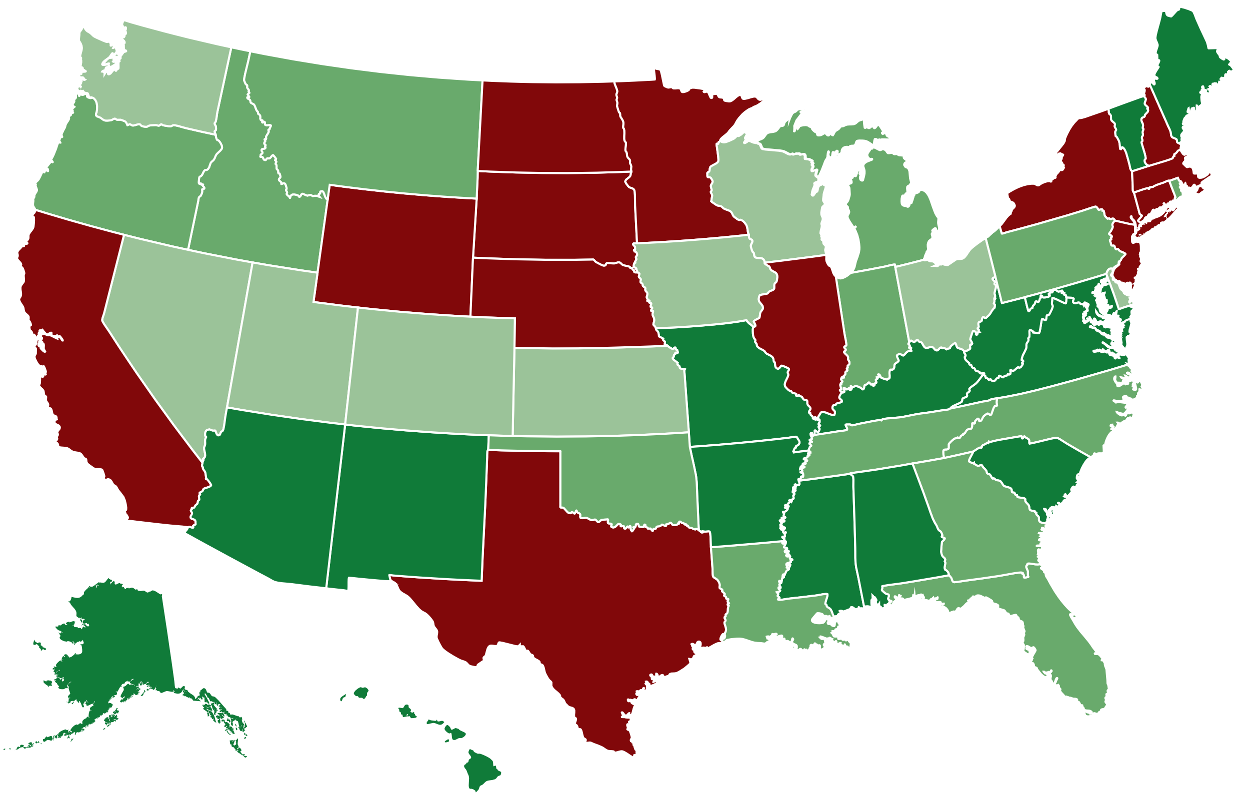
Exhibit 87

New York's Balance of Payments in the Federal Budget

Federal Fiscal Year 2016



OFFICE OF THE NEW YORK STATE COMPTROLLER

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Executive Summary

The budget of the United States government plays a considerable role in the finances of New York State and its local governments, as well as in the daily lives of New Yorkers. Federal spending provides Social Security income, Medicare and Medicaid health coverage and other benefits for millions of State residents. In recent years, federal aid has represented roughly one in three dollars of All Funds receipts in the State Budget. Spending from Washington also supports tens of thousands of New York jobs. Meanwhile, the Empire State generated almost $255 billion in federal tax revenues in Federal Fiscal Year (FFY) 2016.

The fiscal relationships between Washington and the 50 states vary widely, both overall and within particular budgetary areas. This report examines the flow of funds between the federal government and those states for the Federal Fiscal Year ending September 30, 2016, with special attention to its impact on New York State. The analysis is based on data from federal budget documents, the Internal Revenue Service and other sources.

Based on federal receipts and outlays analyzed for this report, in FFY 2016, New York State generated nearly $40.9 billion more in taxes paid to the federal government than it received in return through federal spending. New York contributed $12,914 per capita in tax revenue to the federal budget, over a third more than the national average. The State received an estimated $10,844 in per capita federal spending, slightly below the nationwide average.

In other words, for every dollar New York generated in federal tax receipts, it received 84 cents back in federal spending—compared to a national average of $1.18. In its overall balance of payments—the difference between taxes paid and federal spending received—New York ranked 47th among the states, with a per capita deficit of $2,070. The gap between taxes paid and spending received in New York has doubled over the course of three years, largely because federal income tax collections from the State increased. In FFY 2013, New York generated $19.9 billion more in federal taxes than it received back in federal spending, according to a 2015 analysis by the Office of the State Comptroller; in FFY 2016, the negative balance had grown to an estimated $40.9 billion.

The largest of the broad spending categories in the federal budget represents direct payments to or for individuals for a variety of programs such as Social Security, Medicare, benefits for veterans and for retired federal employees, and food assistance. Spending for such direct payments totaled $2.26 trillion nationwide in FFY 2016. New York received an estimated $136 billion in this category, with a per capita average that was close to the national figure. Major programs for which the State received higher-than-average per capita expenditures include Medicare, Social Security (including Social Security disability), food assistance and Supplemental Security Income. Payments from Washington for federal employee retirement benefits and veterans benefits in New York were lower than average on a per capita basis.

In the second largest spending category in the federal budget, grants to state and local governments, New York received nearly $61.3 billion and fared better than 46 states on a per capita basis. Medicaid makes up more than half of all federal spending for such grants, and New York's per capita Medicaid funding from Washington ranked third among the states.

In two other major categories—procurement and federal employee compensation—federal spending in New York was less than half of the national average on a per capita basis. The State's combined total in these two areas, $16.7 billion, was 2.4 percent of the nationwide total.

Overall, New York State received 5.9 percent of total federal spending examined for this analysis. The State generated 8.3 percent of total federal tax revenue examined for this report, which was higher than its shares of the U.S. population (6.1 percent) and of the nation's personal income (7.5 percent). On a per capita basis, federal tax revenues from New York State were more than a third higher than the national average, partly because of relatively higher incomes in the State.

The federal budget deficit in FFY 2016, $585 billion, represented current spending that was funded by borrowing. As a result, federal spending in the states was greater than federal revenue raised—the states, in the aggregate, received more than they paid for.

Federal budget deficits (or surpluses) change over time, depending on many factors including shifts in the economy and policy actions that affect levels of spending and revenues. How such changes may affect New York and other states going forward is difficult to predict.

Federal spending and the burden of federal taxes are not apportioned to the states by any single formula. Rather, dozens of statutory provisions as well as a wide range of economic, demographic and political factors drive the state-by-state distribution of such costs and benefits. Examples of such factors include: each state's population; its numbers of residents in poverty or those eligible for Social Security, Medicare and Medicaid; income levels; and the states' own policy choices.

The President has recommended broad changes to federal spending, including major reductions in coming years to Medicaid and other domestic programs as well as significant increases in Defense Department funding. At the same time, the Administration and Congress are considering sweeping revisions to the federal tax code.

Such changes could have significant impacts on federal expenditures that benefit New Yorkers, on the taxes generated in the State, and on the balance of federal budgetary impacts among the 50 states. This report is intended to help New Yorkers better understand how federal budget policies affect the State, and to inform and promote their participation in the national fiscal debate going forward.

Introduction

This report examines the flow of funds between the federal government and the 50 states for the Federal Fiscal Year ending September 30, 2016.[1] The study includes three major parts:

- Identification of tax revenues paid to the federal government from each of the states and of dollars spent by the federal government in each state, also referred to as expenditures received by each state. Federal spending includes direct payments to or for individuals (for example, Social Security and Medicare); grants to state and local governments (for Medicaid and other programs); military and other procurement; and wages and salaries for federal government employees.
- Analysis of these revenue and expenditure flows to determine the balance of payments—that is, the difference between revenues and expenditures—on the national level and in each of the 50 states.
- Review of specific elements of federal revenues and expenditures to identify how the composition of New York's balance of payments differs from other states.

In FFY 2016, the federal government spent more than $3.8 trillion, and brought in approximately $3.3 trillion in revenue, with a budget deficit of $585 billion. For the purposes of this analysis, certain revenue and spending amounts were excluded, resulting in an allocation of $3.6 trillion in expenditures and $3.1 trillion in tax revenues that are relevant and practical to allocate to the states. Almost 94 percent of federal receipts and outlays are allocated by state in this report.[2] A summary of the methodology used for this report can be found in Appendix B.

All figures in this report derive from compilation and analysis by the Office of the State Comptroller of data from the United States Office of Management and Budget, the U.S. Census Bureau, the U.S. Internal Revenue Service, other federal agencies, the Federal Procurement Data System, USASpending.gov and Federal Funds Information for States, unless otherwise noted.

1 For data consistency, national totals and averages in this report include expenditures in and revenues from the District of Columbia in addition to the states. However, because it is an outlier in many categories, the District of Columbia is not included in the rankings of the states. References to the states as a group in this report include the District of Columbia, unless otherwise noted.

2 Customs duties and fees and miscellaneous receipts, such as deposits of earnings by the Federal Reserve, are excluded from revenues. Undistributed offsetting receipts, net interest on the federal government debt and spending for international affairs and overseas procurement (military- and non-military-related) represent most of the outlays excluded from this analysis. Receipts from and outlays to Puerto Rico and other outlying areas are also excluded. See Appendix B: Methodology.

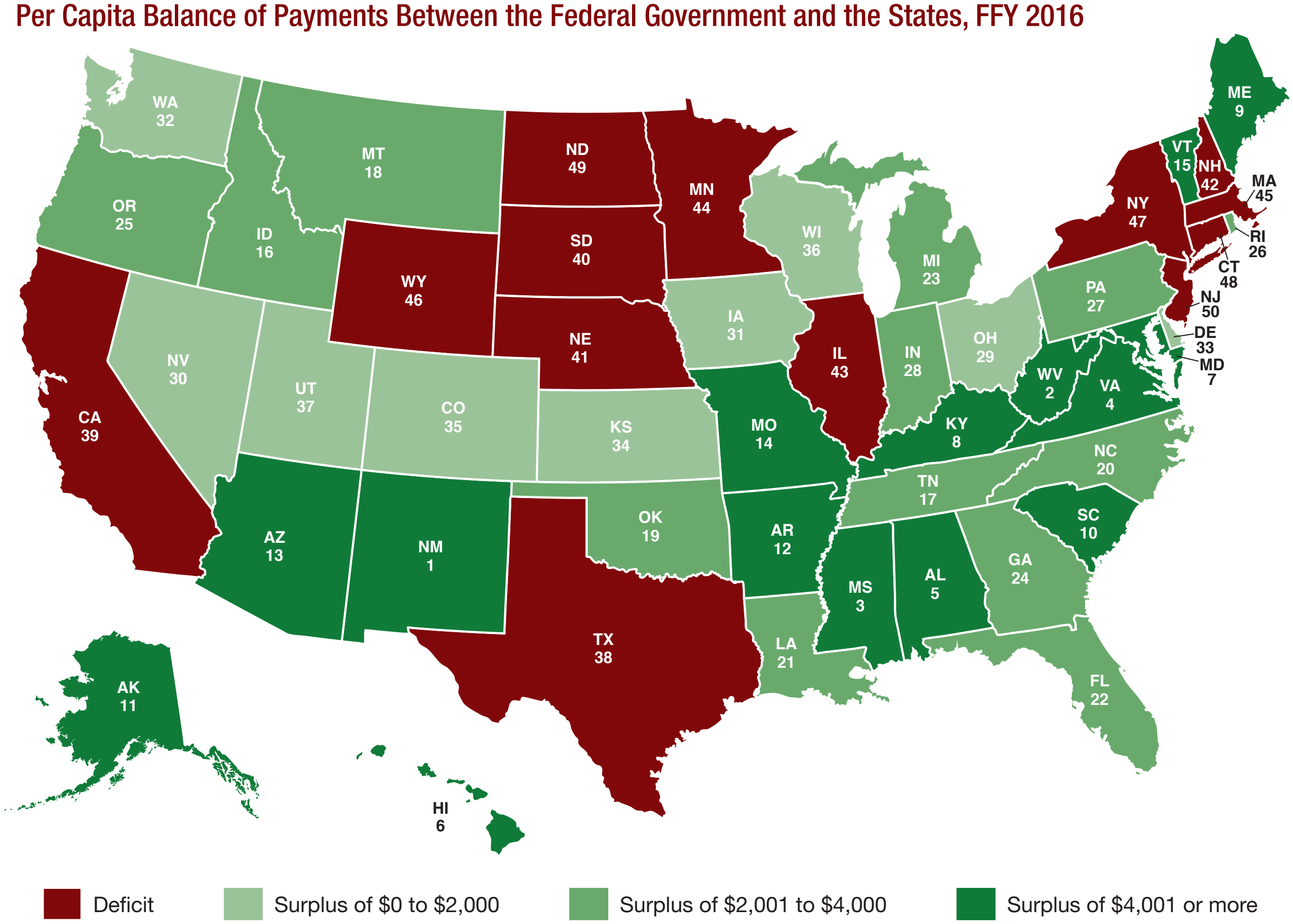
The Balance of Payments Between the Federal Government and the States

Most states received substantially more in federal expenditures than they generated in federal revenues in FFY 2016. Nationwide, on a per capita basis, the average gain was $1,708. In other words, the average individual "received" that much more in federal expenditures than she or he "paid" in federal taxes.

This was not the case for New York. Unlike most states, New York's balance of payments with Washington was negative.

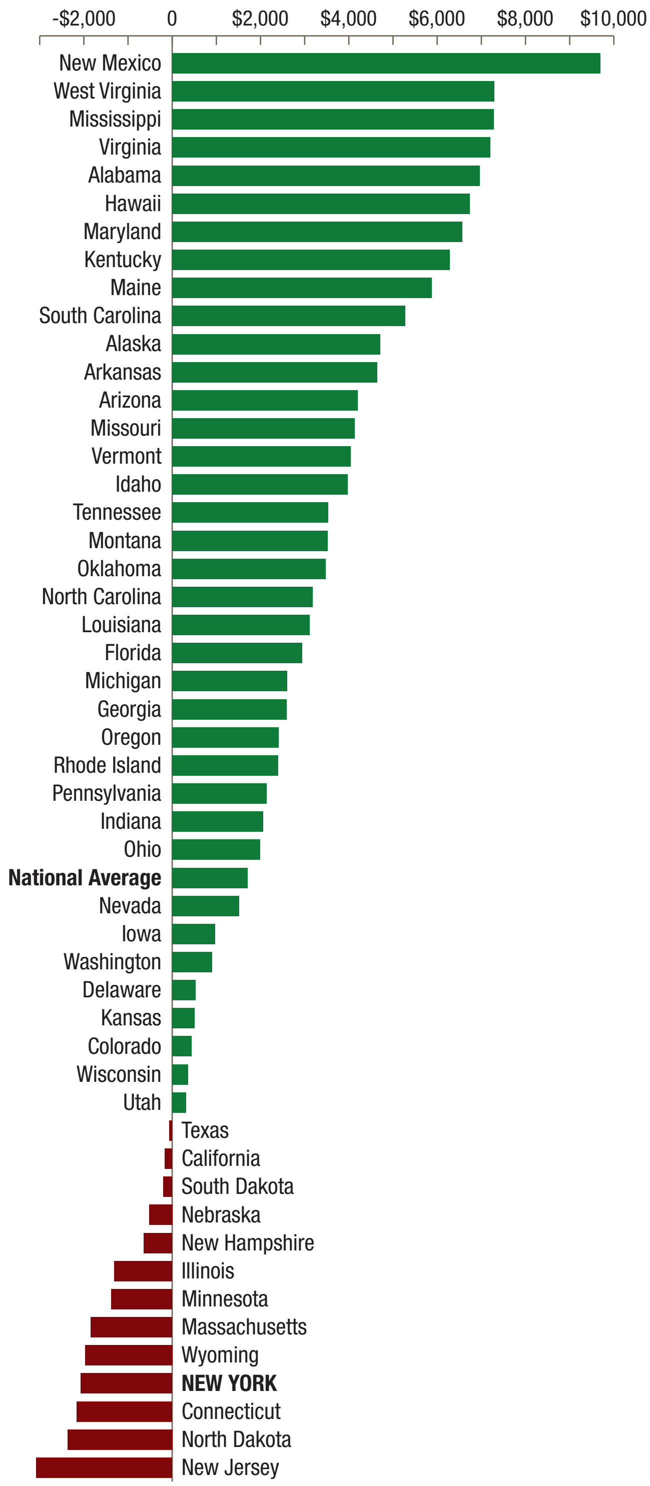
New York's per capita contribution to the federal treasury was $12,914, some 36 percent more than the national figure of $9,476. New York received $10,844 in per capita federal spending, slightly below the national average of $11,183. In other words, for every dollar New York generated in federal tax receipts, it received 84 cents back in federal spending—compared to a national average of $1.18. The combination of federal tax payments and federal expenditures resulted in a $2,070 per capita deficit for the Empire State, for a ranking of 47th in the nation. Overall, 37 states had a positive balance of payments with the federal government, and 13—including New York—had a negative balance, as shown in Figures 1 and 2.

FIGURE 1
Per Capita Balance of Payments Between the Federal Government and the States, FFY 2016



Note: The numbers shown in the map reflect each state's ranking in per capita balance of payments for FFY 2016, from most favorable (1) to least favorable (50).

FIGURE 2
Per Capita Balance of Payments Between the Federal Government and the States, FFY 2016



Three of New York's neighboring states—New Jersey, Connecticut and Massachusetts—also had a negative balance of payments. On a per capita basis, New Jersey, North Dakota, Connecticut, and New York experienced the largest deficits. Eight of the 10 states with the largest positive balances of payments were in the southern or southwestern regions. New Mexico fared the best, with a per capita surplus of almost $9,700.

On the basis of total dollars (rather than dollars per capita), New York's ranking drops from 47th to 50th, with a total deficit of nearly $40.9 billion; New Jersey experienced the next largest such deficit at $27.5 billion. Florida experienced the largest surplus in total dollars, followed by Virginia. (Figures for all states appear in Appendix A.)

In October 2015, the Office of the State Comptroller released an analysis of New York State's balance of payments in the federal budget, based on FFY 2013 data. That study found New York's balance of payments was a deficit of $19.9 billion, or $1,011 per capita. Among other factors, the growth in New York's balance of payments deficit from FFY 2013 to FFY 2016 reflects an increase of more than $25 billion in federal income taxes generated within the State for the same period. Federal income tax receipts nationwide increased by more than $232 billion for the same period, with New York State generating more than 10 percent of the increase, as the overall federal deficit declined by nearly $85 billion.