

Update to Annual Information Statement (AIS) State of New York

July 30, 2009

This quarterly update (the "AIS Update") is the first quarterly update to the Annual Information Statement of the State of New York, dated May 15, 2009 (the "AIS") and contains information only through July 30, 2009. This AIS Update should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Extracts from the First Quarterly Update to the 2009-10 Financial Plan (the "Updated Financial Plan"), which the Division of the Budget ("DOB") issued on July 30, 2009. The Updated Financial Plan includes (a) a summary of recent events and changes to the Enacted Budget Financial Plan made through the end of the regular 2009 legislative session, (b) revised Financial Plan projections for fiscal years 2009-10 through 2012-13, (c) operating results for the first quarter of fiscal year 2009-10, (d) an updated economic forecast, (e) the Generally Accepted Accounting Principles (GAAP)-basis Financial Plan projections for 2009-10, and (f) a summary on debt and capital management. The Updated Financial Plan is available on the DOB website, www.budget.state.ny.us.
2. A discussion of special considerations related to the State Financial Plan for fiscal year 2009-10.
3. A summary of GAAP-basis results for the 2008-09 fiscal year (the full statements are available on the State Comptroller's website, www.osc.state.ny.us).
4. Updated information regarding the State Retirement Systems.
5. The status of significant litigation that has the potential to adversely affect the State's finances.

DOB is responsible for preparing the State's Financial Plan and presenting the information that appears in this AIS Update on behalf of the State. In preparing this AIS Update, DOB has utilized significant portions of the Updated Financial Plan, but has also relied on information drawn from other sources, such as the Office of the State Comptroller ("OSC"), that it believes to be reliable. Information relating to matters described in the section entitled "Litigation" is furnished by the State Office of the Attorney General.

During the current 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 condition, including potential operating results for the current fiscal year and projected baseline gaps for future fiscal years that may vary materially from the information provided in the AIS. Investors and other market participants should, however, refer to the AIS, as updated, or supplemented, for the most current official information regarding the financial condition of the State.

The State may issue AIS supplements or other disclosure notices to this AIS Update as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of this AIS Update in Official Statements or related disclosure documents for State or State-supported debt issuance. The State has filed this AIS Update with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. Effective July 1, 2009, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the MSRB is designated as the sole repository for the electronic filing of all

primary and secondary market disclosure. An electronic copy of this AIS Update can be accessed through the 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) 473-8705..

OSC issued the Basic Financial Statements for the 2008-09 fiscal year on July 29, 2009. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and are available on its website at www.osc.state.ny.us.

Usage Notice

This AIS Update has been supplied by the State pursuant to its contractual obligations under various continuing disclosure agreements (each, a "CDA") entered into by the State in connection with financings of certain issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payment of their respective bonds, notes or other obligations.

An informational copy of this AIS Update is available on the DOB website (www.budget.state.ny.us). The availability of this AIS Update in electronic form at DOB's website is being provided to you solely as a matter of convenience to readers and does not create any implication that there have been no changes in the financial condition of the State at any time subsequent to its release date. Maintenance of this AIS Update on this website is not intended as a republication of the information therein on any date subsequent to its release date.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Update to the 2009-10 Financial Plan

***Note:** DOB issued the Updated Financial Plan on July 30, 2009, extracts of which are set forth below. The Updated Financial Plan includes updated estimates for 2009-10 and projections for 2010-11 through 2012-13. As such, it contains estimates and projections of future results that should not be construed as statements of fact. These estimates and projections are based upon various assumptions that may be affected by numerous factors, including future economic conditions in the State and nation and potential litigation. There can be no assurance that actual results will not differ materially and adversely from the estimates and projections contained in the Updated Financial Plan.*

The State accounts for all of its spending and revenues by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Financial Plan tables sort all State projections and results by fund and category. The State Constitution requires the Governor to submit an Executive Budget that is balanced on a cash basis in the General Fund — the Fund that receives the majority of State taxes, and all income not earmarked for a particular program or activity. Since this is the fund that is required to be balanced, the focus of the State’s budget discussion is often weighted toward the General Fund.

The State also reports disbursements and receipts activity by two other broad measures: State Operating Funds, which includes the General Fund and funds specified for dedicated purposes, but excludes Federal Funds and Capital Projects Funds; and All Governmental Funds ("All Funds"), which includes both State and Federal Funds and provides the most comprehensive view of the financial operations of the State.

Fund types of the State include: the General Fund; State special revenue funds (“SRFs”), which receive certain dedicated taxes, fees and other revenues that are used for a specified purpose; Federal SRFs, which receive Federal grants; State and Federal Capital Projects Funds, which account for costs incurred in the construction and reconstruction of roads, bridges, prisons, and other infrastructure projects; and Debt Service Funds, which pay principal, interest and related expenses on long-term bonds issued by the State and its public authorities.

Please see the Glossary of Acronyms of this AIS Update for the definitions of acronyms, defined terms and abbreviations that are used in this AIS Update.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

2009-10 Updated Financial Plan Highlights

- DOB now estimates a General Fund budget gap of \$2.1 billion in the current year, and projects budget shortfalls growing to \$18.2 billion by fiscal year 2012-13. The table below summarizes the revisions to the General Fund projections.

SUMMARY OF CHANGES TO GENERAL FUND/HCRA FORECAST : BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS (millions of dollars)				
	2009-10	2010-11	2011-12	2012-13
Enacted Budget Estimate	0	(2,166)	(8,757)	(13,706)
Receipts Revisions	(1,975)	(1,520)	(2,467)	(1,966)
Disbursement Revisions	(87)	(807)	(1,890)	(2,299)
Legislative Session Changes	(61)	(115)	(157)	(160)
HCRA Revisions	0	(15)	(5)	(32)
First Quarterly Update Estimate	(2,123)	(4,623)	(13,276)	(18,163)
Required Legislative/Admin Actions	2,123	TBD	TBD	TBD
Budget Surplus/(Gap) After PEG*	0	(4,623)	(13,276)	(18,163)

* Assumes successful implementation of legislative/administrative actions.

- The economic downturn continues to have a powerful negative effect on tax receipts in many states, including New York. The increase in the State's current-year gap is almost entirely due to a reduction in the forecast for State tax receipts, based on updated economic information and operating results. The outyear adjustments reflect negative revisions to both receipts and disbursements as the pervasiveness of the economic downturn leads to increased pension contributions (absent actions to control costs), reduced investment income, and other costs largely influenced by economic conditions.
- General Fund operating results through the first quarter of 2009-10 were better than expected in the Enacted Budget Financial Plan, but this was due in large part to (a) management actions to maintain adequate operating margins and (b) routine variances in the timing of disbursements that are not expected to affect annual spending levels. Excluding the impact of cash management actions, General Fund receipts were approximately \$800 million below planned levels through the first quarter. For more information on first quarter operating results, see "Special Considerations" later in this AIS Update.
- The Governor will propose a Program to Eliminate the Gap (the "PEG") in the current year without the use of existing reserves. It is expected that the 2009-10 PEG will propose substantial reductions in local assistance and State Operations spending, as well as other measures to achieve a balanced budget in the current year. The Executive expects to have the PEG ready for legislative consideration in the early fall of 2009. At the same time, DOB is working with the Governor's Office of Taxpayer Accountability to identify opportunities to reduce waste, fraud, and abuse in State government, and has begun to implement some of these measures.

Financial Plan At-A-Glance

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)					
	2008-09 Actual	2009-10			2010-11 Current Services
		Enacted Budget	Revised ^{1,2}	Revised (incl. MTA) ²	
State Operating Funds Budget					
Size of Budget	\$78,168	\$78,742	\$78,848	\$80,471	\$85,453
Annual Growth	1.5%	0.7%	0.9%	2.9%	6.2%
Other Budget Measures (Annual Growth)					
General Fund (with transfers)	\$54,607 2.3%	\$54,908 0.6%	\$55,059 0.8%	\$55,059 0.8%	\$59,941 8.9%
State Funds (Including Capital)	\$83,146 2.2%	\$84,657 1.8%	\$84,386 1.5%	\$86,009 3.4%	\$91,913 6.9%
Capital Budget (Federal and State)	\$6,830 11.4%	\$8,832 29.3%	\$8,455 23.8%	\$8,455 23.8%	\$9,482 12.1%
Federal Operating	\$36,573 11.1%	\$44,361 21.3%	\$44,543 21.8%	\$44,543 21.8%	\$45,108 1.3%
All Governmental Funds	\$121,571 4.8%	\$131,935 8.5%	\$131,846 8.5%	\$133,469 9.8%	\$140,043 4.9%
All Gov't Funds (Including "Off-Budget" Capital)	\$123,833 5.2%	\$133,737 8.0%	\$133,690 8.0%	\$135,313 9.3%	\$141,988 4.9%
Inflation (CPI) Growth	2.7%	-0.2%	-0.2%	-0.2%	2.0%
All Funds Receipts (Annual Growth)					
Taxes	\$60,337 -0.9%	\$60,647 0.5%	\$58,897 -2.4%	\$60,556 0.4%	\$64,889 7.2%
Miscellaneous Receipts	\$20,064 2.1%	\$22,185 10.6%	\$21,435 6.8%	\$21,435 6.8%	\$21,452 0.1%
Federal Grants	\$38,834 11.2%	\$47,718 22.9%	\$47,799 23.1%	\$47,799 23.1%	\$48,576 1.6%
Total Receipts	\$119,235 3.3%	\$130,550 9.5%	\$128,131 7.5%	\$129,790 8.9%	\$134,917 4.0%
Base Tax Growth/(Decline)³	-3.0%	-6.5%	-9.6%	-9.6%	6.1%
Combined General Fund/HCRA Gap Forecast					
2009-10 (before PEG savings)	N/AP	\$0	(\$2,123)	(\$2,123)	N/A
2010-11	N/AP	(\$2,166)	(\$4,623)	(\$4,623)	N/A
2011-12	N/AP	(\$8,757)	(\$13,276)	(\$13,276)	N/A
2012-13	N/AP	(\$13,706)	(\$18,163)	(\$18,163)	N/A
Cumulative Gaps	N/AP	(\$24,629)	(\$38,185)	(\$38,185)	N/A
Total General Fund Reserves (year-end)	\$1,948	\$1,378	\$1,378	\$1,378	\$1,378
State Workforce (Subject to Executive Control)	136,490	128,803	128,803	128,803	128,803
Debt					
Debt Service as % All Funds	4.3%	4.5%	4.4%	4.4%	4.8%
State Related Debt Outstanding	\$51,768	\$54,532	\$54,327	\$54,327	\$57,260

¹ Excludes the approximately \$1.6 billion in special revenue fund receipts and disbursements related to the new Metropolitan Commuter Transportation Mobility Tax, a tax which is collected by the State on behalf of, and transferred in its entirety to, the MTA.

² The estimates do not include \$2.1 billion in potential PEG savings, as options are currently under development.

³ Reflects estimated change in tax receipts excluding the impact of Tax Law changes since SFY 1986-87.

Summary

The gap closed by the Enacted Budget was the largest ever faced by the State, measured in both absolute dollars and as a percentage of receipts. The budget for the 2009-10 fiscal year was adopted in an environment of extraordinary economic and fiscal uncertainty -- and a corresponding increase in the risks surrounding the forecasts of receipts and disbursements. In the Enacted Budget Financial Plan, DOB noted the substantial risks to the forecast, especially those related to the impact of the economic downturn on tax collections.

Based on a comprehensive review of operating results through the first quarter of 2009-10, updated economic data, and other information, DOB has concluded that actual receipts across the four-year planning period are likely to fall below the levels forecasted in the Enacted Budget Financial Plan. In the current year, General Fund receipts, including transfers from other funds, are now estimated to total \$52.4 billion in 2009-10, a reduction of \$1.97 billion (or 3.6 percent) from the Enacted Budget forecast. The most significant downward revisions were made to the forecasts for personal income taxes and sales taxes. These modifications are consistent with the weakness observed in actual operating results to date. Estimates for other tax sources, as well as receipts from investment income and the disposition of abandoned property, have also been reduced based on an updated assessment of market conditions. Reductions to receipts were taken across the plan period, reflecting the weakness in the base period.

General Fund disbursements, including transfers to other funds, are estimated at \$55.1 billion, an increase of \$151 million from the Enacted Budget forecast. This primarily reflects lower estimates for lottery receipts, which results in a corresponding increase in General Fund support for school aid, and for receipts in other funds that were expected to be available to offset fringe benefit costs in the General Fund. In addition to these factors, starting in 2010-11 and continuing over the Plan period, DOB is projecting substantial increases in the State's pension contributions¹, as well as higher growth in human services spending, consistent with the updated economic assumptions and program trends.

DOB estimates that, absent legislative and administrative action, the changes to the General Fund receipts and disbursements forecast would result in a budget gap of \$2.1 billion in the current fiscal year. The projected budget gaps that must be addressed in future years have also increased and now total \$4.6 billion in 2010-11, \$13.3 billion in 2011-12, and \$18.2 billion in 2012-13.

In comparison to the Enacted Budget forecast, the cumulative four-year gap has increased by approximately \$13 billion, from \$25 billion to \$38 billion. The main factors contributing to the incremental increase in the cumulative gap over the plan period since the Enacted Budget forecast, and the percentage share of the increase in the cumulative gap, include: lower projected tax receipts (\$6.6 billion; 48 percent of the incremental increase), higher than projected State pension contributions absent measures to control costs (\$2.1 billion; 16 percent), lower lottery receipts (\$1.4 billion; 10 percent), reduced income from the investment of State money and the disposition of abandoned property (\$1.2 billion; 9 percent), and projected increases in child welfare and public assistance costs (\$870 million; 6 percent).

The Executive is developing a PEG for the current fiscal year that will include proposed spending reductions and other targeted actions to eliminate the budget gap without the use of existing reserves. The PEG is expected to be ready for consideration by the Legislature in the early fall of 2009. At the same time, DOB is working with the Governor's Office of Taxpayer Accountability to identify opportunities to reduce waste, fraud and abuse in State government. It also intends to continue to impose strict controls on all discretionary spending by State agencies, including hiring, purchasing, travel, and other operating activities.

¹ Enactment of proposed legislation to create a new tier of pension benefits and smooth the impact of increased contributions would substantially reduce expected costs.

Revisions to General Fund Enacted Budget Financial Plan

As noted above, DOB has made a number of substantive revisions to the receipts and disbursements forecasts contained in the Enacted Budget Financial Plan. The following table provides a detailed list of the revisions and displays the impact on General Fund operating projections. It is followed by a discussion of the major revisions.

COMBINED GENERAL FUND AND HCRA FORECAST FOR 2009-10 THROUGH 2012-13*				
SAVINGS/(COSTS)				
(millions of dollars)				
	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	0	(2,166)	(8,757)	(13,706)
Receipts Revisions	<u>(1,975)</u>	<u>(1,520)</u>	<u>(2,467)</u>	<u>(1,966)</u>
Personal Income Tax**	(1,134)	(780)	(1,554)	(1,196)
Sales/Use Taxes**	(409)	(309)	(210)	(150)
Business Taxes	(31)	(128)	(269)	(180)
Other Taxes**	(60)	(35)	(60)	(65)
Debt Service -- Personal Income Tax	51	9	3	27
Debt Service -- Sales Tax	11	0	0	0
Debt Service -- Real Estate Transfer Tax (Other Tax)	1	1	0	1
Abandoned Property	(175)	(175)	(175)	(175)
Investment Income	(130)	(100)	(120)	(140)
Miscellaneous Receipts/Other Transfers	(99)	(3)	(82)	(88)
Disbursement Revisions	<u>(87)</u>	<u>(807)</u>	<u>(1,890)</u>	<u>(2,299)</u>
Pension Contribution	0	(143)	(702)	(1,270)
Public Assistance	0	(138)	(187)	(226)
School Aid	0	(136)	(44)	(34)
Labor Settlements	0	(120)	(25)	(25)
Preschool Special Education	0	(70)	(32)	(34)
Child Welfare	0	(66)	(90)	(163)
Lottery	(131)	(52)	(706)	(464)
General State Charges	(90)	(48)	(58)	(70)
Medicaid	131	0	0	0
All Other	3	(34)	(46)	(13)
Legislative Session Changes	<u>(61)</u>	<u>(115)</u>	<u>(157)</u>	<u>(160)</u>
MTA Payroll Tax	(27)	(79)	(91)	(94)
School Supportive Health Services Settlement	(33)	(33)	(66)	(66)
Power for Jobs Extender to May 15, 2010	3	(3)	0	0
Unemployment Legislation	(4)	0	0	0
HCRA Revisions	<u>0</u>	<u>(15)</u>	<u>(5)</u>	<u>(32)</u>
REVISED SURPLUS/(GAP) ESTIMATE BEFORE ACTIONS	<u>(2,123)</u>	<u>(4,623)</u>	<u>(13,276)</u>	<u>(18,163)</u>
<i>Net Change From Enacted</i>	(2,123)	(2,457)	(4,519)	(4,457)
Potential Legislative/Administrative Actions to Address Gap	2,123	TBD	TBD	TBD
REVISED BUDGET SURPLUS/(GAP) ESTIMATE	<u>0</u>	<u>(4,623)</u>	<u>(13,276)</u>	<u>(18,163)</u>

* Receipts and disbursements estimates do not include \$2.1 billion in potential PEG savings, as options are under development.

** Includes transfers from other funds, but excludes the impact of revisions to debt service costs, which are displayed separately.

Discussion of General Fund Receipts Revisions

States in all parts of the nation continue to feel the effects of the economic downturn. The national economy is experiencing the longest and most severe recession since the 1930s. About 6.5 million jobs have been lost since December 2007, with more than two million jobs lost during the first quarter of 2009 alone. The unemployment rate is projected to rise above 10 percent during the current (third) quarter of calendar year 2009. U.S. personal income is projected to fall in 2009 for the first time since 1949. Though the worst of the credit market crisis appears to have passed and the national economy may finally be reaching the bottom, the deleveraging process among both households and businesses appears to be far from complete. Consumer demand is likely to remain weak going forward due to continued job losses, tight lending conditions on the part of banks, and the desire among households to reduce their debt. Thus, even with the recession ending by December 2009, the U.S. economy is projected to grow well below its long-term trend growth rate in 2010.

DOB is projecting declines for many New York State economic indicators that are even greater than experienced in the wake of the September 11 attacks. Private sector employment is projected to fall 2.7 percent, the largest annual decline since 1990. With credit markets and finance sector compensation now at the fulcrum of the current economic crisis, the impact of the current downturn on State wages has been severe. DOB estimates that, in 2009, State wages will experience the largest annual decline recorded in the history of the data series. This largely reflects the impact of securities industry losses on bonus compensation. This historic decline can be expected to continue to adversely affect State household spending over the near-term. Credit market conditions and rising debt default rates are also expected to continue to depress real estate activity, particularly in the commercial sector where high-value transactions contribute significantly to State and local government revenues. DOB expects the State's recession to end sometime during the second half of 2010. (See "Economic Outlook" herein for more information.)

The historic decline in State wages, combined with depressed equity and real estate markets and a weak national economy, is projected to have a severe impact on virtually all of the State's revenue sources. Without the law changes enacted in 2009-10, personal income tax liability would be expected to fall 11.5 percent in calendar year 2009, a loss of \$3.7 billion. Total personal income tax collections (excluding STAR and RBTF) for 2009-10 are expected to decline by 2.0 percent from the prior fiscal year, even with the impact of the recently enacted personal income tax surcharge factored into the estimates. Results to date suggest that the increased collections expected in connection with the surcharge are coming in more slowly than anticipated. The collection results for the income tax in April and May were below the same period a year ago, and \$503 million below Enacted Budget projections (on an All Funds basis). As a result, income tax collections for the fiscal year are expected to be \$1.1 billion below the Enacted Budget forecast.

Projected sales tax receipts for 2009-10 have been lowered by more than \$400 million from the Enacted Budget estimate. Sales tax receipts began to fall below the prior year's receipts in October 2008 and have declined in each month thereafter (as compared to the same month in the prior year). The declines since October 2008 represent the largest in the history of the available data and far exceed the losses that occurred in the aftermath of September 11. The DOB forecast reflects a gradual return of receipts to their long-term growth rate. On an annual basis, business tax collections are expected to decline by 1.8 percent for 2009-10, to about \$5.5 billion. This estimate is virtually unchanged from the Enacted Budget projection. Real estate transfer tax collections are expected to total \$375 million for the current fiscal year, representing a steep decline from 2007-08 when receipts from this tax exceeded \$1 billion. However, this large decline was anticipated and no significant revisions are required for this tax source.

Discussion of General Fund Disbursement Revisions

DOB has also made a number of substantive revisions to the General Fund disbursements forecast, several of which are related directly or indirectly to the continuing economic downturn. The revisions do not reflect any potential impact of Federal health care reform, given the uncertainties surrounding possible outcomes. The specific revisions include:

- **State Share Pension Contribution:** As a result of the ongoing economic downturn, the New York State Common Retirement Fund has realized lower than expected rates of return on its investments. The lower returns are expected to result in increased employer contribution rates to the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). The revised rates do not reflect the potential benefit of proposed legislation to allow governments to amortize the costs of the increase over a period of several years (such as proposed by the State Comptroller) or to create a new tier of pension benefits (as proposed in the Executive Budget). Absent enactment of these changes, the ERS pension contribution rates, as a percent of payroll, are projected to grow from 7.2 percent in 2009-10 to 24.1 percent in 2012-13. PFRS rates are also projected to increase significantly, rising from 14.7 percent in 2009-10 to 33.1 percent in 2012-13.
- **Public Assistance Caseload:** Based on the latest program information and updated economic models, DOB is now projecting an increase of over 40,000 individuals on public assistance over the plan period, with the caseload estimated at approximately 554,200 by 2012-13. The Safety Net program for single adults is growing fastest, reflecting rising unemployment, which has a disproportionate impact on this population.
- **School Aid:** The May 2009 update to the school aid database resulted in higher costs of \$136 million in 2010-11, based on additional claims filed since the Enacted Budget and updated wealth and demographic information reported by school districts. Pursuant to statute, additional school year obligations from 2009-10 will be paid in State fiscal year 2010-11. As in prior years, the updated school district data and additional claims have resulted in a significant cost increase to the State's multi-year Financial Plan, subsequent to the Enacted Budget. The next school aid database update will occur in November 2009.
- **Labor Settlements:** Arbitration awards have been granted to the unions representing corrections officers (2007-08 and 2008-09) and corrections supervisors (2005-06 and 2006-07). The arbitration awards, which are expected to add costs of \$95 million in the current year and \$32 million thereafter, are in addition to the estimated spending reserve for collective bargaining agreements included in the Enacted Budget. Due to the uncertain timing of other potential settlements, the Financial Plan impact of the additional costs is expected to affect 2010-11 and future years.
- **Preschool Special Education:** The State reimburses counties 59.5 percent for costs related to special education services for preschool children. Higher costs over the plan period reflect additional growth in the population of preschool students with disabilities and the level of per-pupil expenditures.
- **Child Welfare Services:** Under the open-ended child welfare services program, the State reimburses local governments for 63.7 percent of the cost of providing certain services, including community-based preventive services and child protective services. Increased General Fund support reflects projected growth in local child welfare claims beyond the levels forecasted in the Enacted Budget.

- **Lottery Aid:** The estimate for General Fund support for school aid has been increased to compensate for a corresponding decrease in projected lottery and VLT receipts, based on current trends. In addition, VLT estimates for 2010-11 now assume a franchise payment for development rights related to a VLT facility at Aqueduct. A franchise payment related to development rights at Belmont in 2011-12 has been removed from the plan, given that the Legislature has not enacted enabling legislation.
- **General State Charges:** DOB expects that annual escrow payments from other funds to the General Fund to offset fringe benefit costs will fall below the levels projected in the Enacted Budget, based on operating results to date and the overall reduction in projected receipts into dedicated funds (from which the escrow payments are made). Lower than projected health insurance costs for State employees and retirees are expected to partially offset this decline.
- **Medicaid (including administrative costs):** Medicaid spending for 2009-10 has been revised downward due to Federal adjustments related to emergency services provided to immigrants and provider taxes.
- **All Other:** In the current year, a projected increase in the General Fund subsidy to the DHBTf, consistent with the latest receipts forecast, is more than offset by savings related to a change in the timing of Federal ARRA financing for TAP and lower debt service costs. The outyear estimates reflect additional costs to support the OMH clinic and ambulatory care restructuring implemented in 2008-09 and the return of the Empire State Games in 2010. In addition, the estimates reflect the cost of a new program in which the State will provide a 10 percent match for every stimulus dollar the Federal government awards through competitive grants to research facilities in New York State.

Legislative Session Changes

Certain legislation approved during the 2009 legislative session, but after the enactment of the 2009-10 budget, is reflected in the Financial Plan for the first time and is described below.

- **MTA Payroll Tax:** The Metropolitan Commuter Transportation Mobility Tax (Mobility Tax) is a new tax imposed on certain employers and self-employed individuals engaging in business within the metropolitan commuter transportation district, which represents the 11-county region serviced by the MTA. This tax levies a 0.34 percent assessment on total payroll costs for employers within the district including school districts and the State. The additional costs to the State include the added payroll cost for State employees and not-for-profit Mental Hygiene providers as well as the planned reimbursement by the State to compensate school districts for the cost of the new tax .
- **School Supportive Health Services Settlement:** The State and New York City have reached a settlement with the Federal government concerning Medicaid payments under the SSSH program. The settlement avoided a potentially much larger cost for the State. The settlement calls for restitution of approximately \$540 million, with the State responsible for \$440 million and the City for \$100 million. To date, the State has paid approximately \$100 million of its obligation. The remainder of the State's share will be paid in 10 payments of \$33 million over a five-and-a-half-year period. The first payment is expected to be made by month-end. The agreement avoided a potential liability that may have reached \$1.5 billion and also includes a series of releases between the parties and a compliance agreement governing the State's future participation in the SSSH program.
- **Power for Jobs Extender:** Reflects the extension of a GRT credit to utilities in exchange for the utilities providing reduced electric delivery rates to customers enrolled in the PFJ

program. Reduced GRT revenues, as a result of the PFJ program, are expected to be offset by a corresponding contribution by NYPA to the General Fund.

- **Unemployment Insurance:** Reflects the impact of conforming New York's unemployment insurance law to Federal law. This legislative change allows the State to use up to \$645 million in new Federal ARRA funds and extend benefits to New Yorkers whose unemployment benefits would otherwise expire. The \$4 million in increased 2009-10 costs will cover benefits that are not federally funded under ARRA.

Annual Spending Growth

The updated State Operating Funds and All Funds disbursement estimates are significantly affected by the Mobility Tax. This revenue source is collected by the State on behalf of, and disbursed in its entirety to, the MTA. Due to the requirements of the enabling legislation, the tax is reflected in the State's operating funds, increasing both receipts and disbursements by \$1.6 billion.

TOTAL DISBURSEMENTS*							
(millions of dollars)							
	2008-09 Actuals	2009-10		Revised Estimate	Annual \$ Change	Annual % Change	Adjusted % Change**
		Enacted Estimate	Change				
State Operating Funds	78,168	78,742	1,729	80,471	2,303	2.9%	0.9%
General Fund (excluding transfers)	48,436	49,449	(27)	49,422	986	2.0%	2.0%
Other State Funds	25,146	24,075	1,827	25,902	756	3.0%	-3.4%
Debt Service Funds	4,586	5,218	(71)	5,147	561	12.2%	12.2%
All Governmental Funds	121,571	131,935	1,534	133,469	11,898	9.8%	8.5%
State Operating Funds	78,168	78,742	1,729	80,471	2,303	2.9%	0.9%
Capital Projects Funds	6,830	8,832	(377)	8,455	1,625	23.8%	23.8%
Federal Operating Funds	36,573	44,361	182	44,543	7,970	21.8%	21.8%
General Fund, including Transfers	54,607	54,908	151	55,059	452	0.8%	0.8%

* First Quarterly receipts and disbursements estimates do not include the \$2.1 billion in savings that are expected to be achieved through legislation or administrative actions, or both, to address the current year shortfall, as options are currently under development.

** Excludes approximately \$1.6 billion in special revenue fund disbursements related to the new Metropolitan Commuter Transportation Mobility Tax, a tax which is collected by the State on behalf of, and transferred in its entirety to, the MTA.

General Fund spending, including transfers to other funds, is projected to total \$55.1 billion in 2009-10, an increase of \$452 million over 2008-09 actual results. State Operating Funds spending, which includes the General Fund, State-financed special revenue funds, and debt service, is projected to increase by \$2.3 billion and total \$80.5 billion in 2009-10. All Governmental Funds spending, the broadest measure of spending that includes State Operating Funds, capital spending, and Federal grants, is projected to total \$133.5 billion in 2009-10, an increase of \$11.9 billion. Two-thirds of the All Funds increase is attributable to growth in Federal aid.

2009-10 Projected Closing Balances

General Fund

DOB estimates that the General Fund will end the 2009-10 fiscal year with a balance of \$1.4 billion, unchanged from the Enacted Budget. This estimate is dependent on successful implementation of actions to eliminate the current-year budget gap that is now estimated at \$2.1 billion.

GENERAL FUND ESTIMATED CLOSING BALANCE (millions of dollars)			
	2009-10 Enacted Estimate	2009-10 Revised Estimate	Change
Projected Fund Balance	1,378	1,378	0
Tax Stabilization Reserve Fund	1,031	1,031	0
Rainy Day Reserve Fund	175	175	0
Community Projects Fund	78	78	0
Reserved for Debt Reduction	73	73	0
Contingency Reserve Fund	21	21	0

The estimated General Fund closing balance for 2009-10 will consist of approximately \$1 billion in the State's Tax Stabilization Reserve, which can be used to finance an unanticipated deficit at the end of the fiscal year, \$175 million in the Rainy Day Reserve, which can be used to respond to an economic downturn if certain criteria are met, \$78 million in the Community Projects Fund, which is reserved to finance existing "member item" initiatives, \$73 million for debt management purposes, and \$21 million in the Contingency Reserve Fund for litigation risks.

State Operating Fund

DOB projects the State will end the 2009-10 fiscal year with a State Operating Funds balance of \$3.7 billion. This estimate is dependent on the successful implementation of actions to close the General Fund gap in the current year. The balance consists of \$1.4 billion in the General Fund, \$2.1 billion in balances in State Special Revenue Funds, and \$287 million in Debt Service Funds.

STATE OPERATING FUNDS ESTIMATED CLOSING BALANCE (millions of dollars)			
	2009-10 Enacted Plan	2009-10 Current Estimate	Change
Projected First Quarterly Fund Balance	3,698	3,722	24
General Fund	1,378	1,378	0
Special Revenue Funds	2,031	2,057	26
Miscellaneous Special Revenue	890	891	1
<i>Industry Assessments</i>	452	467	15
<i>Health and Social Welfare</i>	(4)	(4)	0
<i>General Government</i>	85	80	(5)
<i>All Other</i>	357	348	(9)
State University Income	676	805	129
Mass Transportation Operating Assistance	104	24	(80)
Health Care Resources Fund	0	0	0
Lottery Fund	14	14	0
All Other	347	323	(24)
Debt Service Funds	289	287	(2)

The balances held in State Special Revenue Funds include moneys designated to finance existing or potential future commitments, or funds that are restricted or dedicated for specified statutory purposes. The largest balances in the State Special Revenue Funds include moneys on hand to finance future costs for State University programs, operating assistance for transportation programs, and various programs financed from the industry assessments. The remaining fund balances are held in numerous funds, primarily the Miscellaneous Special Revenue Fund, and accounts that support a variety of programs including public health, general government, and public safety.

General Fund Outyear Budget Projections

DOB projects outyear budget gaps of \$4.6 billion in 2010-11, \$13.3 billion in 2011-12, and \$18.2 billion in 2012-13.

General Fund spending is projected to grow at an average annual rate of 8.1 percent from 2008-09 through 2012-13. Spending growth in the General Fund is projected to increase sharply in 2011-12, reflecting a return to a lower Federal match rate for Medicaid expenditures on January 1, 2011, which will increase General Fund costs, and the loss of temporary Federal aid for education. Excluding these Federal ARRA-related effects, which temporarily suppress General Fund costs in 2009-10 and 2010-11, General Fund spending grows at approximately 7.5 percent on a compound annual basis. The spending growth is driven by, among other things, Medicaid, including the State-financed cap on local Medicaid spending; pensions; education; employee and retiree health benefits; and human services programs.

The receipts growth over the plan period is consistent with DOB's economic forecast for the recession and recovery. The temporary PIT increase, which covers calendar years 2009 through 2011, is expected to provide substantial additional receipts through fiscal year 2011-12.

The following table summarizes the General Fund projections by major tax and Financial Plan category.

Annual Information Statement Update, July 30, 2009

GENERAL FUND FIRST QUARTERLY UPDATE FORECAST								
(millions of dollars)								
	2009-10	2010-11	Annual \$ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Receipts								
Taxes	48,207	51,906	3,699	7.7%	52,657	1.4%	52,908	0.5%
Personal Income Tax*	31,451	34,373	2,922	9.3%	34,475	0.3%	33,566	-2.6%
User Taxes and Fees*	10,322	10,764	442	4.3%	11,327	5.2%	11,782	4.0%
Business Taxes	5,454	5,697	243	4.5%	5,656	-0.7%	6,218	9.9%
Other Taxes*	980	1,072	92	9.4%	1,199	11.8%	1,342	11.9%
Miscellaneous Receipts	2,901	2,687	(214)	-7.4%	2,583	-3.9%	2,583	0.0%
Federal Grants	68	60	(8)	-11.8%	60	0.0%	60	0.0%
Other Transfers	1,190	720	(470)	-39.5%	681	-5.4%	692	1.6%
Total Receipts**	52,366	55,373	3,007	5.7%	55,981	1.1%	56,243	0.5%
Disbursements								
Grants to Local Governments	36,946	40,247	3,301	8.9%	47,706	18.5%	51,366	7.7%
School Aid	18,019	19,028	1,009	5.6%	20,553	8.0%	22,519	9.6%
Total Medicaid (incl. administration)	6,303	8,673	2,370	37.6%	13,602	56.8%	14,710	8.1%
Medicaid (before local relief/FMAP)	8,497	10,243	1,746	20.5%	11,893	16.1%	12,545	5.5%
Enhanced FMAP (ARRA)	(3,155)	(2,883)	272	-8.6%	0	-100.0%	0	0.0%
Local Government Cap/FHP Takeover	961	1,313	352	36.6%	1,709	30.2%	2,165	26.7%
Higher Education	2,822	2,578	(244)	-8.6%	2,733	6.0%	2,763	1.1%
Mental Hygiene	2,154	2,272	118	5.5%	2,413	6.2%	2,539	5.2%
Children and Family Services	1,823	2,034	211	11.6%	2,260	11.1%	2,476	9.6%
Other Education Aid	1,640	1,687	47	2.9%	1,873	11.0%	1,959	4.6%
Temporary and Disability Assistance	1,275	1,439	164	12.9%	1,528	6.2%	1,654	8.2%
Local Government Assistance	1,135	1,130	(5)	-0.4%	1,134	0.4%	1,137	0.3%
Public Health	653	578	(75)	-11.5%	598	3.5%	635	6.2%
All Other	1,122	828	(294)	-26.2%	1,012	22.2%	974	-3.8%
State Operations:	8,633	9,034	401	4.6%	9,189	1.7%	9,326	1.5%
Personal Service	6,410	6,730	320	5.0%	6,815	1.3%	6,884	1.0%
Non-Personal Service	2,223	2,304	81	3.6%	2,374	3.0%	2,442	2.9%
General State Charges	3,843	4,262	419	10.9%	5,133	20.4%	6,130	19.4%
Pensions	1,148	1,555	407	35.5%	2,227	43.2%	2,924	31.3%
Health Insurance:								
Active Employees	1,706	1,875	169	9.9%	2,030	8.3%	2,199	8.3%
Retired Employees	1,119	1,226	107	9.6%	1,331	8.6%	1,445	8.6%
Fringe Benefit Escrow	(2,126)	(2,279)	(153)	7.2%	(2,452)	7.6%	(2,459)	0.3%
All Other	1,996	1,885	(111)	-5.6%	1,997	5.9%	2,021	1.2%
Transfers to Other Funds	5,637	6,398	761	13.5%	7,270	13.6%	7,682	5.7%
Medicaid State Share	2,362	2,388	26	1.1%	2,886	20.9%	2,888	0.1%
Debt Service	1,776	1,762	(14)	-0.8%	1,739	-1.3%	1,725	-0.8%
Capital Projects	565	1,167	602	106.5%	1,322	13.3%	1,476	11.6%
Other Purposes	934	1,081	147	15.7%	1,323	22.4%	1,593	20.4%
Total Disbursements**	55,059	59,941	4,882	8.9%	69,298	15.6%	74,504	7.5%
Change in Reserves								
Timing Related Reserve	(163)	0			0		0	
Prior Year Reserves	(340)	0			0		0	
Community Projects Fund	(67)	55			(41)		(92)	
Deposit to/(Use of) Reserves	(570)	55			(41)		(92)	
Revised Budget Surplus/(Gap) Estimate	(2,123)	(4,623)			(13,276)		(18,169)	
Add: HCRA Operating Surplus	0	0			0		6	
Legislative/Admin Actions (PEG)	2,123	TBD			TBD		TBD	
General Fund/HCRA Revised Budget Surplus/(Gap) Estimate	0	(4,623)			(13,276)		(18,163)	

* Includes transfers after debt service.

** The estimates do not include \$2.1 billion in potential PEG savings, as options are currently under development.

In evaluating the State's outyear operating forecast, it should be noted that the reliability of the estimates as a predictor of the State's future fiscal condition is likely to diminish as one moves further into the planning period. Accordingly, in terms of the outyear projections, 2010-11 is perhaps the most relevant from a planning perspective, since any gap in that year must be closed with the next Executive Budget and the variability of the estimates is likely to be less than in later years.

General Fund Outyear Receipts Projections

General Fund receipts over the plan period are affected by the economic outlook, the expiration of the personal income tax surcharge at the end of calendar year 2011, and the changes in the level of non-tax resources available to finance General Fund disbursements.

The economic forecast calls for a recession with employment losses continuing through the third quarter of 2010, a historic decline in State wages of 4.8 percent in 2009, and low wage growth of 2.1 percent for 2010. This lowers the economic base on which the outyear revenue forecast is built. Overall, receipts growth in the three fiscal years following 2010-11 is expected to grow consistent with projected growth in the U.S. and New York economies. For a full discussion of the State's multi-year receipts forecast, see "All Funds Receipts Projections" herein.

General Fund Outyear Disbursement Projections

DOB forecasts General Fund spending of \$59.9 billion in 2010-11, an increase of \$4.9 billion (8.9 percent) over estimated 2009-10 levels. Growth in 2011-12 is projected at \$9.4 billion (15.6 percent) and in 2012-13 at \$5.2 billion (7.5 percent). The growth levels are based on current services projections, as modified by the actions contained in the Updated Financial Plan, and reflect the impact of Federal ARRA. They do not incorporate any estimate of potential new actions to control spending in the current year or in future years.

Grants to Local Governments

Annual growth in the outyears for local assistance is driven primarily by Medicaid and school aid.

Medicaid

General Fund spending for Medicaid is expected to grow by \$2.4 billion in 2010-11, \$4.9 billion in 2011-12, and another \$1.1 billion in 2012-13. These estimates reflect the loss of the enhanced FMAP provided through the Federal ARRA that is expected to reduce State share spending in 2009-10 and 2010-11.

MAJOR SOURCES OF ANNUAL CHANGE IN MEDICAID (millions of dollars)								
	2009-10	2010-11	Annual \$ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Base Growth Before Enhanced FMAP	13,946	15,636	1,690	12.1%	17,642	12.8%	18,903	7.1%
Enhanced FMAP -- State Share *	(3,155)	(2,883)	272	-8.6%	0	-100.0%	0	-
State Funds Base Growth (After FMAP)	10,791	12,753	1,962	18.2%	17,642	38.3%	18,903	7.1%
Other State Funds Support	(4,488)	(4,080)	408	-9.1%	(4,040)	-1.0%	(4,193)	3.8%
HCRA Financing	(2,546)	(2,230)	316	-12.4%	(2,190)	-1.8%	(2,343)	7.0%
Provider Assessment Revenue	(686)	(700)	(14)	2.0%	(700)	0.0%	(700)	0.0%
Indigent Care Revenue	(1,256)	(1,150)	106	-8.4%	(1,150)	0.0%	(1,150)	0.0%
Total General Fund	6,303	8,673	2,370	37.6%	13,602	56.8%	14,710	8.1%
Local Government Relief (incl. above)	961	1,313	352	36.6%	1,709	30.2%	2,165	26.7%

* Excludes enhanced FMAP for other state agencies.

Medicaid growth results, in part, from the combination of projected increases in recipients, service utilization, and medical care cost inflation that impact nearly all categories of service (e.g., hospitals, nursing homes). The State cap on local Medicaid costs and takeover of local FHP costs, which are included in base categories of service, are projected to increase spending by roughly \$400 million annually between 2010-11 and 2012-13. In 2011-12, an extra weekly payment to providers

adds an estimated \$400 million in base spending across all categories of service. The remaining General Fund growth is primarily attributable to changes in the resources in other State Funds available to lower General Fund costs, primarily HCRA financing.

The average number of Medicaid recipients is expected to grow to 4.27 million in 2010-11, an increase of 7.2 percent from the estimated 2009-10 caseload of 3.98 million.

School Aid

MULTI-YEAR SCHOOL AID PROJECTIONS - SCHOOL-YEAR BASIS (millions of dollars)								
	<u>2009-10</u>	<u>2010-11</u>	<u>Annual \$</u>	<u>Annual %</u>	<u>2011-12</u>	<u>Annual %</u>	<u>2012-13</u>	<u>Annual %</u>
Foundation Aid	14,876	14,876	0	0.0%	15,889	6.8%	17,390	9.4%
Universal Pre-kindergarten	414	414	0	0.0%	460	11.1%	520	13.0%
High Tax Aid	205	205	0	0.0%	100	-51.2%	100	0.0%
EXCEL Building Aid*	165	185	20	12.1%	192	3.8%	192	0.0%
Expense-Based Aids	5,622	6,112	490	8.7%	6,636	8.6%	7,201	8.5%
Other Aid Categories/Initiatives	639	698	59	9.2%	743	6.4%	797	7.3%
Total School Aid	<u>21,921</u>	<u>22,490</u>	<u>569</u>	<u>2.6%</u>	<u>24,020</u>	<u>6.8%</u>	<u>26,200</u>	<u>9.1%</u>

* Represents State debt service costs.

Projected school aid spending reflects expected increases in foundation aid, universal prekindergarten expansion, and expense-based aids such as building aid, transportation aid, and excess cost aids. On a school year basis, school aid is projected at \$22.5 billion in 2010-11, \$24.0 billion in 2011-12, and \$26.2 billion in 2012-13.

School aid has two principal funding sources: the General Fund and the Lottery Fund. In addition, Federal ARRA funding is expected to be available to help finance spending in the 2009-10 and 2010-11 school years. Revenues from core lottery sales are projected to remain flat in 2010-11, followed by an increase of \$32 million in 2011-12, and \$41 million in 2012-13 (totaling \$2.3 billion in 2012-13). Revenues from VLTs are projected to increase by \$174 million in 2010-11, by \$38 million in 2011-12, and by \$48 million in 2012-13 (totaling \$738 million in 2012-13). VLT estimates for 2010-11 assume a one-time franchise payment from the sale of VLT development rights at Aqueduct, where operations are expected to begin in 2011. A franchise payment related to VLT development rights at Belmont in 2011-12 has been removed from the plan, given that the Legislature has not enacted enabling legislation.

Mental Hygiene

Mental hygiene spending is projected to total \$2.3 billion in 2010-11, \$2.4 billion in 2011-12, and \$2.5 billion in 2012-13. Sources of growth include: increases in the projected State share of Medicaid costs; projected expansion of the various mental hygiene service systems, including increases primarily associated with OMRDD's NYS-CARES program; the New York/New York III Supportive Housing agreement and community bed expansion in the OMH pipeline that are currently under development; and several chemical dependence treatment and prevention initiatives in OASAS, including treatment costs associated with Rockefeller Drug Law reform.

Children and Family Services

Children and Family Services local assistance spending is projected to grow by approximately \$200 million annually from 2010-11 through 2012-13, primarily the result of continuing growth in local claims-based programs, especially child welfare services.

Temporary and Disability Assistance

Spending is projected at \$1.4 billion in 2010-11, and is expected to increase to \$1.7 billion by 2012-13. The estimates assume growth in the State’s public assistance caseloads, based on the latest economic forecast and updated program data.

Higher Education

Spending is projected to decrease in 2010-11 by \$244 million, followed by growth of \$155 million in 2011-12, and another \$30 million in 2012-13. The annual decline in 2010-11 is primarily attributable to the deferral of approximately \$300 million in CUNY spending from 2008-09 to 2009-10, inflating the 2009-10 spending level.

State Operations

State Operations spending is expected to total \$9.0 billion in 2010-11, an annual increase of \$401 million (4.6 percent). In 2011-12, spending is projected to grow by another \$155 million (1.7 percent) to a total of \$9.1 billion, followed by another \$137 million (1.5 percent) for a total of \$9.3 billion in 2012-13. The estimates assume the successful implementation of workforce reduction plan measures. The personal service portion of these increases reflects both the impact of the settled labor contracts and potential spending for unsettled unions (assuming comparable agreements to currently-settled unions); salary adjustments for performance advances, longevity payments and promotions; and adjustments to staffing levels. Inflationary increases for non-personal service costs result in higher spending in all years. Additional growth is driven by spending for ongoing initiatives, including the civil commitment program for sexual offenders.

General State Charges

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING GENERAL STATE CHARGES					
	Actual	Forecast			
	2008-09	2009-10	2010-11	2011-12	2012-13
General State Charges					
ERS Pension Contribution Rate as % of Salary	8.2%	7.2%	11.5%	17.9%	24.1%
PFRS Pension Contribution Rate as % of Salary	15.4%	14.7%	18.4%	25.9%	33.1%
Employee/Retiree Health Insurance Growth Rates	4.8%	6.2%	9.0%	9.0%	9.0%

GSCs are projected to total \$4.3 billion in 2010-11, \$5.1 billion in 2011-12 and \$6.1 billion in 2012-13. The annual increases are due mainly to anticipated cost increases in the State’s pension contribution for State employees and retirees.

The State’s 2009-10 ERS pension contribution rate as a percentage of salary is projected to be 7.2 percent in 2009-10 growing to 24.1 percent in 2012-13. The PFRS pension contribution rate is projected to be 14.7 percent in 2009-10 growing to 33.1 percent by 2012-13. Pension costs in 2010-11 are projected to total \$1.6 billion, an increase of \$407 million over 2009-10. In 2011-12, costs are projected to increase an additional \$672 million to total \$2.2 billion. In 2012-13, they are projected to increase by \$697 million to total \$2.9 billion. Growth in all years is driven by anticipated increases in the employer contribution rate. The projections do not reflect the benefit of proposals to create a new tier of pension benefits and smooth the impact of current rate increases.

Spending for employee and retiree health care costs is expected to remain stable through 2012-13, with an average annual premium increase of approximately 9.0 percent.

FORECAST OF NEW YORK STATE EMPLOYEE HEALTH INSURANCE COSTS (millions of dollars)			
Health Insurance			
Year	Active Employees	Retirees	Total State
2007-08 (Actual)	1,390	1,182	2,572
2008-09 (Results)	1,639	1,068	2,707
2009-10 (Projected)	1,706	1,119	2,825
2010-11 (Projected)	1,875	1,226	3,101
2011-12 (Projected)	2,030	1,331	3,361
2012-13 (Projected)	2,199	1,445	3,644

All numbers reflect the cost of health insurance for General State Charges (Executive and Legislative branches) and the Office of Court Administration.

See discussion of the GASB Statement 45 later in this Financial Plan for the valuation of future State health insurance costs for State employees.

Transfers to Other Funds

OUTYEAR DISBURSEMENT PROJECTIONS - TRANSFERS TO OTHER FUNDS (millions of dollars)							
	2009-10	2010-11	Annual Change	2011-12	Annual Change	2012-13	Annual Change
Transfers to Other Funds:	5,637	6,398	761	7,270	872	7,682	412
Medicaid State Share	2,362	2,388	26	2,886	498	2,888	2
Debt Service	1,776	1,762	(14)	1,739	(23)	1,725	(14)
Capital Projects	565	1,167	602	1,322	155	1,476	154
Dedicated Highway and Bridge Trust Fund	396	768	372	845	77	908	63
All Other Capital	169	399	230	477	78	568	91
All Other Transfers	934	1,081	147	1,323	242	1,593	270
Mental Hygiene	15	297	282	497	200	712	215
Medicaid Payments for State Facilities	231	193	(38)	193	0	193	0
Judiciary Funds	149	150	1	156	6	161	5
SUNY- Hospital Operations	135	134	(1)	167	33	167	0
Banking Services	66	66	0	66	0	66	0
Empire State Stem Cell Trust Fund	16	13	(3)	0	(13)	56	56
Statewide Financial System	0	35	35	50	15	60	10
Lottery Support for School Aid	131	0	(131)	0	0	0	0
All Other	191	193	2	194	1	178	(16)

In 2010-11, transfers to other funds are estimated at \$6.4 billion, an increase of \$761 million over 2009-10. This includes increased transfers to the DHBTF (see additional discussion below), capital projects funds, and the mental hygiene system. In addition, transfers are increasing to fund the development of the State's new financial management system.

In 2011-12, transfers to other funds are expected to increase by \$872 million. This increase reflects projected Medicaid State Share transfers and expected increases in transfers to supplement resources available for the mental hygiene system. In 2012-13, transfers are expected to increase by \$412 million, mainly to supplement resources available to the mental hygiene system and subsidize the DHBTF, as well as funding for stem cell research.

The Updated Financial Plan includes transfers from the General Fund that effectively subsidize the expenses of the DHBTF. The subsidy is required because the cumulative expenses of the fund – capital and operating expenses of DOT and DMV, debt service on DHBTF bonds and transfers for debt service on bonds that fund CHIPs and local transportation programs – exceed current and projected revenue deposits and bond proceeds. The General Fund subsidy is projected at \$768 million for 2010-11 and \$845 million for 2011-12, with continued growth thereafter.

Year-to-Date Operating Results

General Fund

The General Fund ended June 2009 with a cash balance of approximately \$1 billion. This was \$916 million higher than projected in the Enacted Budget cash flow forecast. The results reflect certain cash management actions that had the effect of increasing the balance (See “Financial Plan Overview” herein). The table below summarizes the General Fund operating results for the first quarter. It is followed by summaries of the major variances from the forecast.

2009-10 FISCAL YEAR GENERAL FUND RESULTS VS. PROJECTIONS: APRIL - JUNE 2009 (millions of dollars)				
	Enacted Budget	Actual Results	Favorable/ (Unfavorable) vs. Plan	Increase/ (Decrease) from Prior Year
Opening Balance (April 1, 2009)	1,948	1,948	n/a	(806)
Receipts	12,979	12,674	(305)	(4,115)
Taxes*	12,318	11,803	(515)	(4,338)
<i>Personal Income Tax</i>	8,301	7,717	(584)	(4,161)
<i>User Taxes and Fees</i>	2,760	2,601	(159)	(160)
<i>Business Taxes</i>	995	1,240	245	206
<i>All Other Taxes</i>	262	245	(17)	(223)
Receipts & Grants	473	564	91	(23)
Transfers From Other Funds	188	307	119	246
Disbursements	14,816	13,595	1,221	(2,331)
Local Assistance	10,280	9,259	1,021	(1,160)
<i>Medicaid (including admin)</i>	1,747	1,416	331	(1,507)
<i>School Aid</i>	5,251	5,210	41	593
<i>Higher Education</i>	812	829	(17)	337
<i>All Other Education</i>	487	301	186	(186)
<i>Public Health</i>	157	140	17	63
<i>Mental Hygiene</i>	416	406	10	(82)
<i>Children and Families</i>	316	259	57	15
<i>Temporary and Disability Assistance</i>	481	183	298	(382)
<i>Transportation</i>	44	18	26	(27)
<i>All Other</i>	569	497	72	16
State Operations	2,303	2,287	16	(6)
<i>Personal Service</i>	1,759	1,723	36	53
<i>Non-Personal Service</i>	544	564	(20)	(59)
General State Charges	553	610	(57)	(757)
Transfers To Other Funds	1,680	1,439	241	(408)
<i>Debt Service</i>	617	610	7	19
<i>Capital Projects</i>	232	100	132	(149)
<i>State Medicaid Share</i>	632	498	134	(268)
<i>All Other</i>	199	231	(32)	(10)
Change in Operations	(1,837)	(921)	916	(1,784)
Closing Balance (June 30, 2009)	111	1,027	916	(2,590)

* Includes transfers after debt service.

General Fund Comparison to Enacted Budget Projections

For the period April 1, 2009 through June 30, 2009, General Fund receipts, including transfers from other funds, were \$305 million lower than projected in the Enacted Budget Financial Plan. The results primarily reflect weaker than expected PIT and sales tax collections.

General Fund disbursements, including transfers to other funds, totaled \$13.6 billion over this period. Disbursements were \$1.2 billion lower than the Enacted Budget estimate. The variance is largely timing related and not expected to translate into annual savings. The largest spending variances through June 2009 include:

- Medicaid (\$331 million lower than planned): The results to date reflect the application of non-General Fund financing sources earlier than expected in the Enacted cash flow forecast. In addition, the General Fund realized the benefit of Federal reimbursement for certain prior-year costs, which has the effect of reducing the Medicaid spending estimate for the fiscal year by \$131 million.
- Temporary and Disability Assistance (\$298 million lower than planned): The variance is due to a non-recurring delay in the processing of public assistance payments to local governments.
- All Other Education (\$186 million lower than planned): The variance is mainly due to slower than anticipated disbursements for special education and categorical aid programs.
- State Medicaid Share (\$134 million lower than planned): This reflects the routine timing variance of Medicaid claims for State-operated Mental Hygiene facilities. Claims that were expected to be processed in June 2009 were instead processed in the first week of July 2009.
- Transfer to Capital Projects Funds (\$132 million decline): The variance is due to lower than anticipated capital disbursements and the timing of bond reimbursements.
- Children and Families Services (\$57 million lower than planned): The variance was due to lower than expected payments for Adoption and Child Care programs through the first quarter.
- All Other Local Assistance (\$72 million lower than planned): The variances in this category are mainly attributable to the processing of certain insurance reimbursements, the application of certain offset revenues sooner than expected, and other routine delays.

State Operating Funds

2009-10 FISCAL YEAR STATE OPERATING FUNDS RESULTS VS. PROJECTIONS: APRIL - JUNE 2009 (millions of dollars)				
	Enacted Budget	Actual Results	Favorable/ (Unfavorable) vs. Plan	Increase/ (Decrease) from Prior Year
Total Receipts	17,872	17,678	(194)	(3,363)
Tax	13,998	13,513	(485)	(3,949)
<i>Personal Income Tax</i>	9,022	8,486	(536)	(3,826)
<i>User Taxes and Fees</i>	3,363	3,161	(202)	(140)
<i>Business Taxes</i>	1,321	1,583	262	241
<i>Other Taxes</i>	292	283	(9)	(224)
Miscellaneous Receipts	3,874	4,135	261	559
Federal Grants	0	30	30	27
Total Disbursements	19,511	18,514	997	(337)
Local Assistance	13,833	12,840	993	452
<i>Medicaid (including admin)</i>	3,149	2,935	214	(102)
<i>School Aid</i>	5,576	5,535	41	590
<i>Higher Education</i>	777	829	(52)	337
<i>All Other Education</i>	490	305	185	(186)
<i>STAR</i>	696	697	(1)	305
<i>Public Health</i>	534	249	285	(188)
<i>Mental Hygiene</i>	589	588	1	31
<i>Children and Families</i>	316	260	56	16
<i>Temporary and Disability Assistance</i>	481	183	298	(382)
<i>Transportation</i>	577	542	35	(149)
<i>All Other</i>	648	717	(69)	180
State Operations	3,883	3,847	36	(85)
<i>Personal Service</i>	2,691	2,638	53	47
<i>Non-Personal Service</i>	1,192	1,209	(17)	(132)
General State Charges	793	863	(70)	(731)
Capital Projects	0	3	(3)	2
Debt Service	1,002	961	41	25

State Operating Funds Comparison to Enacted Budget Projections

Through June 2009, State Operating Funds receipts totaled \$17.7 billion, or \$194 million lower than the Enacted Budget forecast. Tax receipts totaled \$13.5 billion, or \$485 million less than the Enacted Budget forecast. This was primarily driven by decreased collections in PIT and user taxes and fees. Miscellaneous receipts were \$261 million higher than projected, largely driven by higher than projected receipts in the General Fund (\$63 million) and special revenue funds, including HCRA (\$85 million), WCB (\$73 million), Mental Hygiene (\$13 million), and Parks and Recreation (\$12 million).

Through June 2009, State Operating Funds disbursements totaled \$18.5 billion, or \$997 million below forecasted levels. The most significant variances outside of the General Fund included:

- **Public Health (\$285 million lower than planned):** The variance is primarily due to lower than projected spending in the HCRA program account (\$226 million), EPIC account (\$26 million), and Child Health Plus account (\$18 million). The HCRA account variance is due to the accounting of certain charges between the DOH and State Insurance Department and has no net Financial Plan impact.

- Medicaid, including administration costs (\$214 million lower than planned): Reflects higher than projected disbursements to date in the HCRA and Provider Assessments accounts, offset by the General Fund difference described above.

Capital Projects Funds

2009-10 FISCAL YEAR CAPITAL PROJECTS FUNDS RESULTS VS. PROJECTIONS: APRIL - JUNE 2009 (millions of dollars)				
	Enacted Budget	Actual Results	Favorable/ (Unfavorable) vs. Plan	Increase/ (Decrease) from Prior Year
Total Receipts	1,730	1,472	(258)	318
Taxes	468	468	0	(4)
Miscellaneous Receipts	706	632	(74)	290
Federal Grants	556	372	(184)	32
Total Disbursements	1,911	1,472	439	(9)
Economic Development	345	207	138	4
Parks & the Environment	75	92	(17)	(19)
Transportation	997	784	213	3
Health and Social Welfare	63	40	23	(50)
Mental Hygiene	55	28	27	(23)
Public Protection	84	90	(6)	2
Higher Education	216	192	24	69
All Other	76	39	37	5

Capital Projects Funds Comparison to Enacted Budget Projections

Through June 2009, Capital Projects Funds receipts totaled \$1.5 billion, \$258 million less than the 2009-10 Enacted Budget forecast. This is primarily due to lower than projected Federal Grants and Miscellaneous Receipts through the first quarter. The variances are believed to be timing-related.

Through June 2009, Capital Projects Funds disbursements totaled \$1.5 billion, or \$439 million lower than the Enacted Budget projection. This is primarily attributable to the timing of spending in the areas of transportation (\$213 million) and economic development (\$138 million). Economic development spending continues to fall below estimates in a number of programs and the annual estimate for capital disbursements in this area has been lowered by approximately \$377 million.

Federal Funds Comparison to Enacted Budget Projections

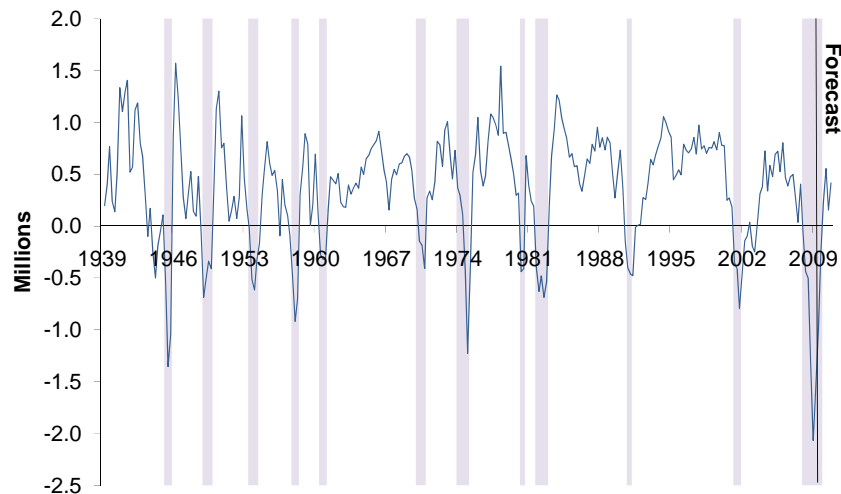
Through June 2009, Federal Operating Funds disbursements totaled \$9.4 billion, or \$215 million below the Enacted Budget forecast. Higher spending in school aid is the result of a higher than expected volume of claims in school nutrition programs and other Federal funding through the first quarter. Temporary and Disability Assistance disbursements reflect the timing the public assistance payments (\$159 million). Reduced spending in other areas (\$208 million) is due in large part to Federal ARRA funds not being disbursed as scheduled (\$131 million). Medicaid spending reflects the temporary FMAP increase (\$124 million). Federal operating receipts are generally more in tandem with Federal disbursements, but timing can vary across months.

Economic Forecast

National Economy

The national economy is experiencing the longest and most severe recession since the 1930s. About 6.5 million jobs have been lost since December 2007 and DOB projects that another 900,000 jobs will be lost before the end of this year. As measured by real U.S. GDP, the economy is projected to contract by 2.6 percent for 2009. Although this forecast represents a slight improvement from the Enacted Budget forecast released in April, it would still be the biggest decline since World War II, with only the 1.9 percent decline in 1982 coming close. Personal income is projected to fall 0.3 percent in 2009, the first such decline since 1949. More than two million jobs were lost during the first quarter of 2009 alone. The unemployment rate is projected to rise above 10 percent during the current quarter — not seen since the third quarter of 1983 — and stay there through the first quarter of 2010.

Quarterly Change in U.S. Employment



Note: Shaded areas represent U.S. recessions.

Source: Moody's Economy.com; DOB staff estimates.

1

With the recession now in its 20th month, it appears that the national economy may finally bottom out, setting the stage for a recovery to begin by the fourth quarter of 2009. The housing market is showing signs of stabilizing and job declines have begun to moderate. Improved financial market conditions, Federal stimulus spending, and the largest inventory correction since the late 1940s, all increase the probability that the current recession will be over before the end of the year. Revised data indicate that the U.S. economy contracted 5.5 percent in the first quarter of 2009, a slightly better performance than anticipated and an improvement from the 6.3 percent drop experienced in 2008 fourth quarter. As in the Enacted Budget forecast released in April, DOB estimates that an even more substantial improvement occurred in the second quarter, with weak but positive growth projected for the second half. The U.S. economy is projected to grow 1.7 percent in 2010, well below its long-term trend growth rate of about 3 percent.

The U.S. labor market lost 1.3 million jobs in the second quarter of 2009. Though the job loss rate was higher than any quarter during the last recession, it represents an easing from the previous quarterly loss of more than 2 million jobs. This moderation was anticipated in the April forecast and consequently, the projected decline in nonfarm employment for 2009 remains unchanged at 3.7 percent and would represent the largest annual decline in employment since the 1930s. The increase in the number of unemployed during the second quarter, as measured by the Household Survey, drove an upward revision to the unemployment rate to 9.4 percent for 2009. In addition, downward revisions to wages for the fourth quarter of 2008 prompted a downward revision to the projected

2009 decline to 1.7 percent from a decline of 1.4 percent in April. However, upward revisions to other components of personal income, including interest and dividend income, left the projected decline in total personal income unchanged at 0.3 percent for the current year.

Despite signs that the worst of the credit market crisis is behind us, the deleveraging process among both households and businesses appears to be far from complete. Consumer credit fell in eight of the ten months from August 2008 through May 2009. This decline is likely due to both tight lending conditions on the part of banks and higher desired savings rates among households. Weak demand both domestically and abroad is putting severe downward pressure on business spending. Nonresidential fixed business investment fell below expectation in the first quarter of the year, leading to a downward revision to a decline of 17.3 percent for 2009. Continued weakness in private sector demand has reinforced expectations for a fragile recovery from what is already the longest recession since the 1930s.

U.S. corporate profits, including the capital consumption and inventory valuation adjustments, fell 51.4 percent in the fourth quarter of 2008, the largest decline since the fourth quarter of 1953. Profits among domestic corporations have fallen in all but three quarters since the fourth quarter of 2006. But profits grew 16.1 percent in the first quarter, led by the financial sector. This unexpected strength prompted an upward revision to the projected decline in profits for the current year to 12.3 percent. However, corporate profits as measured by the U.S. Bureau of Economic Analysis do not reflect write-downs of loans and asset-backed securities that have not retained their value and therefore may be overstating the health of the financial sector.

U.S. ECONOMIC INDICATORS			
(Percent change from prior calendar year)			
	2008 (Actual)	2009 (Forecast)	2010 (Forecast)
Real U.S. Gross Domestic Product	1.1	-2.6	1.7
Consumer Price Index (CPI)	3.8	-0.7	1.8
Personal Income	3.8	-0.3	3.1
Nonagricultural Employment	-0.4	-3.7	-0.2

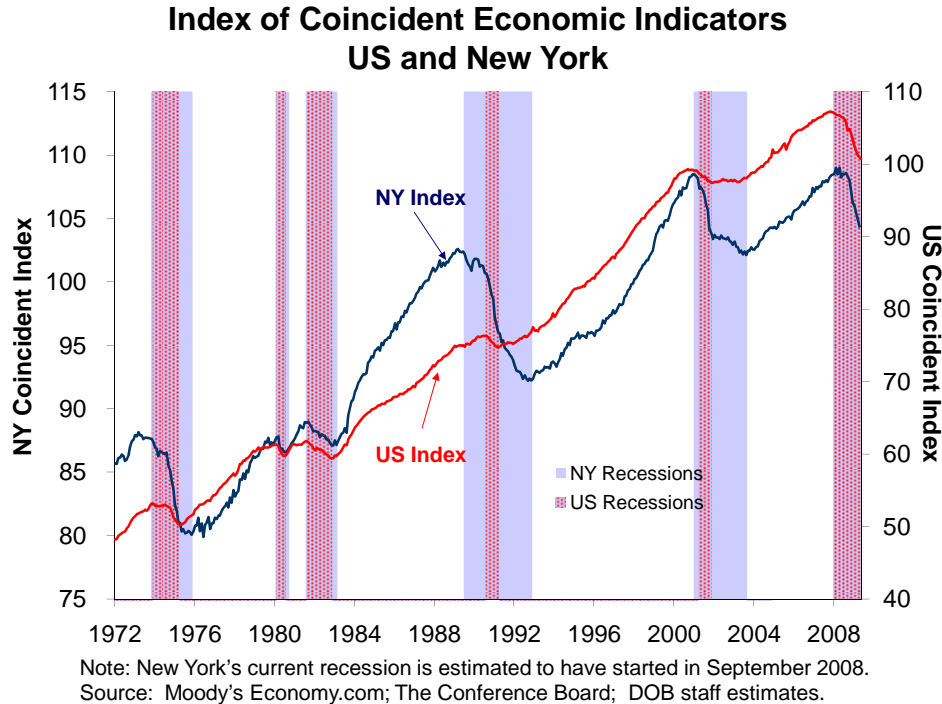
Source: Moody's Economy.com; DOB staff estimates.

Energy and other commodity prices remain low relative to last year's highs. As a result, the general price level, as measured by the Consumer Price Index, is now projected to fall 0.7 percent in 2009, representing a slight downward revision from April 2009. However, going forward, a slightly stronger economy than previously projected implies that the Federal Reserve may shift its policy stance earlier than originally thought. This alteration in policy stance is likely to entail a reduction in the use of less traditional tools invoked to stimulate financial market activity, or quantitative easing, in addition to increases in short-term interest rates. Consequently, DOB now expects the Federal Reserve to start raising its current Federal funds policy target during the second quarter of 2010.

DOB's outlook on the national economy continues to call for an end to the current recession sometime in the second half of 2009. However, with about 6.5 million jobs lost since December 2007, the recovery is expected to be fragile at best and there are many risks to the forecast. Although financial market conditions have improved, particularly in relation to interbank credit activity, there is still evidence that lending standards remain tight and a failure to loosen these standards could delay the onset of the recovery by delaying further improvement in both household and business spending. Fewer jobs than projected could result in lower incomes and weaker household spending than projected. Slower corporate earnings growth than expected could further depress equity markets,

delaying their recovery and that of Wall Street. On the other hand, a stronger response to the stimulus package, a continued run up in equity prices, or stronger global growth than anticipated could result in stronger economic growth than is reflected in the forecast.

The New York State Economy



DOB estimates that the New York State economy experienced a business cycle peak in August 2008, fully eight months after the U.S. as a whole. As indicated in the figure above, the State's last five recessions started either earlier than or almost concurrently with those of the nation. The current downturn's unusual chronology is primarily due to the unique character of the State's housing market and the extraordinarily strong 2007 performance of the finance, business services, and tourism sectors, which extended well into 2008. U.S. employment fell 0.4 percent in 2008, while State employment actually grew 0.6 percent. But though the State recession started later, the economy is now declining quickly and the State downturn is expected to last considerably longer. New York employment is now projected to decline 2.3 percent for 2009, followed by a decline of 0.3 percent for 2010. Both represent slight downward revisions from the April forecast. Private sector employment is projected to fall 2.7 percent, the largest annual decline since 1990, followed by a decline of 0.5 percent for 2010. Job declines in the financial services sector and the professional, scientific, and technical services sector of 5.3 percent and 6.2 percent, respectively, are projected for 2009. Both of these sectors are important drivers for the downstate economy.

Though relatively steep, the decline in State employment expected for this year is less severe than the 3.7 percent decline expected for the nation. The difference is largely rooted in the origins of the national recession in the residential housing sector and manufacturing — particularly autos. Many areas of the State did not experience the boom and bust cycle in the housing market that plagued so much of the nation. Moreover, as a result of the persistent long-term contraction of the State's manufacturing sector, this sector accounts for a smaller share of total employment for New York than for the nation, consequently the State is less affected by the current manufacturing intensive recession.

A focus on employment alone understates the severity of this downturn for New York. With credit markets and finance sector compensation now at the fulcrum of the current economic crisis, and given the importance of that sector to the State's income base, the impact of the current downturn on State wages has been devastating. DOB estimates that State wages fell 13.1 percent in the first quarter of 2009, the largest quarterly decline in wages in the history of QCEW data.

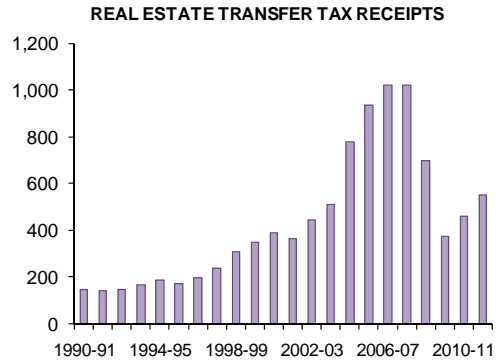
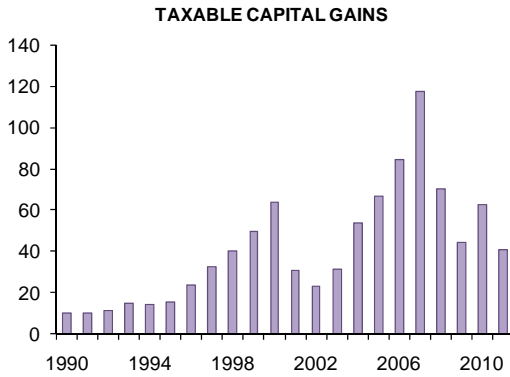
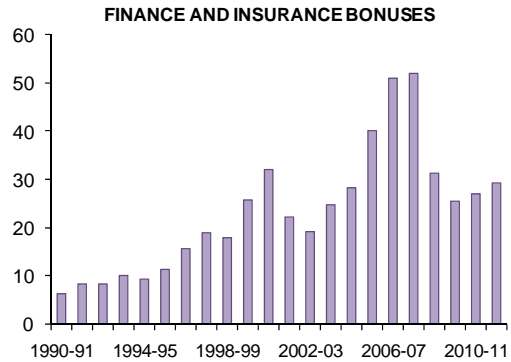
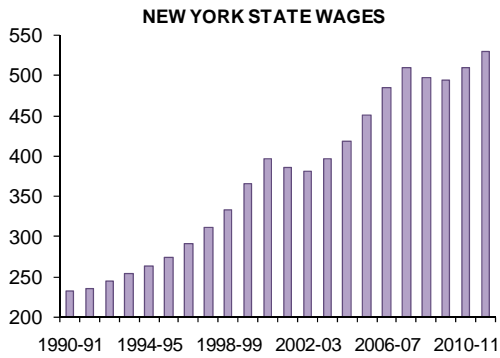
The unprecedented decline in State wages estimated for the first quarter of 2009 largely reflects the impact of securities industry losses on bonus compensation. Efforts by the Federal government to aid the industry through TARP are also expected to put downward pressure on bonus payouts. DOB projects a downwardly revised decline in State wages for 2009 of 4.8 percent, the largest annual decline in the history of QCEW data. This historic decline can be expected to have a substantial impact on State household spending over the near-term. Credit market conditions and rising debt default rates are also expected to put downward pressure on the State's income and tax base by continuing to depress real estate activity, particularly in the commercial sector where high-value transactions contribute significantly to state and local government revenues. The volume of such transactions is expected to continue to fall with the ongoing increase in office vacancy rates. The midtown New York City office vacancy rate rose 4.5 percentage points in the second quarter of 2009 and 9.8 percent from the same quarter in 2008. The 2009 vacancy rate increase is the largest since the first quarter of 2002.

DOB's outlook for the State economy calls for the current recession ending sometime during the second half of 2010. All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, financial market uncertainty poses a particularly large degree of risk for New York. Lower than anticipated levels of financial market activity could result in a further delay in the recovery of Wall Street profits and bonuses. A more severe national recession than expected could prolong the State's downturn, producing weaker employment, and wage growth than projected. Weaker than anticipated equity and real estate activity could negatively affect household spending and taxable capital gains realizations. These effects could ripple through the economy, further depressing both employment and wage growth. In contrast, should the national and world economies grow faster than expected, a stronger upturn in stock prices, along with other stronger financial market activity, could result in higher wage and bonus growth than projected.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

NEW YORK STATE ECONOMIC INDICATORS (Percent change from prior calendar year)			
	2008 (Estimate)	2009 (Forecast)	2010 (Forecast)
Personal Income	3.3	-2.7	1.8
Wages	2.0	-4.8	2.1
Nonagricultural Employment	0.7	-2.3	-0.3

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



All Funds Projections

The receipts forecast describes estimates for the State's principal taxes, miscellaneous receipts, and transfers from other funds. The spending projections summarize the annual growth in current-services spending for each of the State's major areas of spending (e.g., Medicaid, school aid, mental hygiene).

Updated All Funds Receipts Projections

Financial Plan receipts comprise a variety of taxes, fees, and charges for State-provided services, Federal grants, and other miscellaneous receipts. The receipts estimates and projections have been prepared by DOB with the assistance of the Department of Taxation and Finance and other agencies responsible for the collection of State receipts.

2009-10 All Funds Receipts Overview

TOTAL RECEIPTS (millions of dollars)				
	2008-09	2009-10		
	Actual	First Quarterly Update	Annual \$ Change	Annual % Change
General Fund	53,801	52,366	(1,435)	-2.7%
State Funds	80,265	81,902	1,637	2.0%
All Funds	119,235	129,790	10,555	8.9%

All Funds receipts are projected to total \$129.8 billion for 2009-10, comprising tax receipts (\$60.6 billion), Federal grants (\$47.8 billion) and miscellaneous receipts (\$21.4 billion). The following table summarizes the actual receipts for 2008-09 and the updated projections for 2009-10

TOTAL RECEIPTS (millions of dollars)							
	2008-09	2009-10	Annual \$	Annual %	2010-11	Annual \$	Annual %
	Actual	Estimated	Change	Change	Projected	Change	Change
General Fund	53,801	52,366	(1,435)	-2.7%	55,373	3,007	5.7%
Taxes	38,301	38,137	(164)	-0.4%	41,231	3,094	8.1%
Miscellaneous Receipts	3,105	2,901	(204)	-6.6%	2,687	(214)	-7.4%
Federal Grants	45	68	23	51.1%	60	(8)	-11.8%
Transfers	12,350	11,260	(1,090)	-8.8%	11,395	135	1.2%
State Funds	80,265	81,902	1,637	2.0%	86,250	4,348	5.3%
Taxes	60,337	60,556	219	0.4%	64,889	4,333	7.2%
Miscellaneous Receipts	19,883	21,277	1,394	7.0%	21,300	23	0.1%
Federal Grants	45	69	24	53.3%	61	(8)	-11.6%
All Funds	119,235	129,790	10,555	8.9%	134,917	5,127	4.0%
Taxes	60,337	60,556	219	0.4%	64,889	4,333	7.2%
Miscellaneous Receipts	20,064	21,435	1,371	6.8%	21,452	17	0.1%
Federal Grants	38,834	47,799	8,965	23.1%	48,576	777	1.6%

The receipt estimates for the current fiscal year have been revised downward significantly. Current year All Funds tax receipt estimates (before accounting for the new mobility tax) have been lowered by \$1.7 billion since the Enacted Budget, due almost entirely to reductions in the personal income tax and the sales tax. The anticipated increase in personal income tax collections expected with the recently enacted high income surcharge has not materialized as expected. The settlement related to the 2008 tax year was also below expectations. In addition, the historic decline in State wages estimated for the current year is having an even greater adverse impact on State household spending than expected, particularly for autos and other big-ticket items. Consequently, sales tax receipts are now projected to be lower than anticipated in the Enacted Budget.

The total All Funds receipts estimate of \$129.8 billion, represents an increase of \$10.6 billion, or 8.9 percent, above 2008-09 results. This growth is comprised of increases in taxes (\$219 million or 0.4 percent), miscellaneous receipts (\$1.4 billion or 6.8 percent), and Federal grants (\$9.0 billion or 23.1 percent).

Total State Funds receipts are estimated at nearly \$81.9 billion, an expected increase of \$1.6 billion, or 2.0 percent, from 2008-09 actual results. State Funds miscellaneous receipts are estimated to increase \$1.4 billion, or 7.0 percent.

Total General Fund receipts, including transfers, are estimated at \$52.4 billion, a decrease of \$1.4 billion, or 2.7 percent, from 2008-09 results. The decline in General Fund tax receipts is estimated at 0.4 percent. General Fund miscellaneous receipts are estimated to decrease by 6.6 percent.

After controlling for the impact of Tax Law changes, base tax revenue is estimated to decline 9.6 percent for fiscal year 2009-10.

Fiscal Year 2010-11 Overview

Total All Funds receipts are expected to reach nearly \$134.9 billion, an increase of \$5.1 billion, or 4.0 percent, from 2009-10 estimated receipts. All Funds tax receipts are projected to increase by \$4.3 billion or 7.2 percent. All Funds Federal grants are expected to increase by over \$777 million, or 1.6 percent. All Funds miscellaneous receipts are projected to increase by \$17 million, or 0.1 percent.

Total State Funds receipts are projected to be \$86.3 billion, an increase of \$4.3 billion, or 5.3 percent from 2009-10 estimated receipts.

Total General Fund receipts (including transfers from other funds) are projected to be nearly \$55.4 billion, an increase of \$3.0 billion, or 5.7 percent from 2009-10 estimated receipts. General Fund tax receipts are projected to increase by 8.1 percent from 2009-10 estimates and General Fund miscellaneous receipts are projected to decrease by 7.4 percent. The decline in General Fund miscellaneous receipts largely reflects the loss of anticipated receipts from New York City that have been subject to ongoing negotiations.

After controlling for the impact of policy changes, base tax revenue is expected to grow by 6.1 percent for fiscal year 2010-11.

Change from Enacted Budget

CHANGE FROM ENACTED BUDGET (millions of dollars)								
	2009-10 Enacted Budget	2009-10 First Quarterly Update	\$ Change	% Change	2010-11 Enacted Budget	2010-11 First Quarterly Update	\$ Change	% Change
General Fund*	42,782	41,106	(1,676)	-3.9%	45,240	43,978	(1,262)	-2.8%
Taxes	39,401	38,137	(1,264)	-3.2%	42,218	41,231	(987)	-2.3%
Miscellaneous Receipts	3,381	2,901	(480)	-14.2%	3,022	2,687	(335)	-11.1%
Federal Grants	0	68	68	N/A	0	60	60	N/A
State Funds	82,675	81,902	(773)	-0.9%	85,885	86,250	365	0.4%
Taxes	60,647	60,556	(91)	-0.2%	64,383	64,889	506	0.8%
Miscellaneous Receipts	22,027	21,277	(750)	-3.4%	21,501	21,300	(201)	-0.9%
Federal Grants	1	69	68	6800.0%	1	61	60	6000.0%
All Funds**	130,550	129,790	(760)	-0.6%	134,554	134,917	363	0.3%
Taxes	60,647	60,556	(91)	-0.2%	64,383	64,889	506	0.8%
Miscellaneous Receipts	22,185	21,435	(750)	-3.4%	21,653	21,452	(201)	-0.9%
Federal Grants	47,718	47,799	81	0.2%	48,518	48,576	58	0.1%

* Excludes Transfers.

** Includes DMCTD payroll tax.

All Funds receipts estimates have been revised downward significantly for fiscal year 2009-10. Tax receipts to-date for fiscal year 2009-10 in many revenue categories have fallen below expectations. As a result of these and other factors outlined below, All Funds tax estimates for the year have been revised downward by \$1.7 billion from the Enacted Budget, net of the DMCTD payroll tax. Miscellaneous receipts have been revised downward by \$750 million, while Federal grants have been revised up by \$81 million.

The downward revision to General Fund receipts for fiscal year 2009-10 is \$1.7 billion, reflecting a \$1.3 billion decrease in taxes.

The downward revisions alluded to above include:

- Changes in the timing of personal income tax collections related to the temporary rate increase.
- Weaker-than-expected to-date sales tax collections due to depressed household spending.
- Weaker than expected settlement on tax year 2008 personal income tax returns.

Multi-Year Receipts

Total Receipts (millions of dollars)							
	2010-2011 Projected	2011-2012 Projected	Annual \$ Change	Annual % Change	2012-2013 Projected	Annual \$ Change	Annual % Change
General Fund	55,373	55,981	608	1.1%	56,243	262	0.5%
Taxes	41,231	41,898	667	1.6%	42,275	377	0.9%
State Funds	86,250	87,622	1,372	1.6%	88,202	580	0.7%
Taxes	64,889	66,244	1,355	2.1%	67,071	827	1.2%
All Funds	134,917	130,810	(4,107)	-3.0%	130,701	(109)	-0.1%
Taxes	64,889	66,244	1,355	2.1%	67,071	827	1.2%

The economic forecast calls for a recession entailing employment losses through the third quarter of 2010, a historic decline in State wages of 4.8 percent in 2009, and low wage growth of 2.1 percent for 2010. This lowers the economic base on which the outyear revenue forecast is built. Overall, receipts growth in the three fiscal years following 2010-11 is expected to grow consistent with the projected slow growth in the U.S. and New York economies.

All Funds tax receipts in 2011-12 are projected to reach \$66.2 billion, an increase of \$1.4 billion, or 2.1 percent from 2010-11 estimates. All Funds tax receipts in 2012-13 are expected to increase by \$827 million (1.2 percent) over the prior year. General Fund tax receipts are projected to reach \$41.9 billion in 2011-12 and \$42.3 billion in 2012-13 (see "All Funds Receipts Projections" herein for a detailed explanation of All Funds receipts projections by source).

Revenue Risks

- A significant downside risk remains with respect to the recovery from the financial sector meltdown. Contagion from the financial sector to other sectors of the economy could reduce employment, wages, and related withholding and estimated tax revenues more than expected.
- Real estate markets could remain depressed for longer than expected due to the continued credit crunch and Wall Street retrenchment, which could have a significant negative impact on capital gains realizations.
- Actions taken by the Federal government to assist the banking industry and credit markets could be less effective than intended, and take longer to achieve their desired objectives.
- Taxable sales could be driven down further by continued weakness in household spending.
- The estimated values for 2009-10 Enacted Budget law changes, especially the temporary income tax rate increase on high income taxpayers, represent a substantial portion of estimated receipts. In the current economic environment, impact on the small number of high income taxpayers makes these estimates highly uncertain. In particular, taxpayer behavior connected with the tax rate increase will likely continue to affect the timing of related collections.
- The real estate transfer tax forecast could be negatively affected as downward trends in the financial services sector, including falling employment and bonuses and weak equity markets, and rising office vacancy rates continue. The fallout from the subprime mortgage situation will also put pressure on consumer credit availability and may reduce

the number of transactions. The decline in real estate prices in some areas of the State is likely to depress collections. The number of high value commercial property sales in New York City is expected to continue to decline from recent years.

- The estate tax is primarily based on the value of real estate, stocks and bonds. This tax could be more negatively affected by the declines in the value of these assets than currently anticipated.
- Over 50 percent of business tax audit and compliance receipts are expected during the second half of the fiscal year. This represents a risk to the Financial Plan during the October through March period.

Updated All Funds Disbursements Projections

The 2009-10 spending forecasts for each of the State’s major programs and activities have been updated since the Enacted Budget Financial Plan as more information has become available. The changes include the General Fund revisions explained in detail earlier in this Updated Financial Plan.

Additional detailed information on annual spending changes for each of the State’s major programs and activities may be found in the 2009-10 Enacted Budget Financial Plan available on-line at www.budget.state.ny.us.

TOTAL DISBURSEMENTS* (millions of dollars)							
	2008-09 Actuals	2009-10		Revised Estimate	Annual \$ Change	Annual % Change	Adjusted % Change**
		Enacted Estimate	Change				
State Operating Funds	78,168	78,742	1,729	80,471	2,303	2.9%	0.9%
General Fund (excluding transfers)	48,436	49,449	(27)	49,422	986	2.0%	2.0%
Other State Funds	25,146	24,075	1,827	25,902	756	3.0%	-3.4%
Debt Service Funds	4,586	5,218	(71)	5,147	561	12.2%	12.2%
All Governmental Funds	121,571	131,935	1,534	133,469	11,898	9.8%	8.5%
State Operating Funds	78,168	78,742	1,729	80,471	2,303	2.9%	0.9%
Capital Projects Funds	6,830	8,832	(377)	8,455	1,625	23.8%	23.8%
Federal Operating Funds	36,573	44,361	182	44,543	7,970	21.8%	21.8%
General Fund, including Transfers	54,607	54,908	151	55,059	452	0.8%	0.8%

* First Quarterly receipts and disbursements estimates do not include the \$2.1 billion in savings that are expected to be achieved through legislation or administrative actions, or both, to address the current year shortfall, as options are currently under development.

** Excludes approximately \$1.6 billion in special revenue fund disbursements related to the new Metropolitan Commuter Transportation Mobility Tax, a tax which is collected by the State on behalf of, and transferred in its entirety to, the MTA.

Updated All Funds Disbursements Projections

All Funds spending is projected to total \$133.5 billion in 2009-10, an increase of approximately \$1.5 billion from the Enacted Budget. The Financial Plan impact of the recently-enacted Mobility Tax, a tax which is collected by the State on behalf of, and disbursed in its entirety to, the MTA to support the transit system, accounts for the growth in All Funds disbursements compared to the Enacted Budget Financial Plan. Excluding the impact of this pass-through tax, estimated All Funds disbursements for 2009-10 are expected at \$131.8 billion, a decrease of \$89 million from the Enacted forecast. Higher expected spending in the General Fund and State and Federal special revenue funds is more than offset by downward revisions to estimated capital projects fund spending based on program trends to date.

GAAP-Basis Financial Plans

The State Budget is required to be balanced on a cash basis, which is DOB's primary focus in preparing and implementing the State Financial Plan. State Finance Law also requires the Financial Plan be presented for informational purposes on a GAAP basis, in accordance with standards and regulations set forth by GASB. Thus, the GAAP projections provided herein are intended to supplement, for informational purposes, the cash-basis Financial Plan. The GAAP-basis plans model the accounting principles applied by OSC in preparation of the 2008-09 Financial Statements. See "GAAP-Basis Results for Prior Years" for a summary of 2008-09 results.

In 2009-10, the General Fund GAAP Financial Plan shows total revenues of \$45.3 billion, total expenditures of \$55.6 billion, and net other financing sources of \$8.7 billion, resulting in an operating deficit of \$1.5 billion prior to legislative/administrative actions to close the cash gap and a projected accumulated deficit of \$4.5 billion. These changes are due primarily to the use of a portion of prior year reserves to support 2009-10 operations and the impact of economic conditions on revenue accruals, primarily PIT.

GASB 45

The State used an independent actuarial consulting firm to calculate retiree health care liabilities. The analysis calculated the present value of the actuarial accrued total liability for benefits as of March 31, 2009 at \$55.4 billion (\$46.3 billion for the State and \$9.1 billion for SUNY), using the level percentage of projected payroll approach under the Frozen Entry Age actuarial cost method.

This liability was disclosed in the 2008-09 basic GAAP financial statements issued by the State Comptroller in July 2009. GASB rules indicate the liability may be amortized over a 30-year period; therefore, only the annual amortized liability above the current PAYGO costs is recognized in the financial statements. The 2008-09 liability totaled \$4.2 billion (\$3.2 billion for the State and \$1 billion for SUNY) under the Frozen Entry Age actuarial cost method amortized based on a level percent of salary, or roughly \$3 billion (\$2.3 billion for the State and \$0.7 billion for SUNY) above the current PAYGO retiree costs. This difference between the State's PAYGO costs and the actuarially determined required annual contribution under GASB 45 reduced the State's currently positive net asset condition at the end of 2008-09 by \$3 billion.

GASB does not require the additional costs to be funded on the State's budgetary basis, and no funding is assumed for this purpose in the Financial Plan. On a budgetary (cash) basis, the State continues to finance these costs, along with all other employee health care expenses, on a PAYGO basis. See "General Fund Outyear Budget Projections" for a summary of projected spending for this purpose over the plan period.

As noted, the Updated Financial Plan does not assume pre-funding of the GASB 45 liability. If such liability were pre-funded at this time, the additional cost above the PAYGO amounts would be lowered. The State's Health Insurance Council, which consists of GOER, Civil Service, and DOB will continue to review this matter, and seek input from the State Comptroller, the legislative fiscal committees and other outside parties.

Special Considerations

The Updated Financial Plan forecast is subject to many complex economic, social, and political risks and uncertainties, many of which are outside the ability of the State to control. These include, but are not limited to: the performance of the national and State economies; the impact of continuing write-downs and other costs affecting the profitability of the financial services sector, and the concomitant effect on bonus income and capital gains realizations; the impact of calendar year 2009 wage and bonus activity on the State tax settlement in fiscal year 2010-11; increased demand in entitlement and claims-based programs such as Medicaid, public assistance, and preschool special education; access to the capital markets in light of disruptions in the municipal bond market; litigation against the State, including potential challenges to the constitutionality of certain tax actions authorized in the budget, the method of calculating the local share of FMAP, and a class action suit alleging discrimination in the administration of a civil service test between 1996 and 2006; and actions taken by the Federal government, including audits, disallowances, changes in aid levels, and changes to Medicaid rules.

In addition, the forecast contains specific transaction risks and other uncertainties including, but not limited to, the receipt of certain payments from public authorities; the receipt of miscellaneous revenues at the levels expected in the Financial Plan; and the achievement of cost-saving measures including, but not limited to, administrative savings in State agencies through the WRP and the transfer of available fund balances to the General Fund, at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Financial Plan in the current year.

An additional risk is the potential cost of collective bargaining agreements and salary increases for Judges (and possibly other elected officials) in 2009-10 and beyond. DOB estimates that if all remaining unsettled unions were to agree to the same terms that have been ratified by settled unions, it would result in added costs of approximately \$250 million through 2010-11 (assuming a retroactive component for fiscal years prior to 2009-10), and \$140 million in both 2011-12 and 2012-13. DOB has included a spending reserve to finance the costs of a pattern settlement for all unsettled unions, the largest of which represents costs for fiscal years 2009-10 and 2010-11 for NYSCOPBA. There can be no assurance that actual settlements will not exceed the amounts included in the Plan. In addition, no reserve has been set aside for potential pay raises for Judges.

THERE CAN BE NO ASSURANCE THAT (A) LEGISLATIVE OR ADMINISTRATIVE ACTIONS WILL BE SUFFICIENT TO ELIMINATE THE CURRENT-YEAR BUDGET GAP WITHOUT THE USE OF EXISTING RESERVES OR OTHER MEASURES NOT DESCRIBED IN THE UPDATED FINANCIAL PLAN, (B) RECEIPTS WILL NOT FALL BELOW CURRENT PROJECTIONS, REQUIRING ADDITIONAL BUDGET-BALANCING ACTIONS IN THE CURRENT YEAR, AND (C) THE GAPS PROJECTED FOR FUTURE YEARS WILL NOT INCREASE MATERIALLY FROM THE PROJECTIONS SET FORTH HEREIN.

In any year, the Financial Plan is subject to risks, that, if they were to materialize, could affect operating results. Special considerations include the following:

Cash Position

The Enacted Budget provides authorization for the General Fund to borrow resources temporarily from other funds for a period not to exceed four months. DOB currently projects that the General Fund will rely on this borrowing authority at times during the remainder of the fiscal year, including November and December 2009, when it projects month-end negative balances of between \$1.2 and \$1.4 billion. DOB expects the General Fund will return to a positive month-end balance in January 2010. The amount of resources that can be borrowed by the General Fund is limited to the available balances in the State's Short-Term Investment

Pool. DOB will continue to closely monitor and manage the General Fund cash flow during the fiscal year and may from time to time implement cash-management actions, such as altering the timing of discretionary payments, to maintain adequate operating balances. The current cash-flow forecast assumes successful implementation of gap-closing actions by March 2010.

First Quarter Operating Results

In the Enacted Budget Financial Plan, DOB noted that the General Fund would have narrow operating margins, especially in the early months of the fiscal year. Accordingly, it took a number of actions to improve the General Fund cash position during the first quarter of the fiscal year. The actions included the acceleration of transactions (e.g., transfers of fund balances and the financing of certain expenses with non-General Fund resources) that were planned for later in the fiscal year and the recovery of overpayments made to the City of New York related to the apportionment of personal income tax receipts. In part as a result of these actions, actual General Fund operating results through June 2009 were better than expected. The closing balance on June 30, 2009 was \$1.0 billion, or \$916 million higher than projected in the Enacted Budget Financial Plan.

The performance of General Fund receipts through the first quarter was below expectation. Through June 30, 2009, actual receipts fell \$305 million below the Enacted forecast. The underlying performance was substantially worse, however, since the results, as noted above, included an income tax overpayment recovery (\$387 million) and the acceleration of transfers (\$121 million) planned for later in the fiscal year. Excluding these management actions, the unfavorable receipts variance through the first quarter of fiscal year 2009-10 was approximately \$800 million.

General Fund disbursements were \$1.2 billion below planned levels. Of this amount, approximately \$130 million is expected to translate into annual Financial Plan savings and has been reflected in the Updated Financial Plan. The remainder of the variance is attributable to the timing of payments and the accelerated use of non-General Fund resources, neither of which is expected to affect annual spending levels. (see "Year-to-Date Operating Results" herein).

State Workforce Reductions

On March 24, 2009, the Executive announced that it would implement a Workforce Reduction Plan (WRP). In the Enacted Budget Financial Plan, DOB estimated that the WRP would result in a State workforce reduction equivalent to approximately 8,700 employees, and would generate savings of approximately \$160 million in 2009-10 growing to over \$300 million in 2010-11. Based on ongoing negotiations with the State's employee unions, the WRP has been changed to minimize layoffs and will be combined with other actions to achieve the savings projected in the Enacted Budget Financial Plan. The savings are expected to result from a multi-pronged approach, including:

- Continuation of the hiring freeze, eliminating funded vacancies and not filling attritions in State agencies.
- Instituting a severance program for CSEA, PEF, and M/C employees, which includes a separation payment of \$20,000 per employee, to further reduce the workforce in the current fiscal year.

The above actions are expected to generate savings of approximately \$260 million over the next two fiscal years. Additional savings are expected to result from:

- Aggressively using Voluntary Reduction in Work Schedules (VRWS).
- The withholding of salary increases related to M/C employees.
- The enactment of legislation to create a new tier of pension benefits.

To achieve the needed Financial Plan savings, more stringent workforce measures beyond those outlined above may be necessary.

Labor Settlements

The Enacted Budget Financial Plan included a spending reserve of roughly \$400 million in 2009-10 and \$275 million in both 2010-11 and 2011-12 to finance potential agreements with unsettled unions. The reserve was calculated on the assumption that the agreements would have terms and conditions comparable to the contracts that have been ratified by other unions, including CSEA and PEF. The recent binding arbitration awards for corrections officers and supervisors add costs above the pattern of settlements. The costs of the awards are accounted for in the Updated Financial Plan projections. However, it is possible that additional awards will be granted to these unions as part of ongoing arbitration. The unions that have not reached agreement with the State (excluding those in binding arbitration) cover graduate students and park police.

Debt Reform Cap

Based on the updated forecasts in the Updated Financial Plan, debt outstanding and debt service costs are expected to remain below the limits imposed by the Debt Reform Act over the plan period. The available room under the debt outstanding cap is expected to decline from 0.98 percent (\$9.2 billion) in 2008-09 to 0.06 percent (\$700 million) in 2013-14. The current projections represent an improvement compared to the Enacted Budget, which estimated that debt outstanding would exceed the cap by over \$380 million (0.04 percent) beginning in 2012-13. The revisions primarily reflect an improved forecast for State personal income in future years. However, the changes to the debt reform projections over the last few quarters demonstrate the sensitivity of the cap calculations to volatility in State personal income levels. In the long run, measures to adjust capital spending and financing practices are likely to be needed for the State to stay in compliance with the statutory limitations.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and other Supplementary Information on a GAAP basis for governments as promulgated by GASB. The Basic Financial Statements, released in July each year, include the Statement of Net Assets and Activities, the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds, the Statements of Net Assets, Revenues, Expenses and Changes in Fund Net Assets and Cash Flows for the Enterprise Funds, the Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets for the Fiduciary Funds and the Combining Statements of Net Assets and Activities for Discretely Presented Component Units. These statements are audited by independent certified public accountants. The Comptroller also prepares and issues a Comprehensive Annual Financial Report, which includes a management discussion and analysis (MD&A), the Basic Financial Statements, required supplementary information, other supplementary information which includes individual fund combining statements, and a statistical section. For information regarding the State's accounting and financial reporting requirements, see the section in the AIS dated May 15, 2009 entitled "State Organization—Accounting, Financial Reporting and Budgeting."

Both the Basic Financial Statements and Other Supplementary Information and Comprehensive Annual Financial Reports for prior fiscal years can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the OSC website at www.osc.state.ny.us. The following table summarizes recent governmental funds results on a GAAP basis.

Comparison of Actual GAAP-Basis Operating Results Surplus/(Deficit) (millions of dollars)

<u>Fiscal Year Ended</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>All Governmental Funds</u>	<u>Accum. General Fund Surplus/(Deficit)</u>
March 31, 2009	(6,895)	(1,183)	35	44	(7,999)	(2,944)
March 31, 2008	1,567	(1,328)	(293)	(306)	(360)	3,951
March 31, 2007	202	(840)	92	501	(45)	2,384

Summary of Net Assets (millions of dollars)

<u>Fiscal Year Ended</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
March 31, 2009	30,894	3,031	33,925
March 31, 2008	43,510	4,217	47,727
March 31, 2007	45,327	3,599	48,926

State Organization

State Government

The State has a centralized administrative system with most executive powers vested in the Governor. The State has four officials elected in statewide elections, the Governor, Lieutenant Governor, Comptroller and Attorney General. These officials serve four-year terms that next expire on December 31, 2010.

<u>Name</u>	<u>Office</u>	<u>Party Affiliation</u>	<u>First Elected</u>
David A. Paterson*	Governor	Democrat	N/A
Richard Ravitch**	Lieutenant Governor	Democrat	N/A
Thomas P. DiNapoli***	Comptroller	Democrat	2007
Andrew M. Cuomo	Attorney General	Democrat	2006

*Sworn in as Governor on March 17, 2008 following resignation of Governor Spitzer.

**Appointed by the Governor on July 8, 2009. The Governor's authority to appoint a Lieutenant Governor is being challenged in court. See Dean G. Skelos, et al. v. David A. Paterson, et al. (Nassau Co. Sup. Ct. Index no. 13426-2009)

***Elected by the State Legislature.

The Governor and Lieutenant Governor are elected jointly. David A. Paterson became Governor under provisions of the State Constitution following the resignation of former Governor Spitzer. The vacancy created in the office of Lieutenant Governor was filled on July 8, 2009 when the Governor appointed Richard Ravitch to serve as Lieutenant Governor. The Comptroller and Attorney General are chosen separately by the voters during the election of the Governor. The Governor appoints the heads of most State departments, including the Director of the Budget (the current Director is Robert L. Megna). DOB is responsible for preparing the Governor's Executive Budget, negotiating that budget with the State Legislature, and implementing the budget once it is adopted, which includes updating the State's fiscal projections quarterly. DOB is also responsible for coordinating the State's capital program and debt financing activities. The Comptroller is responsible for auditing the disbursements, receipts and accounts of the State, as well as for auditing State departments, agencies, public authorities and municipalities. The Comptroller is also charged with managing the State's general obligation debt and most of its investments. The Attorney General is the legal advisor to State departments, represents the State and certain public authorities in legal proceedings and opines upon the validity of all State general obligations.

The State Legislature is composed of a 62-member Senate and a 150-member Assembly, all elected from geographical districts for two-year terms, expiring December 31, 2010. Both the Senate and the Assembly operate on a committee system. The Legislature meets annually, generally for about six months, and remains formally in session the entire year. In recent years there have been special sessions, as well. The current majority leaders of the Legislature are Pedro Espada Jr. (Democrat), and Sheldon Silver (Democrat), Speaker of the Assembly. The Temporary President of the Senate is Malcolm Smith. The minority leaders are Dean Skelos (Republican) in the Senate and Brian Kolb (Republican) in the Assembly.

State Retirement Systems

General

The New York State and Local Retirement Systems (the "Systems") provide coverage for public employees of the State and its localities (except employees of New York City and teachers, who are covered by separate plans). The Systems comprise the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The Comptroller is the administrative head of the Systems. State employees made up about 33 percent of the membership during the 2007-08 fiscal year. There were 3,020 other public employers participating in the Systems, including all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees) and a large number of local authorities of the State.

As of March 31, 2008, 677,321 persons were members and 358,109 pensioners or beneficiaries were receiving benefits. 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. Members cannot be required to begin making contributions or make increased contributions beyond what was required when membership began.

Recent market volatility and the recent decline in the market value of many equity investments have negatively impacted the assets held for the Systems. These or future downturns in financial markets will not affect the State's contributions to the Systems for fiscal year 2009 (which was based on the value of the assets as of April 1, 2007 and has already been paid) or the estimated contribution to the Systems for fiscal year 2010 (which is based on the value of the pension fund and its liabilities as of April 1, 2008). However, such downturns will result in an increase in the amount of the contributions required to be made for fiscal years after fiscal year 2010. The amount of such increases would depend, in part, on the value of the pension fund as of each April 1 as well as on the present value of the anticipated benefits to be paid by the pension fund as of each April 1. For fiscal year 2011, OSC anticipates a significant increase in contributions as compared to fiscal year 2010 since total assets fell from \$155.8 billion as of March 31, 2008 to \$110.9 billion as of March 31, 2009. Final contribution rates for fiscal year 2011 will be released in early September 2009.

Contributions

Funding is provided in large part by employer and employee contributions. Employers contribute on the basis of the plan or plans they provide for members. Members joining since mid-1976, other than police and fire members, are required to contribute 3 percent of their salaries for their first 10 years of membership.

Legislation enacted in May 2003 realigned the Retirement Systems billing cycle to match governments' budget cycles and also instituted a minimum annual payment. The employer contribution for a given fiscal year will be based on the value of the pension fund and its liabilities on the prior April 1. In addition, employers are required to make a minimum contribution of at least 4.5 percent of payroll every year.

The State paid, in full, its employer contributions for the fiscal year ending March 31, 2009. Payments totaled \$1.06 billion. This amount included amounts required to be paid by the Judiciary bill and the amortization payments for the 2005 and 2006 bills.

The State bill for the fiscal year ending March 31, 2010 is estimated to be \$959.1 million, assuming a payment on September 1, 2009.

Assets and Liabilities

Assets are held exclusively for the benefit of members, pensioners and beneficiaries. Investments for the Systems are made by the Comptroller as trustee of the Common Retirement Fund, a pooled investment vehicle. OSC reports that the net assets available for benefits as of March 31, 2008 were \$155.8 billion (including \$2.9 billion in receivables), a decrease of \$0.8 billion or 0.5 percent from the 2006-07 level of \$156.6 billion, reflecting, in large part, equity market performance. OSC reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased from \$163.1 billion on April 1, 2007 to \$170.5 billion (including \$66.1 billion for current retirees and beneficiaries) on April 1, 2008. The funding method used by the Systems anticipates that the net assets, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets differed from net assets on April 1, 2008 in that amortized cost was used instead of market value for bonds and mortgages and the non-fixed investments utilized a smoothing method which recognized 20 percent of unexpected gain for the 2008 fiscal year, 40 percent of the unexpected gain for the 2007 fiscal year, 60 percent of the unexpected gain for the 2006 fiscal year and 80 percent of the unexpected gain for the 2005 fiscal year. Actuarial assets increased from \$142.6 billion on April 1, 2007 to \$151.8 billion on April 1, 2008. The funded ratio, as of April 1, 2008, using the entry age normal funding method, was 107 percent. 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 "Contributions" above.

**Net Assets Available for Benefits of the
New York State and Local Retirement Systems (1)
(millions of dollars)**

Fiscal Year Ended March 31	Total Assets(2)	Percent Increase/ (Decrease) From Prior Year
1999	112,723	6.0
2000	123,889	14.3
2001	114,044	(11.5)
2002	112,725	(1.2)
2003	97,373	(13.6)
2004	120,799	24.1
2005	128,038	6.0
2006	142,620	11.4
2007	156,625	9.8
2008	155,846	(0.5)

Sources: State and Local Retirement Systems.

(1) Includes relatively small amounts held under Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2008 includes approximately \$2.9 billion of receivables.

(2) Includes certain accrued employer contributions to be paid with respect to service rendered during fiscal years other than the year shown.

Contributions and Benefits
New York State and Local Retirement Systems
(millions of dollars)

Fiscal Year Ended March 31	Contributions Recorded				Total Benefits Paid(2)
	All Participating Employers(1)	Local Employers(1)	State(1)	Employees	
1999	292	156	136	400	3,570
2000	165	11	154	423	3,787
2001	215	112	103	319	4,267
2002	264	199	65	210	4,576
2003	652	378	274	219	5,030
2004	1,287	832	455	222	5,424
2005	2,965	1,877	1,088	227	5,691
2006	2,782	1,714	1,068	241	6,073
2007	2,718	1,730	988	250	6,432
2008	2,649	1,641	1,008	266	6,883

(1) Includes employer premiums to Group Life Insurance Plan.

(2) Includes payments from Group Life Insurance Plan.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Authorities and Localities

Localities

Certain localities outside New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing has become more common in recent years. Between 2004 and 2008, the State Legislature authorized 17 bond issuances to finance local government operating deficits. In addition, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within a locality. Currently, the City of Buffalo operates under a control board and the counties of Nassau and Erie as well as the cities of New York and Troy have boards in advisory status. The City of Yonkers no longer operates under an oversight board but must adhere to a separate fiscal agent act. The potential impact on the State of any future requests by localities for additional oversight or financial assistance is not included in the projections of the State's receipts and disbursements for the State's 2009-10 fiscal year or thereafter.

Like the State, local governments must respond to changing political, economic and financial influences over which they have little or no control. Such changes may adversely affect the financial condition of certain local governments. For example, the State or Federal government may reduce (or in some cases eliminate) funding of some local programs or disallow certain claims which, in turn, may require local governments to fund these expenditures from their own resources. Similarly, State policymakers have expressed interest in implementing a property tax cap for local governments. Adoption of a property tax cap would affect the amount of property tax revenue available for local government purposes and could adversely affect their operations, particularly those that are heavily dependent on property tax revenue such as school districts. Ultimately, localities or any of their respective public authorities may suffer serious financial difficulties that could jeopardize local access to the public credit markets, which may adversely affect the marketability of notes and bonds issued by localities within the State. 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, increasing expenditures, and the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate State assistance.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The following table summarizes the debt of New York City and all localities in the State outside of New York City.

Debt of New York Localities (1)
(millions of dollars)

Locality Fiscal Year Ending	Combined		Other Localities Debt(4)		Total Locality Debt(4)	
	New York City Debt (2)(3)		Bonds(5)	Notes(5)	Bonds(4)(5)	Notes(5)
	Bonds	Notes				
1980	12,995	---	6,835	1,793	19,830	1,793
1990	20,027	---	10,253	3,082	30,280	3,082
1995	29,930	---	15,829	3,219	45,759	3,219
1996	31,623	---	16,414	3,590	48,037	3,590
1997	33,046	---	17,526	3,208	50,572	3,208
1998	34,690	---	17,100	3,203	51,790	3,203
1999	37,352	---	18,448	3,420	55,800	3,420
2000	39,244	515	19,082	4,005	58,326	4,520
2001	40,305	---	20,303	4,745	60,608	4,745
2002	42,721	2,200	21,721	5,184	64,442	7,384
2003	47,376	1,110	23,951	6,447	71,327	7,557
2004	50,265	---	26,679	5,120	76,944	5,120
2005	54,421	---	29,240	4,852	83,661	4,852
2006	55,381	---	30,745	4,766	86,126	4,766
2007	58,292	---	32,193	4,523	90,485	4,523

Source: Office of the State Comptroller.

NOTE: For localities other than New York City, the amounts shown for fiscal years ending in 1990 through 1997 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. New York City 2008 data may be found in the Debt of New York City table on page 125.

(2) New York City's debt outstanding has been revised as presented in the FY 2004 City Comptroller's Comprehensive Annual Financial Report.

(3) Includes New York City capital leases obligations which were not reflected in previous years. Includes bonds issued by the Dormitory Authority of the State of New York for education, health and courts capital projects, the Samurai Funding Corporation and other long-term financing 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.

(4) Outstanding bonded debt shown 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.

(5) Does not include the indebtedness of certain localities that did not file annual financial reports with the Comptroller.

Litigation

Tobacco Master Settlement Agreement

In *Freedom Holdings Inc. et al. v. Spitzer et ano.*, two cigarette importers brought an action in 2002 challenging portions of laws enacted by the State under the 1998 Tobacco Master Settlement Agreement (MSA) that New York and many other states entered into with the major tobacco manufacturers. The initial complaint alleged: (1) violations of the Commerce Clause of the United States Constitution; (2) the establishment of an “output cartel” in conflict with the Sherman Act; and (3) selective nonenforcement of the laws on Native American reservations in violation of the Equal Protection Clause of the United States Constitution. The United States District Court for the Southern District of New York granted defendants’ motion to dismiss the complaint for failure to state a cause of action. Plaintiffs appealed from this dismissal. In an opinion dated January 6, 2004, the United States Court of Appeals for the Second Circuit (1) affirmed the dismissal of the Commerce Clause claim; (2) reversed the dismissal of the Sherman Act claim; and (3) remanded the selective enforcement claim to the District Court for further proceedings. Plaintiffs have filed an amended complaint that also challenges the MSA itself (as well as other related State statutes) primarily on preemption grounds. On September 14, 2004, the District Court denied all aspects of plaintiffs’ motion for a preliminary injunction, except that portion of the motion relating to the ability of tobacco manufacturers to obtain the release of certain funds from escrow. Plaintiffs have appealed from the denial of the remainder of the motion to the United States Court of Appeals for the Second Circuit. In May 2005, the Second Circuit affirmed the denial of the preliminary injunction. In December 2006, the motions and cross-motions of the parties for summary judgment were fully submitted to the District Court. By order dated July 7, 2008, the District Court requested updated statistical information and other information needed to resolve certain material questions. Following an evidentiary hearing, by December 15, 2008 order summarizing a preliminary decision, the District Court dismissed all of plaintiff’s claims. On January 12, 2009, the Court issued its opinion and order granting judgment dismissing the complaint. Plaintiff has appealed and the appeal is pending.

In *Grand River Ent. V. King*, a cigarette importer raises the same claims as those brought by the plaintiffs in *Freedom Holdings*, in a suit against the attorneys general of thirty states, including New York. The parties are scheduled to file opposing motions for summary judgment in the United States District Court for the Southern District of New York on August 12, 2009.

Representative Payees

In *Weaver v. State of New York*, filed in the New York State Court of Claims on July 17, 2008, the claimant alleges that executive directors of Office of Mental Health facilities, acting as representative payees under the Federal Social Security Act, have improperly received benefits due to patients and former patients and improperly applied those benefits to defray the cost of patient care and maintenance. The named claimant seeks benefits on her own behalf as well as certification of a class of claimants.

On September 26, 2008, the State moved to dismiss the claim on the grounds that (i) claimant failed to file a motion to certify the class in a timely manner and (ii) claimant’s failure to identify the time and place in which each claim arose violates the provisions of Court of Claims Act §11(b). Claimant has opposed the motion and cross-moved, seeking certification of the class, pre-certification discovery, and partial summary judgment. The State submitted reply papers on April 1, 2009. The State has also opposed Claimant’s cross-motions, and has submitted a motion for summary judgment. On July 7, Claimant moved to amend the complaint. All papers on Claimant’s cross-motions and motion to amend, and on the State’s summary judgment motion, are due on September 15, 2009.

Bottle Bill Litigation

In *International Bottled Water Association, et al. v. Paterson, et al.*, plaintiffs seek declaratory and injunctive relief declaring that certain amendments to the State's Bottle Bill enacted on April 7, 2009 as part of the 2009-2010 budget violate the due process clause, the equal protection clause and the commerce clause of the United States Constitution. On May 27, 2009, the United States District Court for the Southern District of New York issued a preliminary injunction staying the June 1, 2009 effective date of the amendments to the Bottle Bill and declared that the section of the amendments which requires that the plaintiffs and other beverage manufacturers and distributors place a unique New York-exclusive universal product code on all bottles covered by the law that are offered for sale in the State violates the commerce clause of the United States Constitution. By order entered May 29, 2009 that superseded the above-referenced May 27, 2009 preliminary injunction, the district court granted a preliminary injunction that (1) enjoined the State from implementing or enforcing the New-York exclusive universal product code provision of the Bottle Bill and (2) enjoined the State from implementing or enforcing any and all other amendments to the Bottle Bill signed into law on April 7, 2009, until April 1, 2010, to allow persons subject to the amendments sufficient time to comply with the law's requirements. On June 18, 2009, the State defendants have moved to modify the preliminary injunction.

Civil Service Litigation

In *Simpson v. New York State Department of Civil Service et ano.*, plaintiffs have brought a class action under 42 U.S.C 2000d *et seq.*, claiming that a civil service test administered between 1996 and 2006 resulted in a disparate impact upon the class. Cross motions for summary judgment are currently pending in the United States District Court for the Northern District of New York.

Glossary of Acronyms

(AFSCME)	American Federation of State, County, and Municipal Employees
(AHC)	Affordable Housing Corporation
(AIG)	American International Group
(AIM)	Aid and Incentive for Municipalities
(ARRA)	American Recovery and Reinvestment Act of 2009
(ARS)	Auction Rate Securities
(ATC)	Addiction Treatment Center
(AWP)	Average Wholesale Price
(BANS)	Bond Anticipation Notes
(BIC)	Bond Issuance Change
(BMA)	Bond Market Association
(BOCES)	Board of Cooperative Education Services
(CAFR)	Comprehensive Annual Financial Report
(CAP)	Comprehensive Attendance Program
(CDT)	Continuing Day Treatment Clinic
(CFE)	Campaign for Fiscal Equity
(CFIA)	Court Facilities Incentive Aid
(CHCCDP)	Community Health Care Conversion Demonstration Project
(CHIPs)	Consolidated Highway Improvement Programs
(CHP)	Child Health Plus
(CMS)	Centers for Medicare and Medicaid Services
(CLCs)	21st Century Community Learning Centers
(CLRN)	Community Legal Resources Network
(COLA)	Cost-of-Living Adjustment
(COPS)	Community Optional Preventative Services
(CPFs)	Community Projects Funds
(CPI)	Consumer Price Index
(CQCAPD)	Commission on Quality Care and Advocacy for Persons with Disabilities
(CRF)	Contingency Reserve Fund
(CSEA)	Civil Service Employees Association
(CSTEP)	Collegiate Science and Technology Entry Program
(CW/CA)	Clean Water/Clean Air
(CWSRF)	Clean Water State Revolving Fund
(CEFAP)	Community Enhancement Facilities Assistance Program
(DBE)	Disadvantaged Business Enterprise
(DHBTF)	Dedicated Highway and Bridge Trust Fund
(DRRF)	Debt Reduction Reserve Fund
(DRP)	Deficit Reduction Plan
(DSFs)	Debt Service Funds
(DWSRF)	Drinking Water Revolving Fund
(EI)	Early Intervention
(EITC)	Earned Income Tax Credit
(EMSC)	Elementary, Middle, Secondary and Continuing Education
(EOCs)	Educational Opportunity Centers
(EOP)	Educational Opportunity Program
(EPF)	Environmental Protection Fund
(EPIC)	Elderly Pharmaceutical Insurance Coverage
(ERS)	Employees' Retirement System

(ESCO)	Energy Service Companies
(EXCEL)	Expanding our Children’s Education and Learning
(FCB)	Financial Control Board
(FHP)	Family Health Plus
(FMAP)	Federal Medical Assistance Percentage
(FMP)	Fiscal Management Plan
(FSA)	Financial Security Assurance
(GAAP)	Generally Accepted Accounting Principles
(GASB)	Governmental Accounting Standards Board
(GASB 34)	Governmental Accounting Standards Board Statement 34
(GDP)	Gross Domestic Product
(GHI)	Group Health Insurance
(GME)	Graduate Medical Education
(GOER)	Governor's Office of Employee Relations
(GPHW)	General Public Health Works
(GRT)	Gross Receipts Tax
(GSCs)	General State Charges
(GSEW)	Graduate Student Employees Union
(HAF)	Housing Assistance Fund
(HCBS)	Home and Community Based Services
(HCRA)	Health Care Reform Act
(HEAL NY)	Health Care Equity and Affordability Law for New Yorkers
(HEAP)	Home Energy Assistance Program
(HELP)	Higher Education Loan Program
(HHC)	Health and Hospital Corporation
(HESC)	Higher Education Services Corporation
(HHAC)	Homeless Housing Assistance Corporation
(HHAP)	Homeless Housing Assistance Program
(HIP)	Health Insurance Plan
(HMO)	Health Maintenance Organization
(HRPT)	Hudson River Park Trust
(HTFC)	Housing Trust Fund Corporation
(IDEA)	Individuals with Disabilities Education Act
(IFP)	Industrial Finance Program
(IPO)	Initial Public Offering
(IGT/DSH)	Intergovernmental Disproportionate Share
(ITC)	Investment Tax Credit
(LGAC)	Local Government Assistance Corporation
(LIBOR)	London Inter Bank Offered Rates
(LLC)	Limited Liability Company
(MCFFA)	Medical Care Facilities Finance Agency
(MCTD)	Metropolitan Commuter Transportation District
(MMTOA)	Metropolitan Mass Transportation Operating Assistance Fund
(MTASP)	Metropolitan Transport Authority Support Program
(MTOA)	Mass Transportation Operating Assistance Fund
(MOU)	Memorandum of Understanding
(M/WBE)	Minority/Women-Owned Business Enterprises
(NAICS)	North American Industry Classification System
(NBER)	National Bureau of Economic Research
(NPS)	Non-Personal Service
(NTI)	New York State Net Taxable Income

(NYCOMB)	.....	New York City Office of Management and Budget
(NYSCOPBRA)	.....	New York State Correctional Officers and Police Benevolent Association
(NYS-OPTS)	.....	New York State Options for People Through Services
(OCA)	.....	Office of Court Administration
(PACB)	.....	Public Authorities Control Board
(PAYGO)	.....	Pay-as-you-go
(PBT)	.....	Petroleum Business Tax
(PEF)	.....	Public Employees Federation
(PEP)	.....	Professional Education Pool
(PFJ)	.....	Power for Jobs
(PFM)	.....	Public Financial Management
(PFRS)	.....	Police and Fire Retirement System
(PIA)	.....	Patient Income Account
(PILOT)	.....	Payment in Lieu of Taxes
(PIT)	.....	Personal Income Tax
(PPA)	.....	Permanent Place of Abode
(PPI)	.....	Petroleum Price Index
(PRAG)	.....	Public Resources Advisory Group
(PSYCKES)	.....	Psychiatric Services and Clinical Knowledge Enhancement System
(PYCs)	.....	Prior Year Claims
(QPAI)	.....	Qualified Production Activity Income
(QCEW)	.....	Quarterly Census of Employment and Wages
(REIT)	.....	Real Estate Investment Fund
(RESCUE)	.....	Rebuilding Schools to Uphold Education
(RIC)	.....	Regulated Investment Company
(RBTF)	.....	Revenue Bond Tax Fund
(SAFETEA-LU)	.....	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
(SBE)	.....	Sound Basic Education
(SEIP)	.....	Supplemental Education Improvement Program
(SFSF)	.....	State Fiscal Stabilization Fund
(SHU)	.....	Special Housing Unit
(SIP)	.....	Strategic Investment Program
(SOMTA)	.....	Sex Offender Management Treatment Act
(SPIF)	.....	State Parks Infrastructure Fund
(SRFs)	.....	Special Revenue Funds
(SSHS)	.....	School Supportive Health Services
(SSI)	.....	Supplemental Security Income
(STAR)	.....	School Tax Relief
(STARC)	.....	State Tax Asset Receivable Corporation
(STEP)	.....	Science and Technology Entry Programs
(ST&I)	.....	Science, Technology, and Innovation
(STIP)	.....	Short-Term Investment Pool
(SWN)	.....	Statewide Wireless Network
(TAG)	.....	Technical Assistance Grant
(TANF)	.....	Temporary Assistance for Needy Families
(TAP)	.....	Tuition Assistance Program
(TARP)	.....	Troubled Asset Relief Plan
(TAS)	.....	Technical Advisory Service
(TFA)	.....	Transitional Finance Authority

(TMT)	Truck Mileage Tax
(TRANS)	Tax and Revenue Anticipation Notes
(TSA)	Teacher Support Aid
(TSFC)	Tobacco Settlement Financing Corporation
(TSRF)	Tax Stabilization Reserve Fund
(UDC)	Urban Development Corporation
(UPK)	Universal Pre-Kindergarten
(UUP)	United University Professions
(VCI)	Voluntary Compliance Initiative
(VESID)	Vocational and Educational Services for Individuals with Disabilities
(VLT)	Video Lottery Terminal
(VRDBs)	Variable-Rate Demand Bonds
(VRWS)	Voluntary Reduction in Work Schedule
(WHTI)	Western Hemisphere Travel Initiative
(WMS)	Welfare Management System
(WRP)	Workforce Reduction Plan

NEW YORK STATE AGENCIES AND PUBLIC AUTHORITIES

(CUNY)	City University of New York
(DASNY)	Dormitory Authority of the State of New York
(DCJS)	Division of Criminal Justice Services
(DEC)	Department of Environmental Conservation
(DHCR)	Division of Housing and Community Renewal
(DMNA)	Department of Military and Naval Affairs
(DOB)	Division of the Budget
(DOCS)	Department of Correctional Services
(DOH)	Department of Health
(DOS)	Department of State
(DOT)	Department of Transportation
(DSP)	Division of State Police
(EFC)	Environmental Facilities Corporation
(ERDA)	Energy Research and Development Authority
(ESDC)	Empire State Development Corporation
(HFA)	Housing Finance Agency
(JDA)	Job Development Authority
(LGAC)	New York Local Government Assistance Corporation
(LIPA)	Long Island Power Authority
(MAC)	Municipal Assistance Corporation
(MTA)	Metropolitan Transportation Authority
(NYHELPS)	New York Higher Education Loan Program
(NYRA)	New York Racing Authority
(NYSTAR)	Office of Science, Technology and Academic Research
(OASAS)	Office of Alcoholism and Substance Abuse Services
(OCFS)	Office of Children and Family Services
(OCR)	Department of Transportation's Office of Civil Rights
(OFT)	Office for Technology
(OGS)	Office of General Services
(OMH)	Office of Mental Health
(OMIG)	Office of the Medicaid Inspector General
(OMRDD)	Office of Mental Retardation and Developmental Disabilities
(ORPS)	Office of Real Property Services
(OSC)	Office of the State Comptroller
(OTDA)	Office of Temporary and Disability Assistance
(PASNY)	Power Authority of the State of New York
(SED)	State Education Department
(SONYMA)	State of New York Mortgage Agency
(SUNY)	State University of New York

**CASH FINANCIAL PLAN
GENERAL FUND
2009-2010
(millions of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
Opening fund balance	<u>1,948</u>	<u>0</u>	<u>1,948</u>
Receipts:			
Taxes:			
Personal income tax	24,404	(852)	23,552
User taxes and fees	8,520	(311)	8,209
Business taxes	5,495	(41)	5,454
Other taxes	982	(60)	922
Miscellaneous receipts	3,381	(480)	2,901
Federal Grants	0	68	68
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,130	(231)	7,899
Sales tax in excess of LGAC debt service	2,200	(87)	2,113
Real estate taxes in excess of CW/CA debt service	57	1	58
All other	1,169	21	1,190
Total receipts	<u>54,338</u>	<u>(1,972)</u>	<u>52,366</u>
Disbursements:			
Grants to local governments	37,086	(140)	36,946
State operations:			
Personal Service	6,465	(55)	6,410
Non-Personal Service	2,194	29	2,223
General State charges	3,704	139	3,843
Transfers to other funds:			
Debt service	1,783	(7)	1,776
Capital projects	551	14	565
State Share Medicaid	2,362	0	2,362
Other purposes	763	171	934
Total disbursements	<u>54,908</u>	<u>151</u>	<u>55,059</u>
Change in fund balance	<u>(570)</u>	<u>(2,123)</u>	<u>(2,693)</u>
Legislative/Administrative Actions to Close Gap	<u>0</u>	<u>2,123</u>	<u>2,123</u>
Closing fund balance	<u>1,378</u>	<u>0</u>	<u>1,378</u>
Reserves			
Tax Stabilization Reserve Fund	1,031	0	1,031
Statutory Rainy Day Reserve Fund	175	0	175
Contingency Reserve Fund	21	0	21
Community Projects Fund	78	0	78
Debt Reduction Reserve Fund **	73	0	73

***Reserve Funds that are DOB-designated uses of the Refund Reserve Account.*

Source: NYS DOB

**CASH FINANCIAL PLAN
GENERAL FUND
2010-2011
(millions of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
Receipts:			
Taxes:			
Personal income tax	26,612	(585)	26,027
User taxes and fees	8,819	(236)	8,583
Business taxes	5,828	(131)	5,697
Other taxes	959	(35)	924
Miscellaneous receipts	3,022	(335)	2,687
Federal Grants	0	60	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,532	(186)	8,346
Sales tax in excess of LGAC debt service	2,254	(73)	2,181
Real estate taxes in excess of CW/CA debt service	147	1	148
All other	723	(3)	720
Total receipts	<u>56,896</u>	<u>(1,523)</u>	<u>55,373</u>
Disbursements:			
Grants to local governments	39,664	583	40,247
State operations:			
Personal Service	6,621	109	6,730
Non-Personal Service	2,304	0	2,304
General State charges	4,042	220	4,262
Transfers to other funds:			
Debt service	1,762	0	1,762
Capital projects	1,162	5	1,167
State Share Medicaid	2,388	0	2,388
Other purposes	1,079	2	1,081
Total disbursements	<u>59,022</u>	<u>919</u>	<u>59,941</u>
Deposit to/(use of) Community Projects Fund	<u>55</u>	<u>0</u>	<u>55</u>
HCRA Operating Surplus	<u>15</u>	<u>(15)</u>	<u>0</u>
Margin	<u>(2,166)</u>	<u>(2,457)</u>	<u>(4,623)</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
GENERAL FUND
2011-2012
(millions of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
Receipts:			
Taxes:			
Personal income tax	27,447	(1,168)	26,279
User taxes and fees	9,193	(185)	9,008
Business taxes	5,925	(269)	5,656
Other taxes	1,015	(60)	955
Miscellaneous receipts	3,017	(434)	2,583
Federal Grants	0	60	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,579	(383)	8,196
Sales tax in excess of LGAC debt service	2,344	(25)	2,319
Real estate taxes in excess of CW/CA debt service	244	0	244
All other	684	(3)	681
Total receipts	<u>58,448</u>	<u>(2,467)</u>	<u>55,981</u>
Disbursements:			
Grants to local governments	46,467	1,239	47,706
State operations:			
Personal Service	6,801	14	6,815
Non-Personal Service	2,374	0	2,374
General State charges	4,344	789	5,133
Transfers to other funds:			
Debt service	1,739	0	1,739
Capital projects	1,319	3	1,322
State Share Medicaid	2,887	(1)	2,886
Other purposes	1,320	3	1,323
Total disbursements	<u>67,251</u>	<u>2,047</u>	<u>69,298</u>
Deposit to/(use of) Community Projects Fund	<u>(41)</u>	<u>0</u>	<u>(41)</u>
HCRA Operating Surplus	<u>5</u>	<u>(5)</u>	<u>0</u>
Margin	<u>(8,757)</u>	<u>(4,519)</u>	<u>(13,276)</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
GENERAL FUND
2012-2013
(millions of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
Receipts:			
Taxes:			
Personal income tax	26,625	(897)	25,728
User taxes and fees	9,469	(152)	9,317
Business taxes	6,398	(180)	6,218
Other taxes	1,077	(65)	1,012
Miscellaneous receipts	3,043	(460)	2,583
Federal Grants	0	60	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,110	(272)	7,838
Sales tax in excess of LGAC debt service	2,463	2	2,465
Real estate taxes in excess of CW/CA debt service	329	1	330
All other	695	(3)	692
Total receipts	<u>58,209</u>	<u>(1,966)</u>	<u>56,243</u>
Disbursements:			
Grants to local governments	50,283	1,083	51,366
State operations:			
Personal Service	6,870	14	6,884
Non-Personal Service	2,442	0	2,442
General State charges	4,760	1,370	6,130
Transfers to other funds:			
Debt service	1,725	0	1,725
Capital projects	1,491	(15)	1,476
State Share Medicaid	2,888	0	2,888
Other purposes	1,586	7	1,593
Total disbursements	<u>72,045</u>	<u>2,459</u>	<u>74,504</u>
Deposit to/(use of) Community Projects Fund	<u>(92)</u>	<u>0</u>	<u>(92)</u>
HCRA Operating Surplus	<u>38</u>	<u>(32)</u>	<u>6</u>
Margin	<u>(13,706)</u>	<u>(4,457)</u>	<u>(18,163)</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
GENERAL FUND
2009-2010 through 2012-2013
(millions of dollars)**

	<u>2009-2010 Projected</u>	<u>2010-2011 Projected</u>	<u>2011-2012 Projected</u>	<u>2012-2013 Projected</u>
Receipts:				
Taxes:				
Personal income tax	23,552	26,027	26,279	25,728
User taxes and fees	8,209	8,583	9,008	9,317
Business taxes	5,454	5,697	5,656	6,218
Other taxes	922	924	955	1,012
Miscellaneous receipts	2,901	2,687	2,583	2,583
Federal grants	68	60	60	60
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	7,899	8,346	8,196	7,838
Sales tax in excess of LGAC debt service	2,113	2,181	2,319	2,465
Real estate taxes in excess of CW/CA debt service	58	148	244	330
All other transfers	1,190	720	681	692
Total receipts	<u>52,366</u>	<u>55,373</u>	<u>55,981</u>	<u>56,243</u>
Disbursements:				
Grants to local governments	36,946	40,247	47,706	51,366
State operations:				
Personal Service	6,410	6,730	6,815	6,884
Non-Personal Service	2,223	2,304	2,374	2,442
General State charges	3,843	4,262	5,133	6,130
Transfers to other funds:				
Debt service	1,776	1,762	1,739	1,725
Capital projects	565	1,167	1,322	1,476
State Share Medicaid	2,362	2,388	2,886	2,888
Other purposes	934	1,081	1,323	1,593
Total disbursements	<u>55,059</u>	<u>59,941</u>	<u>69,298</u>	<u>74,504</u>
Deposit to/(use of) Community Projects Fund	<u>(67)</u>	<u>55</u>	<u>(41)</u>	<u>(92)</u>
Deposit to/(use of) Reserve for Timing Related Delays	<u>(163)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deposit to/(use of) Remaining Prior Year Reserves	<u>(340)</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund Margin	<u>(2,123)</u>	<u>(4,623)</u>	<u>(13,276)</u>	<u>(18,169)</u>
HCRA Operating Surplus	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
Legislative/Administrative Actions to Close Gap	<u>2,123</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>
General Fund Margin	<u>0</u>	<u>(4,623)</u>	<u>(13,276)</u>	<u>(18,163)</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2009-2010
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	1,948	2,471	298	4,717
Receipts:				
Taxes	38,137	8,646	11,702	58,485
Miscellaneous receipts	2,901	14,183	830	17,914
Federal grants	68	1	0	69
Total receipts	<u>41,106</u>	<u>22,830</u>	<u>12,532</u>	<u>76,468</u>
Disbursements:				
Grants to local governments	36,946	17,709	0	54,655
State operations:				
Personal Service	6,410	4,182	0	10,592
Non-Personal Service	2,223	3,026	74	5,323
General State charges	3,843	982	0	4,825
Debt service	0	0	5,073	5,073
Capital projects	0	3	0	3
Total disbursements	<u>49,422</u>	<u>25,902</u>	<u>5,147</u>	<u>80,471</u>
Other financing sources (uses):				
Transfers from other funds	11,260	3,941	6,510	21,711
Transfers to other funds	(5,637)	(1,283)	(13,906)	(20,826)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	<u>5,623</u>	<u>2,658</u>	<u>(7,396)</u>	<u>885</u>
Deposit to/(use of) Community Projects Fund	<u>(67)</u>	<u>0</u>	<u>0</u>	<u>(67)</u>
Deposit to/(use of) Prior Year Reserves	<u>(503)</u>	<u>0</u>	<u>0</u>	<u>(503)</u>
Change in fund balance	<u>(2,123)</u>	<u>(414)</u>	<u>(11)</u>	<u>(2,548)</u>
Legislative/Administrative Actions to Close Gap	<u>2,123</u>	<u>0</u>	<u>0</u>	<u>2,123</u>
Closing fund balance	<u>1,378</u>	<u>2,057</u>	<u>287</u>	<u>3,722</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2010-2011
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>2,057</u>	<u>287</u>	<u>2,344</u>
Receipts:				
Taxes	41,231	8,866	12,677	62,774
Miscellaneous receipts	2,687	14,101	820	17,608
Federal grants	60	1	0	61
Total receipts	<u>43,978</u>	<u>22,968</u>	<u>13,497</u>	<u>80,443</u>
Disbursements:				
Grants to local governments	40,247	17,804	0	58,051
State operations:				
Personal Service	6,730	4,200	0	10,930
Non-Personal Service	2,304	3,012	75	5,391
General State charges	4,262	1,040	0	5,302
Debt service	0	0	5,777	5,777
Capital projects	0	2	0	2
Total disbursements	<u>53,543</u>	<u>26,058</u>	<u>5,852</u>	<u>85,453</u>
Other financing sources (uses):				
Transfers from other funds	11,395	3,876	6,828	22,099
Transfers to other funds	(6,398)	(1,073)	(14,479)	(21,950)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	<u>4,997</u>	<u>2,803</u>	<u>(7,651)</u>	<u>149</u>
Deposit to/(use of) Community Projects Fund	<u>55</u>	<u>0</u>	<u>0</u>	<u>55</u>
Change in fund balance	<u>(4,623)</u>	<u>(287)</u>	<u>(6)</u>	<u>(4,916)</u>
Closing fund balance	<u>(4,623)</u>	<u>1,770</u>	<u>281</u>	<u>(2,572)</u>

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2011-2012
(millions of dollars)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>1,770</u>	<u>281</u>	<u>2,051</u>
Receipts:				
Taxes	41,898	9,160	13,055	64,113
Miscellaneous receipts	2,583	14,435	839	17,857
Federal grants	60	1	0	61
Total receipts	<u>44,541</u>	<u>23,596</u>	<u>13,894</u>	<u>82,031</u>
Disbursements:				
Grants to local governments	47,706	18,298	0	66,004
State operations:				
Personal Service	6,815	4,585	0	11,400
Non-Personal Service	2,374	3,040	75	5,489
General State charges	5,133	1,240	0	6,373
Debt service	0	0	6,175	6,175
Capital projects	0	2	0	2
Total disbursements	<u>62,028</u>	<u>27,165</u>	<u>6,250</u>	<u>95,443</u>
Other financing sources (uses):				
Transfers from other funds	11,440	4,537	6,377	22,354
Transfers to other funds	(7,270)	(1,135)	(14,009)	(22,414)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	<u>4,170</u>	<u>3,402</u>	<u>(7,632)</u>	<u>(60)</u>
Deposit to/(use of) Community Projects Fund	<u>(41)</u>	<u>0</u>	<u>0</u>	<u>(41)</u>
Change in fund balance	<u>(13,276)</u>	<u>(167)</u>	<u>12</u>	<u>(13,431)</u>
Closing fund balance	<u>(13,276)</u>	<u>1,603</u>	<u>293</u>	<u>(11,380)</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2012-2013
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>1,603</u>	<u>293</u>	<u>1,896</u>
Receipts:				
Taxes	42,275	9,488	13,155	64,918
Miscellaneous receipts	2,583	14,732	858	18,173
Federal grants	60	1	0	61
Total receipts	<u>44,918</u>	<u>24,221</u>	<u>14,013</u>	<u>83,152</u>
Disbursements:				
Grants to local governments	51,366	18,947	0	70,313
State operations:				
Personal Service	6,884	4,603	0	11,487
Non-Personal Service	2,442	3,228	75	5,745
General State charges	6,130	1,298	0	7,428
Debt service	0	0	6,516	6,516
Capital projects	0	2	0	2
Total disbursements	<u>66,822</u>	<u>28,078</u>	<u>6,591</u>	<u>101,491</u>
Other financing sources (uses):				
Transfers from other funds	11,325	4,718	6,444	22,487
Transfers to other funds	(7,682)	(963)	(13,867)	(22,512)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	<u>3,643</u>	<u>3,755</u>	<u>(7,423)</u>	<u>(25)</u>
Deposit to/(use of) Community Projects Fund	<u>(92)</u>	<u>0</u>	<u>0</u>	<u>(92)</u>
Change in fund balance	<u>(18,169)</u>	<u>(102)</u>	<u>(1)</u>	<u>(18,272)</u>
Closing fund balance	<u>(18,169)</u>	<u>1,501</u>	<u>292</u>	<u>(16,376)</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2009-2010
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,846	(506)	298	4,586
Receipts:					
Taxes	38,137	8,646	2,071	11,702	60,556
Miscellaneous receipts	2,901	14,341	3,363	830	21,435
Federal grants	68	44,792	2,939	0	47,799
Total receipts	<u>41,106</u>	<u>67,779</u>	<u>8,373</u>	<u>12,532</u>	<u>129,790</u>
Disbursements:					
Grants to local governments	36,946	56,937	860	0	94,743
State operations:					
Personal Service	6,410	6,671	0	0	13,081
Non-Personal Service	2,223	4,821	0	74	7,118
General State charges	3,843	2,013	0	0	5,856
Debt service	0	0	0	5,073	5,073
Capital projects	0	3	7,595	0	7,598
Total disbursements	<u>49,422</u>	<u>70,445</u>	<u>8,455</u>	<u>5,147</u>	<u>133,469</u>
Other financing sources (uses):					
Transfers from other funds	11,260	7,012	798	6,510	25,580
Transfers to other funds	(5,637)	(4,842)	(1,207)	(13,906)	(25,592)
Bond and note proceeds	0	0	532	0	532
Net other financing sources (uses)	<u>5,623</u>	<u>2,170</u>	<u>123</u>	<u>(7,396)</u>	<u>520</u>
Deposit to/(use of) Community Projects Fund	<u>(67)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(67)</u>
Deposit to/(use of) Prior Year Reserves	<u>(503)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(503)</u>
Change in fund balance	<u>(2,123)</u>	<u>(496)</u>	<u>41</u>	<u>(11)</u>	<u>(2,589)</u>
Legislative/Administrative Actions to Close Gap	<u>2,123</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,123</u>
Closing fund balance	<u>1,378</u>	<u>2,350</u>	<u>(465)</u>	<u>287</u>	<u>3,550</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2010-2011
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	0	2,350	(465)	287	2,172
Receipts:					
Taxes	41,231	8,866	2,115	12,677	64,889
Miscellaneous receipts	2,687	14,253	3,692	820	21,452
Federal grants	60	45,446	3,070	0	48,576
Total receipts	<u>43,978</u>	<u>68,565</u>	<u>8,877</u>	<u>13,497</u>	<u>134,917</u>
Disbursements:					
Grants to local governments	40,247	57,619	855	0	98,721
State operations:					
Personal Service	6,730	6,740	0	0	13,470
Non-Personal Service	2,304	4,685	0	75	7,064
General State charges	4,262	2,120	0	0	6,382
Debt service	0	0	0	5,777	5,777
Capital projects	0	2	8,627	0	8,629
Total disbursements	<u>53,543</u>	<u>71,166</u>	<u>9,482</u>	<u>5,852</u>	<u>140,043</u>
Other financing sources (uses):					
Transfers from other funds	11,395	7,138	1,529	6,828	26,890
Transfers to other funds	(6,398)	(4,634)	(1,414)	(14,479)	(26,925)
Bond and note proceeds	0	0	597	0	597
Net other financing sources (uses)	<u>4,997</u>	<u>2,504</u>	<u>712</u>	<u>(7,651)</u>	<u>562</u>
Deposit to/(use of) Community Projects Fund	<u>55</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55</u>
Change in fund balance	<u>(4,623)</u>	<u>(97)</u>	<u>107</u>	<u>(6)</u>	<u>(4,619)</u>
Closing fund balance	<u>(4,623)</u>	<u>2,253</u>	<u>(358)</u>	<u>281</u>	<u>(2,447)</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2011-2012
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	0	2,253	(358)	281	2,176
Receipts:					
Taxes	41,898	9,160	2,131	13,055	66,244
Miscellaneous receipts	2,583	14,538	3,460	839	21,420
Federal grants	60	40,409	2,677	0	43,146
Total receipts	<u>44,541</u>	<u>64,107</u>	<u>8,268</u>	<u>13,894</u>	<u>130,810</u>
Disbursements:					
Grants to local governments	47,706	53,605	916	0	102,227
State operations:					
Personal Service	6,815	6,770	0	0	13,585
Non-Personal Service	2,374	4,672	0	75	7,121
General State charges	5,133	2,175	0	0	7,308
Debt service	0	0	0	6,175	6,175
Capital projects	0	2	7,984	0	7,986
Total disbursements	<u>62,028</u>	<u>67,224</u>	<u>8,900</u>	<u>6,250</u>	<u>144,402</u>
Other financing sources (uses):					
Transfers from other funds	11,440	7,325	1,752	6,377	26,894
Transfers to other funds	(7,270)	(4,181)	(1,471)	(14,009)	(26,931)
Bond and note proceeds	0	0	453	0	453
Net other financing sources (uses)	<u>4,170</u>	<u>3,144</u>	<u>734</u>	<u>(7,632)</u>	<u>416</u>
Deposit to/(use of) Community Projects Fund	<u>(41)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(41)</u>
Change in fund balance	<u>(13,276)</u>	<u>27</u>	<u>102</u>	<u>12</u>	<u>(13,135)</u>
Closing fund balance	<u>(13,276)</u>	<u>2,280</u>	<u>(256)</u>	<u>293</u>	<u>(10,959)</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2012-2013
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	0	2,280	(256)	293	2,317
Receipts:					
Taxes	42,275	9,488	2,153	13,155	67,071
Miscellaneous receipts	2,583	14,835	2,897	858	21,173
Federal grants	60	39,954	2,443	0	42,457
Total receipts	<u>44,918</u>	<u>64,277</u>	<u>7,493</u>	<u>14,013</u>	<u>130,701</u>
Disbursements:					
Grants to local governments	51,366	53,771	922	0	106,059
State operations:					
Personal Service	6,884	6,798	0	0	13,682
Non-Personal Service	2,442	4,863	0	75	7,380
General State charges	6,130	2,297	0	0	8,427
Debt service	0	0	0	6,516	6,516
Capital projects	0	2	7,037	0	7,039
Total disbursements	<u>66,822</u>	<u>67,731</u>	<u>7,959</u>	<u>6,591</u>	<u>149,103</u>
Other financing sources (uses):					
Transfers from other funds	11,325	7,597	1,693	6,444	27,059
Transfers to other funds	(7,682)	(4,011)	(1,505)	(13,867)	(27,065)
Bond and note proceeds	0	0	381	0	381
Net other financing sources (uses)	<u>3,643</u>	<u>3,586</u>	<u>569</u>	<u>(7,423)</u>	<u>375</u>
Deposit to/(use of) Community Projects Fund	<u>(92)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(92)</u>
Change in fund balance	<u>(18,169)</u>	<u>132</u>	<u>103</u>	<u>(1)</u>	<u>(17,935)</u>
Closing fund balance	<u>(18,169)</u>	<u>2,412</u>	<u>(153)</u>	<u>292</u>	<u>(15,618)</u>

Source: NYS DOB

CASH DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
(thousands of dollars)

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
	Actuals	Projected	Projected	Projected	Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT					
Agriculture and Markets, Department of	109,631	109,190	122,793	116,827	105,495
Alcoholic Beverage Control	17,022	18,075	18,781	19,114	19,607
Banking Department	78,971	79,009	81,698	80,831	82,212
Consumer Protection Board	3,840	3,096	3,266	3,231	3,321
Economic Development Capital Programs	21,176	4,300	2,500	2,500	2,500
Economic Development, Department of	104,306	97,698	148,367	178,395	243,395
Empire State Development Corporation	620,568	398,421	844,329	586,754	336,754
Energy Research and Development Authority	22,786	29,560	29,798	30,041	30,041
Housing and Community Renewal, Division of	320,605	878,541	441,678	303,489	302,846
Insurance Department	292,668	685,287	540,616	564,639	569,531
Olympic Regional Development Authority	9,503	9,509	7,714	7,924	7,924
Public Service, Department of	78,697	79,427	84,615	87,440	90,004
Science, Technology and Innovation, Foundation for	27,186	29,722	55,619	56,037	49,696
Strategic Investment	3,195	6,650	4,000	4,000	5,000
Functional Total	1,710,154	2,428,485	2,385,774	2,041,222	1,848,326
PARKS AND THE ENVIRONMENT					
Adirondack Park Agency	5,510	5,567	5,738	5,741	5,743
Environmental Conservation, Department of	878,910	1,151,981	1,165,955	917,116	908,565
Environmental Facilities Corporation	14,758	9,967	10,246	10,428	10,612
Hudson River Park Trust	14,290	21,392	10,000	0	0
Parks, Recreation and Historic Preservation, Office of	337,061	313,221	260,581	247,962	249,580
Functional Total	1,250,529	1,502,128	1,452,520	1,181,247	1,174,500
TRANSPORTATION					
Motor Vehicles, Department of	318,270	325,285	340,192	350,227	353,770
Thruway Authority	1,419	1,804	1,876	1,951	2,029
Metropolitan Transportation Authority	160,000	195,300	206,500	194,500	183,600
Transportation, Department of	6,498,414	8,494,081	9,220,636	9,046,666	8,910,330
Functional Total	6,978,103	9,016,470	9,769,204	9,593,344	9,449,729
HEALTH AND SOCIAL WELFARE					
Aging, Office for the	239,660	227,212	230,376	229,766	229,766
Children and Family Services, Office of	3,143,806	3,327,059	3,532,221	3,660,622	3,885,697
OCFS	3,097,973	3,256,215	3,415,535	3,522,267	3,743,011
OCFS - Medicaid	45,833	70,844	116,686	138,355	142,686
Health, Department of	38,097,712	41,545,921	44,144,173	47,198,279	48,246,083
Medical Assistance	32,427,350	36,037,869	38,438,425	41,303,145	42,490,213
Medicaid Administration	900,664	915,500	959,500	1,003,750	1,049,750
Public Health	4,769,698	4,592,552	4,746,248	4,891,384	4,706,120
Health - Medicaid Assistance	0	0	0	0	0
Human Rights, Division of	19,043	22,579	21,103	21,159	21,351
Labor, Department of	581,613	917,791	736,053	629,520	620,267
Medicaid Inspector General, Office of	61,224	80,022	82,520	85,937	85,937
Prevention of Domestic Violence, Office for	2,482	2,374	2,311	2,323	2,344
Stem Cell and Innovation	7,797	46,321	71,500	50,000	167,826

CASH DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
(thousands of dollars)

	<u>2008-2009</u> <u>Actuals</u>	<u>2009-2010</u> <u>Projected</u>	<u>2010-2011</u> <u>Projected</u>	<u>2011-2012</u> <u>Projected</u>	<u>2012-2013</u> <u>Projected</u>
HEALTH AND SOCIAL WELFARE (Continued)					
Temporary and Disability Assistance, Office of	5,084,635	5,182,452	5,157,043	5,249,294	5,259,088
<i>Welfare Assistance</i>	3,339,685	3,743,369	3,704,967	3,822,845	3,823,509
<i>Welfare Administration</i>	361,065	56,433	55,041	55,041	55,041
<i>All Other</i>	1,383,885	1,382,650	1,397,035	1,371,408	1,380,538
Welfare Inspector General, Office of	1,180	1,403	1,432	1,456	1,472
Workers' Compensation Board	205,090	209,201	193,424	197,598	202,483
Functional Total	<u>47,444,242</u>	<u>51,562,335</u>	<u>54,172,156</u>	<u>57,325,954</u>	<u>58,722,314</u>
MENTAL HEALTH					
Mental Health, Office of	3,084,590	3,250,803	3,519,641	3,702,158	3,826,579
<i>OMH</i>	1,423,983	1,500,295	1,653,421	1,780,099	1,831,441
<i>OMH - Medicaid</i>	1,660,607	1,750,508	1,866,220	1,922,059	1,995,138
Mental Hygiene, Department of	308,318	1,570	1,997	1,484	1,484
Mental Retardation and Developmental Disabilities, Office of	4,183,851	4,225,403	4,447,454	4,612,261	4,800,172
<i>OMRDD</i>	559,080	546,785	553,810	572,075	595,412
<i>OMRDD - Medicaid</i>	3,624,771	3,678,618	3,893,644	4,040,186	4,204,760
Alcoholism and Substance Abuse Services, Office of	584,954	648,290	686,839	761,310	796,875
<i>OASAS</i>	484,789	546,336	579,461	651,210	685,234
<i>OASAS - Medicaid</i>	100,165	101,954	107,378	110,100	111,641
Developmental Disabilities Planning Council	4,915	4,200	4,200	4,200	4,200
Quality of Care for the Mentally Disabled, Commission on	15,207	16,676	18,319	18,404	18,612
Functional Total	<u>8,181,835</u>	<u>8,146,942</u>	<u>8,678,450</u>	<u>9,099,817</u>	<u>9,447,922</u>
PUBLIC PROTECTION					
Capital Defenders Office	370	0	0	0	0
Correction, Commission of	2,687	2,658	2,785	2,814	2,848
Correctional Services, Department of	2,699,307	2,984,485	2,814,797	2,840,967	2,879,717
Crime Victims Board	65,521	69,822	65,216	65,318	65,511
Criminal Justice Services, Division of	295,559	273,675	269,244	253,587	233,034
Homeland Security	108,459	362,166	285,458	551,984	549,093
Investigation, Temporary State Commission of	3,554	0	0	0	0
Judicial Commissions	5,288	5,214	5,208	5,311	5,385
Military and Naval Affairs, Division of	234,686	308,508	222,387	188,491	189,502
Parole, Division of	196,590	188,700	191,630	195,984	199,977
Probation and Correctional Alternatives, Division of	79,273	69,144	70,783	76,971	78,506
State Police, Division of	653,750	780,356	769,505	766,127	742,203
Functional Total	<u>4,345,044</u>	<u>5,044,728</u>	<u>4,697,013</u>	<u>4,947,554</u>	<u>4,945,776</u>

CASH DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
(thousands of dollars)

	<u>2008-2009</u> <u>Actuals</u>	<u>2009-2010</u> <u>Projected</u>	<u>2010-2011</u> <u>Projected</u>	<u>2011-2012</u> <u>Projected</u>	<u>2012-2013</u> <u>Projected</u>
EDUCATION					
Arts, Council on the	45,842	49,183	48,729	48,827	48,827
City University of New York	1,071,277	1,716,892	1,502,408	1,549,843	1,583,274
Education, Department of	<u>30,553,372</u>	<u>31,794,871</u>	<u>33,497,452</u>	<u>33,201,004</u>	<u>35,141,316</u>
<i>School Aid</i>	23,164,174	24,722,363	26,343,578	26,230,966	28,024,810
<i>School Aid - Medicaid Assistance</i>	106,331	40,000	80,000	80,000	80,000
<i>STAR Property Tax Relief</i>	4,435,383	3,524,450	3,480,270	3,677,620	3,854,167
<i>Special Education Categorical Programs</i>	1,783,639	2,264,890	2,427,750	2,089,470	2,092,790
<i>All Other</i>	1,063,845	1,243,168	1,165,854	1,122,948	1,089,549
Higher Education Services Corporation	909,663	1,035,721	991,406	991,014	994,546
Higher Education Capital Grants	4,254	67,746	40,000	38,000	0
State University Construction Fund	16,482	19,586	20,992	21,463	21,822
State University of New York	<u>6,484,894</u>	<u>7,248,524</u>	<u>7,685,601</u>	<u>7,801,987</u>	<u>7,879,976</u>
Functional Total	<u>39,085,784</u>	<u>41,932,523</u>	<u>43,786,588</u>	<u>43,652,138</u>	<u>45,669,761</u>
GENERAL GOVERNMENT					
Audit and Control, Department of	258,126	263,980	265,052	269,832	274,416
Budget, Division of the	43,813	77,301	84,259	97,199	107,291
Civil Service, Department of	23,744	21,679	22,551	22,763	23,014
Elections, State Board of	97,117	157,241	7,175	7,284	7,426
Employee Relations, Office of	3,694	3,465	3,795	3,833	3,872
Executive Chamber	19,252	17,077	18,023	18,647	18,924
General Services, Office of *	215,793	230,610	224,397	231,139	235,329
Inspector General, Office of	6,446	6,462	6,776	6,852	6,937
Law, Department of	231,205	239,390	240,144	247,122	251,646
Lieutenant Governor, Office of the	133	0	276	1,193	1,208
Lottery, Division of	200,951	188,151	193,807	194,069	194,751
Public Employment Relations Board	3,660	4,270	4,561	4,600	4,648
Public Integrity, Commission on	4,879	4,865	5,017	5,350	5,530
Racing and Wagering Board, State	24,307	21,065	21,802	21,902	22,235
Real Property Services, Office of	58,369	46,269	42,761	43,772	44,359
Regulatory Reform, Governor's Office of	3,438	542	697	697	697
State, Department of	181,137	217,307	205,566	158,531	161,067
Tax Appeals, Division of	3,422	3,025	3,152	3,152	3,152
Taxation and Finance, Department of	372,992	412,154	427,072	427,511	428,627
Technology, Office for	21,364	141,081	149,275	147,592	120,543
Lobbying, Temporary State Commission on	(77)	0	0	0	0
Veterans Affairs, Division of	15,720	17,122	18,000	17,574	17,700
Functional Total	<u>1,789,485</u>	<u>2,073,056</u>	<u>1,944,158</u>	<u>1,930,614</u>	<u>1,933,372</u>
ALL OTHER CATEGORIES					
Legislature	221,729	225,717	220,717	220,717	220,717
Judiciary (excluding fringe benefits)	2,425,844	2,513,026	2,725,941	2,919,326	2,946,710
World Trade Center	48,622	54,119	44,119	34,118	20,000
Local Government Assistance	1,037,389	1,134,517	1,129,524	1,132,764	1,135,888
Long-Term Debt Service	4,585,862	5,147,137	5,851,815	6,249,770	6,590,712
Capital Projects	0	0	0	0	0
General State Charges	2,443,102	3,175,332	3,556,798	4,399,317	5,391,695
Miscellaneous	23,880	(487,002)	(372,338)	(325,702)	(394,602)
Functional Total	<u>10,786,428</u>	<u>11,762,846</u>	<u>13,156,576</u>	<u>14,630,310</u>	<u>15,911,120</u>
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	<u>121,571,604</u>	<u>133,469,513</u>	<u>140,042,439</u>	<u>144,402,200</u>	<u>149,102,820</u>

GSC: Agency disbursements include grants to local governments, state operations and general state charges, which is a departure from prior Financial plan publications. In prior reports, general state charges were excluded from agency spending totals.

* To facilitate comparability, the new Office of Procurement Services is reflected within the amounts shown for the Office of General Services.

Source: NYS DOB

CASHFLOW
GENERAL FUND
2009-2010
(dollars in millions)

	2009		2010											
	April	May	June	July	August	September	October	November	December	January	February	March	Total	
	Actuals	Actuals	Actuals	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
OPENING BALANCE	1,948	2,799	37	1,027	1,083	864	1,720	646	(1,364)	(1,150)	3,905	3,048	1,948	
RECEIPTS:														
Personal Income Tax	2,867	744	2,058	1,655	1,566	2,844	932	415	2,125	5,315	1,180	1,851	23,552	
User Taxes and Fees	614	594	804	637	648	840	656	634	766	690	556	770	8,209	
Business Taxes	61	(16)	1,195	42	159	993	33	36	1,063	64	87	1,737	5,454	
Other Taxes	51	96	65	79	80	80	33	79	79	79	79	76	922	
Total Taxes	3,593	1,418	4,122	2,413	2,453	4,757	1,700	1,164	4,033	6,148	1,902	4,434	38,137	
Licenses, Fees, etc.	28	76	44	34	49	43	45	43	31	34	60	113	600	
Abandoned Property	9	0	29	16	10	42	16	107	38	69	56	133	525	
Reimbursements	10	40	33	5	8	19	10	10	23	7	7	0	172	
Investment Income	3	0	3	3	0	3	0	2	2	3	2	4	25	
Other Transactions	31	84	144	44	52	607	42	39	84	43	38	371	1,579	
Total Miscellaneous Receipts	81	200	253	102	119	714	113	201	178	156	163	621	2,901	
Federal Grants	5	24	0	0	0	10	0	0	0	0	0	19	68	
PT in Excess of Revenue Bond Debt Service	954	165	928	550	241	1,080	509	110	1,055	1,199	203	905	7,899	
Sales Tax in Excess of LGAC Debt Service	159	66	363	184	194	203	196	188	230	206	1	123	2,113	
Real Estate Taxes in Excess of CW/CA Debt Servi	20	12	10	0	0	0	0	0	0	5	5	6	58	
All Other	16	193	91	17	96	16	46	16	16	26	26	631	1,190	
Total Transfers from Other Funds	1,149	436	1,392	751	531	1,299	751	314	1,301	1,436	235	1,665	11,260	
TOTAL RECEIPTS	4,828	2,078	5,767	3,266	3,103	6,780	2,564	1,679	5,522	7,740	2,300	6,739	52,366	
DISBURSEMENTS:														
School Aid	588	2,730	1,892	80	511	1,269	630	980	1,601	283	797	6,658	18,019	
Higher Education	31	15	783	57	284	63	448	33	256	31	311	530	2,822	
All Other Education	50	103	148	60	123	79	176	158	175	142	158	268	1,640	
Medicaid - DOH	889	614	(88)	768	696	476	664	763	418	481	528	94	6,303	
Public Health	47	52	40	114	35	68	71	44	52	61	24	45	653	
Mental Hygiene	13	22	371	49	24	513	38	9	448	126	144	397	2,154	
Children and Families	20	157	83	113	103	291	102	110	296	67	82	399	1,823	
Temporary & Disability Assistance	63	61	59	381	62	284	61	62	(16)	61	5	191	1,274	
Transportation	0	13	5	0	25	0	0	25	21	0	0	11	100	
All Other	53	1	445	48	86	232	(18)	58	539	40	40	634	2,158	
Total Local Assistance Grants	1,754	3,768	3,738	1,670	1,929	3,275	2,172	2,242	3,790	1,292	2,089	9,227	36,946	
Personal Service	748	460	515	619	574	824	369	478	512	499	376	436	6,410	
Non-Personal Service	213	188	163	157	208	233	180	160	197	179	198	147	2,223	
Total State Operations	961	648	678	776	782	1,057	549	638	709	678	574	583	8,633	
General State Charges	387	4	219	368	303	1,047	427	334	116	385	183	70	3,843	
Debt Service	488	92	31	13	50	278	16	107	436	12	47	206	1,776	
Capital Projects	31	40	29	53	21	(4)	151	47	5	95	46	51	565	
State Share Medicaid	238	208	52	294	197	197	197	257	197	197	197	131	2,362	
Other Purposes	118	80	36	36	40	74	126	64	55	26	21	264	934	
Total Transfers to Other Funds	875	420	142	396	308	545	490	475	693	330	311	652	5,637	
TOTAL DISBURSEMENTS	3,977	4,840	4,777	3,210	3,322	5,924	3,638	3,689	5,308	2,685	3,157	10,532	55,059	
Excess/(Deficiency) of Receipts over Disbursements	851	(2,762)	990	56	(219)	856	(1,074)	(2,010)	214	5,055	(857)	(3,793)	(2,693)	
Legislative/Administrative Actions to Close Gap	0	0	0	0	0	0	0	0	0	0	0	2,123	2,123	
CLOSING BALANCE	2,799	37	1,027	1,083	864	1,720	646	(1,364)	(1,150)	3,905	3,048	1,378	1,378	

Source: NYS DOB

**GAAP FINANCIAL PLAN
GENERAL FUND
2009-2010 THROUGH 2012-2013
(millions of dollars)**

	<u>2009-2010 First Quarter</u>	<u>2010-2011 Projected</u>	<u>2011-2012 Projected</u>	<u>2012-13 Projected</u>
Revenues:				
Taxes:				
Personal income tax	24,957	26,027	26,279	25,728
User taxes and fees	8,046	8,587	9,012	9,321
Business taxes	5,449	5,697	5,656	6,217
Other taxes	830	924	955	1,012
Miscellaneous revenues	5,933	5,505	5,508	5,560
Federal grants	68	60	60	60
Total revenues	<u>45,283</u>	<u>46,800</u>	<u>47,470</u>	<u>47,898</u>
Expenditures:				
Grants to local governments	38,970	42,492	50,049	53,730
State operations	12,386	12,645	14,532	15,342
General State charges	4,194	4,432	3,991	5,134
Debt service	0	0	0	0
Capital projects	1	0	0	0
Total expenditures	<u>55,551</u>	<u>59,569</u>	<u>68,572</u>	<u>74,206</u>
Other financing sources (uses):				
Transfers from other funds	14,621	14,585	14,631	18,732
Transfers to other funds	(6,326)	(6,901)	(7,139)	(11,578)
Proceeds from financing arrangements/ advance refundings	0 450	355	360	359
Net other financing sources (uses)	<u>8,745</u>	<u>8,039</u>	<u>7,852</u>	<u>7,513</u>
Operating Surplus/(Deficit)	<u>(1,523)</u>	<u>(4,730)</u>	<u>(13,250)</u>	<u>(18,795)</u>

Source: NYS DOB

**GAAP FINANCIAL PLAN
GENERAL FUND
2009-2010
(millions of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
Revenues:			
Taxes:			
Personal income tax	25,401	(444)	24,957
User taxes and fees	8,274	(228)	8,046
Business taxes	5,417	32	5,449
Other taxes	966	(136)	830
Miscellaneous revenues	6,426	(493)	5,933
Federal grants	0	68	68
Total revenues	<u>46,484</u>	<u>(1,201)</u>	<u>45,283</u>
Expenditures:			
Grants to local governments	38,494	476	38,970
State operations	12,201	185	12,386
General State charges	3,932	262	4,194
Debt service	0	0	0
Capital projects	1	0	1
Total expenditures	<u>54,628</u>	<u>923</u>	<u>55,551</u>
Other financing sources (uses):			
Transfers from other funds	14,942	(321)	14,621
Transfers to other funds	(6,552)	226	(6,326)
Proceeds from financing arrangements/ advance refundings	0 315	135	0 450
Net other financing sources (uses)	<u>8,705</u>	<u>40</u>	<u>8,745</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>561</u>	<u>(2,084)</u>	<u>(1,523)</u>
Operating Surplus/(Deficit)	<u>561</u>	<u>(2,084)</u>	<u>(1,523)</u>

Source: NYS DOB