive measure of operations funded with State resources (e.g., taxes, assessments, fees and tuition). The State Operating Funds perspective eliminates certain distortions in operating activities that may be caused by, among other things, the State's complex fund structure and the transfer of money between funds. For example, the State funds its share of the Medicaid program from both the General Fund and State Special Revenue Funds. The State Operating Funds perspective captures Medicaid disbursements from both fund types, giving a more complete accounting of State-funded Medicaid disbursements. Accordingly, projections often emphasize the State Operating Funds perspective. The State's adherence to a 2 percent annual spending growth benchmark is calculated on the State Operating Funds basis.

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

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

Projections for future years may show budget gaps or budget surpluses in the General Fund. Budget gaps represent the difference between: (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain current services levels and specific commitments, and (b) the projected level of resources, including transfers from other funds, to pay for these disbursements. The General Fund projections are based on many assumptions and are developed by the DOB in conjunction with other State agencies. Some projections are based on specific, known information (e.g., a statutory requirement to increase payments to a prescribed level), while others are based on more uncertain or speculative information (e.g., the pace at which a new program will enroll recipients). In general, the multi-year projections assume that money appropriated in one fiscal year will continue to be appropriated in future years, even for programs that were not created in permanent law and that the State has no obligation to fund. Funding levels for nearly all State programs are reviewed annually in the context of the current and projected fiscal position of the State.

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

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

Financial Plan Overview

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

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

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

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

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

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

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

Legislative Action on the FY 2020 Budget

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

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

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

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

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

FY 2020 ENACTED BUDGET
GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS
(millions of dollars)

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

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

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

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

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

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

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

DOB expects that the State will have sufficient liquidity in FY 2020 to make all planned payments as they become due without having to temporarily borrow from the Short-Term Investment Pool (STIP). The State continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

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

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

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

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

Annual Spending Growth

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

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

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

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

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

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

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

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

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

Local Assistance

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

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

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

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

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

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

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

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

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

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

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

State Operations/General State Charges

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

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

STATE OPERATING FUNDS - PERSONAL SERVICE / NON-PERSONAL SERVICE COSTS (millions of dollars)			
	FY 2019 Results	FY 2020 Enacted	Change
Executive Agencies (Excluding Retroactive Payments)	**10,232**	**10,446**	**2.1%**
Executive Agencies	10,232	10,625	3.8%
Retroactive Labor Agreements (Prior-Year Costs)	0	(179)	--

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

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

Debt Service

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

General Fund Cash-Basis Financial Plan

Enacted Budget Financial Plan

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

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

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

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

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

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

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

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

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

Receipts[9]

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

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

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

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

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

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

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

---

[9] Excluding Extraordinary Monetary Settlements.

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

Disbursements[11]

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

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

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

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

General Fund disbursements are affected by the level of financing sources available in other funds, transfers of balances between funds of the State, and other factors that may change from year to year.[12] In addition, General Fund disbursements reflect conservative estimates of disbursements in each financial category, a practice that provides a cushion for potential receipts shortfalls and other unanticipated costs.

---

[11] Excluding Extraordinary Monetary Settlements.

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

Closing Balance for FY 2020

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

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

TOTAL BALANCES
(millions of dollars)

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

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

Cash Flow

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

DOB expects that the State will have adequate liquidity in FY 2020 to make all planned payments as they become due without having to temporarily borrow from STIP. The State continues to reserve money on a quarterly basis for debt service payments financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

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

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

[1] DOB Preliminary Result.

FY 2020 Detailed General Fund Gap-Closing Plan

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

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

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

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

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

FY 2020 Receipts

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

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

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

- **PIT Limitation on Charitable Contributions.** The provision, originally enacted in 2010, that limits itemized deductions to 25 percent of charitable contributions for taxpayers with incomes above $10 million is extended through 2024.
- **Internet Fairness Conformity Tax.** Online providers, such as Amazon and eBay, supply a marketplace for third-party sellers. Currently, these sellers are required to collect sales tax from New York residents if the seller is located in New York. These marketplace providers are now required to collect the tax on any sale to State residents, whether the seller is located within, or outside, New York.
- **Other Tax Actions.** The Budget includes other tax credits, extensions, enforcement initiatives and reforms including extending the clean heating fuel credit and the workers with disability credit; and implementing a health tax of 10 cents per fluid milliliter of vapor products at the distributor level.
- **STAR.** Two measures were enacted to incentivize participation in the STAR credit program rather than the STAR exemption program. The STAR exemption benefit is capped at the FY 2019 level, rather than allowed to grow by up to 2 percent like the STAR credit. In addition, the threshold for receiving the STAR exemption was lowered to $250,000, from the previous threshold of $500,000. Beneficiaries in the $250,000 to $500,000 bracket who convert to the credit program will maintain the full STAR benefit.
- **Miscellaneous Receipts.** An $85 inspection fee will be levied on for-profit vehicles and the notice of violation fine for certain regulated vehicles has been increased. Other changes include updated estimates for investment income and various other miscellaneous receipts categories, including Extraordinary Monetary Settlements.

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

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

FY 2020 Disbursements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FY 2020 ENACTED BUDGET
SIGNIFICANT SAVINGS AND REVISIONS
(millions of dollars)

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

Changes to Executive Budget

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

CHANGES TO THE EXECUTIVE BUDGET FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

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

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

Other Matters Affecting the Financial Plan

General

The Financial Plan is subject to complex economic, social, financial, political, and environmental risks and uncertainties, many of which are outside the ability of the State to control. DOB believes that the projections of receipts and disbursements in the Financial Plan are based on reasonable assumptions, but there can be no assurance that results will not differ materially and adversely from these projections. For instance, receipts collections have fallen substantially below the levels forecasted in certain fiscal years. In addition, certain projections contained in the Financial Plan assume that annual growth in State Operating Funds spending will be limited to 2 percent in FY 2021, FY 2022, and FY 2023, and that all savings that result from the 2 percent spending growth benchmark will be made available to the General Fund.

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

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

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

Budget Risks and Uncertainties

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

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

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

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

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

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

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through payments to health care providers. The Medicaid program is financed jointly by the State, Federal government, and local governments. The growth in Medicaid costs is affected by many factors, including enrollment, prices, utilization, economic activity, Federal and State health care policies, and demographic trends.

In FY 2012, the State enacted legislation intended to limit the year-to-year growth in DOH State funds Medicaid spending to the ten-year rolling average of the medical component of the CPI. The statutory provisions of the Medicaid spending cap ("Global Cap") also allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. Since enactment of the Global Cap, the portion of DOH State Funds Medicaid spending subject to the Global Cap has remained at or below indexed levels.

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

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

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

Federal Issues

The State receives a substantial amount of Federal aid for health care, education, transportation, and other governmental purposes, as well as Federal funding to respond to, and recover from, severe weather events and other disasters. Many policies that drive this Federal aid may be subject to change under the Trump Administration and the new Congress. Current Federal aid projections, and the assumptions on which they rely, are subject to revision because of changes in Federal policy.

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

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

Current Federal Aid

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

Medicaid Disproportionate Share Hospital (DSH) Payments

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

Essential Plan (EP)

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

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

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

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

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

MRT Medicaid Waiver

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

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

Federal Debt Limit

On March 1, 2019, a temporary suspension of the Federal debt limit expired. The U.S. Treasury is currently operating under "extraordinary measures" to make payments for as long as possible to forestall a potential default. The Congressional Budget Office (CBO) estimates that these measures will suffice through late summer or early fall of 2019. A Federal government default on payments, particularly for a prolonged period, could have a materially adverse effect on national and State economies, financial markets, and intergovernmental aid payments. Specific effects on the updated Financial Plan of a future Federal government default are unknown and impossible to predict. However, data from past economic downturns suggest that the State's revenue loss could be substantial if the economy goes into a recession due to a Federal default.

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

Federal Tax Law Changes

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

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

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

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

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

State Response to Federal Tax Law Changes

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

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

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

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

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

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

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

Employer Compensation Expense Program

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

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

State Charitable Gifts Trust Fund

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

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

Impact of State Tax Law Changes on PIT Revenue Bonds

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

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

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

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

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

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

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

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

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

Climate Change Adaptation

Climate change poses significant long-term threats to physical, biological and economic systems in New York and around the world. Potential hazards and risks related to climate change for the State include, among other things, rising sea levels, more severe coastal flooding and erosion hazards, and more intense storms. Storms in recent years, including Superstorm Sandy, Hurricane Irene, and Tropical Storm Lee, have demonstrated vulnerabilities in the State's infrastructure (including mass transit systems, power transmission and distribution systems, and other critical lifelines) to extreme weather events including coastal flooding caused by storm surges. The potential effects of climate change could adversely impact the Financial Plan in current or future years. To mitigate and manage these impacts, significant long-term planning and investments by the Federal government, the State of New York, municipalities, and public utilities are expected to be needed to adapt existing infrastructure to climate change risks.

The State continues to recover from the damage sustained during three powerful storms that crippled entire regions. In August 2011, Hurricane Irene disrupted power and caused extensive flooding in various State counties. In September 2011, Tropical Storm Lee caused flooding in additional State counties and, in some cases, exacerbated the damage caused by Hurricane Irene two weeks earlier. On October 29, 2012, Superstorm Sandy struck the East Coast, causing widespread infrastructure damage and economic losses to the greater New York region. The frequency and intensity of these storms present economic and financial risks to the State. Reimbursement claims for costs of the immediate response, recovery, and future mitigation efforts continue, largely supported by Federal Funds. In January 2013, the Federal government approved approximately $60 billion in Federal disaster aid for general recovery, rebuilding, and mitigation activity nationwide. It is anticipated that the State, its localities, and the MTA may receive approximately one-half of this amount for response, recovery, and mitigation costs. To date, a total of $17 billion has been committed to repairing impacted homes and businesses, restoring community services, and mitigating future storm risks across the State. There can be no assurance that all anticipated Federal disaster aid described above will be provided to the State and its affected entities over the coming years.

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

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

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

Extraordinary Monetary Settlements

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

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

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

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

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

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

Current Labor Negotiations and Agreements (Current Contract Period)

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

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

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

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

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

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

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

UNION LABOR AGREEMENTS IN PLACE
(Annual Salary Increase Percentages)

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

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

Pension Contributions

Overview

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

During FY 2016, the NYSLRS updated its actuarial assumptions based on the results of the 2015 five-year experience study. In September 2015, NYSLRS announced that employer contribution rates would decrease beginning in FY 2017 and the assumed rate of return would be lowered from 7.5 percent to 7 percent. The salary scale assumptions were also changed – for ERS the scale was reduced from 4.9 percent to 3.8 percent and for PFRS the scale was reduced from 6 percent to 4.5 percent. During FY 2019, salary scale assumptions were further changed via a one-time 10 percent increase for both ERS and PFRS, which is reflected in FY 2020 contribution rates.

FY 2020 Projections

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

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

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

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

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

Outyear Projections

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

Pension Amortization

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

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

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

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

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

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

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

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

1 Pension Contribution values in this table do not include pension costs related to the ORP, VDC, and TRS for SUNY and SED, whereas the projected pension costs in other Financial Plan tables include such pension disbursements.

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

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

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

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

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

Other Post-Employment Benefits (OPEB)

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

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

As reported in the State's Basic Financial Statements for FY 2018, the unfunded actuarial accrued liability for FY 2018 is $90.5 billion ($72.8 billion for the State and $17.7 billion for SUNY), an increase of $3.3 billion from FY 2017 (attributable entirely to SUNY). The unfunded actuarial accrued liability for FY 2018 used an actuarial valuation of OPEB liabilities as of April 1, 2016. These valuations were determined using the Frozen Entry Age actuarial cost method and are amortized over an open period of 30 years using the level percentage of projected payroll amortization method. A significant portion of the annual growth in the State's unfunded actuarial accrued liability is due to the reduction of the discount rate from 3.155 to 2.637 percent, calculated as the average STIP rate for the past 20 years at the time of valuation. The decline in the discount rate increases the present value of the projected benefit obligation.

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

GASB has no authority to require the additional costs to be funded on the State's budgetary (cash) basis, and no additional funding is assumed for this purpose in the Financial Plan. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis, meaning the State pays these costs as they become due.

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

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

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

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

Litigation

Litigation against the State may include, among other things, potential challenges to the constitutionality of various actions. The State may also be affected by adverse decisions that are the result of various lawsuits. Such adverse decisions may not meet the materiality threshold to warrant a description herein but, in the aggregate, could still adversely affect the Financial Plan. For more information, see the "Litigation" section later herein.

Cybersecurity

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

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

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

Financial Condition of New York State Localities

The State's localities rely in part on State aid to balance their budgets and meet their cash requirements. As such, unanticipated financial need among localities can adversely affect the State's Financial Plan projections. Certain localities outside New York City, including cities and counties, have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. In 2013, the Financial Restructuring Board for Local Governments was created to aid distressed local governments. The Restructuring Board performs comprehensive reviews and provides grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit www.frb.ny.gov.

Bond Market

Successful implementation of the Financial Plan is dependent on the State's ability to market bonds. The State finances much of its capital spending, in the first instance, from the General Fund or the STIP, which it then reimburses with proceeds from the sale of bonds. If the State or its public authorities cannot sell bonds at the levels (or on the timetable) expected in the capital plan, the State's overall cash position and capital funding plan may be adversely affected. The success of projected public sales will be subject to prevailing market conditions and related ratings issued by national credit rating agencies, among other factors. Future developments in the financial markets, including possible changes in Federal tax law relating to the taxation of interest on municipal bonds, as well as future developments concerning the State and public discussion of such developments generally, may affect the market for outstanding State-supported and State-related debt. The TCJA adversely impacts the State and its public authorities by removing certain refunding opportunities for Federal tax-exempt financing, including advance refundings for debt service savings when interest rates are favorable.

Debt Reform Act Limit

The Debt Reform Act of 2000 ("Debt Reform Act") restricts the issuance of State-supported debt funding to capital purposes only and limits the maximum term of bonds to 30 years. The Act limits the amount of new State-supported debt to 4 percent of State personal income, and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to all new State-supported debt issued after April 1, 2000. DOB, as administrator of the Debt Reform Act, determined that the State was in compliance with the statutory caps in the most recent calculation period (FY 2018).

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

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

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap $	Debt Service Since April 1, 2000	$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Prior to April 1, 2000	Total State-Supported Debt Service[2]
FY 2019	$168,106	5.00%	8,405	4,759	3,646	2.83%	2.17%	1,035	5,794
FY 2020	$175,112	5.00%	8,756	5,208	3,548	2.97%	2.03%	1,257	6,465
FY 2021	$176,036	5.00%	8,802	5,708	3,094	3.24%	1.76%	1,333	7,041
FY 2022	$181,111	5.00%	9,056	6,109	2,947	3.37%	1.63%	973	7,082
FY 2023	$187,306	5.00%	9,365	6,584	2,781	3.52%	1.48%	741	7,325
FY 2024	$191,711	5.00%	9,586	6,969	2,617	3.64%	1.36%	493	7,462

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

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

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

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

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

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

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

Secured Hospital Program

Under the Secured Hospital Program, the State entered into service contracts to enable certain financially distressed not-for-profit hospitals to have tax-exempt debt issued on their behalf, to pay for upgrading their primary health care facilities. Revenues pledged to pay debt service on the bonds include hospital payments made under loan agreements between the Dormitory Authority of the State of New York (DASNY) and the hospitals, and certain reserve funds held by the applicable trustees for the bonds. In the event of revenue shortfalls to pay debt service on the Secured Hospital bonds, the service contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by DASNY through the Secured Hospital Program. As of March 31, 2019, approximately $165 million of bonds were outstanding for this program.

Three of the four remaining hospitals in the State's Secured Hospital Program are in poor financial condition. In relation to the Secured Hospital Program, the State's contingent contractual obligation was invoked to pay debt service for the first time in FY 2014. Since then the State has paid $125 million for debt service costs. DASNY also estimates the State will pay debt service costs of approximately $31 million both in FY 2020 and FY 2021, $25 million in FY 2022, and $20 million in both FY 2023 and FY 2024. These amounts are based on the actual experience to date of the participants in the program and would cover debt service costs for one hospital whose debt service obligation was discharged in bankruptcy, a second hospital which closed in 2010, and a third hospital that is currently delinquent in its payments. The State has estimated additional exposure of up to $7 million annually, if all hospitals in the program failed to meet the terms of their agreements with DASNY, and if available reserve funds were depleted.

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

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

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

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

The next closing, when title to the New Medical Site (NMS) portion of the LICH property is to be conveyed to NYU Hospitals Center (the NMS Closing), is anticipated to occur within 30 days after all buildings on the NMS are fully demolished and all environmental issues remediated by the Purchaser. The physical demolition has been completed, and final review of the environmental paperwork is nearing completion.

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

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

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

2019 Legislative Session

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

State Financial Plan Multi-Year Projections

[THIS PAGE INTENTIONALLY LEFT BLANK]

Introduction

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

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

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

- **Disbursements:** Roughly 30 percent of projected State-financed spending for operating purposes (excluding transfers) is accounted for outside of the General Fund, concentrated primarily in the areas of health care, School Aid, higher education, and transportation. To provide a clear picture of spending commitments, the multi-year projections and growth rates are presented, where appropriate, on both a General Fund and State Operating Funds basis.

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections as a predictor of the State's future financial position is likely to diminish, the further removed such estimates and projections are from the date of the Financial Plan. Accordingly, in terms of outyear projections, the first "outyear" of the FY 2020 budget, FY 2021, is the most relevant from a planning perspective.

Summary

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

The projections for FY 2021 and thereafter set forth in the Financial Plan reflect savings that DOB estimates would be realized if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in State Operating Funds spending to no greater than 2 percent. The calculations are developed using the State Operating Funds accounting perspective, as it is currently reflected in the Financial Plan. From time to time, the State has approved legislation that has affected the spending reflected in State Operating Funds.

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

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

General Fund Projections

GENERAL FUND PROJECTIONS
(millions of dollars)

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

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

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

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

State Operating Funds Projections

STATE OPERATING FUNDS DISBURSEMENTS
(millions of dollars)

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

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

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

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

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

Receipts

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

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

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

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

Overview of the Receipts Forecast

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

ALL FUNDS RECEIPTS
(millions of dollars)

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

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

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

Personal Income Tax

PERSONAL INCOME TAX
(millions of dollars)

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

[1]Excludes Transfers.

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

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

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

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

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

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

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

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

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

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

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

Consumption/Use Taxes

CONSUMPTION/USE TAXES
(millions of dollars)

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

[1]Excludes Transfers.

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

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

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

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

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

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

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

Business Taxes

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

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

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

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

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

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

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

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

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

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

Other Taxes

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

[1]Excludes Transfers.

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

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

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

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

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

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

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

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

Miscellaneous Receipts

All Funds miscellaneous receipts include moneys received from HCRA financing sources, SUNY tuition and patient income, lottery receipts for education, assessments on regulated industries, Tribal-State compact revenue, Extraordinary Monetary Settlements and a variety of fees. As such, miscellaneous receipts are driven in part by year-to-year variations in health care surcharges and other HCRA resources, bond proceeds, tuition income revenue and other miscellaneous receipts.

MISCELLANEOUS RECEIPTS
(millions of dollars)

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

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

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

Federal Grants

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

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

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

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

Disbursements

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

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

Local Assistance Grants

Local assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. Local assistance spending in State Operating Funds is estimated at $68 billion in FY 2020, approximately two-thirds of total State Operating Funds spending. Education and health care spending account for nearly three-quarters of State Operating Funds local assistance spending.

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

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

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

[1] Reflects preliminary unaudited results

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

Education

School Aid

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

School Year (July 1 — June 30)

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

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

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

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

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

State Fiscal Year

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

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

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

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

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

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

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

Other Education Funding

The State also provides funding and support for various other education-related programs. These include: special education services; programs administered by the Office of Prekindergarten through Grade 12 Education; cultural education; higher and professional education programs; and adult career and continuing education services.

OTHER EDUCATION FUNDING
(millions of dollars)

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

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

The increase in Special Education spending in FY 2020 and thereafter is primarily attributable to increased State reimbursement to special education providers for minimum wage costs and projected enrollment and cost growth in preschool and summer school special education programs.

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

School Tax Relief Program

The STAR program provides school tax relief to taxpayers by exempting the first $30,000 of every eligible homeowner's property value from the local school tax levy. Lower-income senior citizens will receive a $68,700 exemption in FY 2020. The DTF oversees local property assessment administration and is responsible for establishing STAR property tax exemption amounts.

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

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

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

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

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

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

Higher Education

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

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

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

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

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

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

Health Care

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

DOH is also engaged in a multi-year initiative to implement the DSRIP program through an approved Federal waiver amendment to reinvest $8 billion in Federal savings generated by the MRT reforms. The DSRIP program will promote community-level collaborations and focus on system reform, with the goal of achieving a 25 percent reduction in avoidable hospital use over five years. The Financial Plan reflects spending related to the DSRIP program (nearly $8 billion through FY 2020), with the remaining funds expected to be disbursed in FY 2021. A portion of DSRIP funding flows through the SUNY hospital system and other State-operated health care facilities.

Medicaid

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

In FY 2012, legislation was enacted to limit the year-to-year growth in DOH State funded Medicaid spending to the ten-year rolling average of the medical component of the CPI. The statutory provisions of the Medicaid spending cap (or “Global Cap”) also allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. Certain authorizations exist which allow the Governor to take actions to reduce Medicaid spending in order to maintain spending within the Global Cap limit.

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

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

MEDICAID GLOBAL CAP FORECAST
(millions of dollars)

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

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

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

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

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

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

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

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

The State share of DOH Medicaid spending is financed by a combination of the General Fund, HCRA resources, indigent care support, provider assessment revenue, and tobacco settlement proceeds. The following table provides information on financing sources for State Medicaid spending.

DEPARTMENT OF HEALTH MEDICAID
(millions of dollars)

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

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

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

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

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

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

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

FUNDING SOURCES FOR STATE MEDICAID CONTRIBUTIONS
(millions of dollars)

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

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

Fluctuation in enrollment, costs of provider health care services, and health care utilization levels are among the factors that drive higher Medicaid spending within the Global Cap. The number of Medicaid recipients is expected to reach about 6.3 million by the end of FY 2020, a slight increase from FY 2019. This increase is partly driven by an increase in elderly enrollees in the Medicaid program.

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

Local Medicaid Cap

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

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

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

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

Health Care Transformation Fund (HCTF)

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

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

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

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

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

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

---

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

Essential Plan (EP)

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

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

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

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

Public Health/Aging Programs

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

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

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,712**	**1,721**	**0.5%**	**1,892**	**9.9%**	**2,008**	**6.1%**	**2,028**	**1.0%**
Public Health	**1,582**	**1,576**	**-0.4%**	**1,745**	**10.7%**	**1,856**	**6.4%**	**1,871**	**0.8%**
Child Health Plus	399	416	4.3%	609	46.4%	716	17.6%	732	2.2%
General Public Health Work	155	179	15.5%	163	-8.9%	167	2.5%	167	0.0%
EPIC	123	117	-4.9%	118	0.9%	118	0.0%	118	0.0%
Early Intervention	173	173	0.0%	165	-4.6%	165	0.0%	165	0.0%
HCRA Program	365	371	1.6%	384	3.5%	384	0.0%	384	0.0%
All Other	367	320	-12.8%	306	-4.4%	306	0.0%	305	-0.3%
Aging	**130**	**145**	**11.5%**	**147**	**1.4%**	**152**	**3.4%**	**157**	**3.3%**

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

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

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

HCRA Financial Plan

HCRA was established in 1996 to help fund a portion of State health care activities. Extensions and modifications to HCRA have financed new health care programs, such as CHP. HCRA has also provided additional funding for the health care industry, including investments in worker recruitment and retention, and the Doctors Across New York program. HCRA authorization is extended through FY 2020, pursuant to legislation included in the FY 2018 Enacted Budget.

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

HCRA FINANCIAL PLAN
(millions of dollars)

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

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

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

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

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

Mental Hygiene

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

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

MENTAL HYGIENE
(millions of dollars)

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

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

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

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

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

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

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

Social Services

Office of Temporary and Disability Assistance (OTDA)

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

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

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

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

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

Office of Children and Family Services (OCFS)

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

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,659**	**1,531**	**-7.7%**	**1,607**	**5.0%**	**1,661**	**3.4%**	**1,661**	**0.0%**
Child Welfare Service	434	491	13.1%	501	2.0%	501	0.0%	501	0.0%
Foster Care Block Grant	384	384	0.0%	388	1.0%	398	2.6%	398	0.0%
Child Care	345	170	-50.7%	245	44.1%	264	7.8%	264	0.0%
Adoption	137	148	8.0%	149	0.7%	150	0.7%	150	0.0%
Youth Programs	114	105	-7.9%	92	-12.4%	92	0.0%	92	0.0%
Medicaid	72	81	12.5%	93	14.8%	97	4.3%	97	0.0%
Adult Protective/Domestic Violence	45	48	6.7%	51	6.3%	54	5.9%	54	0.0%
Committees on Special Education	29	24	-17.2%	26	8.3%	28	7.7%	29	3.6%
All Other	99	80	-19.2%	62	-22.5%	77	24.2%	76	-1.3%

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

Transportation

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

The MTA receives additional, exclusive operating support from the Payroll Mobility Tax, authorized in May 2009 to collect regional taxes and fees imposed within the MCTD. Pursuant to legislation enacted in December 2011, the MTA payroll tax was eliminated for all elementary and secondary schools and small business operators within the MCTD. The General Fund provides additional annual support to the MTA, subject to appropriation, to partially offset this revenue loss. The MTA will receive nearly $1.9 billion from on-budget and off-budget Mobility Tax resources in FY 2020.

TRANSPORTATION
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
STATE OPERATING FUNDS SUPPORT	**3,938**	**3,549**	**-9.9%**	**3,849**	**8.5%**	**4,047**	**5.1%**	**4,296**	**6.2%**
Mass Transit Operating Aid:	2,321	2,507	8.0%	2,643	5.4%	2,710	2.5%	2,807	3.6%
Metro Mass Transit Aid	2,185	2,351	7.6%	2,480	5.5%	2,547	2.7%	2,644	3.8%
Public Transit Aid	92	112	21.7%	119	6.3%	119	0.0%	119	0.0%
18-b General Fund Aid	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	379	244	-35.6%	244	0.0%	244	0.0%	244	0.0%
MTA Aid Trust	293	31	-89.4%	0	-100.0%	0	0.0%	0	0.0%
MTA Dedicated Sales Tax	0	0	0.0%	150	0.0%	152	1.3%	153	0.7%
Dedicated Mass Transit	685	695	1.5%	746	7.3%	875	17.3%	1,026	17.3%
AMTAP	260	72	-72.3%	66	-8.3%	66	0.0%	66	0.0%
All Other	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

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

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

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

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

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

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

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

Local Government Assistance

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

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**722**	**671**	**-7.1%**	**704**	**4.9%**	**704**	**0.0%**	**704**	**0.0%**
Big Four Cities	429	429	0.0%	429	0.0%	429	0.0%	429	0.0%
Other Cities	218	218	0.0%	218	0.0%	218	0.0%	218	0.0%
Towns and Villages	68	9	-86.8%	9	0.0%	9	0.0%	9	0.0%
Restructuring/Efficiency	7	15	114.3%	48	220.0%	48	0.0%	48	0.0%

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

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

Agency Operations

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

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

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

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

1 Reflects current collective bargaining agreements with settled unions. Does not reflect potential impact of future negotiated labor agreements.
2 Contract contains "reopener" language which allows this union to reopen negotiations if any other State bargaining unit receives a general salary increase exceeding 1.5 percent in FY 2017 and in FY 2018.
3 Reflects workforce that is subject to direct Executive control.
4 Before amortization contribution rate reflects normal and administrative costs, contributions for the Group Life Insurance Plan (GLIP), and Chapter 41 of 2016 veterans' pension credit legislation.
5 After amortization contribution rate additionally includes new amortization, if any, and payments on prior amortizations.

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

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

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

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

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

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

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

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

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

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

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

Workforce

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

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

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

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

[2] CUNY employees are funded primarily through an agency trust fund that supports an additional 13,258 FTEs, which are excluded from this table.

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

General State Charges

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

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

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

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

GENERAL STATE CHARGES
(millions of dollars)

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

Transfers to Other Funds (General Fund Basis)

General Fund transfers help finance debt service for bonds that do not have dedicated revenues, SUNY operating costs, certain capital initiatives, and a range of other activities.

GENERAL FUND TRANSFERS TO OTHER FUNDS
(millions of dollars)

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

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

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

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

Debt Service

The State pays debt service on all outstanding State-supported bonds. These include General Obligation bonds for which the State is constitutionally obligated to pay debt service, as well as certain bonds issued by State public authorities, such as Empire State Development Corporation (ESD), DASNY, and the New York State Thruway Authority (NYSTA). Depending on the credit structure, debt service is financed by transfers from the General Fund, dedicated taxes and fees, and other resources such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS
(millions of dollars)

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

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

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

Financial Plan Tables

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

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

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

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2020
(millions of dollars)

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

Source: NYS DOB.

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

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

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

Source: NYS DOB.

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

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

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

Source: NYS DOB.

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

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

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

Source: NYS DOB.

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

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

Source: NYS DOB.

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

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

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

Source: NYS DOB.

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

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

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

Source: NYS DOB.

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

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

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

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2020
(dollars in millions)

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

Source: NYS DOB.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B-I

SUMMARY OF CERTAIN PROVISIONS OF DORMITORY AUTHORITY OF THE STATE OF NEW YORK STATE PERSONAL INCOME TAX REVENUE BONDS (GENERAL PURPOSE) GENERAL RESOLUTION

The following sections contain definitions of certain terms used in this general summary ("Summary") of certain provisions of the Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution (the "Resolution"). The definitions and Summary are not to be considered a full statement of all terms used in the Resolution and, accordingly, are qualified by reference to and are subject to the full text of the Resolution. A copy of the General Resolution may be obtained upon request from the Dormitory Authority of the State of New York.

Definitions

Acts shall mean the Issuer Act and the Enabling Act.

Administrative Fund shall mean the Fund designated as the Administrative Fund established in the Resolution.

Authorized Officer shall mean (i) in the case of the Issuer, the Chairman, the Vice Chairman, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the First Deputy Executive Director, the Chief Financial Officer, any Managing Director, the General Counsel, or any other person authorized by a Resolution or bylaws of the Issuer, from time to time, to perform any specific act or execute any specific document, and when used with reference to any act or document also means any other person authorized by resolution or by laws of the Issuer to perform such act or execute such document; and when used with reference to any act or document, any other person authorized by resolution of the Issuer to perform such act or sign such document, (ii) in the case of the State, the Director of the Budget and when used with reference to any act or document, any other person authorized by law or by the Director of the Budget to perform such act or sign such document, (iii) in the case of the Trustee, the President, any Vice President, any Assistant Vice President, any Senior Trust Officer, any Trust Officer or any Assistant Trust Officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge and familiarity with the particular subject matter, and (iv) any other officer or employee so designated on its behalf by resolution of the Issuer or the Trustee, respectively.

Bond Proceeds Fund shall mean the Fund designated as the Bond Proceeds Fund established in the Resolution.

Cost of Issuance Account shall mean the account within the Bond Proceeds Fund so designated, created and established pursuant to the Resolution.

Debt Service Fund shall mean the Fund designated as the Debt Service Fund established in the Resolution.

Financing Agreement shall mean the State Personal Income Tax Revenue Bonds (General Purpose) Financing Agreement between the Issuer and the State, acting through the Director of the Budget.

Issuer shall mean the Dormitory Authority of the State of New York, a body corporate and politic constituting a public benefit corporation of the State created by the Issuer Act, and its successors and permitted assigns.

Issuer Act shall mean the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as the same may be amended from time to time, and constituting Title 4 of Article 8 of the Public Authorities Law), together with any other provision of State law relating to the authorization or financing of Costs of a Project.

Rebate Fund shall mean the Fund designated as the Rebate Fund established in the Resolution.

Resolution shall mean the Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution (including the Standard Resolution Provisions set forth in Annex A) as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions of the Resolution.

Revenue Fund shall mean the Fund designated as the Revenue Fund established in the Resolution.

Subordinated Payment Fund shall mean the Fund designated as the Subordinated Payment Fund established in the Resolution.

(Section 101)

Standard Resolution Provisions

Except as otherwise specifically provided in the Resolution or by Supplemental Resolution, the Standard Resolution Provisions appended to the Resolution as Annex A constitute an integral part of the Resolution and have the same force and effect as if set forth in the forepart of the Resolution.

(Section 102)

Authority for the Resolution

The Resolution is adopted pursuant to the provisions of the Enabling Act and to the extent the same is applicable, the Issuer Act.

(Section 103)

Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds, over any other thereof except as expressly provided in or permitted by the Resolution.

(Section 104)

Authorization of Bonds

The Resolution authorizes one or more Series of Bonds of the Issuer for an Authorized Purpose to be designated as "State Personal Income Tax Revenue Bonds (General Purpose)" and creates a continuing pledge and lien to secure the full and final payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, all the Bonds. The Bonds shall be special obligations of the Issuer secured by the pledge effected pursuant to the Standard Resolution Provisions and are payable solely out of the Pledged Property, without recourse against any other assets, revenues or funds of or other payments due to the Issuer. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Resolution is not limited except as provided in the Resolution or as limited by law.

The Bonds shall not be a debt of the State, and the State shall not be liable thereon, nor shall they be payable out of any funds other than those pledged therefor pursuant to the Resolution.

The Bonds may, if and when authorized by the Issuer pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name "State Personal Income Tax Revenue Bonds (General Purpose)", shall include such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series, as the Issuer may determine; provided that with respect to any Bond denominated as a note, capital lease or other form of obligation, the Issuer may denominate such obligation as other than a "Bond". Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

Nothing contained in the Resolution shall be deemed to preclude or restrict the consolidation pursuant to a Supplemental Resolution of any Bonds of any two or more separate Series authorized pursuant thereto and to any such Supplemental Resolution to be issued pursuant to any of the provisions of the Standard Resolution Provisions into a single Series of Bonds for purposes of sale and issuance; provided, however, that each of the tests, conditions and other requirements contained in the Standard Resolution Provisions as applicable to each such separate Series shall be met and complied with. Except as otherwise provided in the Resolution or in such Supplemental Resolution, such a consolidated Series shall be treated as a single Series of Bonds for all purposes of the Resolution.

(Section 201)

Redemption

Bonds of a Series subject to redemption prior to maturity pursuant to the Resolution or to a Supplemental Resolution or Certificate of Determination shall be redeemable in accordance with the Standard Resolution Provisions, at such times, at such Redemption Prices and upon such terms as may otherwise be specified in the Resolution, in the Bonds or in the Supplemental Resolution authorizing such Series or the related Certificate of Determination.

(Section 401)

The Pledge Effected by the Resolution

The Bonds are special obligations of the Issuer payable solely from the sources set forth in the Resolution.

(Section 501)

Establishment of Funds

The Resolution establishes the following Funds, which shall be held and administered by the Trustee, except for the Bond Proceeds Fund which at the discretion of the Issuer may be held and administered by the Issuer. Each of such Funds and accounts shall have as a prefix "Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (General Purpose)"

1. Revenue Fund,
2. Debt Service Fund,
3. Rebate Fund,
4. Bond Proceeds Fund,
5. Administrative Fund,
6. Subordinated Payment Fund.

Additional Funds, or accounts and subaccounts within each of the foregoing Funds may from time to time be established in accordance with a Supplemental Resolution, Certificate of Determination or upon the direction of the Issuer evidenced by a certificate of an Authorized Officer of the Issuer. Except as otherwise provided in a Supplemental Resolution, all moneys at any time deposited in any Fund and account created by the Resolution (other than the Rebate Fund), including in any fund or account established to effect an economic defeasance of any Bonds under the Resolution, shall be held in trust separate and apart from all other funds by the Issuer or Trustee, as appropriate, for the benefit of the Holders of each Series of Bonds.

(Section 502)

Revenue Fund

There shall be deposited promptly upon receipt by the Trustee to the credit of the Revenue Fund all Revenues.

Financing Agreement Payments together with any other Pledged Property deposited in the Revenue Fund, shall be applied to the Funds and accounts established under the Resolution consistent with the requirements set forth in the Financing Agreement; provided, however, that if the amount of any such payment, together with other Pledged Property deposited in the Revenue Fund, is less than the amount certified, the payment shall be applied in the amounts certified, first, to the Debt Service Fund, second, to the Rebate Fund, third, to the Subordinated Payment Fund and, fourth, to the Administrative Fund; provided, however, that so long as the total amount held in the Debt Service Fund shall be sufficient to fully pay all Outstanding Bonds and Parity Reimbursement Obligations (including Principal or applicable Redemption Price of and interest on such Bonds) in accordance with their terms, no deposits shall be required to be made into the Debt Service Fund.

(Section 503)

Debt Service Fund

In addition to the moneys allocated from the Revenue Fund pursuant to the Resolution, the Trustee shall deposit into the Debt Service Fund such portion of the proceeds of the sale of Bonds of any Series, if any, as shall be prescribed in the Supplemental Resolution or related Certificate of Determination.

The Trustee shall on or before each Interest Payment Date, Redemption Date or other payment date, as the case may be, withdraw and pay from the Debt Service Fund:

1. The interest due on all Outstanding Bonds on such Interest Payment Date;

2. The Principal Installments due on all Outstanding Bonds on such Interest Payment Date;

3. The Sinking Fund Installments, if any, due on all Outstanding Bonds on such Interest Payment Date;

4. The Redemption Price due on all Outstanding Bonds on any Redemption Date in accordance with the Resolution; and

5. Amounts due with respect to Parity Reimbursement Obligations.

Except as otherwise provided in a Supplemental Resolution, the amounts paid out to any Paying Agent pursuant to the Resolution remain irrevocably pledged until, and shall be, applied to such payments.

In the event of the refunding of any Bonds, the Trustee shall, upon the direction of the Issuer, withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts with itself as Trustee or any other fiduciary selected by the Issuer to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (i) upon such refunding, the Bonds being refunded shall be deemed to have been paid within the meaning and with the effect provided in the Resolution, and (ii) the amount remaining in the Debt Service Fund shall be not less than the amount needed to pay the Debt Service on all Outstanding Bonds accrued through such date.

Investment income on amounts in the Debt Service Fund shall be retained in such Fund or, upon direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund or, with the concurrence of the Director of the Budget, to the Bond Proceeds Fund.

(Section 504)

Rebate Fund

The Trustee shall deposit to the Rebate Fund any moneys delivered to it by the State for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Rebate Fund in accordance with the directions of an Authorized Officer of the Issuer, moneys on deposit in any other Funds held by the Trustee under the Resolution at such times and in such amounts as shall be set forth in such directions. Moneys on deposit in the Rebate Fund shall be applied by the Trustee, in accordance with the direction of the Issuer, to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Issuer shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America in accordance with the provisions of the Arbitrage and Use of Proceeds Certificate, if any, delivered in connection with each Series of Bonds. Moneys which the Issuer determines to be in excess of the amount required to be so rebated shall be deposited to the Revenue Fund.

If and to the extent required by the Code or an Arbitrage and Use of Proceeds Certificate, the Issuer shall periodically, at such times as may be required to comply with the Code, determine the Rebate Amount with respect to each Series of Bonds and transfer from any other Fund or account held under the Resolution and deposit to the Rebate Fund all or a portion of the Rebate Amount with respect to such

Series of Bonds and pay out of the Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 505)

Bond Proceeds Fund

Except as otherwise provided in a Supplemental Resolution or related Certificate of Determination, the Issuer, or the Trustee at the direction of the Issuer, shall deposit into the Bond Proceeds Fund the proceeds of sale of each Series of Bonds, unless otherwise required to be deposited into and held in the Debt Service Fund, to enable the Issuer to comply with the conditions precedent to the issuance of any Bonds.

Except as may be otherwise provided in the Supplemental Resolution or related Certificate of Determination, amounts in the Bond Proceeds Fund shall be applied by the Issuer from time to time for any of the purposes for which revenue bonds may be issued pursuant to paragraphs (a) and (b) of subdivision one of Section 68-b through the payment of Costs of a Project consistent with terms of any Requisition.

Whenever the Issuer shall determine and the Director of the Budget shall agree that the amount on deposit to the credit of the Bond Proceeds Fund is in excess of its requirements for the purposes for which amounts in such Fund may be used as permitted by law, such excess amount shall be withdrawn therefrom and deposited into the Revenue Fund. Notwithstanding the foregoing, amounts in the Bond Proceeds Fund may be applied to the payment of Principal Installments and interest on the applicable Series of Bonds and of Parity Reimbursement Obligations when due, and to the extent that other moneys are not available therefor, amounts in the Bond Proceeds Fund may be applied to the payment of Principal Installments and interest on the Bonds and of Parity Reimbursement Obligations when due.

Except as otherwise provided in the Resolution or a Supplemental Resolution, investment income on amounts in the Bond Proceeds Fund from proceeds of a Series of Bonds shall be transferred to the Revenue Fund, or, upon the direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund, or with the concurrence of the Director of the Budget, shall be retained in the Bond Proceeds Fund or transferred to the Debt Service Fund.

(Section 506)

Application of Moneys in the Debt Service Fund for Redemption of Bonds and Satisfaction of Sinking Fund Installments

Moneys delivered to the Trustee, which by the provisions of the Resolution are to be applied for redemption of Bonds, shall upon receipt by the Trustee be deposited to the credit of the Debt Service Fund for such purpose to the extent not otherwise provided pursuant to a Supplemental Resolution.

Moneys in the Debt Service Fund to be used for redemption of Bonds of a Series may be applied by the Issuer to the purchase of Outstanding Bonds of such Series at purchase prices not exceeding the Redemption Price applicable on the next Interest Payment Date on which such Bonds are redeemable, plus accrued interest to such date, at such times, at such purchase prices and in such manner as the Issuer shall direct.

In satisfaction, in whole or in part, of any Sinking Fund Installment, the Issuer may deliver to the Trustee at least 45 days prior to the date of such Sinking Fund Installment, for cancellation, Bonds acquired by purchase or redemption, except Bonds acquired by purchase or redemption pursuant to the preceding paragraph, of the maturity and interest rate entitled to such Sinking Fund Installment. All Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Bonds. Concurrently with such delivery of such Bonds the Issuer shall deliver to the Trustee a certificate of an Authorized Officer of the Issuer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Bonds so delivered, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Bonds are so delivered, (iii) the aggregate principal amount of the Bonds so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Bonds.

The Trustee shall, in the manner provided in the Standard Resolution Provisions, call for redemption, on the date of each Sinking Fund Installment falling due prior to maturity, such principal amount of Bonds of the Series and maturity entitled to such Sinking Fund Installment as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

Notwithstanding the provisions of the second paragraph of this section, if the amount in the Debt Service Fund at any time (other than moneys required to pay the Redemption Price of any Outstanding Bonds of a Series theretofore called for redemption or to pay the purchase price of such Outstanding Bonds theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the Redemption Date or purchase date) is sufficient to make provision pursuant to the Standard Resolution Provisions for the payment of such Outstanding Bonds at the maturity or Redemption Date thereof, the Issuer may request the Trustee to take such action consistent with the Standard Resolution Provisions as is required thereby to deem such Bonds to have been paid within the meaning of the Standard Resolution Provisions. The Trustee, upon receipt of such request and irrevocable instructions of the Issuer to purchase Government Obligations sufficient to make any deposit required thereby, shall comply with such request.

(Section 507)

Administrative Fund

Amounts in the Administrative Fund shall be paid out from time to time by the Trustee at the request of the Issuer for reasonable and necessary Issuer Expenses, free and clear of the lien and pledge created by the Resolution.

Amounts in the Administrative Fund being held for Issuer Expenses, the payment of which is not immediately required may in the discretion of the Issuer be invested in Investment Obligations. The Issuer may by written instruction to the Trustee sell any such investments at any time and the proceeds of such sale and of all payments at maturity or upon redemption of such investments shall be held in the Administrative Fund. Whenever the Administrative Fund exceeds the amount reasonable and necessary for Issuer Expenses, the Issuer shall direct the Trustee to pay the excess to the Revenue Fund.

Investment income on amounts in the Administrative Fund shall be deposited into the Revenue Fund.

(Section 508)

Subordinated Payment Fund

The Issuer may, at any time, or from time to time, issue Subordinated Indebtedness payable out of, and which may be secured by a pledge of and lien on, such amounts as may from time to time be available for transfer to the Subordinated Payment Fund pursuant to the Resolution; *provided*, *however*, that (a) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for the Bonds and Parity Reimbursement Obligations and (b) to the extent provided by Supplemental Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the Resolution. The Issuer may establish such priorities of payment and security among Subordinated Indebtedness as it deems appropriate; *provided*, *however*, that the Supplemental Resolution or indenture or other agreement providing for the issuance of such Subordinated Indebtedness shall not permit the holders of such Subordinated Indebtedness to declare the same, nor to instruct such holders' trustee to declare the same, to be immediately due and payable any time that any Bonds and Parity Reimbursement Obligations remain Outstanding.

Subject to the other provisions of the Resolution, the Trustee shall deposit into the Subordinated Payment Fund all Revenues for (i) payments on any Subordinated Indebtedness, or (ii) Qualified Swap Payments or payments on other financial instruments entered into by the Issuer.

The Trustee shall pay out of the Subordinated Payment Fund all amounts required for the payments described in this section pursuant to any resolution adopted by, or otherwise at the written direction of, the Issuer.

Except as otherwise provided in the Resolution or a Supplemental Resolution, investment income on amounts in the Subordinated Payment Fund shall be transferred to the Revenue Fund, or, upon the direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund, or with the concurrence of the Director of the Budget, shall be retained in the Subordinated Payment Fund or transferred to the Debt Service Fund.

(Section 509)

Transfer of Investments

Whenever moneys in any Fund or account established under the Resolution or under any Supplemental Resolution are to be paid in accordance with the Resolution to another such Fund or account, such payment may be made, in whole or in part, by transferring to such other Fund or account investments held as part of the Fund or account from which such payment is to be made, whose value, together with the moneys, if any, to be transferred, is at least equal to the amount of the payment then to be made, *provided* that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such Fund or account.

(Section 510)

Power to Issue Bonds and Effect Pledge

The Issuer is duly authorized under all applicable laws to create and issue the Bonds, adopt the Resolution and pledge the Pledged Property in the manner and to the extent provided in the Resolution. The Pledged Property is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the legally valid and binding special obligations of the Issuer enforceable in accordance with their terms and the terms of the Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Property and all the rights of the Holders of Bonds and other obligations under the Resolution against all claims and demands of all Persons whomsoever.

(Section 601)

APPENDIX B-II

SUMMARY OF CERTAIN PROVISIONS OF THE STATE PERSONAL INCOME TAX REVENUE BONDS STANDARD RESOLUTION PROVISIONS

The following sections contain definitions of certain terms used in this general summary ("Summary") of certain provisions of the Standard Resolution Provisions. The definitions and Summary are not to be considered a full statement of all terms used in the Standard Resolution Provisions or the Resolution to which the Standard Resolution Provisions is appended and, accordingly, are qualified by reference to and are subject to the full text of the Standard Resolution Provisions and the Resolution. Copies of the Standard Resolution Provisions and the Resolution may be obtained upon request from the Dormitory Authority of the State of New York.

Definitions

Capitalized terms used but not otherwise defined in this Summary shall have the meanings set forth in the Resolution to which the Standard Resolution Provisions are appended. The following terms shall, for all purposes therein and (except as the context may otherwise require) in the Resolution to which these Standard Resolution Provisions are appended, have the following meanings:

Accreted Value shall mean, with respect to any Capital Appreciation Bonds (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Capital Appreciation Bonds and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

Additional Bonds shall mean Bonds authenticated and delivered on original issuance pursuant to the Standard Resolution Provisions.

Amortized Value when used with respect to Investment Obligations purchased at a premium above or a discount below par, shall mean the value of such Investment Obligations computed by using an industry standard constant yield method selected by an Authorized Officer of the Issuer.

Appreciated Value shall mean with respect to any Deferred Income Bonds (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Deferred Income Bonds, (ii) as of any date prior to the Interest Commencement Date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

Arbitrage and Use of Proceeds Certificate shall mean, with respect to any Series of Bonds, the interest on which is intended by the Issuer to be excluded from gross income for federal income tax purposes, a certificate or certificates executed by an Authorized Officer of the Issuer in connection with the initial issuance and delivery of the Bonds of such Series and containing representations, warranties and covenants of the Issuer relating to the federal tax status of such Series of Bonds, as such certificate or certificates may be amended and supplemented from time to time.

Authorized Issuer shall mean any public authority or public benefit corporation enumerated by subdivision 1 of Section 68-a.

Authorized Newspaper shall mean The Bond Buyer or any other newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, designated by the Issuer.

Authorized Purpose shall mean a purpose as provided by the Enabling Act for the Issuer.

Bank shall mean any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

Bond or **Bonds** shall mean any of the bonds or notes of the Issuer authorized and issued pursuant to the Resolution and to a Supplemental Resolution; provided, however, that such terms shall not include any Bond Anticipation Notes, or bonds, notes or other obligations, including Qualified Swaps, payable from the Subordinated Payment Fund.

Bond Anticipation Notes shall mean notes issued pursuant to the Standard Resolution Provisions.

Bond Counsel shall mean an attorney or law firm, appointed by the Issuer, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

Bondholder, **Holder** or **Holder of Bonds**, or any similar term, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds.

Business Day shall mean a day of the year which is not a Saturday, Sunday, or a day on which the Trustee or banking institutions chartered by the State or the United States of America are required or authorized by law to close in The City of New York, or any day on which the New York Stock Exchange is closed.

Calculated Debt Service shall mean for any period, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligations, the sum of Debt Service for such period determined by the Issuer based on the following adjustments:

(1) Interest on Variable Interest Rate Bonds shall be based on the Estimated Average Interest Rate applicable thereto.

(2) With respect to Put Bonds and any Bonds of a Series the interest on which is payable periodically and at least twenty-five per centum (25%) of the original principal amount of which is stated to mature at one time and for which maturing principal amount amortization requirements have not been designated, (i) Principal Installments shall be deemed to amortize over a 30-year period from their date of issuance (or any shorter period provided by Supplemental Resolution) based on substantially level debt service as estimated by the Issuer, and (ii) interest shall be based on the actual interest rate or the Estimated Average Interest Rate, as applicable.

(3) If the Issuer has irrevocably deposited Investment Obligations or money with the Trustee (or otherwise in trust) for the payment of any portion of Debt Service, the expected future cash flow from such Investment Obligations and money shall be deducted from Debt Service.

(4) If the Issuer has, at any time, irrevocably called for redemption of one or more Series of Bonds, including pursuant to a covenant to apply any portion of the Pledged Property to redeem Bonds or Parity Reimbursement Obligations (which particular Bonds or Parity Reimbursement Obligations need not be specifically identified in advance, except as to interest rate and maturity), the Issuer shall take into account such redemption for purposes of determining Calculated Debt Service.

(5) With respect to Parity Reimbursement Obligations, an interest rate calculated at a higher interest rate on the related Bonds shall only be taken into account if, at the time of calculation, such higher rates are then payable thereon.

Capital Appreciation Bonds shall mean Bonds of a Series denominated as such and issued as to which interest is payable only at the maturity or prior redemption of such Bonds. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, (ii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value (which in the case of clause (ii) may be the Accreted Value as of the immediately preceding Valuation Date).

Certificate of Determination shall mean a certificate of an Authorized Officer of the Issuer fixing terms, conditions and other details of Bonds, Parity Reimbursement Obligations, Credit Facilities, Subordinated Indebtedness, or other matters in accordance with the delegation of power to do so under the Resolution or a Supplemental Resolution.

Code shall mean the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code shall be deemed to include the Regulations, including temporary and proposed Regulations, relating to such section which are applicable to the Resolution, including the Bonds or the use of Bond proceeds.

Comptroller shall mean the Comptroller of the State and, to the extent permitted by law in connection with the exercise of any specific right or duty, any other official of the State authorized to act on behalf of the Comptroller in connection therewith.

Cost or Costs of a Project shall mean costs and expenses or the refinancing of costs and expenses incurred or to be incurred in connection with a Project, including, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses for labor and materials and payments to consultants, contractors, builders and materialmen, for the acquisition, design, construction, reconstruction, rehabilitation, preservation, development, improvement or modernization of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising the construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs necessarily and appropriately incurred in connection with the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project, (vii) any sums required to reimburse the State or the Issuer for advances made by either party for any of the above items or for other costs incurred and for work done by the State or Issuer in connection with the Project, and (viii) grants or loans by or on behalf of the State for any of the foregoing.

Cost or Costs of Issuance shall mean the items of expense incurred in connection with the authorization, sale and issuance of a Series of Bonds or Bond Anticipation Notes, which items of expense shall include Issuer Expenses, State bond issuance charges, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Securities Depository, legal fees and charges, professional consultants' fees, underwriting fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for Credit Facilities, Qualified Swaps and other similar financial arrangements, costs and expenses of refunding of Bonds or Prior Obligations and other costs, charges and fees, including those of the Issuer, in connection with the foregoing.

Counsel's Opinion shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the practice of law relating to municipal, state and public agency financing selected by the Issuer.

Credit Facility shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Issuer and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Bonds or Parity Reimbursement Obligations.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligation Outstanding, the sum of: (i) interest on the Bonds of such Series and the interest components of Parity Reimbursement Obligations accruing during such period and (ii) that portion of each Principal Installment for such Bonds and Parity Reimbursement Obligations that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the preceding Principal Installment payment date on Outstanding Bonds and Parity Reimbursement Obligations; *provided, however, that,* unless otherwise set forth in a Supplemental Resolution, no Principal Installment shall be deemed to begin accruing until *the later* of one year prior to such Principal Installment's due date and the date of issuance or incurrence of the related Bond or Parity Reimbursement Obligation.

Defeased Municipal Obligations shall mean pre-refunded municipal obligations rated in the highest Rating Category by each Rating Agency and meeting the following requirements:

(a) The municipal obligations (i) are not subject to redemption prior to maturity or (ii) the trustee or the paying agent has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions; and

(b) The municipal obligations are fully secured by cash or Government Obligations which may be applied only to payment of the principal of and interest and premium, if any, on such municipal obligations.

Deferred Income Bond shall mean any Bond (A) as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is (i) compounded on each Valuation Date for such Deferred Income Bond and (ii) payable only at the maturity or prior redemption of such Bonds and (B) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date succeeding the Interest Commencement Date and periodically thereafter on the dates specified in or determined by Supplemental Resolution. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, (ii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Deferred Income Bond shall be deemed to be its Appreciated Value (which in the case of clause (ii) may be the Appreciated Value as of the immediately preceding Valuation Date).

Director of the Budget shall mean the Director of the Division of the Budget of the State and, to the extent permitted by law in connection with the exercise of any specific right or duty, any official of the State authorized to act on behalf of the Director of the Budget in connection therewith.

Enabling Act shall mean Article 5-c of the State Finance Law, Chapter 56 of the Consolidated Laws of the State of New York, as may be hereafter amended from time to time.

Estimated Average Interest Rate shall mean, as to any Variable Interest Rate Bonds or Qualified Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Bonds or Qualified Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer of the Issuer in consultation with the Director of the Budget.

Event of Default shall mean any Event of Default set forth in the Standard Resolution Provisions.

Fiduciary shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

Fiduciary Capital Funds when used with respect to any Fiduciary shall mean the total of (i) paid in capital, (ii) surplus, (iii) undivided profits and (iv) the par value of outstanding capital notes issued and subordinated to the claims of creditors of such Fiduciary other than the holders of such capital notes.

Financing Agreement shall mean the applicable financing agreement authorized by subdivision 1 of Section 68-c, as amended and supplemented in accordance with the terms thereof and the Resolution and referred to in the Resolution.

Financing Agreement Payment shall refer to any payment obligation of the State incurred pursuant to a Financing Agreement and denominated therein as a “Financing Agreement Payment,” to pay to the Issuer or the Trustee from amounts available therefor in the Revenue Bond Tax Fund.

Fund shall mean any one of the funds created and established pursuant to the Resolution.

Government Obligations shall mean (a) direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America and entitled to the full faith and credit thereof; (b) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (a) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations or specific interest or principal payments shall be a bank or trust company organized under the laws of the United States of America or of any state or territory thereof or of the District of Columbia, with a combined capital stock, surplus and undivided profits of at least $50,000,000 or the custodian is appointed by or on behalf of the United States of America; and provided, further, that except as may be otherwise required by law, such custodian shall be obligated to pay to the holders of such certificates, depositary receipts or other instruments the full amount received by such custodian in respect of such obligations or specific payments and shall not be permitted to make any deduction therefrom; (c) an obligation of any federal agency approved by the Issuer; (d) a share or interest in a mutual fund, partnership or other fund wholly comprised of obligations described in clauses (a), (b) and (c) above; (e) Defeased Municipal Obligations; or (f) any other Investment Obligation designated in a Supplemental Resolution as a Government Obligation for purposes of defeasing Bonds, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency.

Interest Commencement Date shall mean, with respect to any particular Deferred Income Bond, the date determined by Supplemental Resolution after which interest accruing on such Bond shall be payable on the first interest payment date succeeding such Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Supplemental Resolution.

Interest Payment Date shall mean, with respect to a Series of Bonds, each date on which interest, if any, is payable pursuant to the Supplemental Resolution authorizing such Bonds.

Investment Obligations shall mean any of the following that are lawful investments at the time of the investment:

(a) Government Obligations,

(b) certificates of deposit issued by, and time deposits in, and bankers' acceptances of, any bank (including any Paying Agent or Trustee), any branch of any bank, national banking association or federally chartered savings and loan association; provided that, with respect to any of the foregoing institutions, whose long-term unsecured indebtedness is rated less than "A" by each Rating Agency, such certificates of deposit or time deposits or bankers' acceptances are (i) insured by the Federal Deposit Insurance Corporation for the full face amount thereof or (ii) to the extent not so insured, collateralized by direct obligations of the United States of America having a market value of not less than the face amount of such certificates and deposits,

(c) evidences of ownership of a proportionate interest in specified direct obligations of the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, or when "stripped" by the Department of the Treasury of the United States of America, then by the custodian designated by the Department of the Treasury of the United States of America,

(d) obligations of state or local government municipal bond issuers which are rated in one of the two highest Rating Categories by each Rating Agency,

(e) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by an insurance policy or guaranteed by a letter of credit and which are rated in one of the two highest Rating Categories by each Rating Agency,

(f) interests in a money market mutual fund registered under the Investment Company Act of 1940, 15 U.S.C. §§80-1, et seq., as from time to time amended, the portfolio of which is limited to obligations described in clause (a), (d), or (e) above and repurchase agreements fully collateralized thereby provided that such fund has total assets of at least $100,000,000 and is rated in the highest Rating Category by each Rating Agency,

(g) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian,

(h) any repurchase agreement for Government Obligations by the Issuer or any Trustee that is with a bank, trust company (including any Trustee) or securities dealer which is a member of the Securities Investors Protection Corporation, each of which is a primary reporting dealer in government securities as determined by the Federal Reserve Bank, or if "primary reporting dealers" cease to be determined by the Federal Reserve Bank, such other comparable standard as the Issuer shall implement pursuant to a Supplemental Resolution; provided, however, that the Government Obligations must be transferred to the Issuer or any Trustee or a third party agent by physical delivery or by an entry made on the records of the issuer or registrar of such obligations or clearing agent or depository, and the collateral security must continually have a market value at least equal to the amount so invested and the collateral must be free of third party claims. Any investment in a repurchase agreement shall be considered to mature on the date the bank, trust company or recognized securities dealer providing the repurchase agreement is obligated to repurchase the Government Obligations,

(i) commercial paper rated in the highest Rating Category by each Rating Agency,

(j) investment agreements, secured or unsecured, with any institutions whose debt securities are rated in one of the two highest Rating Categories (or rated in the highest Rating Category for short-term obligations if the investment is for a period not exceeding one year) by each Rating Agency,

(k) forward purchase agreements effecting the periodic delivery of securities listed in (a), (c), (d), (e), (g) and (i) above, and

(l) shares or an interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as from time to time amended, whose objective is to maintain a constant share value of $1.00 per share and that is rated in the highest Rating Category for short-term obligations by at least one Rating Agency; and

(m) any other obligations from time to time permitted pursuant to the Issuer Act or other applicable law; provided, however, that if the funds invested in any such obligation are pledged for the payment of Bonds under the Resolution and the Bonds are then rated by a Rating Agency, such obligation shall be rated in one of the two highest Rating Categories of each such Rating Agency.

Any investment in any of the foregoing obligations may be made in the form of an entry made on the records of the issuer of the particular obligations or of a recognized Securities Depository.

Issuer Board shall mean the board or members of the Issuer duly appointed and acting pursuant to the Issuer Act, or their designees duly appointed and acting.

Issuer Expenses shall mean all proper items of cost or expenditure incurred or anticipated to be incurred by the Issuer in connection with the financing of any Project pursuant thereto, or direct and indirect administrative costs, fees and expenses and allocable portions of direct and indirect costs of the Issuer incurred in connection with financing such Project, including Costs of Issuance, initial fees and periodic fees to be paid in connection with Credit Facilities, legal fees, fees and expenses of trustees, remarketing agents, market agents, tender agents, auction agents, Depositories and Paying Agents, and financing charges and fees and expenses of financial advisors and consultants, costs of audits, and such other expenses not specified therein as may be necessary or incident to the financing of such Project, including through the issuance of Bonds or Bond Anticipation Notes and all other expenses of the Issuer relating to the financing of Projects set forth in the Enabling Act; provided, however, that Issuer Expenses shall not include any termination or other payments to be made in connection with Qualified Swaps or other similar arrangements or, except to the extent expressly provided above, Credit Facilities.

Outstanding, when used with reference to Bonds, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated or otherwise validly executed and delivered under the Resolution except:

1. Any Bond canceled or delivered for cancellation at or prior to such date;

2. Any Bond (or portion of a Bond) deemed to have been paid in accordance with the Standard Resolution Provisions unless a Supplemental Resolution provides that Bonds of a Series having the benefit of a Credit Facility shall not thereby be deemed paid if payment is provided by the Credit Facility;

3. Any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Standard Resolution Provisions; and

4. Put Bonds tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Bonds on the applicable tender date, if the purchase price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Bonds thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution.

The principal component of any Parity Reimbursement Obligation shall be deemed to be Outstanding in a principal amount equal to the principal amount of the obligation then owed by the Issuer thereunder in lieu of the related Bond, regardless of the authorized amount of the principal component of such Parity Reimbursement Obligation or the related Bond and provided that, unless otherwise required pursuant to the related Supplemental Resolution, the principal component of such Parity Reimbursement Obligation shall not by itself increase the Outstanding principal amount of Bonds.

Parity Reimbursement Obligation has the meaning provided in the Standard Resolution Provisions.

Paying Agent or **Paying Agents** shall mean any paying agent for the Bonds of any Series appointed pursuant to the Standard Resolution Provisions, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution, and in the event that for any reason there shall be a vacancy in the office of Paying Agent, the Trustee, if a different entity, or the Issuer shall act as such Paying Agent.

Person shall mean any individual, corporation, firm, partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability company or other legal entity or group of entities, including any public benefit corporation, public instrumentality, quasi-governmental or governmental entity or any agency or subdivision thereof.

Pledged Property shall mean all of the Issuer's right, title and interest in and to (i) the Financing Agreements (other than (A) the Issuer's right to receive the payment of Issuer Expenses, (B) the right of the Issuer to enforce the obligation of the State to make Financing Agreement Payments, (C) the right of the Issuer to agree to the amendment of a Financing Agreement in accordance with the Standard Resolution Provisions, and (D) the right of the Issuer to enforce the provisions of any Financing Agreement independently of the Trustee, without limiting the right of the Trustee to enforce the payment of amounts (other than Financing Agreement Payments) under the Financing Agreements for the benefit of Bondholders or Fiduciaries), and (ii) the Revenues and Funds (other than the Rebate Fund and other Funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Bonds, Put Bonds, Parity Reimbursement Obligations, Reimbursement Obligations or Subordinated Indebtedness; *provided, however, that* such Funds, accounts and subaccounts are specifically excepted from Pledged Property by the Supplemental Resolution authorizing such Variable Interest Rate Bonds, Put Bonds, Parity Reimbursement Obligations, Reimbursement Obligations or Subordinated Indebtedness), including Investment Obligations held in such Funds under the Resolution, together with all proceeds and revenues of the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the Resolution; provided, however, that in no event shall any Project or any interest therein be deemed to be "Pledged Property".

Principal Installment shall mean, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligation, as applicable, (a) the principal amount of Outstanding Bonds of such Series, due on the dates and in the amounts specified by Supplemental Resolution, reduced by the principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Installments payable before such dates, plus the unsatisfied balance of any Sinking Fund Installments due on any certain future date for Bonds of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any Parity Reimbursement Obligation, the amount due thereunder on the dates and in the amounts established in accordance with the Standard Resolution Provisions as a principal component of such Parity Reimbursement Obligation payable on a parity with the Bonds.

Prior Obligations shall mean bonds, notes or other obligations previously issued or incurred by an Authorized Issuer not under the Resolution to finance Costs of a Project.

Project shall mean the land, buildings, improvements, betterments, equipment, furnishings, and other property, real or personal, and all appurtenances thereto and interests therein, comprising each of the projects to be acquired, constructed, reconstructed, renovated, or developed to effectuate an Authorized Purpose.

Put Bonds shall mean Bonds which by their terms may be tendered at the option of the Holder thereof, or are subject to a mandatory tender other than at the election of the Issuer for payment or purchase prior to the stated maturity or redemption date thereof.

Qualified Swap shall mean, to the extent from time to time permitted by law, with respect to Bonds, any financial arrangement (i) which is entered into by the Issuer with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Bonds of the Issuer as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Bonds); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Issuer for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Bonds or variable interest rate Bonds on a synthetic basis or otherwise, or other similar financial transaction, and (iii) which has been designated in writing to the Trustee by an Authorized Officer of the Issuer as a Qualified Swap with respect to such Bonds.

Qualified Swap Payment shall mean any payment required to be made by the Issuer under a Qualified Swap, such payment to be made only from the Subordinated Indebtedness Fund.

Qualified Swap Provider shall mean an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated at least as high as the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider.

Rating Agency shall mean each nationally recognized statistical rating organization then maintaining a rating on the Bonds at the request of the Issuer.

Rating Category shall mean one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rating Confirmation shall mean evidence that no rating then in effect from a Rating Agency will be withdrawn or reduced solely as the result of an action to be taken under the Resolution; provided, however, that no action requiring Rating Confirmation shall be undertaken unless at least one Rating Agency at that time maintains a rating on Bonds.

Rebate Amount shall mean, with respect to each Series of Bonds, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code.

Record Date shall mean with respect to any Interest Payment Date, unless the applicable Supplemental Resolution authorizing a particular Series of Bonds provides otherwise with respect to Bonds of such Series, the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date; provided, however, with respect to any Interest Payment Date for the Series 2019 Bonds, the Record Date shall be the last day of the calendar month preceding such Interest Payment Date.

Redemption Date shall mean the date upon which Bonds are to be called for redemption pursuant to the Resolution.

Redemption Price shall mean, with respect to any Bonds, the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof.

Refunding Bonds shall mean all Bonds, whether issued in one or more Series of Bonds, authenticated and delivered pursuant to the Standard Resolution Provisions, on original issuance pursuant to the Standard Resolution Provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Standard Resolution Provisions.

Regulations shall mean the Income Tax Regulations promulgated by the Department of the Treasury of the United States of America from time to time.

Reimbursement Obligation has the meaning provided in the Standard Resolution Provisions.

Requisition shall mean any instructions as deemed necessary and delivered by the Director of the Budget to the Issuer, providing for the payment of Bond proceeds to the State or any other entity.

Revenues shall mean (i) all amounts appropriated and paid to the Issuer or the Trustee from the Revenue Bond Tax Fund pursuant to Section 92-z and the Financing Agreement, constituting Financing Agreement Payments, (ii) any other amounts appropriated and paid by the State to the Issuer or received from any other source by the Issuer and pledged by the Issuer as security for the payment of Bonds, and (iii) interest received or to be received on any moneys or securities held pursuant to the Resolution.

Revenue Bond Tax Fund shall mean the fund established by Section 92-z.

Section 92-z shall mean section 92-z of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Section 68-a shall mean section 68-a of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Section 68-b shall mean section 68-b of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Section 68-c shall mean section 68-c of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Securities Depository shall mean a recognized securities depository selected by the Issuer to maintain a book-entry system in respect to all or any portion of a Series of Bonds (including, as appropriate, any nominee thereof), and shall include any substitute for or successor to the Securities Depository initially acting as Securities Depository.

Series shall mean all of the Bonds authenticated and delivered on original issuance and denominated as part of the same series, and thereafter delivered in lieu of or in substitution of such Bonds pursuant to the Standard Resolution Provisions regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

Sinking Fund Installment shall mean, with respect to any Series of Bonds, as of any date of calculation and with respect to any Bonds of such Series, the amount of money required by the applicable Supplemental Resolution pursuant to which such Bonds were issued, to be paid in all events by the Issuer on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Issuer by reason only of the maturity of such Bond.

State shall mean the State of New York.

State Fiscal Year shall mean the fiscal year of the State as set forth in the State Finance Law.

State Legislature shall mean the Legislature of the State of New York.

State Revenue Bonds shall mean any notes, bonds or other obligations to be issued or incurred by the State or by a public corporation of the State on behalf of the State in accordance with a hereinafter enacted amendment to the State Constitution, payments with respect to which (i) are payable from specified, dedicated revenues and (ii) do not require an appropriation by the State Legislature in order to be made.

Subordinated Indebtedness shall mean any bond, note or other indebtedness authorized by Supplemental Resolution or other resolution of the Issuer and designated as constituting "Subordinated Indebtedness" in a certificate of an Authorized Officer of the Issuer delivered to the Trustee, which shall be payable and secured in a manner permitted by the Resolution, and any lien on and pledge of any portion of the Pledged Property securing Subordinated Indebtedness shall be junior and inferior to the lien on and pledge of the Pledged Property created in the Resolution for the payment of the Bonds and Parity Reimbursement Obligations.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution adopted by the Issuer in accordance with the Resolution and, except as the context may otherwise require, including any related Certificate of Determination.

Tax Law shall mean the tax law constituting Chapter 60 of the consolidated laws of the State.

Taxable Bonds shall mean any Bonds which are not Tax-Exempt Bonds.

Tax-Exempt Bonds shall mean any Bonds the interest on which is intended by the Issuer to be generally excluded from gross income for federal income tax purposes and which are designated as Tax-Exempt Bonds in the Supplemental Resolution authorizing such obligations.

Trustee shall mean a trustee appointed by the Issuer or as otherwise provided in the Resolution, its successor and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Resolution.

Valuation Date shall mean (i) with respect to any Capital Appreciation Bonds, the date or dates set forth in the Supplemental Resolution authorizing such Bond on which specific Accreted Values are assigned to such Capital Appreciation Bonds, and (ii) with respect to any Deferred Income Bonds, the date or dates on or prior to the Interest Commencement Date set forth in the Supplemental Resolution authorizing such Bonds on which specific Appreciated Values are assigned to the Deferred Income Bonds.

Variable Interest Rate Bonds shall mean Bonds which bear a variable interest rate but does not include any Bond which, during the remainder of the term thereof to maturity, bears interest at a fixed rate. The method of computing such variable interest rate shall be specified in the Supplemental Resolution authorizing such Series of Bonds.

(Section A-101)

The Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Bonds and Parity Reimbursement Obligations authorized to be issued or incurred under the Resolution by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds and Parity Reimbursement Obligations; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds and Parity Reimbursement Obligations, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or Parity Reimbursement Obligations over any other thereof except as expressly provided in or permitted by the Resolution.

(Section A-104)

General Provisions for Issuance of Bonds

The issuance of Bonds of a Series or subseries shall be authorized by the Resolution and a Supplemental Resolution or Resolutions adopted at the time of or subsequent to the adoption of the Resolution and which shall be subject to the express limitations of the Resolution. The Bonds of a Series or subseries authorized to be issued shall be executed in accordance with the Standard Resolution Provisions and delivered to the Trustee. Such Series of Bonds or subseries shall be authenticated or otherwise delivered by the Trustee from time to time in such amounts as directed by the Issuer and by it delivered to or upon the order of the Issuer upon receipt of the consideration therefor and upon delivery to the Trustee of:

(A) a copy of the Resolution and the Supplemental Resolution authorizing such Series which, among other things, shall specify the following items (or the manner of determining such items prior to the delivery of the Bonds):

1. The authorized principal amount, designation and Series of such Bonds;

2. The purposes for which such Series of Bonds are being issued, which shall be one or more of the following (a) one or more of the Authorized Purposes permitted by the Enabling Act, or (b) the refunding of Bonds as provided in the Standard Resolution Provisions;

3. The date or dates, and the maturity date or dates and principal amounts of each maturity of the Bonds of such Series;

4. The amount, or the method for determining such amount, and due date of each Sinking Fund Installment, if any, for Bonds of such Series;

5. The Record Date or Record Dates of Bonds of such Series for which the Record Date or Record Dates is other than the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date for such Bonds;

6. If the Bonds of such Series are interest bearing Bonds, the interest rates of the Bonds of such Series and the Interest Payment Dates therefor;

7. If Bonds of such Series are Capital Appreciation Bonds, the Valuation Dates for such Bonds and the Accreted Value on each such Valuation Date;

8. If Bonds of such Series are Deferred Income Bonds, the Interest Commencement Date for such Obligations, the Valuation Dates prior to the Interest Commencement Date for such Bonds and the Appreciated Value on each such Valuation Date;

9. If Bonds of such Series are Capital Appreciation Bonds or Deferred Income Bonds, the manner in which and the period during which principal and interest shall be deemed to accrue on such Bonds;

10. If Bonds of such Series are Variable Interest Rate Bonds, the maximum interest rate, if any, or the method of calculating such maximum rate for such Bonds, and the provisions, if any, as to the calculation or change of variable interest rates;

11. If Bonds of such Series are Put Bonds, provisions regarding tender for purchase or redemption thereof and payment of the purchase or Redemption Price thereof;

12. The denomination or denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series;

13. The Paying Agent or Paying Agents, if any, and the place or places of payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if any, of and interest on the Bonds of such Series;

14. The redemption provisions, if any, applicable to the Bonds of such Series;

15. Provisions for time, place and manner of sale or exchange of the Bonds of such Series;

16. Any material change to the form of the Bonds of such Series and the form of the Trustee's certificate of authentication thereon from the forms set forth in Exhibit One to the Resolution. Except as otherwise provided pursuant to a Supplemental Resolution, all of the Bonds of each Series shall be in fully registered form without coupons;

17. Directions for the application of the proceeds of the Bonds of such Series;

18. To the extent applicable, direction to deliver such Series of Bonds in book-entry form to the extent materially different from the provisions of the Standard Resolution Provisions;

19. To the extent applicable, the provisions relating to (a) any Credit Facility, Qualified Swap or other similar financial arrangement entered into in connection with the issuance of the Bonds of such Series and (b) the obligations payable thereunder; and

20. Any other provision deemed advisable by an Authorized Officer of the Issuer, not in conflict with the provisions of the Resolution or of the applicable Supplemental Resolution.

An Authorized Officer of the Issuer to whom a Supplemental Resolution has delegated the power to determine any of the foregoing shall execute a Certificate of Determination evidencing such determinations or other actions taken pursuant to such delegation, and such Certificate of Determination shall be conclusive evidence of the determinations or actions of such Authorized Officer as to the matters stated therein. The matters set forth in any such Certificate of Determination shall have the same effect as if set forth in the related Supplemental Resolution;

(B) Counsel's Opinion in customary form to the effect that (i) the Issuer has the right and power under the Acts to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect and is valid and binding upon the Issuer and enforceable in accordance with its terms, and no other authorization for the Resolution is required, (ii) the Resolution creates the valid pledge to the payment of the Bonds of the Pledged Property which it purports to create pursuant to the Standard Resolution Provisions, subject to the provisions of the Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolution, and (iii) upon the execution and delivery thereof and upon authentication by the Trustee, the Bonds of such Series will be valid and binding, special obligations of the Issuer payable as provided in, and enforceable in accordance with their terms and the terms of, the Resolution and entitled to the benefits of the Acts and the Resolution, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Acts, as amended to the date of such Counsel's Opinion, and in accordance with the Resolution;

(C) A certificate of an Authorized Officer of the Issuer stating that upon the delivery of the Bonds of such Series, the Issuer will not be in default in the performance of any of the terms, provisions or covenants of the Resolution or of any of the Bonds; provided, however, that solely with respect to Refunding Bonds being delivered on original issuance pursuant to the Standard Resolution Provisions, such certificate shall not be a condition to the authentication and delivery of such Refunding Bonds if and to the extent that a certificate of an Authorized Officer of the Issuer is delivered stating that upon the delivery of such Refunding Bonds the Issuer will no longer be in default in the performance of the terms, provisions or covenants of the Resolution or of any of the Bonds as specified in such certificate;

(D) A certificate of an Authorized Officer of the State stating that (i) to the best of such Authorized Officer's knowledge, no event of default under any Financing Agreements has occurred and is continuing nor will an event of default under any Financing Agreements occur as a result of the issuance of such Bonds, and (ii) the approval of the Director of the Budget for such financing;

(E) A copy of the Certificate of Determination, if any, executed in connection with such Series of Bonds;

(F) To the extent authorized by the Issuer pursuant to a Supplemental Resolution, one or more Credit Facilities with respect to any Series of Bonds and any agreements deemed necessary in connection therewith;

(G) A written order of an Authorized Officer of the Issuer as to the delivery of such Series of Bonds, describing such Bonds to be delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered and stating the consideration for such Bonds;

(H) A certificate of an Authorized Officer of the Issuer setting forth the amount of money, if any, to be deposited into the Debt Service Fund, equal to (a) the amount of capitalized interest funded with the proceeds of the Bonds of such Series, if any, and (b) the sum of the interest on the Bonds of such Series from the date of the Bonds of such Series to the date of delivery thereof;

(I) Any amounts (in the form of cash or Investment Obligations) required to be deposited with the Trustee at the time of issuance and delivery of the Bonds of such Series;

(J) Copies of the Financing Agreement applicable to such Series of Bonds; and

(K) Such further documents and moneys as are required by the provisions of the Standard Resolution Provisions or any Supplemental Resolution adopted pursuant to the Standard Resolution Provisions.

The Issuer may authorize by Supplemental Resolution the issuance of Capital Appreciation Bonds, Deferred Income Bonds, Variable Interest Rate Bonds, Put Bonds or any other form of Bond not in conflict with the provisions of the Resolution or of the applicable Supplemental Resolution.

The Issuer may authorize by Supplemental Resolution such other provisions relating to a Series of Bonds as are permitted by the Resolution.

The Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall they be payable out of any funds other than those of the Issuer pledged therefor pursuant to the Resolution.

(Section A-201)

Special Provisions for Additional Bonds

After the issuance of the initial Series of Bonds, one or more Series of Additional Bonds may be authorized and delivered upon original issuance for any Authorized Purpose, including payment of Costs of a Project and the refunding of Prior Obligations or Bonds or Parity Reimbursement Obligations or other indebtedness, upon receipt by the Trustee, in addition to any applicable requirements of the Standard Resolution Provisions, of the following:

1. A certificate by the Director of the Budget setting forth the most recent collections for any 12 consecutive calendar months ended not more than six months prior to the date of such certificate, of the taxes, fees, fines, penalties, or other monies which, as of the date of issuance of any such Series of Bonds, are levied, collected or imposed by or on behalf of the State and are required to be deposited into the Revenue Bond Tax Fund; provided, however, that if any taxes, fees, fines, penalties or other monies that are required to be deposited into such account were not so required to be deposited for all of such 12 calendar months, such certificate may nevertheless include the full amount of all such taxes, fees, fines, penalties, or other monies actually collected for such 12 calendar months;

2. (I) A certificate by an Authorized Officer of the Issuer setting forth the Calculated Debt Service on all Outstanding Bonds, including such Series of Additional Bonds to be issued and any additional amounts payable with respect to Parity Reimbursement Obligations for each State Fiscal Year for which such Bonds or Parity Reimbursement Obligations are Outstanding and (II) a certificate of the Director of the Budget, including the amount of Calculated Debt Service set forth in the certificate required by clause (2)(I) of this paragraph (based upon information furnished by each applicable Authorized Issuer pursuant to the related financing agreement), setting forth the calculated debt service (calculated in the same manner as Calculated Debt Service for Bonds and Parity Reimbursement Obligations) shall be made with respect to all Authorized Issuers that have issued bonds or parity reimbursement obligations pursuant to the Enabling Act, which bonds or parity reimbursement obligations are secured by payments to be made from the Revenue Bond Tax Fund for each State Fiscal Year for which such bonds or parity reimbursement obligations are outstanding; and

3. A certificate by the Director of the Budget stating that the amounts set forth pursuant to paragraph 1 above will be at least 2.0 times the maximum calculated debt service (calculated in the same manner as Calculated Debt Service for Bonds and Parity Reimbursement

Obligations) for all Authorized Issuers set forth in paragraph 2(II) above for any State Fiscal Year set forth pursuant to paragraph (2)(II) above.

(Section A-202)

Refunding Bonds

One or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds of one or more Series of Bonds or Parity Reimbursement Obligations or any portion of a Series of Outstanding Bonds or Parity Reimbursement Obligations, or any outstanding Prior Obligations, in each case including all or any portion of a maturity. The Issuer may issue Refunding Bonds of a Series in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding (including by redemption, payment at maturity or in connection with exchanges or tenders) and to make such deposits required by the provisions of this section and of the Supplemental Resolution authorizing such Series of Refunding Bonds.

(A) In addition to the applicable requirements of the Standard Resolution Provisions, Refunding Bonds of any Series issued to refund Outstanding Bonds or Parity Reimbursement Obligations shall be authenticated by the Trustee or otherwise delivered by the Trustee upon the receipt by the Trustee of:

(1) If the Bonds to be refunded are to be redeemed, irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a Redemption Date specified in such instructions;

(2) If Bonds to be refunded are to be deemed paid, evidence of due publication of the notice provided for in the Standard Resolution Provisions to the Holders of the Bonds being refunded;

(3) If Bonds to be refunded are to be deemed paid, either or both of

(i) moneys in an amount sufficient to effect payment of the principal at the maturity date therefor (or on exchange or tender) or the Redemption Price on the applicable Redemption Date of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or Redemption Date, which money shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, and

(ii) Government Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of the Standard Resolution Provisions, which Government Obligations and moneys shall be held in trust and used only as provided in the Standard Resolution Provisions; and

(4) Either (i) a certificate of an Authorized Officer of the Issuer (a) setting forth (A) the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds (including the Refunding Bonds then proposed to be issued but excluding the Bonds or Parity Reimbursement Obligations to be refunded or purchased) and (B) the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds as calculated

immediately prior to the issuance of the Refunding Bonds (including the Bonds or Parity Reimbursement Obligations to be refunded or purchased but excluding the Refunding Bonds) and (b) stating that the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds set forth pursuant to (A) above is not greater than the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds set forth pursuant to (B) above; or (ii) the certificates required by the Standard Resolution Provisions with respect to such Series of Refunding Bonds, considering for all purposes of such certificate that the Refunding Obligations then proposed to be issued will be Outstanding but the Bonds or Parity Reimbursement Obligations to be refunded will no longer be Outstanding.

(B) In addition to the applicable requirements of the Standard Resolution Provisions, Refunding Bonds of any Series issued to refund in whole or in part any Prior Obligations shall be authenticated or otherwise delivered by the Trustee upon the receipt by the Trustee of the certificates required to be delivered in connection with the issuance of Additional Bonds in the Standard Resolution Provisions; and shall otherwise comply with any applicable requirements in connection with a refunding set forth in the resolutions which authorized the issuance of such Prior Obligations.

(C) The proceeds, including accrued interest, of such Refunding Bonds shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or determined in accordance with the Supplemental Resolution authorizing such Refunding Bonds or the related Certificate of Determination.

(Section A-203)

Credit Facilities; Qualified Swaps and other similar arrangements; Parity Reimbursement Obligations

The Issuer may include such provisions in a Supplemental Resolution or related Certificate of Determination authorizing the issuance of a Series of Bonds secured by a Credit Facility as the Issuer deems appropriate, including:

So long as the Credit Facility is in full force and effect, and payment on the Credit Facility is not in default and the provider of the Credit Facility is qualified to do business in the State, and (a) no proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of the provider of the Credit Facility in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the provider of the Credit Facility or for any substantial part of its property or for the winding up or liquidation of the affairs of the provider of the Credit Facility and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) days or such court shall enter a decree or order granting the relief sought in such proceeding, or (b) the provider of the Credit Facility shall not have commenced a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall not have consented to the entry of an order for relief in an involuntary case under any such law, or shall not have consented to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for the provider of the Credit Facility or for any substantial part of its property, or shall not have made a general assignment for the benefit of creditors, or shall not have failed generally to pay its debts as they become due, or shall not have taken any corporate action with respect to any of the foregoing, then, in all such events, the provider of the Credit Facility shall be deemed to be the sole Holder of the Outstanding Bonds the payment of which such Credit Facility secures when the approval, consent or action of the Bondholders for such Bonds is required or may be exercised under the Resolution, including, without limitation, under the captions “Supplemental Resolutions” and “Amendments”, and following a default under the caption “Defaults and Remedies; Defeasance”, except where the Credit Facilities provide only liquidity support and not credit support.

In the event that the principal, Sinking Fund Installments, if any, and Redemption Price, if applicable, and interest due on any Bonds Outstanding, or the purchase price of puts in connection with such Bonds, shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Issuer to the Bondholders of such Bonds shall continue to exist and such provider of the Credit Facility shall be subrogated to the rights of such Bondholders in accordance with the terms of such Credit Facility.

(a) In addition, such Supplemental Resolution or related Certificate of Determination may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the provider of the Credit Facility, (iii) to provide a mechanism for paying Principal Installments and interest on such Series of Bonds under the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the provider of a Credit Facility.

(b) In connection therewith the Issuer may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such provider for the issuance of such Credit Facility; (ii) the terms and conditions of such Credit Facility and the Series of Bonds affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

(c) The Issuer may secure such Credit Facility by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Issuer in the applicable Supplemental Resolution. The Issuer may also in an agreement with the provider of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility, together with interest thereon (the “Reimbursement Obligation”) solely from Pledged Property; provided, however, that no Reimbursement Obligation shall be created, for purposes of the Resolution, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Bond, may be secured by a pledge of, and a lien on, Pledged Property on a parity with the lien created by the Resolution, but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Bonds, without acceleration. Any Reimbursement Obligation conforming with the provisions of the previous sentence shall be deemed a “Parity Reimbursement Obligation”. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such provider, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Bonds. Parity Reimbursement Obligations may be evidenced by Bonds designated as “Bank Bonds.” Any such Parity Reimbursement Obligation shall be deemed to be a part of the Series of Bonds to which the Credit Facility which gave rise to such Parity Reimbursement Obligation relates.

(d) Any such Credit Facility shall be for the benefit of and secure such Series of Bonds or portion thereof as specified in the applicable Supplemental Resolution.

(e) In connection with the issuance of a Series of Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, the Issuer also may enter into Qualified Swaps or, to the extent from time to time permitted pursuant to law, other similar arrangements if the Issuer determines that such Qualified Swaps or other similar arrangements will assist the Issuer in more effectively managing its interest costs. To the extent provided in a Supplemental Resolution or related Certificate of Determination, the Issuer's obligation to pay Qualified Swap Payments under any Qualified Swap may be secured by a pledge of, and a lien on, the Subordinated Payment Fund. Qualified Swap Payments may include any payments of any termination or other fees, expenses, indemnification or other obligations to a Qualified Swap Provider, or any payments that represent payment of interest thereunder in advance of the payment of interest on the Bonds to which such Qualified Swap relates.

(f) Parity Reimbursement Obligations shall not be a debt of the State and the State shall not be liable thereon, nor shall Parity Reimbursement Obligations be payable out of any funds other than those of the Issuer pledged therefor pursuant to the Resolution.

(Section A-204)

Bond Anticipation Notes

Whenever the Issuer shall have, by Supplemental Resolution, authorized the issuance of a Series of Bonds, the Issuer, subject to certain special provisions for additional bonds under the Standard Resolution Provisions, may by adoption of a Supplemental Resolution authorize the issuance of Bond Anticipation Notes in anticipation of the issuance of such authorized Series of Bonds, in a principal amount not exceeding the principal amount of the Bonds of such Series so authorized. The principal of and premium, if any, and interest on such Bond Anticipation Notes and any renewals of such Bond Anticipation Notes shall be payable only from (i) the proceeds of any renewals of such Bond Anticipation Notes issued to repay such Bond Anticipation Notes, (ii) the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued, (iii) any amounts provided by the State and/or the federal government expressly for payment of such Bond Anticipation Notes, or (iv) the proceeds of such Bond Anticipation Notes deposited in any Fund or account under the Resolution. Such proceeds and other amounts set forth in clauses (i), (ii), (iii) and (iv) may be pledged for the payment of the principal of and premium, if any, and interest on such Bond Anticipation Notes and any such pledge shall have priority over any other pledge created by the Resolution. In any case, such Bond Anticipation Notes shall be retired or provision shall be made for their retirement not later than the date of authentication and delivery of the Series of Bonds in anticipation of which they are issued. The proceeds of the sale of Bond Anticipation Notes, other than renewals thereof, shall be applied to the purposes for which the Bonds in anticipation of which such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or account established by the Resolution for such purposes and, if so provided in the resolution authorizing renewals of Bond Anticipation Notes issued to pay outstanding Bond Anticipation Notes, applied directly to such payment. Interest earned on any amounts on deposit in any Fund or account under the Resolution representing the proceeds of any Bond Anticipation Notes shall be applied in the manner set forth in the Supplemental Resolution authorizing such Bond Anticipation Notes or the related Certificate of Determination.

(Section A-205)

Additional Obligations

The Issuer reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Issuer, so long as such bonds, notes or other obligations are not, or such indebtedness is not, except as provided in the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien on the Pledged Property created by the Resolution, or prior or equal to the rights of the Issuer and Holders of Bonds.

(Section A-206)

Redemption at the Election of the Issuer; Redemption other than at Issuer's Election; Selection of Bonds to be Redeemed

In the case of any redemption of Bonds of a Series at the election of the Issuer, such Bonds may be redeemed at the option of the Issuer as provided in the Supplemental Resolution authorizing such Bonds. In exercising such option, the Issuer shall give written notice to the Trustee and any Paying Agent of its election to redeem, including the Series designation, the principal amounts and the maturities of such Bonds so elected. The Series designation, maturities and principal amounts thereof to be redeemed shall be determined by the Issuer in its sole discretion, subject to any limitations with respect thereto contained in the Resolution. Such notice shall be given to the Trustee at least forty-five (45) days prior to the date on which the Bonds of such Series are to be redeemed, or such fewer number of days as shall be acceptable to the Trustee.

Whenever by the terms of the Resolution, Bonds are required to be redeemed otherwise than at the election of the Issuer, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of money available therefor the Redemption Price to the appropriate Paying Agents in accordance with the terms of the Standard Resolution Provisions. The Trustee shall have no liability in making such selection.

In the event of redemption of less than all of the Outstanding Bonds of a Series and maturity, the Trustee shall assign to each such Outstanding Bond of such Series and maturity or portion of a maturity to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw such Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as provided in the Standard Resolution Provisions) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds of such Series drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of such Bonds and select part of any such Bonds for redemption.

(Sections A-402, A-403, and A-404)

The Pledge Effected by the Resolution

The Bonds are <u>special obligations</u> of the Issuer payable solely from the sources set forth in this section. There is pledged for the payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds and of Parity Reimbursement Obligations, in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof (and to the provisions authorizing Subordinated Indebtedness in the Resolution) for the purposes and on the terms and conditions set forth in the Resolution, all right, title and interest of the Issuer in the Pledged Property. Such pledge is for the equal and proportionate benefit and security of all and singular the present and future Holders of Bonds and obligees of Parity Reimbursement Obligations issued and to be issued under the Resolution, without preference, priority or distinction, except as otherwise provided in the Standard Resolution Provisions, of any one Bond or Parity Reimbursement Obligation over any other Bond or Parity Reimbursement Obligations, by reason of priority in the issue, sale or negotiation thereof or otherwise. The pledge and lien created by the

Resolution for the Bonds and Parity Reimbursement Obligations shall be superior in all respects to any pledge or lien now or hereafter created for indebtedness or other obligations secured by the Subordinated Payment Fund.

The Issuer represents and warrants that under the Enabling Act (i) the pledge set forth in the first paragraph of this section is and shall be valid and binding from and after the date of issuance and delivery of the first Series of Bonds, and the items set forth in such pledge are and shall be immediately subject to the lien of such pledge without any physical delivery thereof or further act and the lien of such pledge is and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof; and (ii) neither the Resolution nor any other instrument need be recorded or filed to protect the pledge set forth in the aforementioned section.

The revenues, facilities, properties and any and all other assets of the Issuer, or of any subsidiary thereof, other than the Pledged Property, shall not be used for, or as a result of any court proceeding or otherwise, applied to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price, of and interest on the Bonds, and under no circumstances shall the aforementioned be available for such purpose, nor shall there be any recourse against any other assets, revenues or funds of or other payments due to the Issuer, other than the Pledged Property.

The State has no obligation to continue the imposition of the taxes or the sources of any other funds deposited in the Revenue Bond Tax Fund pursuant to Section 92-z, nor to maintain such taxes or the sources of any other funds at any minimum level, and moneys in the Revenue Bond Tax Fund are not pledged to the payment of the Bonds or Parity Reimbursement Obligations prior to appropriation and transfer to the Issuer or the Trustee.

The obligation of the Comptroller under Section 92-z with respect to moneys on deposit in the Revenue Bond Tax Fund are subject to the rights of holders of debt of the State.

Nothing contained in this section shall be deemed a limitation upon the authority of the Issuer to issue bonds, notes or other obligations under the Issuer Act secured by other income and funds other than the Pledged Property.

(Section A-501)

Payment of Bonds

The Issuer shall duly and punctually pay or cause to be paid the principal, Sinking Fund Installments, if any, Redemption Price of, and interest on every Bond, at the dates and places and in the manner set forth in the Bonds according to the true intent and meaning thereof.

(Section A-601)

Extension of Payment of Bonds

The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and, in case the maturity of any of the Bonds or the time for payment of any claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of any assets of the Issuer or the Funds and accounts (except Funds and accounts held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the Trustee, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such claims for interest. Nothing in the Resolution shall be deemed to limit the right of the Issuer to issue Refunding Bonds as permitted by the Resolution and by the Issuer Act and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds refunded.

(Section A-602)

Offices for Servicing Bonds

The Issuer shall at all times maintain an office or agency in the State, where Bonds may be presented for payment, registration, transfer or exchange and where notices, presentations and demands upon the Issuer in respect of the Bonds or of the Resolution may be served. The Issuer appoints the Trustee as its agent to maintain such office or agency in the State for the registration, transfer or exchange of Bonds, for the authentication of Bonds, and for the payment of Bonds.

(Section A-603)

Further Assurance

At any time and all times the Issuer shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the Pledged Property pledged or assigned by the Resolution, or intended so to be, or which the Issuer may hereafter become bound to pledge or assign. The Issuer further covenants that it shall use its best efforts, to the extent authorized by law, to cause the Director of the Budget to make and deliver the certificates referred to in the Standard Resolution Provisions at the times required therein and shall cause the amounts so received to be deposited in the appropriate Funds.

(Section A-604)

Power to Issue Bonds and Pledge Revenues and Other Funds

The Issuer is duly authorized under the Acts, and all applicable laws to create and issue the Bonds, to adopt the Resolution and to pledge the Pledged Property purported to be pledged by the Resolution in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Standard Resolution Provisions, the Pledged Property is and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable special obligations of the Issuer in accordance with their terms and the terms of the Resolution. The Issuer further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Property and all of the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

(Section A-605)

Creation of Liens

Except in accordance with the provisions of the Standard Resolution Provisions, the Issuer shall not hereafter issue any bonds or other evidences of indebtedness, other than the Bonds, Parity Reimbursement Obligations and Bond Anticipation Notes, secured by an equal or prior pledge of all or any part of the Pledged Property, and shall not create or cause to be created any equal or prior lien or charge on the Pledged Property except as provided in the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Issuer from issuing (i) evidences of indebtedness payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues provided in the Resolution shall be discharged and satisfied as provided in the Standard Resolution Provisions or (ii) evidences of indebtedness secured by the Subordinated Payment Fund.

(Section A-606)

Certificate of the Director of the Budget

In order to assure the maintenance of the Funds and accounts held under the Resolution, not later than thirty days after the submission of the executive budget for the ensuing State Fiscal Year in accordance with the State Constitution, the Issuer shall to the extent authorized by law use its best efforts to enforce the obligation set forth in the Financing Agreement of the Director of the Budget to certify to the Comptroller in accordance with subdivision 5(b) of Section 92-z and the Standard Resolution Provisions a schedule setting forth the following:

(a) The amount of receipts certified and estimated to be deposited on a monthly basis to the Revenue Bond Tax Fund; and

(b) The amount of monthly cash requirements so certified by the Director of the Budget for such State Fiscal Year which shall be at least equal to:

1. all payments of principal, Sinking Fund Installments, if any, and Redemption Price, of Outstanding Bonds due in such State Fiscal Year;

2. the amounts required to pay all interest on Outstanding Bonds (including interest at the Estimated Average Interest Rate for Variable Interest Rate Bonds or under the related Reimbursement Obligation) and any additional amounts due with respect to related Parity Reimbursement Obligations due in such State Fiscal Year;

3. all Issuer Expenses for such State Fiscal Year;

4. all principal of and interest or other amounts payable from the Subordinated Payment Fund and due in such State Fiscal Year;

5. any amounts required to rebate to the Department of the Treasury of the United States of America and not otherwise held in the Funds and accounts under the Resolution;

6. all other payment requirements referred to in the Enabling Act for such State Fiscal Year.

The schedule accompanying the certificate of the Director of the Budget shall also provide for payments as the Director of the Budget deems appropriate to ensure that sufficient funds will be available from the sources, including without limitation revenues derived from the taxes and fees deposited in the Revenue Bond Tax Fund in accordance with Section 92-z, to enable the Issuer to meet its obligations under the Resolution as they become due; provided, however, that such schedule shall require the Comptroller to set aside, on a monthly basis, amounts in the Revenue Bond Tax Fund such that the combined total of (i) the amounts previously set aside and on deposit in the Revenue Bond Tax Fund and (ii) the monthly amounts, as provided for in paragraph (a) above, required to be deposited to the Revenue Bond Tax Fund in such month is not less than one hundred twenty-five percent (125%) of the monthly cash requirements, as provided for in paragraph (b) above, to be paid by the Comptroller to the Trustee, on behalf of the Issuer, in the following month. Financing Agreement Payments shall be paid to the Trustee on or before the fifth Business Day preceding the date on which such payment is due; and provided, further, that to ensure sufficient funds will be available from the sources just described to meet the Issuer's obligations when due, such schedule shall require the Comptroller to pay (x) all moneys set aside pursuant to subdivision 5 of Section 92-z less (y) the Issuer's estimate of investment earnings available therefor on Funds and accounts established under the Resolution and other amounts available under the Resolution, which such estimate shall be made at least once each calendar month prior to the making of any transfer pursuant to subdivision 5 of Section 92-z.

The Financing Agreement shall require the Director of the Budget to promptly revise or amend such certification and the schedule required to accompany such certification, from time to time, to assure that such certification, together with the accompanying schedule, accurately sets forth any and all amounts required or projected by the Issuer for the purposes and at the times prescribed by subdivision 5 of Section 92-z. The Financing Agreement shall require the Director of the Budget to promptly revise or amend such certification and the accompanying schedule if additional amounts are required to make any payment of principal, Sinking Fund Installments, if any, and Redemption Price of or interest on Bonds or with respect to Parity Reimbursement Obligations.

In any event, whether or not there has been any intervening requirement to revise such certificate under this section, promptly but in no event later than 30 days after the date of the issuance of any Series of Bonds under the Resolution or the issuance of any Parity Reimbursement Obligation, or other evidence of indebtedness payable from the Subordinated Payment Fund or otherwise, the Director of the Budget shall submit a revised certification, together with the accompanying schedule, which accurately sets forth any and all amounts required or projected to be required by the Issuer as of such date for the purposes and at the times prescribed by the terms of this section.

The agreement of the State under Section 68-c shall be deemed executory only to the extent of appropriations available for payments under Section 68-c and no liability on account of any such payment shall be incurred by the State beyond such appropriations.

(Section A-607)

Agreement With the Director of the Budget

The Issuer shall only issue or incur Bonds (including Refunding Bonds), Parity Reimbursement Obligations or other obligations under the Resolution (including obligations incurred pursuant to the Standard Resolution Provisions) with the written approval of the Director of the Budget. The Issuer shall enter into one or more Financing Agreements with the State, acting through the Director of the Budget, as provided in subdivision 1 of Section 68-c providing for the specific manner, timing and amount of payments to be made under Section 68-c and the Resolution. The Issuer shall approve the form and substance of such Financing Agreement with respect to any Series of Bonds prior to or concurrently with the adoption of the applicable Supplemental Resolution and shall use its best efforts, to the extent permitted by law, to take all steps necessary or appropriate to enforce such Financing Agreement and to assure compliance by the State therewith. The Issuer shall not enter into any such Financing Agreement that is not in conformity with the Acts and the Resolution.

(Section A-608)

Agreement With the State

In accordance with the provisions of the Enabling Act and to the extent applicable, the Issuer Act, the Issuer includes in the Resolution, to the fullest extent enforceable under applicable federal and State law, the pledge to and agreement with the Holders of the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations issued or incurred under the Resolution made by the

State and set forth in the Acts that the State will not in any way impair the rights and remedies of such Holders until such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations and other obligations issued or incurred under the Resolution, together with interest thereon, with interest, if any, on any unpaid installments of interest and all costs and expenses in connection with any action or proceedings by or on behalf of such Holders, are fully met and discharged.

Notwithstanding any other provision of the Resolution, nothing contained in the Acts or the Resolution shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to taxes imposed pursuant to Article 22 of the Tax Law. The Issuer and the Holders of the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations and other obligations issued under the Resolution expressly agree that it shall be an integral part of the contract arising under the Resolution that no default thereunder occur as a result of the State exercising its right to amend, repeal, modify or otherwise alter any such tax.

(Section A-609)

Amendment of Financing Agreements

The Issuer shall not amend, change, modify, alter or terminate any Financing Agreement so as to materially adversely affect the right, security and interest of the Holders of the Outstanding Bonds without the prior written consent of the provider of a Credit Facility, if any, affected thereby, or, in the event that there is no Credit Facility in place with respect to the Series of Bonds affected thereby, without the prior written consent of at least a majority in aggregate principal amount of the Holders of the Bonds then Outstanding and affected thereby; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds remain Outstanding, the consent of the providers of the Credit Facility, if any, or the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. Any Financing Agreement may be amended, supplemented, changed, modified or altered without the consent of the provider of the Credit Facility, if any, or the Holders of Outstanding Bonds to provide changes in connection with the acquisition, construction, reconstruction, rehabilitation, renovation and improvement or otherwise, or the providing, furnishing and equipping of a Project or which may be added to such Project, or to provide for additional Financing Agreement Payments; and any Financing Agreement may be amended, supplemented, changed, modified or altered without such consent to cure any ambiguity, or to correct or supplement any provisions contained in any Financing Agreement, which may be defective or inconsistent with any other provisions contained in the Resolution or in such Financing Agreement and which the Issuer determines will not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds or the provider of a Credit Facility, as the case may be. In no event shall changes relating solely to Projects, including schedules related thereto, be deemed to materially adversely affect such Holders or providers of Credit Facilities. Upon execution by the Issuer of any amendment, a copy thereof certified by the Issuer shall be filed with the Trustee and each provider of the Credit Facility affected thereby.

For the purposes of this section, Bonds shall be deemed to be materially adversely affected by an amendment, change, modification or alteration of any Financing Agreement if the same materially adversely affects or diminishes the rights, security and interest of the Holders of the Bonds or the provider of a Credit Facility, as the case may be. The Issuer may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds or the right, security and interest of the Holders of Outstanding Bonds or the provider of a Credit Facility, as the case may be, would be materially adversely affected by any amendment, change, modification or alteration, and any such determination shall be binding and conclusive on the provider of a Credit Facility, the Trustee and all Holders of Bonds; and, provided further, however, any such amendments deemed necessary by the Issuer to effect any assumption, extinguishment and substitution authorized by the Standard Resolution Provisions shall not be deemed to materially adversely affect the Bonds.

For all purposes of this section, the Issuer shall be entitled to rely upon a Counsel's Opinion (a copy of which shall be provided by the Issuer to any provider of a Credit Facility thereby affected), with respect to whether any amendment, change, modification or alteration materially adversely affects the right, security and interest of any Holders of Bonds and any provider of a Credit Facility of a Series then Outstanding.

(Section A-610)

Enforcement of Duties and Obligations of the State

The Issuer shall use its best efforts, to the extent permitted by law, to cause the State to perform fully all duties and acts and comply fully with the covenants of the State required by any Financing Agreement in the manner and at the times provided in such Financing Agreement provided, however, that the Issuer may delay, defer or waive enforcement of one or more provisions of said Financing Agreement (other than provisions requiring the payment of moneys to any Fund or account established under the Resolution), if the Issuer determines such delay, deferment or waiver will not materially adversely affect the right, security and interest of the Holders of the Bonds of the applicable Series or the issuer of any Credit Facility.

(Section A-611)

Reservation of State Rights of Assumption, Extinguishment and Substitution

It is expressly understood and agreed by the Issuer and the Holders or other obligees of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution to be an integral part of the contract arising under the Resolution that, in accordance with subdivision 6 of Section 68-c, the State reserves the right, upon amendment of the State Constitution to permit the issuance of State Revenue Bonds, which may be payable from or secured by revenues that include the Revenues pledged under the Resolution, (i) to assume, in whole or in part, the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations of the Issuer issued or incurred under the Resolution, (ii) to extinguish the existing lien on Pledged Property created under the Resolution, and (iii) to substitute security or source of payment for such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution, in each case only so long as such assumption, extinguishment and substitution is accomplished in accordance with this section. (Any Bonds paid or deemed to have been paid in accordance with the Standard Resolution Provisions on or before the date of any assumption, extinguishment and substitution shall not be taken into account in determining compliance with the provisions of this section.)

Any such assumption, extinguishment and substitution may be effected if the following provisions are complied with and each such provision shall be a condition precedent to such assumption, extinguishment and substitution:

1. the State shall either (x) fully authorize the assumption and designation of such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as State Revenue Bonds or (y) issue or cause to be issued State Revenue Bonds of like principal amounts, maturities, interest rates, terms of redemption and tenor (except as to the substitution of security) in substitution for such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations; and

2. any State Revenue Bonds resulting from such assumption, extinguishment and substitution shall be secured by revenues that may include all the Revenues securing the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as of the day immediately preceding such assumption, extinguishment and substitution, and the provisions of the Enabling Act relating to security for or payment of the Bonds and Parity Reimbursement Obligations shall remain in full force and effect in substantially the form they existed immediately prior to such assumption, extinguishment and substitution and shall not have been amended in connection therewith except to the extent necessary or convenient to permit the Revenues and the Revenue Bond Tax Fund to be sources of payment or security for the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution; provided, however, that in connection with any such assumption, extinguishment and substitution, it is expressly understood and agreed by all Bondholders and all providers of Credit Facilities that the Enabling Act may be amended to delete the transfer from the general fund as set forth in paragraph (b) of subdivision 5 of Section 92-z and paragraph (a) of subdivision 5 of Section 92-z may be amended to delete the requirement that Financing Agreement Payments be appropriated before any moneys held pursuant to such Section 92-z are transferred to the general fund; and

3. any resolution or trust agreement securing the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution shall contain limitations on amendment powers no less restrictive than those set forth in the Standard Resolution Provisions, and shall include events of default to the effect of those contained in the Standard Resolution Provisions and shall grant the remedies contained in the Standard Resolution Provisions, provided that the Comptroller or the Attorney General of the State may serve in the capacity of the Trustee for such purposes and the State or other issuer of State Revenue Bonds may be substituted for the Issuer in the Standard Resolution Provisions, and shall include defeasance provisions no less restrictive than those set forth in the Standard Resolution Provisions; and

4. the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution shall have the same or superior priority of claim on the revenues securing such obligations as that provided by the Resolution; and

5. any resolution or trust agreement securing the State Revenue Bonds resulting from such assumption, extinguishment and substitution of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations secured under the Resolution shall contain a covenant of the State substantially to the effect of the covenant contained in the Standard Resolution Provisions; and

6. the Issuer shall furnish the Trustee and any provider of a Credit Facility with a Counsel's Opinion, addressed to each of them, to the effect that the assumption, extinguishment and substitution (A) complies with the provisions of this section and the Enabling Act and (B) will have no adverse effect on the federal or State tax status of interest on the Bonds.

A copy of the provisions of law and documentation effecting any such assumption, extinguishment and substitution pursuant to this section (or brief summary thereof or reference thereto) shall be mailed by the Issuer to such Bondholders and providers of Credit Facilities to the extent affected thereby (but failure to mail such copy and request shall not affect the validity of such assumption, extinguishment and substitution when effected as in this section).

Any such assumption, extinguishment and substitution may be effected if the following provisions are complied with and each such provision shall be a condition precedent to such assumption, extinguishment and substitution:

1. the State shall either (x) fully authorize the assumption and designation of such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as State Revenue Bonds or (y) issue or cause to be issued State Revenue Bonds of like principal amounts, maturities, interest rates, terms of redemption and tenor (except as to the substitution of security) in substitution for such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations; and

2. with respect to all Bonds Outstanding, written consent to such assumption, extinguishment and substitution shall be given as provided in the Resolution by the Holders of at least a majority in principal amount of such Bonds Outstanding at the time such consent is given; and

3. the Issuer shall furnish the Trustee and any provider of a Credit Facility with a Counsel's Opinion, addressed to each of them, to the effect that the assumption, extinguishment and substitution complies with the provisions of this section and the Enabling Act.

A copy of the provisions of law and documentation effecting any such assumption, extinguishment and substitution pursuant to this section (or brief summary thereof or reference thereto) together with a request to the Bondholders indicated above for their consent thereto, shall be mailed by the Issuer to such Bondholders (but failure to mail such copy and request shall not affect the validity of such assumption, extinguishment and substitution when consented to as in this section). No such assumption, extinguishment and substitution pursuant to this subdivision shall be effective unless and until there shall have been filed with the Issuer (i) the written consents of Holders of the percentages of Outstanding Bonds specified in this subdivision, and (ii) the aforementioned Counsel's Opinion. Each such consent of a Bondholder shall be effective only if accompanied by proof of the holding or owning, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Standard Resolution Provisions. A certificate or certificates by an Authorized Officer of the Issuer filed with the Issuer that such Authorized Officer has examined such proof and that such proof is sufficient in accordance with the Standard Resolution Provisions shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of such Authorized Officer. Any such consent given by such Holder shall be binding upon such Holder of the Bonds giving such consent and, anything in the Standard Resolution Provisions to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Issuer prior to the time when the written statement of the Issuer provided for in this section is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of an Authorized Officer of the Issuer filed with the Issuer to the effect that no revocation thereof is on file. At any time after such Holders of the required percentages of Bonds shall have filed their consents, the Issuer shall make and file with its records relating to the Bonds a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that such assumption, extinguishment and substitution have been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this section, may be given to such Bondholders by the Issuer by mailing or causing the mailing of such notice to such Bondholders (but failure to mail such notice shall not prevent such assumption, extinguishment and substitution from becoming effective and binding as in this section) and, in the sole discretion of the Issuer, by publishing the same at least once not more than ninety (90) days after such Holders of the required percentages of Bonds shall have filed their consents and the written statement of the Issuer above provided for is filed (but failure to publish such notice shall not prevent such assumption, extinguishment and substitution from becoming binding as in this section). If such notice is published, the Issuer shall file with its records relating to the Bonds proof of the publication of such notice and, if the same shall have been mailed to such Bondholders, of the mailing thereof. A transcript consisting of the papers required or permitted by this section to be filed with the Issuer records relating to the Bonds, shall be proof of the matters therein stated. Such assumption, extinguishment and substitution shall be deemed conclusively binding upon the State, the Issuer, the Trustee, and the Holders of all Bonds upon filing with the Issuer records of proof of mailing of such notice or at the expiration of forty (40) days after such filing of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such assumption, extinguishment and substitution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Trustee and the Issuer during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such assumption, extinguishment and substitution as it may deem expedient.

Upon the effective date of any such assumption, extinguishment and substitution, then, at the option of the Issuer, the covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Issuer shall execute and file with its records relating to the Bonds all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and any Paying Agents shall pay over or deliver to the Issuer all moneys, securities and funds held by them pursuant to the Resolution which are not required for the payment, or redemption, of Bonds not theretofore surrendered for such payment or redemption.

(Section A-612)

Accounts and Reports

The Issuer shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all its transactions relating to all Funds and accounts established by the Resolution which shall at all reasonable times be subject to the inspection of the Holders of an aggregate of not less than twenty-five per cent (25%) in the principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. The Issuer may authorize or permit the Trustee or its duly authorized agents to keep any or all of such books on behalf of the Issuer.

(Section A-613)

Tax Covenants

The Issuer shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds issued as Tax-Exempt Bonds shall be not included in the gross income of the owners thereof for purposes of federal income taxation.

Notwithstanding the foregoing, the Issuer reserves the right, in a Supplemental Resolution authorizing the issuance of obligations, to elect to issue Taxable Bonds.

(Section A-614)

General

The Issuer shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Issuer under the provisions of the Acts and the Resolution in accordance with the terms of such provisions.

Upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution and statutes of the State, including the Acts and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds, shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by the laws of the State.

(Section A-615)

Notice as to Event of Default

The Issuer shall notify the Director of the Budget, the Comptroller, each issuer of a Credit Facility and the Trustee in writing that an "Event of Default", as such term is defined in the Standard Resolution Provisions, has occurred and is continuing, which notice shall be given within thirty (30) days after the Issuer has obtained actual knowledge thereof; provided, however, that the Issuer shall provide each of the foregoing with immediate notice of any payment default after the Issuer has obtained actual knowledge thereof.

(Section A-616)

Other Bonds Authorized by the Enabling Act

The Bonds authorized by the Resolution are authorized by the Enabling Act. All bonds issued pursuant to the Enabling Act, whenever issued and by whichever Authorized Issuer, have equal claim to all moneys available subject to appropriation from the Revenue Bond Tax Fund pursuant to the Enabling Act, and further subject to provisions in the Resolution or other such resolutions authorizing such bonds relating to subordination.

(Section A-617)

Investment of Funds

Amounts in the Funds and accounts established by Section 502 of the Resolution may be invested only in Investment Obligations. The Trustee shall make such investments in any Funds or accounts held by the Trustee in accordance with any instructions received from an Authorized Officer of the Issuer. Except as otherwise provided in the resolution authorizing any series of Bond Anticipation Notes, interest earned by the investment of moneys in each Fund or account under the Resolution shall be held, deposited or transferred in accordance with the Resolution. The Trustee shall have no obligation to invest or reinvest amounts as contemplated by the Resolution except upon the direction of an Authorized Officer of the Issuer as to specific investments. Any such direction, if not in writing, shall be promptly confirmed in writing.

Investment Obligations on deposit in the Funds and accounts held under the Resolution shall have maturity dates, or shall be subject to redemption or tender at the option of the Issuer or the Trustee on the respective dates specified by an Authorized Officer of the Issuer, as appropriate, which dates shall be on or prior to the respective dates on which the moneys invested therein are expected to be paid for the purposes of such Funds and accounts. The Issuer, or the Trustee, upon the instructions of an Authorized Officer of the Issuer, shall sell any Investment Obligations held in any Fund or account to the extent required for payments from such Fund or account. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund or account to the extent required to meet the requirements of such Fund or account. Losses, if any, realized on Investment Obligations held in any Fund or account shall be debited to such Fund or account. In computing the amount of such Funds and accounts, investments shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value, plus accrued interest. Accrued interest received upon the sale of any Investment Obligation to the extent such amount exceeds any accrued interest paid on the purchase of such Investment Obligation shall be treated as interest earned on such Investment Obligation for purposes of this section.

Nothing in the Resolution shall prevent any Investment Obligations acquired as investments of or security for any Fund, account or subaccount held under the Resolution from being held in book-entry form.

(Section A-701)

Trustee; Appointment and Acceptance of Duties

The Trustee shall be appointed in the Supplemental Resolution authorizing the issuance of the first Series of Bonds under the Resolution. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by written instrument of acceptance delivered to the Issuer.

(Section A-801)

Paying Agents; Appointment and Acceptance of Duties

The Issuer may, in its discretion, appoint one or more Paying Agents for the Bonds of any Series in the Supplemental Resolution authorizing such Bonds at least one of which shall have an office for the transaction of business in the State, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in the Standard Resolution Provisions for the appointment of a successor Paying Agent.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Issuer a written acceptance thereof.

The principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Bonds.

(Section A-802)

Responsibilities of Fiduciaries

The recitals of fact in the Standard Resolution Provisions and in the Bonds shall be taken as the statements of the Issuer and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or in respect of the security afforded by the Resolution, and no Fiduciary shall incur any responsibility in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof except to the extent the proceeds are received by it in its capacity as Fiduciary, or (iii) the application of any moneys paid to the Issuer or others in accordance with the Resolution except as to the application of any moneys paid to it in its capacity as Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties under the Resolution except for its own negligence or willful misconduct. Subject to the foregoing, the Issuer may designate any Fiduciary to undertake any duty in the Resolution of the Issuer with respect to collection, accounting, review of and notice for any consents required thereunder.

(Section A-803)

Evidence on Which Fiduciaries May Act

Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it in good faith to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Issuer, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith and in accordance therewith.

Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Issuer. Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Issuer to any Fiduciary shall be sufficiently executed if executed in the name of the Issuer by an Authorized Officer.

(Section A-804)

Compensation

The Issuer shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Resolution. The Issuer further agrees to the extent permitted by law to indemnify and save each such Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the Resolution, and which are not due to its negligence or willful misconduct. The Issuer's obligation to make any payment pursuant to this section shall be limited to payment from amounts made available therefor pursuant to the Financing Agreements.

(Section A-805)

Certain Permitted Acts

Any Fiduciary may become the owner of or deal in any Bonds as fully with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as Securities Depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Resolution, whether or not any such committee shall represent the Holders of a majority in aggregate principal amount of the Bonds then Outstanding in respect of which any such action is taken.

(Section A-806)

Resignation of Trustee

The Trustee may at any time resign and be discharged of its duties and obligations created by the Resolution by giving not less than sixty (60) days' written notice to the Issuer, specifying the date when such resignation shall take effect, and mailing notice thereof, to the Holders of all Bonds then Outstanding, and such resignation shall take effect on the day specified in such notice unless previously a successor shall have been appointed as provided in the Resolution, in which event such resignation shall take effect immediately upon the appointment of such successor; provided, however, that any resignation or removal of the Trustee shall in no event take effect until a successor shall have been appointed and accepted the duties of Trustee.

(Section A-807)

Removal of Trustee

The Issuer may at any time remove the Trustee initially appointed or any successor thereto by written notice of such removal mailed by first class mail to the Trustee except that the Trustee may not be removed by the Issuer during the pendency of an Event of Default; provided, however, that any resignation or removal of the Trustee shall in no event take effect until a successor shall have been appointed and accepted the duties of Trustee. Notice of the removal of the Trustee shall be mailed by first class mail to the registered Holders of all Bonds then Outstanding at least 30 days prior to such removal.

(Section A-808)

Appointment of Successor Trustee

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer shall appoint a successor Trustee. The Issuer shall cause notice of any such appointment to be mailed to all Holders of Bonds then Outstanding.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this section within 30 days after the Trustee shall have given to the Issuer written notice as provided in the Standard Resolution Provisions or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any Trustee appointed under the provisions of this section in succession to the Trustee shall be a bank or trust company organized under the laws of the State of New York or a national banking association and having Fiduciary Capital Funds of at least $100,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

(Section A-809)

Transfer of Rights and Property to Successor Trustee

Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Issuer, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Resolution. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers, and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Issuer. Any such successor Trustee shall promptly notify the Paying Agents, if any, of its appointment as Trustee.

(Section A-810)

Merger or Consolidation

Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which such Fiduciary may sell or transfer all or substantially all of its business, or all of its non-private trust administration business, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act; provided such company shall be a bank having trust powers or a trust company organized under the laws of the State or a national banking association and shall, if it previously had not had such an office, have an office for the transaction of its business in the State, and shall be authorized by law to perform all the duties imposed upon it by the Resolution.

(Section A-811)

Resignation or Removal of Paying Agent and Appointment of Successor

Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least sixty (60) days' written notice to the Issuer and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by the Issuer. Any successor Paying Agent may be appointed by the Issuer and (subject to the requirements of the Standard Resolution Provisions) shall be a bank having trust powers or trust company in good standing organized under the laws of any state of the United States of America or a national banking association, duly authorized to exercise trust powers and subject to examination by federal or state Corporation, having Fiduciary Capital Funds of at least $100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor or if there shall be no successor, to the Issuer. In the event that for any reason there shall be a vacancy in the office of Paying Agent, the Issuer shall act as such Paying Agent.

(Section A-812)

Adoption and Filing

The Issuer may adopt at any time or from time to time a Supplemental Resolution to authorize the issue of the initial Series of Bonds and of additional Series of Bonds and the incurrence of Parity Reimbursement Obligations as provided in the Standard Resolution Provisions and to prescribe the terms and conditions thereof and any additional terms and conditions upon which such Bonds may be issued and Parity Reimbursement Obligations may be incurred.

(Section A-901)

Supplemental Resolutions Effective Upon Adoption

Notwithstanding any other provisions of the Standard Resolution Provisions, the Issuer may adopt, for any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution which, upon adoption thereof and filing with the Trustee shall be fully effective in accordance with its terms:

1. To close the Resolution against, or provide limitations and restrictions contained in the Resolution on, the authentication or execution and delivery on original issuance of Bonds or the issuance of other evidences of indebtedness;

2. To add to the covenants and agreements of the Issuer contained in the Resolution other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Resolution as theretofore in effect;

3. To add to the limitations or restrictions in the Resolution other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Resolution as theretofore in effect;

4. To surrender any right, power or privilege reserved to or conferred upon the Issuer by the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Resolution;

5. To confirm, as further assurance, any pledge under, and the subjection to any lien, claim or pledge created or to be created by, the Resolution, or any Supplemental Resolution of the Pledged Property, including the Revenues or the Funds, and other moneys and securities;

6. To modify any of the provisions of the Resolution in any respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered on original issuance after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

7. To add to the Resolution any provisions required by law to preserve the exclusion from gross income for federal income tax purposes of interest received on Tax-Exempt Bonds then Outstanding or to be issued or the exemption of interest received on any Bonds from State income taxation;

8. To modify, amend or supplement the Resolution in any manner in order to provide for a Credit Facility, Qualified Swap or other similar arrangement with respect to any Series of Bonds, under the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds;

9. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds;

10. To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect;

11. To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in the Standard Resolution Provisions and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

12. To authorize Subordinated Indebtedness and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer of the Issuer to specify or determine) the matters and things required or permitted by Article V of the Resolution in connection therewith, and also any other matters and things relative to such Subordinated Indebtedness which are not contrary to or inconsistent with the Resolution as then in effect, or at any time to amend, rescind or limit any authorization for any such Subordinated Indebtedness theretofore authorized but not issued or entered into; and in connection with the authorization of Subordinated Indebtedness, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Subordinated Indebtedness in the Subordinated Payment Fund and any other funds, accounts or subaccounts created for the benefit of such Subordinated Indebtedness;

13. To provide, with prior written notice to each Rating Agency, for additional Investment Obligations that may be designated as Government Obligations consistent with clause (f) of the definition of Government Obligations;

14. Notwithstanding the Resolution, to the extent authorized by law and to the extent the Issuer shall have received a Counsel's Opinion that it will not adversely affect the exclusion of interest from the income of Holders of Bonds for federal income tax purposes for any Tax-Exempt Bonds, to provide for the delivery of Bonds that are not in registered form;

15. To modify the pledge effected by Section 501 of the Resolution and such other provisions of the Resolution solely to give effect to an assumption, extinguishment and substitution consistent with the Resolution;

16. Notwithstanding the terms and provisions of the Standard Resolution Provisions, to the extent authorized by law and to the extent that it will not adversely affect the exclusion of interest from the income of Holders of Bonds for federal income tax purposes for any Tax-Exempt Bonds, to provide for the delivery of a Series of Bonds or a portion of a Series of Bonds incorporating detachable call options;

17. To modify, with prior written notice to each Rating Agency, the definition of Qualified Swap Provider; or

18. To make any other modification or amendment of the Resolution which the Issuer shall in its sole discretion determine will not have a material adverse effect on the interests of the Holders of Outstanding Bonds or Parity Reimbursement Obligations.

In making any determination under the preceding paragraph, the Issuer may consult with and rely upon an Opinion of Counsel or opinions of other experts or professionals.

(Section A-902)

Supplemental Resolutions Effective with Consent of Trustee

Notwithstanding any other provision of the Standard Resolution Provisions, the Issuer may adopt a Supplemental Resolution amending any provision of the Resolution, effective upon filing with the Issuer of a written determination of the Trustee and a Counsel's Opinion that such amendment will not materially adversely affect the rights of any Holder of Bonds.

(Section A-903)

Supplemental Resolutions Effective with Consent of Bondholders

Except as permitted in the Standard Resolution Provisions, at any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders, and in accordance with the Standard Resolution Provisions, which Supplemental Resolution, upon adoption and upon compliance with the Standard Resolution Provisions shall become fully effective in accordance with its terms as provided in the Standard Resolution Provisions.

(Section A-904)

General Provisions

Nothing contained in the Standard Resolution Provisions shall affect or limit the right or obligation of the Issuer to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the Standard Resolution Provisions or the right or obligation of the Issuer to execute and deliver to the Trustee any instrument which elsewhere in the Resolution it is provided shall be so delivered.

Any Supplemental Resolution referred to and permitted or authorized by the Standard Resolution Provisions may be adopted by the Issuer without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in the Standard Resolution Provisions. Every Supplemental Resolution adopted by the Issuer shall be (i) subject to the written approval of the Director of the Budget, and (ii) the subject of a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms. The Trustee shall be entitled to rely upon such opinion, which shall be conclusive evidence that such Supplemental Resolution is authorized or permitted by the Resolution.

The Trustee is authorized to accept delivery of a certified copy of any Supplemental Resolution permitted or authorized pursuant to the Resolution and to make all further agreements and stipulations which may be contained in the Resolution, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

No Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent shall become effective without the written consent of the Trustee or Paying Agent affected thereby.

(Section A-905)

Mailing and Publication

Any provision in the Resolution or the Standard Resolution Provisions relating to the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid to each Bondholder of any affected Bonds then Outstanding at such Bondholder's address, if any, appearing upon the registry books of the Issuer and to the Trustee; or, in each case, to such parties by facsimile or other means to the extent permitted by applicable law and arrangements.

Any provision in the Standard Resolution Provisions for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper.

(Section A-1001)

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Issuer and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Standard Resolution Provisions, (a) by the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (b) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, by the Holders of at least a majority in principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holders of such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. For the purposes of this section, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same materially adversely affects or diminishes the right, security and interest of the Holders of Bonds of such Series. The Issuer may in its discretion determine whether or not in accordance with the foregoing, Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on all Holders of Bonds. The Issuer shall, prior to making any such determination, receive a Counsel's Opinion as conclusive evidence as to whether the Bonds of a Series or maturity would be so affected by any such modification or amendment thereof. Notwithstanding anything in this section or the Resolution to the contrary, the consent of Holders of any Series of Additional Bonds to be issued under the Resolution shall be deemed given if the underwriters or initial purchasers for resale thereof consent in writing to any modification or amendment effected thereby, and such modification or amendment, as well as such consent, is disclosed in the official statement or other offering document pursuant to which such Series of additional Bonds is offered and sold.

(Section A-1002)

Consent of Bondholders

The Issuer may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the Standard Resolution Provisions, to take effect when and as provided in this section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto, shall be mailed by the Issuer to such Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this section). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Issuer (i) the written consent of Holders of the percentages of Outstanding Bonds specified in the Standard Resolution Provisions, and (ii) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted by the Issuer in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms. Each such consent shall be effective only if accompanied by proof of the holding or owning, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Standard Resolution Provisions. A certificate or certificates by an Authorized Officer of the Issuer filed with the Issuer that he or she has examined such proof and that such proof is sufficient in accordance with the Standard Resolution Provisions shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of such Authorized Officer of the Issuer. Any such consent given by such Holder shall be binding upon such Holder of the Bonds giving such consent and, anything in the Standard Resolution Provisions to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Issuer prior to the time when the written statement of the Issuer provided for in this section is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of an Authorized Officer of the Issuer filed with the Issuer to the effect that no revocation thereof is on file. At any time after such Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Issuer shall make and file with its records relating to the Bonds a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Issuer on a stated date, a copy of which is on file with the Issuer) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this section, may be given to such Bondholders by the Issuer by mailing or causing the mailing of such notice to such Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this section) and, in the sole discretion of the Issuer, by publishing the same at least once not more than ninety (90) days after such Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Issuer provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming binding as provided in this section). If such notice is published, the Issuer shall file with its records relating to the Bonds proof of the publication of such notice and, if the same shall have been mailed to such Bondholders, of the mailing thereof. A transcript consisting of the papers required or permitted by this section to be filed with the Issuer records relating to the Bonds, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Trustee, or the Holders of all Bonds upon filing with the Issuer records of proof of mailing of such notice or at the expiration of forty (40) days after such filing of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Trustee and the Issuer during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as it may deem expedient.

For the purpose of the Standard Resolution Provisions, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by the Standard Resolution Provisions in the manner provided therein, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Issuer or with the remarketing of the Bonds.

(Section A-1003)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Issuer and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Issuer of a Supplemental Resolution and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Standard Resolution Provisions except that no notice to Bondholders either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the filing with the Issuer of the written assent thereto of the Trustee in addition to the consent of the Bondholders.

(Section A-1004)

Exclusion of Bonds

Bonds owned or held by or for the account of the Issuer shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Standard Resolution Provisions, and the Issuer shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the Resolution. At the time of any consent or other action taken under the Standard Resolution Provisions, the Issuer shall file with its records relating to the Bonds a certificate of an Authorized Officer of the Issuer describing all Bonds so to be excluded.

(Section A-1005)

Notation on Bonds

Bonds delivered after the effective date of any action taken as provided in the Standard Resolution Provisions may, and, if the Issuer so determines, shall, bear a notation by endorsement or otherwise in form approved by the Issuer and Trustee as to such action, and in that event upon demand of the Holder of any Bond Outstanding at such effective date and presentation to the Issuer of his or her Bond for such purpose, suitable notation shall be made on such Bond by the Issuer as to any such action. If the Issuer and Trustee shall so determine, new Bonds so modified as, in the opinion of the Issuer and Trustee conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then Outstanding, shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

(Section A-1006)

Events of Default

The occurrence of one or more of the following events shall constitute an "Event of Default":

(a) payment of principal, Sinking Fund Installments, interest or premium on any Bond shall not be made when the same shall have become due, whether at maturity or upon call for redemption or otherwise, which default shall continue for a period of ten (10) Business Days; or

(b) in connection with financings for any Authorized Purpose authorized by Section 68-b, the Director of the Budget shall fail or refuse to comply with the provisions of subdivision 5(b) of Section 92-z and such failure or refusal shall continue for a period of thirty (30) days; or

(c) the Comptroller shall fail to pay to any Authorized Issuer from an appropriation, as and when provided by subdivision 3 of Section 68-c in accordance with a Financing Agreement, any amount as shall be certified by the Director of the Budget pursuant to subdivision 5(b) of Section 92-z, which default shall continue for a period of ten (10) Business Days; or

(d) the Governor shall fail or refuse to include in the appropriation bills required to be submitted by the Governor pursuant to Section 24 of the State Finance Law appropriations sufficient to pay any and all amounts as shall be certified by the Director of the Budget pursuant to subdivision 5(b) of Section 92-z, in connection with financings for any Authorized Purpose authorized by Section 68-b, and such failure or refusal shall continue for thirty (30) days from and after the date on which such bills are required to be submitted; or

(e) the State shall have enacted a moratorium or other similar law affecting payment of bonds, including the Bonds, in connection with financings for any Authorized Purpose authorized by Section 68-b; or

(f) the State or any officer of the State shall fail or refuse to comply with any of the provisions of Section 68-c or Section 92-z, either case relating to security for or payment of bonds, including the Bonds, in connection with financings for any Authorized Purpose authorized by Section 68-b; or

(g) failure by the Issuer to observe any of the covenants, agreements or conditions on its part contained in the Resolution or in the Bonds, and failure to remedy the same for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of not less than a majority in aggregate principal amount of Bonds at the time Outstanding; provided that, if such default cannot be corrected within such thirty (30)-day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within such period and is diligently pursued until the default is corrected.

Except as provided above or, to the extent permitted by the Standard Resolution Provisions, in a Supplemental Resolution, no default under the Acts or any resolution, agreement, or other instrument shall constitute or give rise to an Event of Default under the Resolution.

It is expressly understood that nothing in section or elsewhere in the Resolution may be construed to restrict the right of the State under subdivision 5 of Section 68-c to amend, repeal, modify or otherwise alter statutes imposing or relating to any taxes or the sources of any other funds, including the taxes or the sources of any other funds to be deposited into the Revenue Bond Tax Fund without giving rise to an Event of Default under the Resolution.

(Section A-1101)

Remedies

Upon the occurrence and continuance of any Event of Default specified in the Standard Resolution Provisions, the Trustee shall, and upon the occurrence and continuance of any other Event of Default specified in the Standard Resolution Provisions, the Trustee may, and upon written request of the Holders of not less than a majority in aggregate principal amount of such Bonds then Outstanding, shall:

(a) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Holders of Bonds under the Resolution;

(b) bring suit upon such Bonds;

(c) by action or suit in equity, require the Issuer to account as if it were the trustee of an express trust for the Holders of such Bonds; or

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Bonds.

The Trustee shall in addition to the foregoing have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of the Holders of the Bonds in the enforcement and protection of their rights.

The Supreme Court of the State shall have jurisdiction of any suit, action or proceeding by the Trustee on behalf of the Holders of Bonds, and venue of any such suit, action or proceeding shall be laid in the County of Albany.

No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Holders of the Bonds is intended to be exclusive of any other remedy but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Resolution, except that the rights of Bondholders pursuant to subdivision 2(g) of Section 68-b as in effect on the date of adoption of the Resolution are abrogated. It is further expressly understood that the Resolution does not permit the Trustee or the Holders of the Bonds to declare the Bonds to be immediately due and payable.

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Resolution, or any other remedy under the Resolution or under the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as provided in the Resolution and unless also the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee so to do, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers therein above granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Resolution, or to enforce any right under the Resolution or under the Bonds, except in the manner provided in the Resolution, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Holders of Outstanding Bonds, subject, however, to the Standard Resolution Provisions. Nothing in the Resolution or in the Bonds contained shall affect or impair the right of action, which is also absolute and unconditional, of any Holder of any Bond to enforce payment of the principal of and premium, if any, and interest on such Bond at the respective dates of maturity of each of the foregoing and at the places therein expressed.

All rights of action under the Resolution or under any of the Bonds which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name, as trustee, for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of the Resolution.

No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by the Standard Resolution Provisions to the Trustee and to the Holders of the Bonds, respectively, may be exercised from time to time as often as may be deemed expedient.

(Section A-1102)

Priority of Payments After Default

In the event that the funds held by the Issuer, the Trustee or by the Paying Agents shall be insufficient for the payment of principal, Sinking Fund Installments, if any, or Redemption Price of and interest then due on the Bonds and for payments then due with respect to Parity Reimbursement Obligations, such funds (other than funds held for the payment of particular Bonds which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any Fund or account under the Resolution have been designated to be applied solely to the payment of the principal of and premium, if any, and interest on any series of Bond Anticipation Notes) and any other moneys received or collected by the Trustee or any Paying Agents, after making provision for the payment of any expenses necessary in the opinion of the Trustee to preserve the continuity of the Revenues, or otherwise protect the interests of the Holders of the Bonds, and after making provision for the payment of the reasonable charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their duties under the Resolution, shall be applied as follows:

FIRST: To the payment to the Persons entitled thereto of all installments of interest then due with respect to Bonds or Parity Reimbursement Obligations in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Bonds and Parity Reimbursement Obligations; and

SECOND: To the payment to the Persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds or Parity Reimbursement Obligations which shall have become due whether at maturity or by call for redemption in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

The provisions of this section are in all respects subject to the provisions of the section entitled "Extension of Payment of Bonds" in the Standard Resolution Provisions.

If and when all overdue installments of interest on all Bonds and Parity Reimbursement Obligations, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Issuer under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds and Parity Reimbursement Obligations which shall then be payable, shall either be paid by or for the account of the Issuer, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds or Parity Reimbursement Obligations shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Issuer all such Pledged Property then remaining unexpended in the hands of the Trustee (except Pledged Property deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon the Issuer and the Trustee shall be restored, respectively, to their former positions and rights. No such payment to the Issuer by the Trustee or resumption of the application of Pledged Property as provided in Article V of the Resolution shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

(Section A-1103)

Defeasance

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds then Outstanding, the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, thereof and interest to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Issuer, the covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Issuer shall execute and file with its records relating to the Bonds all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee and any Paying Agents, if any, shall pay over or deliver to the Issuer all moneys, securities and funds held by them pursuant to the Resolution which are not required for the payment, or redemption, of Bonds not theretofore surrendered for such payment or redemption or required for payments to Fiduciaries pursuant to the Standard Resolution Provisions.

Bonds, or portions of Bonds, for the payment or redemption of which moneys shall have been set aside and shall be held by the Trustee (through deposit by the Issuer of funds for such payment or otherwise) at the maturity date or Redemption Date of such Bonds shall be deemed to have been paid within the meaning of the Standard Resolution Provisions. Any Bonds, or portions of Bonds, of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in the Standard Resolution Provisions if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide to Holders in accordance with the Standard Resolution Provisions notice of redemption on said date or dates of such Bonds, (b) there shall have been irrevocably deposited by the Issuer with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited by the Issuer with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date as the case may be, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall (i) publish, as soon as practicable, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds, and (ii) mail by registered or certified mail, postage prepaid, a notice to the Holders of such Bonds, in each case that the deposit required by (b) above has been made and that said Bonds are deemed to have been paid in accordance with this section and stating such maturity date or Redemption Date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, on said Bonds. The Trustee shall, at the discretion of the Issuer, select the Bonds of a Series and the maturity or portion of a maturity thereof shall be paid in accordance with this section in the manner provided in the Standard Resolution Provisions. Neither Government Obligations or moneys deposited pursuant to this section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest on said Bonds; provided that any moneys received from such principal or interest payments on such Government Obligations so deposited, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such Redemption Date, payment date or maturity date thereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited shall, to the extent in excess of the amounts required in the Resolution to pay principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be applied as follows: first to the Rebate Fund, the amount, if any, required to be deposited therein; and, then the balance thereof to the Issuer, and any such moneys so paid shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution. Prior to applying any such excess amounts pursuant to this paragraph or the following paragraph, the Issuer shall obtain written confirmation from an independent certified public accountant that the amounts remaining on deposit and held in trust are sufficient to pay the obligations set forth above.

For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Government Obligations and moneys, if any, in accordance with the second sentence of the preceding paragraph, the interest to come due on such Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys, Government Obligations on deposit with the Trustee for the payment of interest on such Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Bonds in order to satisfy the second sentence of the preceding paragraph, the Trustee shall, if requested, by the Issuer, pay the amount of such excess to the Issuer free and clear of any trust, pledge, lien, encumbrance or security interest securing the Bonds or otherwise existing under the Resolution.

Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable either at their stated maturity dates or earlier Redemption Dates or for two (2) years after the date of deposit of such moneys if deposited with the Trustee, after the said date when such Bonds became due and payable, shall, at the written request of the Issuer, be repaid by the Trustee to the Issuer, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Issuer for the payment of such Bonds. Before being required to make any such payment to the Issuer, the Trustee shall, at the expense of the Issuer, (i) cause to be published at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, and (ii) cause to be mailed postage prepaid to each registered owner of Bonds then Outstanding at his or her address, if any, appearing upon the registry books of the Issuer, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication or mailing of such notice, the balance of such moneys then unclaimed will be returned to the Issuer.

(Section A-1104)

Certain Provisions Relating to Economic Defeasance

Any Bonds of any Series for which prior to the maturity or Redemption Date thereof, the Issuer shall have given to the Trustee or other fiduciary selected by the Issuer in form satisfactory to it irrevocable instructions to maintain on deposit in a Fund or account held by the Trustee or other fiduciary selected by the Issuer established for such purpose for the benefit of the Holders of such Bonds, Investment Obligations, other than Government Obligations, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee or other fiduciary selected by the Issuer at the same time, as verified in the report of a firm of certified public accountants, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date as the case may be, shall not be counted as Outstanding under the Resolution solely for the purpose of the calculation of Calculated Debt Service required under the Standard Resolution Provisions.

(Section A-1105)

Evidence of Signatures of Bondholders and Ownership of Bonds

Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds, shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Issuer, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

1. The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Issuer or any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

2. The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer, the Trustee or any Paying Agent in accordance therewith except as otherwise provided in the Standard Resolution Provisions.

(Section A-1201)

Moneys Held for Particular Bonds

The amounts held by the Trustee or any Paying Agent for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto and for the purposes thereof such principal, Sinking Fund Installments, if any, or Redemption Price of and interest on such Bonds, due after such date thereof, consistent with the provisions of the Standard Resolution Provisions, shall no longer be deemed to be Outstanding.

(Section A-1301)

General Regulations as to Moneys and Funds

Each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

All amounts of the Issuer held or set aside under the Resolution shall, until paid over to the Fiduciaries or otherwise invested or applied as provided in the Resolution, be deposited by the Issuer in its name, on demand or time deposit, in such Banks as shall be selected by the Issuer. Any amounts held by any Fiduciary under the Resolution shall be deposited in such Banks as the Issuer may select. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks on such deposit with the same force and effect as if it were not such Fiduciary, and without any duty to inquire into whether any withdrawals of such funds are in accordance with or might violate any of the provisions of the Resolution. Such deposits shall be continuously secured by the obligations of the United States of America or of the State, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits, which obligations shall be segregated in trust for the account of the Issuer, or shall be otherwise held as the Issuer and the depository may agree. Securities deposited with the Federal Reserve Bank to secure all trust accounts of a depository shall be deemed to comply with the foregoing requirement.

Unless otherwise specified in a Supplemental Resolution authorizing the issuance of Bonds, all money held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Issuer and acceptable to such Fiduciary, on time deposit, and all such deposits shall be continuously secured by the obligations of the United States of America or of the State which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits. Securities deposited with the Federal Reserve Bank to secure all trust accounts of the Fiduciary shall be deemed to comply with the foregoing requirement. Such Fiduciary shall allow and credit on such money such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(Section A-1302)

Preservation and Inspection of Documents

All documents received by the Trustee or any Paying Agent under the provisions of the Resolution or any Supplemental Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Issuer, the Trustee or any other Paying Agent, as applicable, and any Bondholder and their agents and their representatives; provided, however, that with respect to inspection by a Holder of a Bond of any Series a written request of such Bondholder must have been made and received by the Trustee at least five (5) Business Days prior to the date of inspection. The Issuer or its representatives may make copies of any such documents.

(Section A-1303)

Parties of Interest

Nothing in the Resolution or in any Supplemental Resolution, expressed or implied, is intended or shall be construed to confer upon, or give to, any person or party, other than the Issuer, the Trustee, any

Paying Agent, the Holders of the Bonds, the Holders of Parity Reimbursement Obligations and the providers of Credit Facilities any right, remedy or claim under or by reason of the Resolution or any Supplemental Resolution or any covenant, condition or stipulation thereof; and all of the covenants, stipulations, promises and agreements in the Resolution or any Supplemental Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Paying Agents, the Holders of the Bonds, the Holders of Parity Reimbursement Obligations and the providers of Credit Facilities.

(Section A-1304)

No Recourse Under Resolution or on the Bonds

All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, officer or employee of the Issuer in his or her individual capacity, and no recourse shall be had for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price or interest on the Bonds or for any claim based thereon or on the Resolution against any member, officer or employee of the Issuer or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of a Bond by the acceptance of such Bonds.

(Section A-1305)

Publication of Notices

Any publication to be made under the provisions of the Resolution in successive weeks or on successive dates may be made in each instance upon any Business Day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in different Authorized Newspapers.

(Section A-1306)

Successors and Assigns

Whenever in the Resolution the Issuer is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in the Resolution contained by or on behalf of the Issuer shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

(Section A-1307)

Severability of Invalid Provisions

If any one or more of the covenants, stipulations, promises, agreements or obligations provided in the Resolution on the part of the Issuer, the Trustee or any Paying Agent to be performed should be determined by a court of final jurisdiction to be contrary to law, then such covenant or covenants, stipulation or stipulations, agreement or agreements or obligation or obligations shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations contained in the Resolution and shall in no way affect the validity of the other provisions of the Resolution.

(Section A-1308)

Other Resolutions

The Issuer expressly reserves the right to adopt one or more other bond resolutions and to issue bonds, bond anticipation notes, notes and other obligations thereunder without compliance with and not subject to the Standard Resolution Provisions.

(Section A-1309)

Survival of Particular Covenants

Notwithstanding that Bonds may no longer be Outstanding, the obligations of the Issuer (i) to pay amounts to any Fiduciary pursuant to the Standard Resolution Provisions shall remain in full force and effect until all such amounts are paid and (ii) to comply with the provisions of Section 505 of the Resolution in connection with any Tax-Exempt Bonds, with respect to the rebate to the Department of the Treasury of the United States of America of any Rebate Amount relating to the Bonds of a Series shall remain in full force and effect so long as the Issuer shall be required by the Code to rebate any such Rebate Amount.

(Section A-1310)

Actions by the Issuer

Any time the Issuer is permitted or directed to act pursuant to the Standard Resolution Provisions or a Supplemental Resolution, such action may be taken by an Authorized Officer of the Issuer except that the following actions may only be taken by resolution of the members of the Issuer: authorization and issuance of Bonds; adoption of resolutions; and modifications and amendments pursuant to the Standard Resolution Provisions. Any certificates of the Issuer to be delivered under the Resolution shall be executed by an Authorized Officer of the Issuer. *(Section A-1311)*

Governing Laws

The Resolution, including the Standard Resolution Provisions, shall be governed by and interpreted in accordance with internal laws of the State, without regard to conflict of law principles thereof.

(Section A-1312)

Payments due on Other Than a Business Day

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be on a day that is not a Business Day, then payment of interest or principal and premium, if any, need not be made on such date but may be made (unless otherwise provided in a Supplemental Resolution without additional interest) on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, as the case may be.

(Section A-1313)

APPENDIX C

FORM OF FINANCING AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

CONFORMED COPY OF
STATE PERSONAL INCOME TAX REVENUE BONDS
(GENERAL PURPOSE)
FINANCING AGREEMENT

STATE PERSONAL INCOME TAX REVENUE BONDS (GENERAL PURPOSE) FINANCING AGREEMENT (the "Financing Agreement"), dated as of July 1, 2009, by and between the Dormitory Authority of the State of New York, a corporate governmental agency of the State of New York (the "Issuer"), and the State of New York (the "State"), acting by and through the Director of the Budget of the State (the "Director of the Budget").

WHEREAS, the Issuer has, pursuant to the Dormitory Authority of the State of New York Act, constituting Title 4 of Article 8 of the Public Authorities Law, as amended, together with any other provisions of State law relating to the authorization or financing of Costs of a Project, (the "Issuer Act") and Article 5-C of the State Finance Law, as may be hereafter amended from time to time (the "Enabling Act", which together with the Issuer Act is referred to herein as the "Acts"), adopted its State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution on April 29, 2009 (including Annex A thereto), and a Supplemental Resolution (collectively, the "Resolution") for the purpose of issuing from time to time one or more series of bonds (the "Bonds"), notes or other obligations to be secured by this Financing Agreement, as may be amended or supplemented from time to time, with the State; and

WHEREAS, in order to assist the Issuer in the financing of one or more authorized purposes as provided in the Enabling Act ("Authorized Purposes") pursuant to applicable law and in consideration of the benefits to be derived therefrom by the people of the State, the Director of the Budget, acting on behalf of the State, is authorized to enter into one or more Financing Agreements with the Issuer whereunder the State agrees, subject to the making of annual appropriations therefor by the State Legislature, to make annual payments to the Issuer, and authorize the Issuer to pledge and assign the State payments to be made as security for Bonds or other obligations which the Issuer may issue or incur in order to finance Authorized Purposes; and

WHEREAS, the State and the Issuer agree that their mutual public purposes and their best interests will be promoted by the execution of this Financing Agreement, as the same may be modified, supplemented or amended from time to time; and

WHEREAS, the Issuer Board authorized its Authorized Officer to enter into, execute and amend this Financing Agreement;

NOW, THEREFORE, the parties mutually agree as follows:

I. ISSUANCE OF BONDS BY THE ISSUER

1.1 The State agrees that the Issuer may, subject to the provisions of this Financing Agreement and the Acts, issue one or more Series of its State Personal Income Tax Revenue Bonds (General Purpose), secured by this Financing Agreement and the payments to be made by the State as herein provided. The Bonds shall be issued in such principal amounts and at such times so that the Issuer may realize from the sale thereof net proceeds sufficient to fund Authorized Purposes having a cost not in excess of the amount specified by applicable law. The State recognizes that in order to realize net proceeds in the aforesaid amounts from the sale of Bonds, the Issuer may also issue Bonds in amounts sufficient to pay Costs of Issuance, and the amount of capitalized interest, if any, included in the issuance and sale of the Bonds.

1.2 The Bonds issued by the Issuer pursuant to the provisions of Section 1.1 hereof shall be subject to the following conditions and limitations:

(a) The Resolution shall have been approved by the Issuer Board in accordance with the Acts.

(b) Unless the Issuer and the State shall otherwise agree (and any such agreement may include, among other things, the agreement of the State to pay or to reimburse the Issuer in the manner set forth in the Resolution for any additional fees, costs and expenses incurred in connection with the issuance and administration of Variable Interest Rate Bonds or costs and expenses relating to a Qualified Swap, including without limitation, the fees, costs and expenses of any provider of a Credit Facility, except to the extent any such fees, costs or expenses are deemed costs and expenses incurred in connection with the issuance and sale of such Variable Interest Rate Bonds for purposes of Section 1.1 of this Financing Agreement and are paid from Bond proceeds), each Bond shall bear a fixed rate of interest determined at the time of its issuance, which rate of interest shall not be subject to change or adjustment prior to the scheduled maturity of such Bond.

(c) Unless the Issuer and the State shall otherwise agree, the aggregate amount of principal, principal installments and interest payable in each State Fiscal Year during which principal payments or installments are made or provided for shall, with respect to each Series of Bonds (other than Variable Interest Rate Bonds), or the aggregate of all Bonds (not including Variable Interest Rate Bonds), as the Issuer shall elect, be as nearly equal as practicable.

1.3 The Issuer agrees that prior to its issuance of any Bonds it will inform the Director of the Budget of the approximate date on which it anticipates entering into a bond purchase agreement or other binding commitment with the prospective underwriters or purchasers of such Bonds and of the estimated interest rate or rates thereof. If the Director of the Budget shall request the Issuer to postpone the sale of such Bonds, or if the Issuer shall for any reason determine to defer the issuance and sale of any Bonds, the Issuer may, in accordance with the provisions of the Resolution, issue and sell State Personal Income Tax Revenue (General Purpose) Bond Anticipation Notes ("BANs") in such principal amount so that the Issuer may realize from the sale thereof an amount not exceeding the aggregate of (i) an amount equal to the net proceeds available for Costs of a Project which the Issuer would have realized from the sale of the Bonds in anticipation of which the BANs are issued (or, in the case of renewal BANs, an amount necessary to pay the outstanding BANs in full), (ii) an amount sufficient to pay interest on the BANs until their scheduled maturity and (iii) an amount equal to Issuer Expenses incurred and to be incurred in connection with the issuance and sale of the BANs. Unless the State shall pay to the Issuer an amount sufficient to pay the BANs at their maturity or upon an earlier redemption date in accordance with their terms, the State shall, in accordance with Section 5.1 hereof, timely furnish such information to the Issuer as shall be deemed necessary by the Issuer in order to enable it to disseminate an official statement and issue the Bonds in anticipation of which the BANs had been issued on or prior to the scheduled maturity or redemption date of the BANs. Notwithstanding the provisions of Section 1.1 hereof, in the event the Issuer shall issue BANs as herein provided, the Issuer (i) may issue Bonds in such principal amounts and at such times so that the Issuer may realize from the sale thereof net proceeds sufficient to pay or redeem such BANs in accordance with their terms, and (ii) may use and pledge the proceeds from the sale of the Bonds in anticipation of which the BANs had been issued for and to the payment of such BANs and related Issuer Expenses in accordance with the Resolution.

1.4 The Issuer and the State agree that this Financing Agreement is executed in part in order to induce persons to purchase the Bonds to be issued to finance Authorized Purposes and for the purposes of securing such Bonds and, accordingly, all of the covenants and agreements on the part of the Issuer and the State set forth in this Financing Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds. Accordingly:

(a) The Issuer may pledge, assign, or transfer the right to receive and collect Financing Agreement Payments from moneys on deposit and paid from the Revenue Bond Tax Fund and other sources authorized under Section 68-b, together with the Issuer's rights to enforce this Financing Agreement, and from and after such pledge, assignment, or transfer, such assignee shall have the Issuer's rights and privileges hereunder to the extent, and as conferred, in such pledge, assignment, and transfer and as further provided in the Resolution.

(b) In connection with the State's exercise of its right under Section 68-c and under the Resolution, upon the amendment of the State Constitution allowing the issuance or assumption of bonds, notes or other obligations secured by revenues, which may include the Revenues securing the Bonds, (i) to assume, in whole or part, the Bonds, (ii) to extinguish the existing lien of such Resolution, and (iii) to substitute security for the Bonds, in each case only so long as such assumption, extinguishment or substitution is completed in accordance with such Resolution, the Issuer may make such pledge, assignment and transfer set forth in paragraph (a) above to such successor entity, as provided by law. Upon completion of such assumption, extinguishment or substitution, the Issuer shall no longer be obligated under this Financing Agreement or under the Resolution.

1.5 Each Series of Bonds or other obligations issued pursuant to the Acts and the Resolution shall be enumerated in a schedule appended to this Agreement. It shall be sufficient, with the approval of the parties hereto, in connection with the issuance by the Issuer of Bonds or other obligations to cause a supplemental schedule to be certified by the Director of the Budget with the same force and effect as if incorporated herein. The foregoing provisions shall be applicable, subject to the Resolution, to the issuance of Subordinated Indebtedness or other obligations under the Resolution and the Acts.

II. DUTIES OF AND PAYMENTS BY THE STATE

2.1 No later than thirty (30) days after the submission of the executive budget in accordance with Article VII of the State Constitution, the Director of the Budget shall prepare a certificate setting forth the amount of monthly receipts anticipated to be deposited in the Revenue Bond Tax Fund during the fiscal year beginning April first of that year together with the monthly amounts necessary to be set aside from the receipts of such Fund, as shall be sufficient to meet the total cash requirements of the Issuer during such fiscal year, based on information that shall be provided by the Issuer and in the manner required by Section A-607 of the Resolution.

The Director of the Budget may revise such certification at such times as necessary, provided, however, that the Director of the Budget shall (i) promptly revise such certification if additional amounts are necessary to meet the cash requirements of the Issuer and (ii) as necessary, revise such certification not later than thirty (30) days after the issuance of any Bonds, including Refunding Bonds, and after the adoption of any Parity Reimbursement Obligation, Reimbursement Obligation, Qualified Swap, Subordinated Indebtedness or other financial arrangement affecting the cash requirements of the Issuer and as authorized by the Resolution.

2.2 (a) Subject to the provisions of Section 2.7 hereof, the State agrees to pay to the Trustee, on behalf of the Issuer, no later than five Business Days prior to the time payment is required to be made to Holders of the Bonds or holders of Parity Reimbursement Obligations or other obligations in any year for which the Issuer shall have Bonds Outstanding or Parity Reimbursement Obligations or other obligations outstanding, a sum of money constituting Financing Agreement Payments equal to the amount necessary to provide for the payment of the principal of (including Mandatory Sinking Fund payments) and interest on the Bonds or amounts due on any Parity Reimbursement Obligations or other obligations coming due on the next succeeding Bond payment date, as certified in writing by an Authorized Officer of the Issuer to the Director of the Budget. Such Financing Agreement Payments shall include Issuer Expenses, as certified by such Authorized Officer, with the concurrence of the Director of the Budget, and amounts due on any Subordinated Indebtedness or other obligations incurred under the Resolution, to the Director of the Budget.

(b) In the event any Bonds, Parity Reimbursement Obligations or other obligations shall bear interest at other than a fixed interest rate, the State shall pay interest as follows: (i) the amount accrued at the actual rate or rates borne, to the extent such rate or rates are known in advance of the Bond payment date, plus; (ii) if necessary, an amount accrued at the Estimated Average Interest Rate through the next scheduled Bond payment date, less; (iii) any amount paid pursuant to (ii) relating to the preceding Bond payment date in excess of the amount paid to Bondholders and holders of Parity Reimbursement Obligations or other obligations through such preceding Bond payment date.

2.3 (a) The State may, at any time in its sole discretion, choose to prepay all or any part of the payments payable under Section 2.2 hereof. Any amounts so prepaid shall be credited to the payments to be made by the State under Section 2.2 hereof.

(b) The State may, at any time in its sole discretion, make payments to the Issuer for the purpose of (i) directly funding Authorized Purposes which will not be funded with the proceeds of Bonds; (ii) paying BANs at their maturity or earlier redemption date, as provided in Section 1.3 hereof; (iii) redeeming Bonds pursuant to the exercise by the Issuer of any option it may have under the Resolution; and (iv) defeasing Bonds or BANs prior to their maturity or redemption date as permitted by and in accordance with the procedures for defeasance set forth in the Resolution or otherwise. Any payments made by the State to the Issuer for the purposes set forth in this subsection shall, subject to the provisions of the Resolution, be applied by the Issuer to such purpose, and, if so directed herein or in the Resolution, shall be deposited in a Fund or account established under the Resolution or set aside with the Trustee, if any, or the Paying Agent as provided herein or in the Resolution.

2.4 The State further agrees upon request of the Issuer to pay all amounts constituting Financing Agreement Payments (i) which may become due to any provider of a Credit Facility in connection with a Credit Facility which may have been obtained if and to the extent such obligation arises as a result of the State's failure to make any payment pursuant to Section 2.1 hereof and (ii) which may become due pursuant to any agreement relating to a Parity Reimbursement Obligation, Reimbursement Obligation, Qualified Swap or the issuance of Variable Interest Rate Bonds as contemplated by Section 1.2(b) of this Financing Agreement.

2.5 The State agrees to pay to the Issuer such amounts (constituting Financing Agreement Payments) as may be necessary in order for the Issuer to maintain the exclusion from gross income of interest on Bonds issued as Tax-Exempt Bonds under the Code, including without limitation, amounts required to be paid by the Issuer to the United States as rebate of investment earnings and amounts required to be deposited by the Issuer in a yield restricted sinking fund, at such times as the Issuer deems necessary to maintain such exclusion.

2.6 The State agrees that, subject to the provisions of Section 2.7 hereof, its obligation to make the payments provided for in this Financing Agreement shall be absolute and unconditional, without any rights of set-off, recoupment or counterclaim the State may have against the Issuer or any other person or entity having an interest in this Financing Agreement or the payments made hereunder.

2.7 Notwithstanding anything in this Financing Agreement to the contrary (i) the obligation of the State acting by and through the Director of the Budget to make any Financing Agreement Payments required to be paid under this Financing Agreement is subject to annual appropriation by the State Legislature; and (ii) the obligation of the State acting by and through the Director of the Budget to pay any Financing Agreement Payments hereunder shall not constitute a debt of the State within the meaning of any constitutional or statutory provisions and shall be deemed executory only to the extent of monies available and no liability shall be incurred by the State beyond the moneys available for that purpose. Furthermore, this Financing Agreement does not constitute a debt of the State or a contractual obligation in excess of the amounts appropriated therefore and the State has no continuing legal or moral obligation to appropriate moneys for any Financing Agreement Payment due hereunder.

2.8 The term of this Financing Agreement shall continue until all Bonds or other obligations incurred under the Resolution, have been paid at maturity or the debt service on such Bonds or other obligations has been provided for and the Bonds are no longer Outstanding under the Resolution and the State has fulfilled all its obligations under this Agreement.

III. DUTIES OF THE ISSUER

3.1 The Issuer agrees to issue the Bonds for the purpose of carrying out the provisions of the Resolution and the Acts.

3.2 The Issuer agrees to apply the proceeds derived from the sale of the Bonds and from Financing Agreement Payments in accordance with the applicable provisions of the Resolution and the Acts.

3.3 Upon the issuance of the Bonds, the provisions of the Resolution relating to all Funds and accounts and the application and investment thereof shall apply.

3.4 No later than ten (10) Business Days after the issuance of Bonds or any other obligation under the Resolution, the Issuer shall furnish to the Director of the Budget a schedule of the Financing Agreement Payments, including debt service to be made on each date with respect to such Bonds or other obligations and related Issuer Expenses. Interest on Bonds or other obligations bearing interest at other than a fixed rate shall be calculated using the Estimated Average Interest Rate.

3.5 Upon payment to the Issuer of the amount required therefore and the State's direction to the Issuer to do so, the Issuer shall exercise any option it may have under the Resolution to redeem all or any portion of the Bonds, and the Issuer shall deposit into the Debt Service Fund all payments received from the State and designated for such purpose.

3.6 In addition to the duties of the Issuer with respect to the constitutional and statutory audit powers granted the State or any officer thereof, the Issuer agrees to keep or cause to be kept accounts and records which clearly identify the purposes for which moneys received by the Issuer (including Bond proceeds) pursuant to this Financing Agreement have been expended. The Issuer agrees to submit annual financial reports to the State within ninety (90) days after the end of each Issuer fiscal year during which this Financing Agreement is in force. The Issuer agrees to make available for inspection by the State its accounts and records as may be determined necessary or desirable by the State.

3.7 During each year the Issuer shall have Outstanding Bonds or other obligations outstanding under the Resolution, the Issuer shall, no later than October first, certify in writing to the Director of the Budget the schedule of anticipated cash requirements due from the State pursuant to Sections 2.1, 2.2, 2.4 and 2.5 of this Financing Agreement for the next State Fiscal Year, and for the four State Fiscal Years following such Fiscal Year, in such detail as the Director of the Budget may require. Any such schedule of anticipated cash requirements shall set forth any amounts held in Funds or accounts under the Resolution and available for a credit against such Financing Agreement Payment requirements as provided in this Financing Agreement. In calculating the amount of anticipated cash requirements with respect to Qualified Swaps, the Issuer shall include an amount not less than eighteen percent (18%) of the aggregate notional amount of all Qualified Swaps then in effect (or such other percentage as may be agreed by the Issuer and the State from time to time).

3.8 Any moneys received by the Issuer from a Qualified Swap Provider shall be deposited in the Debt Service Fund.

3.9 In order to allow the Director of the Budget to comply with his or her obligations under the Enabling Act or the Resolution, the Issuer, upon the request of the Director of the Budget, shall provide to the Director current cash requirements relating to Finance Agreement Payments due to the Issuer.

3.10 The Issuer agrees, upon request of the State, to use its best efforts to issue Bonds to refund or otherwise repay, in accordance with the terms of the Resolution, all or any portion of Outstanding Bonds or Prior Obligations. Such Refunding Bonds shall be deemed Bonds for all purposes of this Financing Agreement, except that, notwithstanding the provisions of Section 3.1 hereof, the net proceeds derived from the sale of such Refunding Bonds shall be used by the Issuer to pay or provide for the payment of the Bonds or Prior Obligations to be refunded or repaid and Issuer Expenses.

3.11 When all Bonds issued under the Resolution and all other obligations incurred under the Resolution have been paid or deemed paid within the meaning of the Resolution, the Issuer shall promptly remit or cause to be remitted to the State any moneys remaining in any of the Funds and accounts not required for the payment or redemption of Bonds or other obligations not theretofore surrendered for such payment or redemption (all after transfer of any necessary moneys to the Rebate Fund). Any moneys or investments paid by the State to the Issuer or the Trustee or other fiduciary for the purposes of economically defeasing Bonds, shall be held for such purpose for the benefit of the Holders of such Bonds in accordance with the instructions of the Director of the Budget, consistent with the terms of the Resolution.

IV. PLEDGE AND ASSIGNMENT

4.1 The State hereby consents to the pledge and assignment by the Issuer to the Holders of any of its Bonds, or to any trustee acting on their behalf, of all or any part of the benefits or rights of the Issuer herein, and to the holders or trustees of other obligations issued under the Resolution, of the payments by the State as provided herein and of the Funds and accounts established under the Resolution (except for the Rebate Fund and other Funds as provided in the Resolution).

V. SPECIAL COVENANTS

5.1 The State agrees that whenever requested by the Issuer, with reasonable advance notification, it shall provide and certify information concerning the State and various other related entities (i) for publication in an official statement, placement memorandum or other similar disclosure document relating to the sale or issuance of the Bonds or other obligations under the Resolution, and (ii) necessary to allow the Issuer to make undertakings or contractual commitments which would permit underwriters or dealers to comply with federal securities law including, without limitation, the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. Such information shall be in the standard format utilized for State issuances. The State also agrees to make available any information necessary to enable the Issuer to make any reports required by law or government regulations in connection with the Bonds or other obligations under the Resolution.

5.2 Neither the Issuer nor the State will terminate this Financing Agreement for any cause including, without limiting the generality of the foregoing, an Event of Default by either party, any acts or circumstances which may constitute failure of consideration or frustration of purpose or the failure of either party to perform and observe any duty, liability or obligation arising out of or connected with this Financing Agreement.

5.3 Subject to the limitations contained in the Resolution, the State and the Issuer reserve the right to amend, modify or rescind this Financing Agreement or any supplemental agreement entered into pursuant to this Section 5.3 in any manner; provided that no such amendment, modification or rescission shall materially adversely affect the interest of the Holders of Bonds or holders of Parity Reimbursement Obligations or other obligations. Specifically, and without limiting the generality of the foregoing, this Financing Agreement may be amended or modified (i) to provide for additional payments to the Issuer, (ii) to provide for modified payment provisions, including timing thereof, consistent with the provisions of the Resolution in connection with the issuance of Bonds, Parity Reimbursement Obligations or other obligations (iii) to cure any ambiguity or (iv) to correct or supplement any provisions contained in this Financing Agreement which may be defective or inconsistent with any other provisions contained herein. For the purposes of this Section, Bonds, Parity Reimbursement Obligations or other obligations shall be deemed to be materially adversely affected by an amendment, modification or rescission of this Financing Agreement, if the same materially adversely affects or diminishes the rights of the Holders of the Bonds, holders of Parity Reimbursement Obligations or other obligations or any provider of a Credit Facility. The Issuer may in its discretion determine whether or not, in accordance with the foregoing provision, Bonds, Parity Reimbursement Obligations or other obligations would be materially adversely affected by any amendment, modification or rescission, and such determination shall be binding and conclusive on the State, Bondholders, holders of Parity Reimbursement Obligations or other obligations, the Trustee and the provider of a Credit Facility.

5.4 The State acknowledges and agrees that, in the event of any conflict between any of the provisions of this Financing Agreement and any of the provisions of the Resolution, the provisions of the Resolution shall be controlling; provided, however, that neither the Resolution nor any supplement or amendment thereto shall purport to limit or supersede the provisions set forth in Section 2.7 hereof.

5.5 The State, acknowledges and agrees that moneys in the Funds and accounts established under the Resolution may be invested in Investment Obligations authorized by the Resolution and that the Issuer may restrict such investments, or the yield to be realized therefrom, as it may deem necessary or appropriate in order to maintain the exclusion from gross income of interest on the Bonds issued as Tax-Exempt Bonds under the Code. Investment earnings shall be applied as permitted by the Resolution.

5.6 The State, to the extent authorized by law, shall indemnify and save harmless the Issuer from and against any and all liability, loss, damage, interest, judgments and liens growing out of, and any and all costs and expenses (including, but not limited to, counsel fees and disbursements) arising out of or incurred in connection with any and all claims, demands, suits, actions or proceedings which may be made or brought against the Issuer arising out of any determinations made or actions taken or omitted to be taken or compliance with any obligations under or pursuant to the Enabling Act, including the issuance, incurrence and delivery of Bonds, BANs, Parity Reimbursement Obligations, Subordinated Indebtedness or other obligations under the Resolution.

5.7 The State agrees to request appropriations during the term of this Financing Agreement in an amount at least equal to the amounts certified to by the Issuer pursuant to Section 3.7 of this Financing Agreement. The State also agrees to request appropriations during the term of all financing agreements entered into with all Authorized Issuers pursuant to the Enabling Act in amounts at least equal to the amounts certified by each Authorized Issuer pursuant to such financing agreements and to meet its other obligations under such financing agreements.

VI. EVENTS OF DEFAULT BY THE STATE AND REMEDIES

6.1 If for any reason, other than a failure by the State Legislature to appropriate moneys for such purpose, the State shall fail to pay when due any Financing Agreement Payments, or shall fail to observe or perform any other covenant, condition or agreement on its part to be observed or performed, the Issuer shall, if such default has not been cured, have the right to institute any action in the nature of mandamus or take whatever action at law or in equity may appear necessary or desirable to collect the payments then due or thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the State hereunder.

6.2 The remedies conferred upon or reserved to the Issuer under Section 6.1 hereof in respect of any default described therein are not intended to be exclusive of any other available remedy or remedies and shall be in addition to every other remedy now or hereafter existing at law or in equity; provided, however, that such remedy or remedies may in no event include a termination of this Financing Agreement, nor may they include any amendment, change, modification or alteration of this Financing Agreement that is prohibited by Section 5.2 or 5.3 hereof.

6.3 The State shall promptly notify the Issuer in writing that an Event of Default has occurred under the Resolution, including any events of default under resolutions or financing agreements of any Authorized Issuer related to obligations authorized by the Enabling Act. The State also agrees that upon the occurrence of an Event of Default, or event of default described in the preceding sentence, funds available through appropriation from the Revenue Bond Tax Fund will be available on an equitable basis among Authorized Issuers under the Enabling Act.

VII. EVENTS OF DEFAULT BY THE ISSUER AND REMEDIES

7.1 If the Issuer shall fail to observe or perform any covenant, condition or agreement contained in this Financing Agreement or the Resolution on its part to be observed or performed and such failure to observe or perform shall have continued for sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the Issuer by the State, the State shall, if the default has not been cured, have the right to institute an action in the nature of mandamus or take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the Issuer hereunder.

7.2 The remedies conferred upon or reserved to the State under Section 7.1 hereof in respect of any default described therein are not intended to be exclusive of any other available remedy or remedies and shall be in addition to every other remedy now or hereafter existing at law or in equity; provided, however, that such remedy or remedies may in no event include a termination of the Financing Agreement or of the obligations of the State to make the payments provided for in Article II hereof, nor may they include any amendment, change, modification or alteration of this Financing Agreement that is prohibited by Section 5.2 or 5.3 hereof.

VIII. MISCELLANEOUS

8.1 The revenues, facilities, properties and any and all other assets of the Issuer of any name and nature, other than the Pledged Property, may not be used for, or as a result of any court proceedings or otherwise applied to, the payment of Bonds, any redemption premium therefore or the interest thereon or any other obligations under the Resolution, and under no circumstances shall these be available for such purposes.

8.2 The waiver by either party of a breach by the other shall not be deemed to waive any other breach hereunder nor shall any delay or omission to exercise any right or power upon any default impair any such right or power or be construed as a waiver thereof.

8.3 In the event any provision of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

8.4 All notices provided for in this Financing Agreement shall be in writing and shall be delivered personally to or sent by certified or registered mail to the respective offices of the State and the Issuer as follows:

If to the State:	Director of the Budget State of New York Executive Department Division of the Budget State Capitol, Room 113 Albany, New York 12224
If to the Issuer:	General Counsel Dormitory Authority of the State of New York 515 Broadway Albany, New York 12207

The Issuer or the State may from time to time designate in writing other representatives with respect to receipt of notices.

8.5 This Financing Agreement, including any schedules referred to in Section 1.5, represents the entire agreement between the parties. It may not be amended or modified otherwise than by a written instrument executed by both parties. Such amendments shall not be contrary to the provisions of Section 5.2 or 5.3 hereof.

8.6 Nothing in this Financing Agreement shall be construed to confer upon or to give to any person or corporation other than the State, the Issuer, a Holder of any Bonds, a holder of other obligations under the Resolution, or any trustee acting under the Resolution, any right, remedy or claim under or by reason of this Financing Agreement or any provision thereof.

8.7 This Financing Agreement shall be construed and interpreted in accordance with the laws of the State of New York and any suits or actions arising out of this Financing Agreement shall be instituted in a court of competent jurisdiction in the State.

8.8 This Financing Agreement may be executed in several counterparts, each of which shall be deemed to be an original but such counterparts together shall constitute one and the same instrument.

8.9 Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Resolution.

IN WITNESS WHEREOF, the State has caused this Financing Agreement to be executed in its name by the Director of the Budget and the Issuer has caused this instrument to be signed by its Authorized Officer all as of the date and year first above written.

State of New York

____
Director of the Budget

Dormitory Authority of the State of New York

____
Authorized Officer

Approval as to form:
Attorney General

By: ____________________________________

Date:____________________

Approved:

By:_____________________________________
State Comptroller

Date: ____________________

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

PROPOSED FORMS OF CO-BOND COUNSEL OPINIONS

APPENDIX D

PROPOSED FORMS OF CO-BOND COUNSEL OPINIONS

FORM OF APPROVING OPINION OF HAWKINS DELAFIELD & WOOD LLP,
CO-BOND COUNSEL TO DASNY FOR THE SERIES 2019 BONDS

Upon delivery of the Series 2019 Bonds, Hawkins Delafield & Wood LLP, Co-Bond Counsel to DASNY, proposes to issue its legal opinion in substantially the following form:

HAWKINS DELAFIELD & WOOD LLP
7 WORLD TRADE CENTER, 250 GREENWICH STREET, 41ST FLOOR
NEW YORK, NEW YORK 10007-2442

Dormitory Authority of the
State of New York
515 Broadway
Albany, New York 12207

Ladies and Gentlemen:

We, as Co-Bond Counsel to the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic of the State of New York (the "State"), constituting a public benefit corporation created and existing under the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the "Dormitory Authority Act"), have examined a record of proceedings relating to the issuance of the Authority's $_________ aggregate principal amount of State Personal Income Tax Revenue Bonds (General Purpose), Series 2019D (Tax-Exempt) (the "Series 2019D Bonds"), $_________ aggregate principal amount of State Personal Income Tax Revenue Bonds (General Purpose), Series 2019E (Tax-Exempt) (the "Series 2019E Bonds") and $_________ aggregate principal amount of State Personal Income Tax Revenue Bonds (General Purpose), Series 2019F (Federally Taxable) (the "Series 2019F Bonds" and together with the Series 2019D Bonds and the Series 2019E Bonds, the "Series 2019 Bonds").

The Series 2019 Bonds are issued under and pursuant to the Dormitory Authority Act, the New York State Medical Care Facilities Finance Agency Act, being Chapter 392 of the Laws of New York of 1973, as amended, and the Health Care Financing Consolidation Act, being a part of Chapter 83 of the Laws of New York of 1995 (collectively, the "Act"), Part I of Chapter 383 of the Laws of New York of 2001, as amended (the "Enabling Act"), and the State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution adopted by the Authority on April 29, 2009 (the "Bond Resolution"), as supplemented by Supplemental Resolution 2019-3 Authorizing State Personal Income Tax Revenue Bonds (General Purpose) adopted by the Authority on October 16, 2019 (the "Series 2019 Supplemental Resolution"). The Bond Resolution and the Series 2019 Supplemental Resolution are herein collectively referred to as the "Resolutions". Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Authority has reserved the right to issue additional Bonds on the terms and conditions and for the purposes stated in the Bond Resolution. Under and subject to the terms of the Bond Resolution, the Series 2019 Bonds and all Bonds heretofore and hereafter issued under the Bond Resolution rank and will rank equally as to security and payment. In addition, all State Personal Income

Tax Revenue Bonds issued pursuant to the Enabling Act by Authorized Issuers for Authorized Purposes are on a parity with each other as to payments from the Revenue Bond Tax Fund established by Section 92-z of the New York State Finance Law (the "Revenue Bond Tax Fund"), subject to annual appropriation by the New York State Legislature.

Pursuant to the Enabling Act, neither the Authority nor the owners of the Series 2019 Bonds have or will have a lien on the monies on deposit in the Revenue Bond Tax Fund. In addition, pursuant to the Enabling Act, nothing contained therein shall be deemed to restrict the right of the State of New York to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22 of the New York Tax Law.

We are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act and has the right, power and authority to adopt the Resolutions and the Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms.

2. The Resolutions create the valid pledge which they purport to create of the Pledged Property, subject to the application thereof to the purposes and on the conditions permitted by the Resolutions.

3. The Series 2019 Bonds have been duly and validly authorized and issued by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Resolutions.

4. The Series 2019 Bonds are not a debt of the State of New York, and the State of New York is not liable thereon, nor shall the Series 2019 Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2019 Bonds.

5. The Financing Agreement dated as of July 1, 2009, between the Authority and the Director of the Budget of the State of New York, as supplemented (the "Financing Agreement"), has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the Director of the Budget of the State of New York, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

6. Under existing statutes and court decisions, (i) interest on the Series 2019D Bonds and the Series 2019E Bonds (collectively, the "Tax-Exempt Series 2019 Bonds") is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2019E Bond for any period during which the Series 2019E Bond is held by a person who, within the meaning of section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with proceeds of the Series 2019E Bonds or a "related person," and (ii) interest on the Tax-Exempt Series 2019 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by, as applicable, the Authority, the State University of New York ("SUNY"), the State University Construction Fund ("SUCF"), the New York State Department of Transportation ("DOT"), the City University of New York ("CUNY"), the City University Construction Fund ("CUCF"), the New York State Education Department ("SED"), the New York State Division of Homeland Security and Emergency Services ("DHSES"), the New York State Department of Health ("DOH"), the New York State Department of Agriculture and Markets ("DAM"), the New York

State Department of Environmental Conservation ("DEC"), the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP"), the New York State Environmental Facilities Corporation ("EFC"), the Hudson River Park Trust ("HRPT"), the New York State Office of Mental Health ("OMH"), the New York State Office of Addiction Services and Supports ("OASAS"), each voluntary agency receiving a loan from DASNY being financed or refinanced with proceeds of the Tax-Exempt Series 2019 Bonds (collectively, the "Voluntary Agencies") and others, and we have assumed compliance by, as applicable, the Authority, SUNY, SUCF, DOT, CUNY, CUCF, SED, DHSES, DOH, DAM, DEC, OPRHP, EFC, HRPT, OMH, OASAS and the Voluntary Agencies with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Series 2019 Bonds from gross income under Section 103 of the Code. For any Tax-Exempt Series 2019 Bonds having original issue discount ("OID"), OID that has accrued and is properly allocable to the owners of such Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Tax-Exempt Series 2019 Bonds.

7. Interest on the Series 2019F Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

8. Under existing statutes, interest on the Series 2019 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2019 Bonds, or the ownership or disposition thereof, except as stated in paragraphs 6, 7 and 8 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Series 2019 Bonds.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2019 Bonds, the Resolutions and the Financing Agreement may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed Series 2019D Bond, an executed Series 2019E Bond and an executed Series 2019F Bond and, in our opinion, the forms of said Bonds and their execution are regular and proper.

Very truly yours,

FORM OF APPROVING OPINION OF GOLDEN HOLLEY JAMES LLP,
CO-BOND COUNSEL TO DASNY FOR THE SERIES 2019 BONDS

Upon delivery of the Series 2019 Bonds, Golden Holley James LLP, Co-Bond Counsel to DASNY, proposes to issue its legal opinion in substantially the following form:

GOLDEN HOLLEY JAMES LLP
ONE GRAND CENTRAL PLACE,
60 EAST 42ND STREET, SUITE 4700
NEW YORK, NEW YORK 10017

Dormitory Authority of the
State of New York
515 Broadway
Albany, New York 12207

Ladies and Gentlemen:

We, as Co-Bond Counsel to the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic of the State of New York (the "State"), constituting a public benefit corporation created and existing under the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the "Dormitory Authority Act"), have examined a record of proceedings relating to the issuance of the Authority's $_________ aggregate principal amount of State Personal Income Tax Revenue Bonds (General Purpose), Series 2019D (Tax-Exempt) (the "Series 2019D Bonds"), $_________ aggregate principal amount of State Personal Income Tax Revenue Bonds (General Purpose), Series 2019E (Tax-Exempt) (the "Series 2019E Bonds") and $_________ aggregate principal amount of State Personal Income Tax Revenue Bonds (General Purpose), Series 2019F (Federally Taxable) (the "Series 2019F Bonds" and together with the Series 2019D Bonds and the Series 2019E Bonds, the "Series 2019 Bonds").

The Series 2019 Bonds are issued under and pursuant to the Dormitory Authority Act, the New York State Medical Care Facilities Finance Agency Act, being Chapter 392 of the Laws of New York of 1973, as amended, and the Health Care Financing Consolidation Act, being a part of Chapter 83 of the Laws of New York of 1995 (collectively, the "Act"), Part I of Chapter 383 of the Laws of New York of 2001, as amended (the "Enabling Act"), and the State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution adopted by the Authority on April 29, 2009 (the "Bond Resolution"), as supplemented by Supplemental Resolution 2019-3 Authorizing State Personal Income Tax Revenue Bonds (General Purpose) adopted by the Authority on October 16, 2019 (the "Series 2019 Supplemental Resolution"). The Bond Resolution and the Series 2019 Supplemental Resolution are herein collectively referred to as the "Resolutions". Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Authority has reserved the right to issue additional Bonds on the terms and conditions and for the purposes stated in the Bond Resolution. Under and subject to the terms of the Bond Resolution, the Series 2019 Bonds and all Bonds heretofore and hereafter issued under the Bond Resolution rank and will rank equally as to security and payment. In addition, all State Personal Income Tax Revenue Bonds issued pursuant to the Enabling Act by Authorized Issuers for Authorized Purposes are on a parity with each other as to payments from the Revenue Bond Tax Fund established by Section 92-z of the New York State Finance Law (the "Revenue Bond Tax Fund"), subject to annual appropriation by the New York State Legislature.

Pursuant to the Enabling Act, neither the Authority nor the owners of the Series 2019 Bonds have or will have a lien on the monies on deposit in the Revenue Bond Tax Fund. In addition, pursuant to the Enabling Act, nothing contained therein shall be deemed to restrict the right of the State of New York to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22 of the New York Tax Law.

We are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act and has the right, power and authority to adopt the Resolutions and the Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms.

2. The Resolutions create the valid pledge which they purport to create of the Pledged Property, subject to the application thereof to the purposes and on the conditions permitted by the Resolutions.

3. The Series 2019 Bonds have been duly and validly authorized and issued by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Resolutions.

4. The Series 2019 Bonds are not a debt of the State of New York, and the State of New York is not liable thereon, nor shall the Series 2019 Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2019 Bonds.

5. The Financing Agreement dated as of July 1, 2009, between the Authority and the Director of the Budget of the State of New York, as supplemented (the "Financing Agreement"), has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the Director of the Budget of the State of New York, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2019 Bonds, the Resolutions and the Financing Agreement may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed Series 2019D Bond, an executed Series 2019E Bond and an executed Series 2019F Bond and, in our opinion, the forms of said Bonds and their execution are regular and proper.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

EXECUTED COPY OF MASTER CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

NEW YORK STATE PERSONAL INCOME TAX REVENUE BONDS

MASTER CONTINUING DISCLOSURE AGREEMENT

THIS MASTER CONTINUING DISCLOSURE AGREEMENT dated as of May 1, 2002, as amended and restated as of July 1, 2009, as of December 1, 2010, and as of June 10, 2019 (as so amended and restated, the "Agreement"), is made by and among each Authorized Issuer, the State, and the respective Trustees, each as defined below in Section 1.

In order to permit the Underwriters of each series of Bonds issued from and after the date hereof to comply with the provisions of Rule 15c2-12, each of the parties hereto (as applicable), in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree, for the sole and exclusive benefit of the Holders and, for the purposes of Section 5, the beneficial owners of Bonds, as follows:

SECTION 1. Definitions; Rules of Construction. (i) Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Authorizing Document."*Annual Information*" shall mean the information specified in Section 3.

"*Authorized Issuer*" shall mean, individually, the Dormitory Authority of the State of New York, the New York State Environmental Facilities Corporation, the New York State Housing Finance Agency, the New York State Thruway Authority, and the New York State Urban Development Corporation, each a public corporation or a public benefit corporation of the State of New York that is designated as an Authorized Issuer under the Enabling Act, and any successors thereto or any other public benefit corporation of the State of New York which may be authorized from time to time by the Enabling Act to issue Bonds.

"*Authorizing Document*" shall mean the applicable Authorized Issuer's State Personal Income Tax Revenue Bond General Resolution, including Annex A thereto, as supplemented and amended from time to time.

"*Bonds*" shall mean all of the State Personal Income Tax Revenue Bonds issued from time to time by Authorized Issuers and outstanding pursuant to the applicable Authorizing Document.

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

"*Director*" shall mean the Director of the Budget of the State of New York.

"*DOB*" shall mean the Division of the Budget of the State of New York.

"*EMMA*" shall mean the Electronic Municipal Market Access system described in Securities Exchange Act Release No. 34-59062 (or any successor electronic information system) and maintained by the MSRB as the sole repository for the central filing of electronic disclosure pursuant to Rule 15c2-12.

"*Enabling Act*" shall mean Article 5-C of the New York State Finance Law, Chapter 56 of the Consolidated Laws of the State of New York, as supplemented and amended from time to time.

"*GAAP*" shall mean generally accepted accounting principles as prescribed from time to time for governmental units in the United States by the Governmental Accounting Standards Board.

"*GAAS*" shall mean generally accepted auditing standards as in effect from time to time in the United States.

"*Holder*" or "*Bondholder*" shall mean a registered owner of any Bond or Bonds.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"*Rule 15c2-12*" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Agreement, including any official interpretations thereof promulgated on or prior to the effective date of this Agreement.

"*State*" shall mean the State of New York, acting by and through the Director or the Comptroller.

"*Trustee*" shall mean the applicable trustee appointed by the applicable Authorized Issuer pursuant to an Authorizing Document, and their respective successors and assigns.

"*Underwriters*" shall mean the underwriter or underwriters that have contracted to purchase one or more series of Bonds from an Authorized Issuer at initial issuance.

(ii) Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Any reference herein to a particular Section or subsection without further reference to a particular document or provision of law or regulation is a reference to a Section or subsection of this Agreement.

(c) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

SECTION 2. Obligations to Provide Continuing Disclosure.

(i) <u>Obligations of the State and the Trustees.</u>

(a) The State, acting by and through the Director, hereby undertakes, for the benefit of Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2002, the Annual Information relating to such fiscal year.

(b) The State, acting by and through the Comptroller, hereby undertakes, for the benefit of the Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2002, audited financial statements of the State for such fiscal year; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so provided and such audited financial statements shall be electronically filed with the MSRB if and when they become available.

(c) The Director and each Trustee shall notify the applicable Authorized Issuer upon the occurrence of any of the events listed in Section 2(ii)(a) promptly upon becoming aware of the occurrence of any such event. With respect to the foregoing, no Trustee shall be deemed to have become aware of the occurrence of any such event unless an officer in its corporate trust department becomes aware of the occurrence of any such event.

(ii) Obligations of each Authorized Issuer. Each Authorized Issuer hereby undertakes, for the benefit of Holders of the Bonds issued by it, to provide the following:

(a) to the MSRB in a timely manner not in excess of ten business days after the occurrence of any of the events listed below, notice of any of such events with respect to the Bonds issued by it:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) modifications to rights of security holders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the securities, if material

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the obligated person;

(13) the consummation of a merger, consolidation or acquisition involving an obligated person, or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee, or the change of name of a trustee, if material;

(15) incurrence of a financial obligation[1] of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation[1] of the obligated person, any of which reflect financial difficulties.

(b) to the MSRB, in a timely manner, notice of a failure by the State to comply with Section 2(i)(a) or (b).

(iii) (a) Termination or Modification of Disclosure Obligation. The obligations of the State hereunder may be terminated if the State is no longer an "obligated person" as defined in Rule 15c2-12; provided, however, that if the State has hereby obligated itself to provide information relating to any entity that thereafter continues to constitute such an "obligated person", obligations of the State to provide such information shall not be so terminated. Upon any such termination, the State shall so advise each Authorized Issuer and each such Authorized Issuer shall electronically file notice thereof with the MSRB.

(b) Other Information. Nothing herein shall be deemed to prevent the Authorized Issuers or the State from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Authorized Issuers or the State should disseminate any such additional information,

[1] In accordance with Rule 15c2-12, for purposes of the events identified in clauses (15) and (16) above, the term "financial obligation" means (i) debt obligation; (ii) derivative instrument entered into by the obligated person in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

neither the Authorized Issuers nor the State shall have any obligation hereunder to update such information or to include it in any future materials disseminated hereunder.

(c) Credit Enhancement. Each agreement governing the provision of a Credit Facility, if any, shall require the provider thereof to provide the applicable Authorized Issuer with prompt written notice of any change in the name, address, and telephone number of a place where then current information regarding such provider may be obtained. In addition, such agreement shall require each provider of a Credit Facility promptly to notify the applicable Authorized Issuer of a change in any rating relating to such provider that would affect the rating of the Bonds by any rating agency then rating the Bonds. The applicable Authorized Issuer shall promptly provide the Comptroller, the Director and the applicable Trustee with copies of all notices received by it under this Section 2(c). The provisions of this Section 2(c) shall also apply to each provider of a substitute Credit Facility.

(d) Disclaimer. Each of the Director, the Comptroller, the Authorized Issuers and the Trustees shall be obligated to perform only those duties expressly provided for such entity in this Agreement, and none of the foregoing shall be under any obligation to the Holders or other parties hereto to perform, or monitor the performance of, any duties of such other parties. Without limiting the general application of the foregoing, the Authorized Issuers shall be under no obligation to the Holders or any other party hereto to review or otherwise pass upon the Annual Information or the financial statements provided pursuant to Section 2(i), and its obligations hereunder shall be limited solely to the undertaking set forth in Section 2(ii) and to the requirements of Section 2(iii)(c) and Section 8.

(iv) MSRB Prescribed Identifying Information. All documents provided to the MSRB pursuant to this Agreement shall be accompanied by identifying information as prescribed from time to time by the MSRB.

SECTION 3. Annual Information.

(i) Specified Information. The Annual Information shall consist of the following:

(a) *financial information and operating data of the type included in the Official Statement for each series of Bonds, under the headings "PART 3 – "SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS", and "PART 4 – SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS FOR THE REVENUE BOND TAX FUND" which shall include information relating to the following:*

(1) a description of the personal income tax imposed by Article 22 of the New York State Tax Law, which shall include a description of the tax rates, the tax base and the components of the State personal income tax (unless the personal income tax has been materially changed or modified, in which case similar information about the changed or modified tax will be provided);

(2) a historical summary of the New York State Personal Income Tax Receipts, the Withholding Component, and deposits to the Revenue Bond Tax Fund for a period of at least the five most recent completed State fiscal years then available, together with an explanation of the factors affecting collection levels; and

(b) *financial information and operating data of the type included in the Annual Information Statement of the State set forth as an Appendix to, or incorporated by cross reference in, the Official Statement for the Bonds, under the headings or sub-headings "Prior Fiscal Years", "Debt and Other Financing Activities", "State Government Employment", "State Retirement Systems", and "Authorities and Localities",* including, more specifically, information consisting of:

(1) *for prior fiscal years*, an analysis of cash-basis results for the State's three most recent fiscal years, and a presentation of the State's results in accordance with GAAP for at least the two most recent fiscal years for which that information is then-currently available;

(2) *for debt and other financing activities*, a description of the types of financings the State is authorized to undertake, a presentation of the outstanding debt issued by the State and certain public authorities, as well as information concerning debt service requirements on that debt;

(3) *for authorities and localities,* information on certain public authorities and local entities whose financial status may have a material impact on the financial status of the State; and

(4) material information regarding State government employment and retirement systems; together with

(c) *such narrative explanation* as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data and in judging the financial condition of the State.

(ii) Cross Reference. All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which have been electronically filed with the MSRB or filed with the Securities and Exchange Commission; provided, however, that if the document is an official statement, it shall have been electronically filed with the MSRB and need not have been filed elsewhere. The audited or unaudited financial statements of the State may be provided in the same manner.

(iii) Informational Categories. The requirements contained in this Agreement under Section 3(i) are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 3(i) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

(iv) Providers of Credit Support. If known to the applicable Authorized Issuer, such Authorized Issuer shall inform the State, and the required Annual Information shall include the name, address and telephone number of a place where current information regarding each issuer of a Credit Facility may be obtained.

(v) Omnibus Annual Information Undertaking. The parties to this Agreement recognize, understand and agree that the information described in this Section 3 shall be set forth in the same manner in the respective Official Statements of each of the Authorized Issuers. Accordingly, a single electronic filing of the Annual Information with EMMA, shall be deemed to satisfy the Annual Information filing obligation created by this Agreement.

SECTION 4. Financial Statements.

The State's annual financial statements for each fiscal year shall be prepared in accordance with GAAP (unless applicable accounting principles are otherwise disclosed) and audited by an independent accounting firm in accordance with GAAS (but only if audited financial statements are otherwise available for such fiscal year).

SECTION 5. Remedies.

If any party hereto should fail to comply with any provision of this Agreement, then each of the other parties and, as a direct or third-party beneficiary, as the case may be, any Holder of Bonds may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under this Agreement; provided, however, that the sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of such party hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided further, that the rights of any Holder to challenge the adequacy of the information provided in accordance with Section 2 hereunder are conditioned upon the provisions of the Authorizing Document with respect to the enforcement of remedies of Holders upon the occurrence of an Event of Default described in Section A-1001(g) of the Authorizing Document as though such provisions applied hereunder. Each of the Director, the Comptroller, the applicable Authorized Issuer and the applicable Trustee reserves the right, but shall not be obligated, to enforce the obligations of the others. Failure by any party to perform its obligations hereunder shall not constitute an Event of Default under the Authorizing Document or any other agreement executed and delivered in connection with the issuance of the Bonds. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to Section 6, beneficial owners shall be deemed to be Holders of Bonds for purposes of this Section 5.

SECTION 6. Parties in Interest.

This Agreement is executed and delivered solely for the benefit of the Holders of the Bonds and, for the purposes of Section 5, beneficial owners of Bonds. For the purposes of such Section 5, beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. No person other than those described in Section 5 shall have any right to enforce the provisions hereof or any other rights hereunder.

SECTION 7. Amendments.

(i) Without the consent of any Holders (except to the extent required under clause (c)(II) of this sentence) or provider of any Credit Facility, the Authorized Issuers, the State, and the Trustees at any time and from time to time may enter into amendments or changes to this Agreement for any purpose, if (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of one or more of the Authorized Issuers or the State or any type of business or affairs conducted by either; (b) the undertakings set forth herein, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering of the Bonds, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and (c) either (I) the amendment does not materially impair the interests of the Holders, as determined either by each of the Trustees or by a nationally recognized bond counsel approved by the State or (II) the Holders consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Authorizing Document with the consent of Holders pursuant to Section A-1003 of the Authorizing Documents. In determining whether there is such a material impairment, the Trustees may rely upon an opinion of a nationally recognized bond counsel approved by the State. The interests of Holders shall be deemed not to have been materially impaired by an amendment (1) to add a dissemination agent for the information to be provided hereunder and to make any necessary or desirable provisions with respect thereto, (2) to evidence the succession of another entity to the State, an Authorized Issuer or a Trustee and the assumption by any such successor to the obligations of such party hereunder, or (3) to add to the obligations of the State or any Authorized Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the State or any Authorized Issuer.

(ii) Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be electronically filed with the MSRB.

SECTION 8. Termination.

This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on all Bonds (in each case in this Section 8, "Bonds" shall refer to each series of Bonds, respectively) shall have been paid in full or all Bonds shall have otherwise been paid or defeased in accordance with the applicable Authorizing Documents (a "Legal Defeasance"); provided, however, that if Rule 15c2-12 (or any successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any Legal Defeasance of a series of Bonds, the applicable Authorized Issuer shall electronically file with the MSRB notice of such defeasance, and such notice shall state whether the applicable series of Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption. Upon any other termination pursuant to this Section 8, the applicable Authorized Issuer shall electronically file with the MSRB notice of such termination.

SECTION 9. The Trustees.

(i) Except as specifically provided herein, this Agreement shall not create any obligation or duty on the part of any Trustee and no Trustee shall be subject to any liability hereunder for acting or failing to act as the case may be.

(ii) Each Trustee shall be indemnified and held harmless in connection with this Agreement, to the same extent provided in the applicable Authorizing Document for matters arising thereunder.

SECTION 10. Governing Law.

This Agreement shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

SECTION 11. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all shall together constitute one and the same instrument.

SECTION 12. Effective Date.

This Agreement, as amended and restated as of June 10, 2019 (primarily to incorporate the listed events described in clauses (15) and (16) of Section 2(ii)(a)), shall become effective with respect to the State, an Authorized Issuer and a trustee under an Authorizing Document, only as of the amended effective date of such party's execution of this Agreement by its duly authorized officer, as set forth on the following signature pages.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this amended and restated Master Continuing Disclosure Agreement as of the respective dates set forth below.

AUTHORIZED ISSUERS:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

By: Portia Lee
Name: Portia Lee
Title: Managing Director

Amended Effective Date: June 10, 2019

NEW YORK STATE THRUWAY AUTHORITY

By: ______________________
Name:
Title:

Amended Effective Date: ______________

NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION

By: ______________________
Name:
Title:

Amended Effective Date: ______________

NEW YORK STATE URBAN DEVELOPMENT CORPORATION
d/b/a Empire State Development

By: Elaine A. Kloss
Name: Elaine A. Kloss
Title: Chief Financial Officer

Amended Effective Date: June 10, 2019

NEW YORK STATE HOUSING FINANCE AGENCY

By: ______________________
Name:
Title:

Amended Effective Date: ______________

[Signature Page of Authorized Issuers of New York Personal Income Tax Revenue Bonds Master Continuing Disclosure Agreement]

THE STATE OF NEW YORK
Obligated Person

By: Thomas P. DiNapoli, Comptroller

By: Robert B. Ward
Name: Robert B. Ward
Title: Deputy Comptroller

Amended Effective Date: June 10, 2019

By: Robert F. Mujica, Jr., Director of the Budget

By: ______________________
Name: Robert F. Mujica, Jr.
Title: Director of the Budget

Amended Effective Date: June 10, 2019

[Signature Page of State Officials for State of New York Personal Income Tax Revenue Bonds Master Continuing Disclosure Agreement]

TRUSTEES:

THE BANK OF NEW YORK MELLON
as Trustee or successor Trustee for the benefit of Dormitory Authority of the State of New York Bondholders

Amended Effective Date: June 10, 2019

By: ______________________
Authorized Signatory

THE BANK OF NEW YORK MELLON
as Trustee for the benefit of New York State Environmental Facilities Corporation Bondholders

Amended Effective Date: June 10, 2019

By: ______________________
Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION
as successor Trustee for the benefit of New York State Housing Finance Agency Bondholders

Amended Effective Date: June 10, 2019

By: ______________________
Authorized Signatory

THE BANK OF NEW YORK MELLON
as Trustee for the benefit of New York State Thruway Authority Bondholders

Amended Effective Date: June 10, 2019

By: ______________________
Authorized Signatory

THE BANK OF NEW YORK MELLON
as Trustee for the benefit of New York State Urban Development Corporation Bondholders

Amended Effective Date: June 10, 2019

By: ______________________
Authorized Signatory

[Signature Page of Trustees for State of New York Personal Income Tax Revenue Bonds Master Continuing Disclosure Agreement]

APPENDIX F

SUMMARY OF REFUNDED BONDS

The following is a list of the DASNY bonds that it proposes to refund with a portion of the proceeds of the Series 2019 Bonds, together with other available funds. The following list of bonds is not final and is subject to change prior to issuance of the Series 2019 Bonds. DASNY reserves the right to refund all, none or only a portion of the bonds listed below and also reserves the right to refund bonds in addition to those listed below. In the event that any of the bonds and principal amount listed below are not refunded with proceeds of the Series 2019 Bonds, DASNY reserves the right to issue refunding bonds in the future to refund any of the bonds listed below or portions thereof. All of the bonds listed below are the Refunded Bonds as described in "PART 7—THE REFUNDING PLAN."

Summary of Refunded Bonds

Series	CUSIP† Number	Maturity Date	Coupon	Outstanding Principal	Principal Refunded	Redemption Date	Redemption Price
State Personal Income Tax Revenue Bonds (General Purpose), Series 2010A (Tax-Exempt)	649902M59	2/15/2021	4.000%	$190,000	$190,000	2/15/2020	100%
	64990FLN2	2/15/2021	5.000%	21,170,000	21,170,000	2/15/2020	100
	649902M67	2/15/2022	4.000%	260,000	260,000	2/15/2020	100
	64990FLP7	2/15/2022	5.000%	11,555,000	11,555,000	2/15/2020	100
	649902M75	2/15/2023	4.000%	150,000	150,000	2/15/2020	100
	64990FLY8	2/15/2023	5.000%	8,795,000	8,795,000	2/15/2020	100
	64990FLV4	2/15/2024	5.000%	7,110,000	7,110,000	2/15/2020	100
	64990FLW2	2/15/2025	4.000%	3,710,000	3,710,000	2/15/2020	100
	64990FLZ5	2/15/2025	5.000%	2,515,000	2,515,000	2/15/2020	100
	64990FLX0	2/15/2026	5.000%	6,275,000	6,275,000	2/15/2020	100
	649902N33	2/15/2027	4.000%	1,180,000	1,180,000	2/15/2020	100
	649902R96	2/15/2027	5.000%	4,175,000	4,175,000	2/15/2020	100
	649902N41	2/15/2028	4.000%	3,605,000	3,605,000	2/15/2020	100
	649902N58	2/15/2029	4.125%	2,825,000	2,825,000	2/15/2020	100
	64990ESX6	2/15/2030	4.200%	1,650,000	1,650,000	2/15/2020	100
	649902N74	2/15/2031	4.250%	875,000	875,000	2/15/2020	100
State Personal Income Tax Revenue Bonds (General Purpose), Series 2010E (Tax-Exempt)	64990FEC4	2/15/2021	5.000%	$195,000	$195,000	2/15/2020	100%
	64990FED2	2/15/2022	5.000%	205,000	205,000	2/15/2020	100
	64990FEE0	2/15/2023	5.000%	215,000	215,000	2/15/2020	100
	64990FEF7	2/15/2024	5.000%	230,000	230,000	2/15/2020	100
	64990FEG5	2/15/2025	5.000%	240,000	240,000	2/15/2020	100
	64990FDL5	2/15/2026	3.375%	60,000	60,000	2/15/2020	100
	64990FDJ0	2/15/2026	5.000%	35,000	35,000	2/15/2020	100
	64990FDM3	2/15/2027	5.000%	95,000	95,000	2/15/2020	100
	64990FDN1	2/15/2028	5.000%	100,000	100,000	2/15/2020	100
	64990FDP6	2/15/2029	5.000%	105,000	105,000	2/15/2020	100
	64990FDQ4	2/15/2030	5.000%	110,000	110,000	2/15/2020	100
	64990FEH3	2/15/2035*	5.000%	615,000	615,000	2/15/2020	100
	64990FEJ9	2/15/2040*	5.000%	780,000	780,000	2/15/2020	100

† CUSIP is a registered trademark of the American Bankers Association ("ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Refunded Bonds.

Series	CUSIP† Number	Maturity Date	Coupon	Outstanding Principal	Principal Refunded	Redemption Date	Redemption Price
State Personal Income Tax Revenue Bonds (General Purpose), Series 2010F (Tax-Exempt)	649902X40	2/15/2020	4.000%	$195,000	$195,000	Maturity	N/A
	6499023B7	2/15/2020	5.000%	1,620,000	1,620,000	Maturity	N/A
	649902X57	2/15/2021	4.000%	400,000	400,000	2/15/2020	100%
	6499023C5	2/15/2021	5.000%	1,505,000	1,505,000	2/15/2020	100
	649902X65	2/15/2022	5.000%	1,995,000	1,995,000	2/15/2020	100
	649902X73	2/15/2023	4.000%	2,095,000	2,095,000	2/15/2020	100
	649902X81	2/15/2024	5.000%	2,180,000	2,180,000	2/15/2020	100
	649902X99	2/15/2025	4.000%	250,000	250,000	2/15/2020	100
	6499023D3	2/15/2025	5.000%	460,000	460,000	2/15/2020	100
	649902Y23	2/15/2026	3.375%	715,000	715,000	2/15/2020	100
	649902Y49	2/15/2028	4.000%	100,000	100,000	2/15/2020	100
	649902Y64	2/15/2030	4.000%	865,000	865,000	2/15/2020	100
	649902Y72	2/15/2035*	5.000%	29,880,000	29,880,000	2/15/2020	100
State Personal Income Tax Revenue Bonds (General Purpose), Series 2013A (Tax-Exempt)	64990EKB2	2/15/2020	5.000%	$12,605,000	$8,115,000	Maturity	N/A
	64990EKC0	2/15/2021	5.000%	13,235,000	13,235,000	Maturity	N/A
	64990EKH9	2/15/2026	5.000%	16,900,000	16,900,000	2/15/2023	100%
	64990EKJ5	2/15/2027	5.000%	17,740,000	17,740,000	2/15/2023	100
	64990EKK2	2/15/2028	5.000%	18,625,000	18,625,000	2/15/2023	100
	64990EKL0	2/15/2029	5.000%	19,555,000	19,555,000	2/15/2023	100
	64990EKM8	2/15/2030	5.000%	20,540,000	20,540,000	2/15/2023	100
	64990EKN6	2/15/2031	5.000%	21,565,000	21,565,000	2/15/2023	100
	64990EKP1	2/15/2032	5.000%	22,640,000	22,640,000	2/15/2023	100
	64990EKQ9	2/15/2033	5.000%	23,775,000	23,775,000	2/15/2023	100
	64990EKR7	2/15/2034	5.000%	24,960,000	24,960,000	2/15/2023	100
	64990EKS5	2/15/2035	5.000%	26,210,000	26,210,000	2/15/2023	100
	64990EKT3	2/15/2036	5.000%	27,520,000	27,520,000	2/15/2023	100
	64990EKU0	2/15/2037	5.000%	28,905,000	28,905,000	2/15/2023	100
	64990EKV8	2/15/2039*	5.000%	62,200,000	62,200,000	2/15/2023	100
	64990EKW6	2/15/2043*	5.000%	144,185,000	144,185,000	2/15/2023	100
State Sales Tax Revenue Bonds, Series 2013A							
	64990AAF2	3/15/2020	4.000%	$10,785,000	$10,785,000	Maturity	N/A
	64990AAZ8	3/15/2020	5.000%	29,655,000	9,945,000	Maturity	N/A
	64990AAG0	3/15/2021	4.000%	10,020,000	10,020,000	Maturity	N/A
	64990ABA2	3/15/2021	5.000%	31,585,000	18,365,000	Maturity	N/A
	64990AAM7	3/15/2026	5.000%	31,875,000	31,875,000	3/15/2023	100%
	64990AAN5	3/15/2027	5.000%	33,465,000	33,465,000	3/15/2023	100
	64990AAP0	3/15/2028	5.000%	35,135,000	35,135,000	3/15/2023	100
	64990ABE4	3/15/2029	5.000%	22,670,000	22,670,000	3/15/2023	100
	64990ABD6	3/15/2033	5.000%	9,535,000	9,535,000	3/15/2023	100
	64990ABG9	3/15/2034	5.000%	30,435,000	30,435,000	3/15/2023	100
	64990ABH7	3/15/2035	5.000%	31,955,000	31,955,000	3/15/2023	100
	64990AAT2	3/15/2038*	5.000%	105,765,000	105,765,000	3/15/2023	100
	64990AAU9	3/15/2043*	4.625%	10,480,000	10,480,000	3/15/2023	100
	64990APN9	3/15/2043*	5.000%	204,055,000	204,055,000	3/15/2023	100

† CUSIP is a registered trademark of the American Bankers Association ("ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Refunded Bonds.

* Proceeds of the Series 2019 Bonds and other available funds will be credited against the following mandatory redemption dates:

State Personal Income Tax Revenue Bonds (General Purpose),
Series 2010E (Tax-Exempt)
2035 Term Bond (5.000% Coupon)

Date	Amount	Date	Amount
2/15/2031	$115,000	2/15/2034	$130,000
2/15/2032	115,000	2/15/2035	135,000
2/15/2033	120,000		

State Personal Income Tax Revenue Bonds (General Purpose),
Series 2010E (Tax-Exempt)
2040 Term Bond (5.000% Coupon)

Date	Amount	Date	Amount
2/15/2036	$140,000	2/15/2039	$165,000
2/15/2037	150,000	2/15/2040	170,000
2/15/2038	155,000		

State Personal Income Tax Revenue Bonds (General Purpose),
Series 2010F (Tax-Exempt)
2035 Term Bond (5.000% Coupon)

Date	Amount	Date	Amount
2/15/2025	$1,575,000	2/15/2031	$3,040,000
2/15/2026	1,685,000	2/15/2032	3,190,000
2/15/2027	2,505,000	2/15/2033	3,350,000
2/15/2028	2,530,000	2/15/2034	3,515,000
2/15/2029	2,765,000	2/15/2035	3,690,000
2/15/2030	2,035,000		

State Personal Income Tax Revenue Bonds (General Purpose),
Series 2013A (Tax-Exempt)
2039 Term Bond (5.000% Coupon)

Date	Amount	Date	Amount
2/15/2038	$30,340,000	2/15/2039	$31,860,000

State Personal Income Tax Revenue Bonds (General Purpose),
Series 2013A (Tax-Exempt)
2043 Term Bond (5.000% Coupon)

Date	Amount	Date	Amount
2/15/2040	$33,455,000	2/15/2042	$36,880,000
2/15/2041	35,120,000	2/15/2043	38,730,000

State Sales Tax Revenue Bonds,
Series 2013A
2038 Term Bond (5.000% Coupon)

Date	Amount	Date	Amount
3/15/2036	$33,550,000	3/15/2038	$36,990,000
3/15/2037	35,225,000		

State Sales Tax Revenue Bonds,
Series 2013A
2043 Term Bond (4.625% Coupon)

Date	Amount	Date	Amount
3/15/2039	$1,900,000	3/15/2042	$2,195,000
3/15/2040	1,990,000	3/15/2043	2,305,000
3/15/2041	2,090,000		

State Sales Tax Revenue Bonds,
Series 2013A
2043 Term Bond (5.000% Coupon)

Date	Amount	Date	Amount
3/15/2039	$36,940,000	3/15/2042	$42,745,000
3/15/2040	38,785,000	3/15/2043	44,865,000
3/15/2041	40,720,000		

.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

DORMITORY AUTHORITY OF THE STATE OF NEW YORK • STATE PERSONAL INCOME TAX REVENUE BONDS, SERIES 2019D (TAX-EXEMPT), SERIES 2019E (TAX-EXEMPT) AND SERIES 2019F (FEDERALLY TAXABLE)

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com