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

November 22, 2011

This is the second quarterly update (the "AIS Update") to the Annual Information Statement of the State of New York (the "AIS"), dated May 24, 2011. The AIS Update contains information only through November 22, 2011 and should be read in its entirety, together with the AIS. The next quarterly update to the AIS is scheduled for February 2012, following the release of the Governor's Executive Budget Financial Plan for FY 2013.

In this AIS Update, readers will find:

1. Extracts from the Mid-Year Update to the Financial Plan for fiscal year 2012 (the "Current Financial Plan"), which the Division of the Budget ("DOB") issued on November 14, 2011. The Current Financial Plan is available on the DOB website, www.budget.ny.gov. The Current Financial Plan sets forth the State's official Financial Plan projections for FYs 2012 through 2015[1], including projected annual spending growth, projections of future budget gaps, detailed information on the State's projected total receipts and disbursements, and the State's revised economic forecast.

2. A summary of operating results for the first six months of FY 2012.

3. A discussion of issues and risks that may affect the Financial Plan during the State's current fiscal year or in future years (under the heading "Other Matters Affecting the Financial Plan").

4. A summary of GAAP-basis results for prior fiscal years (reprinted as a convenience from the First Quarterly Update to the AIS dated August 22, 2011).

5. Updated information regarding the State Retirement Systems.

6. Updated information on certain localities of the State.

7. The status of significant litigation and arbitration 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 also relied on information drawn from other sources, including the Office of the State Comptroller ("OSC"). In particular, information contained in the section entitled "State Retirement Systems" has been furnished by OSC, while information relating to matters described in the section entitled "Litigation and Arbitration" has been furnished by the State Office of the Attorney General. DOB has not undertaken any independent verification of the information contained in these sections of the AIS Update.

During the fiscal year, the Governor, the State Comptroller, State legislators, and others may issue statements or reports that contain predictions, projections or other information relating to the State's

[1] The fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2012 ("FY 2012") is the fiscal year that began on April 1, 2011 and ends on March 31, 2012.

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

The factors affecting the State's financial condition are complex. The Current Financial Plan contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts were prepared. Since many factors may materially affect fiscal and economic conditions in the State, the inclusion in the Current Financial Plan of forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. Forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The words "expects", "forecasts", "projects", "intends", "anticipates", "estimates" and analogous expressions are intended to identify forward-looking statements in the Current Financial Plan. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, impediments to the implementation of gap-closing actions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the State. These forward-looking statements speak only as of the date they were prepared.

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 the AIS or this AIS Update in Official Statements or related disclosure documents for State or State-supported debt issuances. The State has filed this AIS Update with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. An electronic copy of this AIS Update can be accessed through EMMA at www.emma.msrb.org. An official copy of this AIS Update may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-7705. In July 2011, OSC issued the Basic Financial Statements for FY 2011 (ended March 31, 2011). Copies of the Basic Financial Statements for FY 2011 may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236. The Basic Financial Statements for FY 2011 are available in electronic form at www.osc.state.ny.us and at www.emma.msrb.org.

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This AIS Update is available in electronic form on the DOB website (www.budget.ny.gov) and does not create any implication that there have been no changes in the financial position of the State at any time subsequent to its release date. Maintenance of this AIS Update on the DOB website, or on the EMMA website, is not intended as a republication of the information therein on any date subsequent to its release date.

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OVERVIEW OF THE CURRENT FINANCIAL PLAN

INTRODUCTION

The State's General Fund — the fund that receives the majority of State taxes and all income not earmarked for a particular program or activity — is required to be balanced on a cash basis of accounting. The State Constitution and State Finance Law do not define budget balance. In practice, the General Fund is considered balanced on a cash basis of accounting if sufficient resources are expected to be available during the fiscal year for the State to (a) make all required payments, including personal income tax ("PIT") refunds, without the issuance of deficit notes or bonds, and (b) restore the balances in the Tax Stabilization Reserve and Rainy Day Reserve to levels at or above the levels on deposit when the fiscal year began.

The General Fund is typically the financing source of last resort for the State's other major funds, including Health Care Reform Act ("HCRA") funds, the Dedicated Highway and Bridge Trust Fund, the School Tax Relief Fund, and the Lottery Fund. Therefore, the General Fund projections account for any estimated funding shortfalls in these funds. Since the General Fund is the fund that is required to be balanced, the focus of the State's budget discussion is often weighted toward the General Fund.

The State accounts for all of its receipts and disbursements by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Financial Plan tables sort all State projections and results by fund and category. 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, which receive certain dedicated taxes, fees and other revenues that are used for a specified purpose; Federal Special Revenue Funds, which receive certain Federal grants; State and Federal Capital Projects Funds, which account for costs incurred in the construction and rehabilitation of roads, bridges, prisons, and other infrastructure projects; and Debt Service Funds, which account for the payment of principal, interest and related expenses for debt issued by the State and its public authorities.

SUMMARY

Weak and unsettled economic conditions around the world -- illustrated by the Euro-zone financial crisis, volatility in the financial markets, and persistently disappointing data on employment, consumer confidence, and income -- have darkened the State's fiscal outlook. The significant positive receipts results early in the fiscal year have been largely eroded as the economy weakened in the summer months. With the prospect of a weak bonus season on Wall Street, even more negative pressure is being placed on the State's receipts outlook.

Based on comprehensive review of these factors, as well as actual operating results, updated program data, and other factors, DOB estimates that the General Fund has a budget shortfall of $350 million in the current fiscal year. To eliminate the anticipated shortfall, DOB is instituting a fiscal management plan. If it appears that the savings from the management plan will be insufficient to eliminate the shortfall, the Governor is expected to call the Legislature into session to consider additional actions to achieve a balanced budget in the current fiscal year.

The same adverse economic factors have also increased the size of the projected budget gap that must be closed in FY 2013. DOB now estimates that the gap for FY 2013 is in the range of $3.0 billion to $3.5 billion[2]. See "Financial Plan Projections FYs 2012 Through 2015" in the AIS Update for a complete discussion of the State's Financial Plan projections. The Governor is required by law to propose an Executive Budget for each fiscal year that is balanced on a cash basis of accounting.

The following table summarizes the revisions to the First Quarterly Update that affect General Fund operating projections[3]. It is followed by a description of the changes.

GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS
SUMMARY OF MAJOR CHANGES FROM FIRST QUARTERLY UPDATE
(millions of dollars)

	FY 2012**	FY 2013***	FY 2014	FY 2015
FIRST QUARTERLY UPDATE SURPLUS/(GAP) FORECAST	**0**	**(2,379)**	**(2,836)**	**(4,605)**
Revisions	**(350)**	**(871)**	**(438)**	**(193)**
Tax Receipts*	(404)	(987)	(587)	(257)
Miscellaneous Receipts	54	107	87	56
Children and Family Services	140	229	372	421
Mental Hygiene	(133)	(217)	(287)	(342)
Human Services	0	(9)	(16)	(49)
Debt Service	(9)	8	(42)	(75)
Other	2	(2)	35	53
MID-YEAR BUDGET SURPLUS/(GAP) FORECAST	**(350)**	**(3,250)**	**(3,274)**	**(4,798)**
(Increase)/Decrease From First Quarterly Update		*(871)*	*(438)*	*(193)*

* Includes transfers from other funds before the impact of debt service revisions.

** DOB is developing a Fiscal Management Plan that is expected to produce $350 million in savings in the current year to maintain budget balance in the General Fund.

*** Mid-Year gap projection for FY 2013 represents the mid-point of the estimated range of $3.0 billion to $3.5 billion.

General Fund receipts, including transfers from other funds, are estimated to total $56.87 billion in FY 2012. General Fund spending, including transfers to other funds, is estimated to total $56.86 billion in FY 2012. After $361 million in planned deposits to reserve funds at the end of FY 2012, the State's General Fund faces a current year funding shortfall of $350 million that DOB expects will be closed through administrative or legislative actions or both.

Tax Receipt Projections:

- Personal income tax receipts have been reduced by $175 million in FY 2012, $621 million in FY 2013, $315 million in FY 2014, and approximately $100 million per year thereafter compared to the prior forecast. (This excludes the impact of debt service

[2] Budget gaps represent the difference between (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain anticipated service levels and specific commitments, and (b) the expected level of resources to pay for them. The gap estimates are based on a number of assumptions and projections developed by the DOB in consultation with other State agencies.

[3] Certain revisions displayed on the financial plan tables for reclassifications and reallocations of receipts and disbursements projections are excluded from the discussion of changes since they have no net Financial Plan impact. These adjustments include changes in planned transfers from other funds offset by a commensurate change in planned transfers to other funds, and revisions related to reallocation of reductions in State agency operations included in the Enacted Budget that affect both receipts and disbursements, including transfers.

changes affecting the transfer of tax receipts to the General Fund.) Favorable adjustments to refund payments (of roughly $350 million in FY 2012, $184 million in FY 2013, and the range of $250 million to $350 million annually thereafter) are expected to be offset by lower than expected collections from withholding ($600 million in FY 2012, $555 million in FY 2013, $350 million in FY 2014, and $200 million annually thereafter); and estimated payments (in the range of $200 to $250 million annually beginning in FY 2013). These revisions are consistent with receipts collections to date and the revised economic forecast.

- Marginally weaker consumer spending to date and a more conservative consumption forecast provided the basis for reducing the estimate for sales tax receipts by $38 million in FY 2012, $100 million in FY 2013, and $30 million in FY 2014. In addition, the estimates for cigarette and tobacco taxes have been reduced by $20 million annually to reflect a recent Tax Tribunal decision related to the method of calculating tax on certain tobacco products.

- Projected collections from business taxes have been reduced annually based on weaker than expected collections through September 2011 and DOB's revised forecast for corporate profits.

- Other taxes have been increased to reflect an additional $60 million in FY 2012 from estate tax receipts based on experience to date and $2 million annually from pari-mutuel taxes.

- **Miscellaneous Receipts:** The updated projections for miscellaneous receipts over the plan period reflect stronger than expected license and fee receipts based on experience to date and an anticipated annual payment of $65 million from the New York Power Authority, beginning in FY 2013.

- **Children and Family Services:** DOB has revised its spending projections for child welfare services based on an updated forecast that is influenced by changes in claims for State reimbursements to local social service districts for the costs of child protective and preventative services. Projected cost for various other programs, including adoption services, adult protective and domestic violence services, and committee on special education maintenance have also been revised downward. In addition, due to lower than expected receipts, the Current Financial Plan assumes that partial reimbursement to the State from local governments related to youth facilities will be received in FY 2013 instead of FY 2012.

- **Mental Hygiene:** Projected State support for mental hygiene spending has been increased, since the spending level described in the First Quarterly Update, to reflect DOB's revised projections of Federal Medicaid reimbursement for services provided by the Office for People with Developmental Disabilities (OPWDD). Prior projections assumed that ongoing Federal aid would increase by approximately $70 million from FY 2011 levels, to a total of $2.7 billion in FY 2012. The latest projections, which are based primarily on a lower inpatient census, is that annual Federal aid will decline by approximately $60 million to $2.6 billion in FY 2012, or $133 million less than originally projected (the net change from prior projection of approximately $70 million increase to current projection of approximately $60 million decrease). This loss of projected Federal support means institutions will require higher State support.

- **Human Service Cost of Living Adjustment (COLA):** DOB has increased spending projections across multiple human service agencies to reflect a revised COLA rate for non-profit providers beginning in FY 2013. Prior projections assumed a 3.5 percent COLA in FY 2013; however the latest projections, which are statutorily based on the Consumer Price Index, result in a 3.6 percent annual adjustment in FY 2013.

- **Debt Service:** Legislation approved in 2011 authorizes additional capital funds for investment at the four State University of New York (SUNY) University Centers, as well as scheduled increases in SUNY tuition. The capital investments are expected to be financed with State-supported debt, resulting in a cost to the General Fund. In addition, DOB anticipates additional costs of $3 million in FY 2013 and $32 million annually thereafter to pay debt service on contingent-contractual debt obligations under the Dormitory Authority of the State of New York (DASNY's) Secured Hospital Program (See "Other Matters Affecting the Financial Plan" herein). Debt service estimates have been increased to reflect anticipated bond-financed grants for recent high technology initiatives, including with Intel and IBM, to support research, development, and project management facilities to be located in New York State.

- **Other:** DOB has revised its spending projections across several areas of the Financial Plan to account for recent trends and experience, as well as other known factors such as the fiscal impact of new legislation. The most significant changes include: a one-time court ordered payment resulting from the Court of Claims finding the State liable for an automobile accident involving an Environmental Conservation Officer, and legislation approved in 2011 that provides retroactive pay raises to SUNY graduate and teaching assistants pursuant to a contractual agreement between the State and the union covering the years from 2007 through 2009.

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Spending Growth

In comparison to the First Quarterly Update, estimated State Operating Funds disbursements for FY 2012 have been reduced modestly, reflecting the impact of the General Fund changes described above, as well as other changes to State special revenue and debt service funds.

On an annual basis, DOB estimates that State Operating Funds spending will total $86.9 billion in FY 2012, an increase of $2.4 billion (2.9 percent) from FY 2011 results. All Governmental Funds spending, which includes capital projects and Federal operating grants, is expected to total $131.4 billion, a decrease of $3.4 billion from the prior year. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agencies) in special revenue funds have been adjusted downward in all fiscal years based on typical spending patterns and the observed variance between estimated and actual results over time.

TOTAL DISBURSEMENTS (millions of dollars)

	FY 2011 Results	FY 2012 Revised	Annual $ Change	Annual % Change
State Operating Funds	**84,417**	**86,861**	**2,444**	**2.9%**
General Fund (excluding transfers)	49,366	50,887	1,521	3.1%
Other State Funds	29,373	30,078	705	2.4%
Debt Service Funds	5,678	5,896	218	3.8%
All Governmental Funds	**134,825**	**131,409**	**(3,416)**	**-2.5%**
State Operating Funds	84,417	86,861	2,444	2.9%
Capital Projects Funds	7,844	7,858	14	0.2%
Federal Operating Funds	42,564	36,690	(5,874)	-13.8%
General Fund, including Transfers	**55,373**	**56,855**	**1,482**	**2.7%**
State Funds	**90,118**	**92,756**	**2,638**	**2.9%**

The annual growth in State Operating Funds spending is affected by several factors: (a) the deferral of a School Aid payment from FY 2010 to FY 2011; (b) the planned amortization of the State's pension costs above a certain percentage of payroll, as authorized in FY 2011; (c) the set-aside of a reserve to pay for potential retroactive labor settlements (for the 2007 through 2011 period), rather than assuming spending for these settlements in FY 2012; and (d) accounting for the phase-out of the Federal government's payment of an increased share of State Medicaid costs.

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

STATE SPENDING MEASURES
(millions of dollars)

	FY 2011 Results	FY 2012 Revised	Annual Change $	Annual Change %
STATE OPERATING FUNDS				
Local Assistance	**55,295**	**57,565**	**2,270**	**4.1%**
School Aid (Excludes FY 2010 Payment Deferral)	19,788	19,686	(102)	-0.5%
Medicaid [1]	14,157	17,567	3,410	24.1%
Department of Health [2]	15,886	15,679	(207)	-1.3%
Enhanced FMAP (DOH Only)	(3,948)	(353)	3,595	-91.1%
Mental Hygiene	2,150	2,130	(20)	-0.9%
Children and Family Services	69	111	42	60.9%
Transportation	4,254	4,225	(29)	-0.7%
STAR	3,234	3,293	59	1.8%
Social Services (Non-Medicaid Financed)	2,800	2,807	7	0.3%
Higher Education [3]	2,470	2,585	115	4.7%
Public Health/Aging	2,015	2,121	106	5.3%
Other Education Aid [3]	1,474	1,742	268	18.2%
Mental Hygiene (Non-Medicaid Financed)	1,428	1,469	41	2.9%
Local Government Assistance	775	758	(17)	-2.2%
All Other [4]	2,900	1,312	(1,588)	-54.8%
State Operations	**17,387**	**16,923**	**(464)**	**-2.7%**
Personal Service:	12,422	11,817	(605)	-4.9%
Executive Agencies	7,143	6,593	(550)	-7.7%
Higher Education	3,358	3,374	16	0.5%
Judiciary	1,525	1,469	(56)	-3.7%
Legislature	174	165	(9)	-5.2%
Department of Law	112	111	(1)	-0.9%
Audit & Control	110	105	(5)	-4.5%
Non-Personal Service	4,965	5,106	141	2.8%
Fringe Benefits/Fixed Costs	**6,102**	**6,534**	**432**	**7.1%**
Pensions	1,470	1,586	116	7.9%
Health Insurance	3,055	3,416	361	11.8%
All Other Fringe Benefits	1,227	1,184	(43)	-3.5%
Fixed Costs	350	348	(2)	-0.6%
Debt Service	**5,615**	**5,834**	**219**	**3.9%**
Capital Projects	**18**	**5**	**(13)**	**-72.2%**
TOTAL STATE OPERATING FUNDS	**84,417**	**86,861**	**2,444**	**2.9%**
Capital Projects (State Funded)	**5,701**	**5,895**	**194**	**3.4%**
TOTAL STATE FUNDS	**90,118**	**92,756**	**2,638**	**2.9%**
Federal Spending (Including Capital Grants)	**44,707**	**38,653**	**(6,054)**	**-13.5%**
TOTAL ALL GOVERNMENTAL FUNDS	**134,825**	**131,409**	**(3,416)**	**-2.5%**

[1] An additional $3.5 billion in Medicaid spending for mental hygiene agencies is included in state operations and fringe benefits spending totals.

[2] Includes operational costs that support contracts related to the management of the Medicaid program and various activities to ensure appropriate utilization.

[3] The annual change is impacted by the phase-out of Federal ARRA stabilization funding that temporarily reduced State costs for various programs within special education and higher education.

[4] All Other local assistance includes the school aid payment deferral from FY 2010 to FY 2011, local aid spending in a number of other programs, including parks and the environment, economic development, and public safety, and reclassification of money between Financial Plan categories.

Projected Closing Balances

DOB estimates the State will end FY 2012 with a General Fund balance of $1.7 billion, which consists of $1.0 billion in the Tax Stabilization Reserve, $275 million in the Rainy Day Reserve, $51 million in the Community Projects Fund, $21 million in the Contingency Reserve Fund, and $13 million in an undesignated fund balance. The estimated closing balance of $1.7 billion reflects the assumption that the estimated current year shortfall of $350 million is closed by the fiscal management plan or legislative action, or both. The closing balance in the Rainy Day Reserve reflects a planned deposit of $100 million in FY 2012. If efforts to eliminate the shortfall are unsuccessful, DOB expects that the closing balance in the General Fund would be approximately $1.4 billion (as reflected on the General Fund Financial Plan table that appears later in this AIS Update).

The closing balance also includes $346 million identified to cover the costs of potential retroactive labor settlements with unions that have not agreed to contracts through FY 2011. The amount is calculated based on the pattern settlement for FYs 2007 through 2011 agreed to by the State's largest unions for that period. In prior years, this amount has been carried in the annual spending totals. If settlements are reached in FY 2012, the fund balance in the General Fund will decline by an amount equal to the settlements.

The Community Projects Fund, which finances discretionary ("member item") grants allocated by the Legislature and Governor, is expected to disburse $85 million over the course of FY 2012. These disbursements, coupled with the repeal of $85 million in scheduled deposits for FY 2012, are expected to leave a balance of $51 million in the fund at the end of the fiscal year.

YEAR-TO-DATE OPERATING RESULTS

GENERAL FUND RESULTS VERSUS FIRST QUARTERLY UPDATE

Through the first six months of FY 2012, General Fund receipts, including transfers from other funds, totaled $28.9 billion, or $355 million below the forecast in the First Quarterly Update. Total taxes, including transfers from other funds after debt service, were $313 million lower than projected, mainly due to lower collections in business taxes (due to the timing of audit recoveries and weaker than expected business conditions) and user taxes, which were partly offset by higher estate tax collections and PIT receipts. In comparison to the Enacted Budget forecast, General Fund receipts were $333 million above estimated levels through September 2011 and $74 million through October 2011, suggesting a downward trend in receipts which is reflected in the revised annual receipt estimates.

General Fund disbursements, including transfers to other funds, totaled $25.3 billion through September 2011, or $328 million below the First Quarterly Update forecast. The favorable results appear to be due largely to the timing of disbursements, with several large payments originally anticipated in September occurring in October. After adjusting for these timing-related variances, disbursements to date appear to be generally consistent with the First Quarterly Update forecast through September 2011.

GENERAL FUND OPERATING RESULTS THROUGH SEPTEMBER 2011
(millions of dollars)

	Projections			Favorable/ (Unfavorable) vs.	
	Enacted Budget	First Quarterly Update	Actual Results	Enacted Budget	First Quarterly Update
Opening Balance	**1,376**	**1,376**	**1,376**	**0**	**0**
Receipts	**28,568**	**29,256**	**28,901**	**333**	**(355)**
Personal Income Tax[1]	18,062	18,426	18,432	370	6
User Taxes and Fees[1]	5,926	5,893	5,842	(84)	(51)
Business Taxes	2,372	2,729	2,391	19	(338)
Other Taxes[1]	733	759	827	94	68
Non-Tax Revenue	1,475	1,449	1,409	(66)	(40)
Disbursements	**25,752**	**25,657**	**25,329**	**423**	**328**
Education	7,585	7,192	7,208	377	(16)
Health Care	5,422	5,688	5,472	(50)	216
Social Services	1,678	1,637	1,410	268	227
All Other Local	2,714	2,842	2,776	(62)	66
Personal Service	3,126	3,249	3,302	(176)	(53)
Non-Personal Service	966	840	840	126	0
General State Charges	1,717	1,741	1,753	(36)	(12)
Transfers To Other Funds	2,544	2,468	2,568	(24)	(100)
Change in Operations	**2,816**	**3,599**	**3,572**	**(90)**	**(27)**
Closing Balance	**4,192**	**4,975**	**4,948**	**n/a**	**n/a**

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

Significant spending variances from the First Quarterly Update forecast include:

- Health Care: Reflects $160 million in lower than expected Medicaid spending that DOB believes to be consistent with expected savings from the Medicaid Redesign Team (MRT) actions. Public health spending was below projections by $56 million due to processing delays of reimbursements to county health departments under the General Public Health Works (GPHW) program and various other public health programs.

- Social Services: Spending fell short of projections largely in the area of Child Welfare payments. Based on updated information, DOB has lowered its annual estimate of Child Welfare spending in each fiscal year of the Financial Plan.

- All Other Local: Largely reflects the timing of annual payments for the New York City death benefit for police officers and firefighters ($32 million) and civil legal services to the indigent ($15 million), as well as Aid and Incentive for Municipalities (AIM) payments to municipalities ($11 million).

- Personal Service: Higher spending through September 2011 was primarily due to the timing of processing by DOH of an accounting offset ($24 million) and seasonal fluctuations in staffing at the Department of Corrections and Community Supervision (DCCS) which had not been fully incorporated into monthly projections ($22 million).

GENERAL FUND YEAR-OVER-YEAR RESULTS

The closing balance in the General Fund at September 30, 2011 was $2.6 billion higher than the closing balance on September 30, 2010. As illustrated in the table below, growth in revenue collections and a decline in spending have improved the State's operating position through the first half of the current year as compared to the prior year.

GENERAL FUND OPERATING RESULTS YEAR OVER YEAR
APPIL THROUGH SEPTEMBER
(millions of dollars)

	FY 2011 Results	FY 2012 Results	Increase/(Decrease) $	Increase/(Decrease) %
Opening Balance	**2,302**	**1,376**	**(926)**	
Receipts	**25,519**	**28,901**	**3,382**	**13.3%**
Personal Income Tax[1]	15,555	18,432	2,877	18.5%
User Taxes and Fees[1]	5,543	5,842	299	5.4%
Business Taxes	2,069	2,391	322	15.6%
Other Taxes[1]	829	827	(2)	-0.2%
Non-Tax Revenue	1,523	1,409	(114)	-7.5%
Disbursements	**25,440**	**25,329**	**(111)**	**-0.4%**
2010 School Aid Deferral	2,060	0	(2,060)	-100.0%
Education	7,233	7,208	(25)	-0.3%
Health Care	4,272	5,472	1,200	28.1%
Social Services	975	1,410	435	44.6%
All Other Local	2,600	2,776	176	6.8%
Personal Service	3,354	3,302	(52)	-1.6%
Non-Personal Service	928	840	(88)	-9.5%
General State Charges	1,395	1,753	358	25.7%
Transfers To Other Funds	2,623	2,568	(55)	-2.1%
Change in Operations	**79**	**3,572**	**3,493**	
Closing Balance	**2,381**	**4,948**	**2,567**	

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

Tax receipts through September 2011 were $3.5 billion (14.6 percent) higher than the prior year, largely due to moderate wage growth, lower PIT refunds due to timing differences, continued corporate profits, and moderately increased consumer spending. A large portion of the growth in PIT reflects payment related to 2010 tax liability.

Through September 2011, spending was $111 million (-0.4 percent) lower than the same period last year. This decrease was due to the deferral of a school aid payment from FY 2010 to FY 2011, which increased FY 2011 spending through September 2010. Excluding the extra school aid payment, spending through September 2011 was $1.9 billion above last year's level. The significant drivers of increased spending include the impact of the June 2011 expiration of the temporary enhanced Federal share of Medicaid costs that adds approximately $1 billion annually to the State share of Medicaid costs, and the effect of strict spending controls that had been instituted by DOB to maintain positive cash balances in FY 2011, which occurred mainly in social services and health insurance payments to carriers for State employees and retirees (reflected in General State Charges). Agency operating spending has declined, consistent with expectations.

STATE OPERATING FUNDS RESULTS VERSUS FIRST QUARTER UPDATE

State Operating Funds results for receipts and disbursements are generally consistent with the General Fund variances described earlier.

STATE OPERATING FUNDS RESULTS APRIL - SEPTEMBER 2011
(millions of dollars)

	Projections			Favorable/ (Unfavorable) vs.	
	Enacted Budget	First Quarterly Update	Actual Results	Enacted Budget	Quarterly Update
Opening Balance	**3,970**	**3,970**	**3,969**	**(1)**	**(1)**
Receipts	**39,375**	**40,575**	**40,161**	**786**	**(414)**
Taxes	30,636	31,432	31,046	410	(386)
Miscellaneous/Federal Receipts	8,739	9,143	9,115	376	(28)
Disbursements	**39,219**	**39,293**	**38,912**	**307**	**381**
Education	9,859	9,464	9,481	378	(17)
Health Care	8,202	8,591	8,404	(202)	187
Social Services	1,686	1,646	1,417	269	229
All Other Local	6,284	6,319	6,207	77	112
Personal Service	5,948	5,938	6,086	(138)	(148)
Non-Personal Service	2,399	2,423	2,419	(20)	4
General State Charges	2,577	2,595	2,613	(36)	(18)
Debt Service	2,264	2,314	2,282	(18)	32
Capital Projects	0	3	3	(3)	-
Other Financing Sources	**2,424**	**2,413**	**2,495**	**71**	**82**
Change in Operations	**2,580**	**3,695**	**3,744**	**1,164**	**49**
Closing Balance	**6,550**	**7,665**	**7,713**	**n/a**	**n/a**

STATE OPERATING FUNDS YEAR-OVER-YEAR RESULTS

The year over year results in State Operating Funds tax receipts and spending illustrated below mirror the results in the General Fund described above. In addition to the General Fund annual changes, annual changes in other State Funds is mainly due to higher local assistance spending for mental hygiene, transit aid payments, and health care programs; additional personal service declines in health and mental hygiene; and $200 million in higher SUNY spending mainly for contractual services that more than offsets the overall decline in General Fund non-personal service spending.

APRIL - SEPTEMBER STATE OPERATING FUNDS RESULTS YEAR OVER YEAR
(millions of dollars)

	FY 2011 Results	FY 2012 Results	Increase/(Decrease) $	Increase/(Decrease) %
Opening Balance	**4,810**	**3,969**	**(841)**	
Receipts	**36,608**	**40,161**	**3,553**	**9.7%**
Taxes	27,484	31,046	3,562	13.0%
Miscellaneous/Federal Receipts	9,124	9,115	(9)	-0.1%
Disbursements	**38,367**	**38,912**	**545**	**1.4%**
2010 School Aid Deferral	2,060	0	(2,060)	-100.0%
Education	9,579	9,482	(97)	-1.0%
Health Care	6,946	8,403	1,457	21.0%
Social Services	982	1,413	431	43.9%
All Other Local	5,882	6,211	329	5.6%
Personal Service	6,226	6,086	(140)	-2.2%
Non-Personal Service	2,290	2,419	129	5.6%
General State Charges	2,199	2,613	414	18.8%
Debt Service	2,190	2,282	92	4.2%
Capital Projects	13	3	(10)	-76.9%
Other Financing Sources	**2,647**	**2,495**	**(152)**	
Change in Operations	**888**	**3,744**	**2,856**	
Closing Balance	**5,698**	**7,713**	**2,015**	

OTHER MATTERS AFFECTING THE FINANCIAL PLAN

GENERAL

The Current Financial Plan is subject to many complex economic, social, financial, and political risks and uncertainties, many of which are outside the ability of the State to control. DOB believes that the projections of receipts and disbursements in the Current Financial Plan are based on reasonable assumptions, but there can be no assurance that actual results will not differ materially and adversely from these projections. In recent fiscal years, actual receipts collections have fallen substantially below the levels forecast in the Financial Plan.

The Current Financial Plan is based on numerous assumptions, including the condition of the State and national economies and the concomitant receipt of economically sensitive tax receipts in the amounts projected. Other uncertainties and risks concerning the economic and receipts forecasts include the impact of: national and international events such as the Euro-zone financial crisis on consumer confidence, oil supplies, and oil prices; Federal statutory and regulatory changes concerning financial sector activities; changes concerning financial sector bonus payouts, as well as any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; financial and real estate market developments on bonus income and capital gains realizations; and household deleveraging on consumer spending and State tax collections.

Among other factors, the Current Financial Plan is subject to various other uncertainties and contingencies relating to the extent, if any, to which wage increases for State employees exceed the annual wage costs assumed; realization of the projected rate of return for pension fund assets and current assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the Federal government to provide the aid contemplated by the Current Financial Plan; the ability of the State to implement cost reduction initiatives, including the reduction in State agency operations, and the success with which the State controls expenditures; and the ability of the State and its public authorities to market securities successfully in the public credit markets. Some of these specific issues are described in more detail in this AIS Update. The projections and assumptions contained in the Current Financial Plan are subject to revisions which may involve substantial change. No assurance can be given that these estimates and projections, which include actions the State expects to be taken but which are not within the State's control, will be realized.

BUDGET RISKS AND UNCERTAINTIES

There can be no assurance that the budget gaps will not increase materially from current projections. If this were to occur, the State would be required to take additional gap-closing actions. These may include, but are not limited to, additional reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid; suspension of capital maintenance and construction; extraordinary financing of operating expenses; or other measures. In nearly all cases, the ability of the State to implement these actions requires the approval of the Legislature and cannot be implemented solely by the action of the Governor.

State law changes approved in FY 2012 grant the Executive certain powers to achieve the Medicaid savings assumed in the Financial Plan. However, there can be no assurance that these powers will be sufficient to achieve the level of gap-closing savings anticipated in FY 2012 or limit the rate of annual growth in the Department of Health ("DOH") State Funds Medicaid spending. In addition, savings are dependent upon timely Federal approvals, appropriate amendments to existing systems and processes, and the participation of health care industry stakeholders. Medicaid disbursements to date are consistent with expectations.

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, including payments pursuant to the Tribal State Compact; and the achievement of cost-saving measures including, but not limited to, the transfer of available fund balances to the General Fund at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Financial Plan in the current year or future years.

STATE AGENCY SAVINGS AND STATUS OF CURRENT LABOR NEGOTIATIONS

The Current Financial Plan includes $1.5 billion in savings from State agency operations, consistent with the Enacted Budget Financial Plan. This includes approximately $450 million in gap-closing savings from, among other things, wage and benefit changes negotiated with State employee unions, operational efficiencies, and attrition. Based on observed attrition levels and recent labor settlements, DOB believes savings assumed in the Current Financial Plan are likely to be achieved. On August 15, 2011, members of the State’s largest union, the Civil Service Employee Association (CSEA), ratified a five-year labor contract with the State. On November 3, 2011, employees represented by the Public Employees Federation (PEF), the State’s second-largest State employee union, ratified a four-year labor contract with the State. The Legislature approved savings actions contingent upon ratification and thus such actions take effect immediately.

Under both PEF and CSEA agreements, there are no general salary increases for three years (FY 2012 through FY 2014). Employee compensation during FY 2012 and FY 2013 will be temporarily reduced. Employees will receive deficit reduction leave (totaling nine days). CSEA-represented employees will receive a $1,000 lump sum payment ($775 paid in FY 2014 and $225 paid in FY 2015). Employees will receive a 2 percent salary increase in FY 2015 under both agreements, and CSEA-represented employees will receive a 2 percent increase in FY 2016. Employees represented by CSEA will be repaid the value of four days in equal consecutive installments starting at the end of the CSEA contract term and employees represented by PEF will be repaid the value of nine days in equal consecutive installments starting in FY 2016.

The agreements also include substantial changes to employee health care contributions. Employees will receive broad layoff protection for FYs 2012 and 2013. Workforce reductions due to management decisions to close or restructure facilities authorized by legislation, Spending and Government Efficiency (SAGE) Commission recommendations or material or unanticipated changes in the State's fiscal circumstances are not covered by this protection.

Negotiations with the State’s other unions, which represent approximately 35 percent of the State workforce, are ongoing. The largest of these unions, with whom negotiations continue, include the United University Professions (UUP), which represents faculty and non-teaching professional staff within the State University system, and the New York State Correctional Officer and Police Benevolent Association (NYSCOPBA), which represents the State’s correctional officers.

PRIOR-YEAR LABOR SETTLEMENTS

The Current Financial Plan includes a reserve of $346 million to cover the costs of a pattern settlement with all unions that have not agreed to contracts through FY 2011. The pattern is based on the general salary increases agreed to by the State's largest unions for this period. There can be no assurance that actual settlements, some of which are subject to binding arbitration, will not exceed the amounts reserved.

In August 2011, a statutorily authorized judicial compensation commission authorized a multi-year plan to provide salary increases for judges beginning in FY 2013, which will automatically take effect barring action by the Legislature and the Governor to obviate the increases. The Current Financial Plan assumes salary increases in the Judiciary's current budget projections.

CURRENT CASH-FLOW PROJECTIONS

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

In FY 2012, the General Fund used this authorization to meet certain payment obligations in April 2011, and repaid such amounts by the end of April 2011. While the General Fund may rely on this borrowing authority at other times during FY 2012, it is expected that such amounts will be repaid by the end of the month.

The State continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds, continues to be set aside as required by law and bond covenants.

The FY 2012 All Governmental Funds month-end balances are shown in the table below. DOB will continue to monitor and manage the State's cash position closely during the fiscal year in an effort to maintain adequate operating balances.

FY 2012 MONTH-END CASH BALANCES (millions of dollars)	General Fund	Other Funds	All Funds
April	4,510	4,239	8,749
May	1,809	4,225	6,034
June	2,492	2,935	5,427
July	1,884	4,103	5,987
August	1,571	3,960	5,531
September	4,948	2,006	6,954
October*	3,447	2,967	6,414
November*	2,502	2,797	5,299
December*	1,962	2,236	4,198
January*	6,208	3,563	9,771
February*	5,737	3,830	9,567
March* 1/	1,387	2,310	3,697

* Estimate

1/ Before implementation of administrative or legislative actions to eliminate the potential General Funds shortfall of $350 million.

PENSION AMORTIZATION

Under legislation enacted in FY 2011, the State and local governments may amortize (defer paying) a portion of their pension costs beginning in FY 2011. Amortization temporarily reduces the pension costs that must be paid by public employers in a given fiscal year, but results in higher costs overall when repaid with interest. The legislation enacted a formula to set amortization thresholds for each year. The amortization thresholds may increase or decrease by up to one percentage point annually. Pension contribution costs in excess of the amortization thresholds, which are 10.5 percent of payroll for the Employees Retirement System (ERS) and 18.5 percent for the Police and Fire Retirement System (PFRS) in FY 2012, may be amortized.

The Current Financial Plan assumes that the State will amortize a portion of its pension costs, pursuant to the FY 2011 legislation. The State's minimum ERS pension contribution rate as a percentage of payroll, was 9.5 percent in FY 2011, is 10.5 percent in FY 2012 and 11.5 percent in FY 2013, and is expected to be 13.5 percent in FY 2015. The PFRS rate, was 17.5 percent in FY 2011, is 18.5 percent in FY 2012 and 19.5 percent in FY 2013and is expected to be 21.5 percent in FY 2015. In addition, the State will begin repayment of the amounts amortized, beginning in the fiscal year immediately following the amortizations. The authorizing legislation also permits amortization in all future years if the actuarial contribution rate is greater than the amortization thresholds. Repayment of the amortized amounts will be made over a period of not more than ten years at an interest rate to be determined by the State Comptroller annually for amounts amortized in that year and with the rate fixed for the entire term of that amortization.

In March 2011, the State made a pension payment of $1.078 billion for FY 2011, and amortized $216 million. The State prepaid $46 million earlier in fiscal year 2011. In addition, the State's Office of Court Administrations (OCA) made its pension payment of $179 million, and amortized $33 million. The $249 million in total deferred payments will be repaid with interest over the next ten years, beginning in the current fiscal year, FY 2012. For amounts amortized in FY 2011, the Comptroller set an interest rate of 5 percent, and has set an interest rate of 3.75 percent for amounts amortized for FY 2012. The Current

Financial Plan assumes that both the State and OCA will elect to amortize pension costs in future years, consistent with the provisions of the authorizing legislation, and repay such amounts at an interest cost assumed by DOB to be 5 percent over ten years from the date of each deferred payment.

The following table, which summarizes pension contributions and projections for future fiscal years, reflects the "Normal Costs" of pension contributions as the amount the State would contribute to fund pensions before amortization, along with "New Amortized Amounts" assumed in upcoming years. The repayment costs associated with these amortizations are reflected as the "Amortization Payment." Consistent with these amortization assumptions, Part TT of Chapter 57 of the Laws of 2010 requires that (a) the State make "Additional Contributions" in upcoming fiscal years, above the actuarially required contribution, and (b) once all outstanding amortizations are paid off, that additional contributions will be set aside as "Reserves for Rate Increases," to be invested by the State Comptroller and used to offset future year rate increases. Projections in the following table are based on certain assumptions about actuarial factors on investment earnings and benefits to be paid, and actual results may vary from the projections provided below.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM [1]
PENSION CONTRIBUTIONS AND OUTYEAR PROJECTIONS
(millions of dollars)

Fiscal Year	Normal Costs[2]	New Amortized Amounts	Amortization Payment[3]	Additional Contributions	Total	Reserves for Rate Increases	Plus Interest at 5%
2011 Actual	1,552.8	(249.6)	0.0	0.0	1,303.2	0.0	0.0
2012 Projected	1,962.3	(574.8)	32.3	0.0	1,419.8	0.0	0.0
2013 Projected	2,123.8	(781.9)	102.3	0.0	1,444.2	0.0	0.0
2014 Projected	2,484.3	(911.8)	197.5	0.0	1,770.0	0.0	0.0
2015 Projected	2,711.4	(989.0)	308.6	0.0	2,031.0	0.0	0.0
2016 Projected	2,426.5	(612.6)	429.0	0.0	2,242.9	0.0	0.0
2017 Projected	2,256.2	(374.4)	503.6	0.0	2,385.4	0.0	0.0
2018 Projected	2,248.9	(199.4)	549.2	0.0	2,598.7	0.0	0.0
2019 Projected	2,376.8	(148.0)	573.4	0.0	2,802.2	0.0	0.0
2020 Projected	2,510.3	(93.2)	591.5	0.0	3,008.6	0.0	0.0
2021 Projected	2,649.7	(34.9)	602.8	0.0	3,217.6	0.0	0.0
2022 Projected	2,197.4	0.0	574.7	362.7	3,134.8	0.0	0.0
2023 Projected	1,989.2	0.0	298.5	510.4	2,798.1	0.0	0.0
2024 Projected	1,766.6	0.0	87.9	666.6	2,521.1	411.4	432.0
2025 Projected	1,528.9	0.0	0.0	831.8	2,360.7	1,243.2	1,327.0
2026 Projected	1,125.9	0.0	0.0	1,155.8	2,281.7	2,399.0	2,606.9

Source: NYS DOB
1. Pension contribution values do not include pension costs related to the Optional Retirement Program and Teachers' Retirement System for SUNY and SED, whereas the projected pension disbursements in the Financial Plan tables presented in this Update include these costs. Pension contribution values include the State's Office of Court Administration (OCA).
2. Includes amortization payments from amortizations prior to FY 2011.
3. The amortization payment assumes an interest rate of 5 percent for each amortized amount. The actual rate for each amortized amount may be increased or decreased from this estimate.

Federal Actions

The State receives a substantial amount of Federal aid for health care, education, transportation, and other governmental purposes. Any changes in Federal funding levels could have a materially adverse impact on the State's Current Financial Plan.

In addition, the Current Financial Plan may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Medicaid rules. For example, all Medicaid claims are subject to audit and review by the Federal government. The Federal Centers for Medicare and Medicaid Services (CMS) recently engaged the State regarding claims for services provided to individuals in developmental centers operated by the New York State Office for People with Development Disabilities (OPWDD). Although no official audit has commenced and the rates paid for these services are established in full accordance with the methodology set forth in the approved State Plan, adverse action by CMS relative to these claims could jeopardize a significant amount of Federal financial participation in the State Medicaid program. The State has begun the process of seeking CMS approval to proceed with the development of a new form of waiver (known as the "section 1115 demonstration waiver") to create a contemporary and sustainable system of service funding and delivery for individuals with developmental disabilities.

Federal Deficit Reduction Process

The Federal Budget Control Act of 2011 ("BCA") established a Joint Select Committee for Deficit Reduction to achieve $1.2 trillion in deficit reduction over 10 years. On November 21, 2011, the Joint Select Committee announced that it failed to reach agreement on actions to reduce the deficit. Pursuant to the BCA, deficit reduction will now be achieved through the sequestration process, with automatic reductions scheduled to begin in January 2013. The BCA prescribes that approximately 82% of the $1.2 billion in deficit reduction must be through spending reductions, divided evenly between the Defense Department and non-Defense spending. The balance must be achieved through debt service savings.

The State is analyzing the potential impact of the BCA on the State Financial Plan and State economy. Based on its preliminary review, DOB estimates that, if the sequestration process were to operate as set forth in the BCA and without any further modification by Congress, New York State and local governments could lose approximately $5 billion in Federal funding over 10 years, beginning in FY 2013. This does not account for potential declines in other revenues that may occur as a result of lost Federal funding. DOB will continue to refine its estimates as more information becomes available.

Health Insurance Company Conversions

State law permits a health insurance company to convert its organizational status from a not-for-profit to a for-profit corporation (a "health care conversion"), subject to a number of terms, conditions, and approvals. Under State law, the State must use the proceeds from a health care company conversion for health-care-related expenses. For planning purposes, the Current Financial Plan assumes no proceeds from a health care conversion in FY 2012, but counts on proceeds of $250 million in FY 2013 and $300 million in FYs 2014 and 2015, which would be deposited into the Health Care Reform Act (HCRA) account. If a conversion does not occur on the timetable or at the levels assumed in the Current Financial Plan, the State would be required to take other actions to increase available resources or to reduce planned spending to fund projected HCRA expenditures.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)-BASIS PROJECTIONS

The State's budget is required to be balanced on a cash basis, which is DOB's primary focus in preparing and implementing the Current Financial Plan. State Finance Law also requires the Financial Plan be presented for informational purposes on a GAAP basis. The GAAP-basis plans follow, to the extent practicable, the accounting principles applied by OSC in preparation of the annual Financial Statements. The GAAP-basis General Fund Financial Plan tables are provided at the end of this AIS Update.

In FY 2012, the General Fund GAAP Financial Plan shows total projected revenues of $48.1 billion, total projected expenditures of $58.0 billion, and net other financing sources of $9.4 billion.

The GAAP-basis results for FY 2011 showed the State in a net positive asset condition of $27.6 billion. This includes the cost of other post-employment benefits as described below.

OTHER POST-EMPLOYMENT BENEFITS

Substantially all of the State's employees become eligible for post-retirement benefits if they reach retirement while working for the State. In accordance with the Governmental Accounting Standards Board Statement 45 ("GASBS 45"), the State must perform an actuarial valuation every two years for purposes of calculating Other Post-Employment Benefits ("OPEB") liabilities. As disclosed in Note 13 of the State's Basic Financial Statements for FY 2011[4], the Annual Required Contribution ("ARC") represents the annual level of funding that, if set aside on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded liabilities of the plan over a period not to exceed 30 years. Amounts required but not actually set aside to pay for these benefits are accumulated with interest as part of the net OPEB obligation, after adjusting for amounts previously required.

As reported in the State's Basic Financial Statements for FY 2011, an actuarial valuation of OPEB liabilities was performed as of April 1, 2008, with results projected as of April 1, 2010 for the fiscal year ended March 31, 2011. The valuation calculated the present value of the actuarially accrued total liability for benefits as of March 31, 2011 at $55.9 billion ($46.3 billion for the State and $9.6 billion for SUNY). This was determined using the Frozen Entry Age actuarial cost method, and is amortized over an open period of 30 years using the level percentage of projected payroll amortization method.

The net OPEB liability for FY 2011 totaled $3.7 billion ($3.1 billion for the State and $0.6 billion for SUNY) under the Frozen Entry Age actuarial cost method, allocating costs on a level basis over earnings. This was $2.5 billion ($2.1 billion for the State and $0.4 billion for SUNY) above the payments for retiree OPEB costs made by the State in FY 2010. This difference between the State's pay-as-you-go (PAYGO) costs and the actuarially determined required annual contribution under GASBS 45 reduced the State's net assets by $2.5 billion at the end of FY 2011.

The State's actuarial consultant has provided an updated calculation of the ARC and annual OPEB costs at April 1, 2010 based on the April 1, 2008 valuation. The updated calculation shows the present value of the actuarially accrued total liability for benefits at $63.9 billion ($53.8 billion for the State and $10.1 billion for SUNY). The updated calculation will ultimately be reflected in the financial statements for the State and SUNY for FY 2012. DOB expects the estimate of OPEB costs to increase substantially due to (i) higher than assumed increases in the cost of health care, (ii) implementation of the Federal Patient Protection and Affordable Care Act, and (iii) decreased interest rates.

[4] See the State Comptroller's Annual Financial Report, FY 2011 at http://www.osc.state.ny.us/finance/finreports/bfs2011.pdf

The Governmental Accounting Standards Board ("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 Current 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. The following table summarizes the actual and budgeted payments for health insurance included in the Current Financial Plan.

FORECAST OF NEW YORK STATE EMPLOYEE HEALTH INSURANCE COSTS (millions of dollars)

Fiscal Year	Active Employees	Retirees	Total State
2008 (Actual)	1,390	1,182	2,572
2009 (Actual)	1,639	1,068	2,707
2010 (Actual)	1,609	1,072	2,681
2011 (Actual)	1,834	1,221	3,055
2012 (Projected)	2,136	1,280	3,416
2013 (Projected)	2,332	1,399	3,731
2014 (Projected)	2,540	1,524	4,064
2015 (Projected)	2,558	1,534	4,092

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

As noted, there is no provision in the Current Financial Plan to pre-fund the OPEB liability. If such liability were pre-funded now, the additional cost above the PAYGO amounts would be lowered. The State's Health Insurance Council, which consists of the Governor's Office of Employee Relations ("GOER"), Civil Service, and DOB, will continue to review this matter and seek input from the State Comptroller, the legislative fiscal committees, and other parties. However, it is not expected that the State will alter its planned funding practices due to existing fiscal constraints.

Debt Reform Act Limit

The Debt Reform Act of 2000 restricts the issuance of State-supported debt to capital purposes only and limits such debt to a maximum term of 30 years. The Act limits the amount of new State-supported debt to 4 percent of State personal income and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to all new State-supported debt issued on and after April 1, 2000. The cap on new State-supported debt outstanding began at 0.75 percent of personal income in FY 2001 and was fully phased-in at 4 percent of personal income during FY 2011, while the cap on new State-supported debt service costs began at 0.75 percent of all funds receipts in FY 2001 and will increase until it is fully phased in at 5 percent during FY 2014.

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

For FY 2011, the cumulative debt outstanding and debt service caps are 4.00 and 4.32 percent, respectively. As shown in the tables below, the actual levels of debt outstanding and debt service costs continue to remain below the statutory caps. From April 1, 2000 through March 31, 2011, the State has issued new debt resulting in $32.8 billion of debt outstanding applicable to the debt reform cap. This is about $4.8 billion below the statutory debt outstanding limitation. The debt service costs on this new debt totaled $3.1 billion in FY 2011 – or roughly $2.6 billion below the statutory debt service limitation.

Debt Outstanding Cap (millions of dollars)	
New Debt Outstanding	$32,827
Personal Income (CY 2010)	$939,564
Debt Outstanding (Percent of PI)	3.49%
Cap Imposed by Debt Reform Act	4.00%

Debt Service Cap (millions of dollars)	
New Debt Service	$3,120
All Funds Receipts	$133,321
Debt Service (Percent of All Funds Receipts)	2.34%
Cap Imposed by Debt Reform Act	4.32%

Current projections estimate that debt outstanding and debt service costs will continue to remain below the limits imposed by the Act throughout the next several years. However, the State is continuing through a period of declining debt capacity. Based on the most recent personal income and debt outstanding forecasts, the available room under the debt outstanding cap is expected to decline from 0.30 percent ($3.0 billion) in FY 2012 to 0.07 percent ($726 million) in FY 2014. Measures addressing capital spending priorities, debt financing practices, and the inherent volatility of personal income as a basis for long-term planning may be considered in order to stay within the statutory limitations.

New Debt Outstanding (millions of dollars)					
Year	Personal Income	Cap %	Actual/ Recommended %	$ (Above)/Below	% (Above)/Below
2010-11	939,564	4.00%	3.49%	4,755	0.51%
2011-12	985,638	4.00%	3.70%	2,961	0.30%
2012-13	1,021,692	4.00%	3.86%	1,429	0.14%
2013-14	1,065,288	4.00%	3.93%	726	0.07%
2014-15	1,123,703	4.00%	3.89%	1,273	0.11%
2015-16	1,184,795	4.00%	3.81%	2,226	0.19%

New Debt Service Costs (millions of dollars)					
Year	All Funds Receipts	Cap %	Actual/ Recommended %	$ (Above)/Below	% (Above)/Below
2010-11	133,321	4.32%	2.34%	2,635	1.98%
2011-12	130,833	4.65%	2.68%	2,573	1.97%
2012-13	128,778	4.98%	3.00%	2,553	1.98%
2013-14	134,494	5.00%	3.11%	2,536	1.89%
2014-15	141,469	5.00%	3.15%	2,617	1.85%
2015-16	150,088	5.00%	3.11%	2,839	1.89%

SECURED HOSPITAL PROGRAM

Pursuant to legislation enacted in 1985, the State entered into service contracts establishing a contingent-contractual obligation with respect to financings related to the Secured Hospital Program, for the purpose of enabling certain financially distressed not-for-profit hospitals to gain access to the capital markets. The contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by the New York State Medical Care Facilities Finance Agency ("MCFFA") and by the Dormitory Authority of the State of New York ("DASNY") (all now included as debt of DASNY). In the event there are shortfalls in revenues from other sources, which include hospital payments made under loan agreements between DASNY and the hospitals, and certain reserve funds held by the applicable trustees for the bonds, the State is liable for the debt service. As of March 31, 2011, there is a total of $585 million of outstanding bonds for the program, with a total annual debt service requirement of approximately $79 million.

The financial condition of most hospitals in the State's Secured Hospital Program continues to deteriorate. Of the nine hospitals in the program, several are experiencing significant operating losses that are likely to impair their ability to remain current on their loan agreements with DASNY. In the Current Financial Plan, DOB has assumed additional costs of $3 million in FY 2013 and $32 million annually thereafter for the Secured Hospital Program. If recent trends continue and other available funds become depleted, additional State resources may be needed to meet debt service obligations on outstanding bonds pursuant to the service contracts. In relation to the entire Secured Hospitals Program portfolio, a maximum annual exposure to the State of $82 million would be realized in FY 2014 if reserve funds held by trustees were fully depleted and no payments to the State were made by participating hospitals.

BOND MARKET

Implementation of the Current Financial Plan is dependent on the State's ability to market its bonds successfully. The State finances much of its capital spending in the first instance from the General Fund or STIP, which it then reimburses with proceeds from the sale of bonds. If the State cannot sell bonds at the levels (or on the timetable) expected in the capital plan, it can adversely affect the State's overall cash position and capital funding plan. The success of projected public sales will be subject to prevailing market conditions. Future developments in the financial markets generally, as well as future developments concerning the State and public discussion of such developments, may affect the market for outstanding State-supported and State-related debt.

LITIGATION

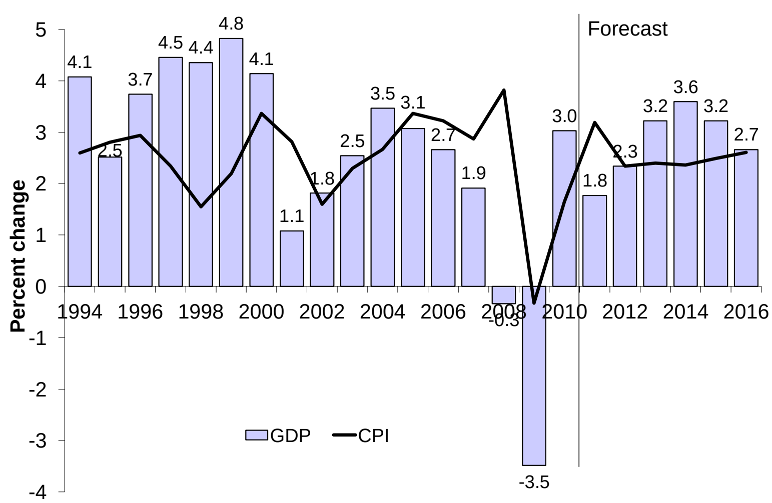
Litigation against the State may include potential challenges to the constitutionality of various actions. The State may also be affected by adverse decisions that are the result of various lawsuits. Such adverse decisions may not meet the materiality threshold to warrant individual description but, in the aggregate, could still adversely affect the State's Financial Plan.

ECONOMIC BACKDROP[5]

THE NATIONAL ECONOMY

The U.S. economy's recovery has been buffeted by a continual series of setbacks since the start of this year. The list is long: extreme winter weather, turmoil in the Middle East accompanied by spiking energy prices, supply chain disruptions resulting from the Japanese earthquake and tsunami, spring tornados and flooding, European sovereign debt crises, and uncertainty surrounding the U.S. government's current budget deficit and long-term debt. All of these factors had a substantial impact on economic activity in the first half of this year. With the release of the U.S. Bureau of Economic Analysis' annual revision at the end of July, we learned that economic growth was virtually stagnant in the first quarter, followed by 1.3 percent growth in the second. Although the impact of at least some of these events has begun to unwind, a weakened labor market, low income growth, volatile equity markets, and a stalled housing sector all dictate that the comeback during the second half of the year will be slow. Consequently, real U.S. GDP is now projected to grow 1.8 percent for 2011, followed by growth of 2.3 percent for 2012. These growth rates are historically weak for this point in an expansion.

Outlook for Real U.S. GDP Growth and Inflation

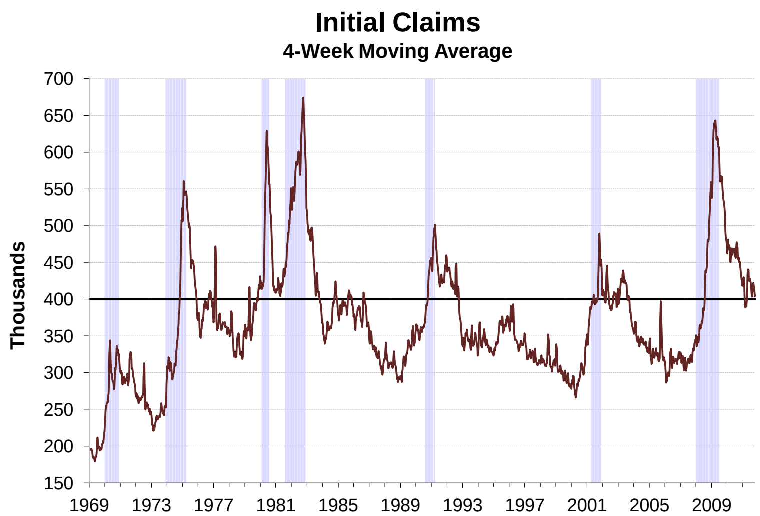


Note: Displayed values pertain to GDP growth.
Source: Moody's Analytics; DOB staff estimates.

The slowdown has been negative for both employment and income. Average monthly private sector employment gains fell from 204,000 for the first four months of this year to 105,000 for the five months through September. In the meantime, the public sector has been steadily shedding employment at a rate of 30,000 jobs per month since the beginning of the year, with the weakness largely emanating from state and local governments. As of the week ending October 22, 2011, initial claims for unemployment insurance benefits have remained above 400,000 almost every week (except for two) since the second week of April. As a result, the national labor market is now projected to add jobs at a pace of 0.9 percent in 2011, followed by 1.0 percent growth in 2012. These projections are consistent with a decline in the unemployment rate to 8.8 percent by the fourth quarter of next year.

[5] Unless otherwise noted, all quarterly and annual references in this section of the AIS Update are to calendar years.

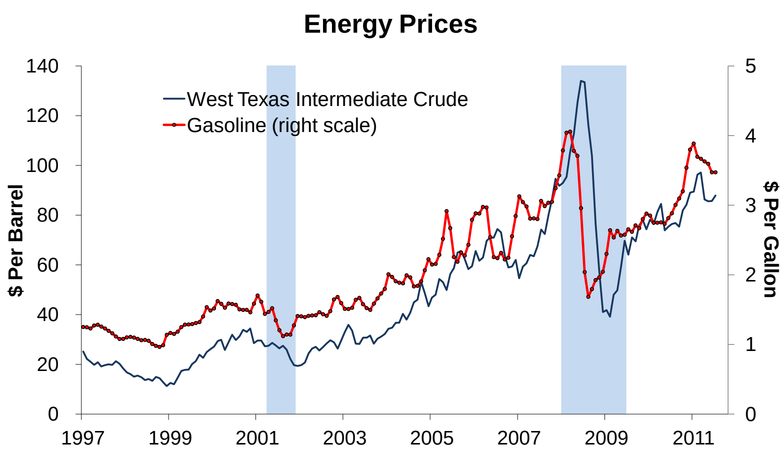
Consistent with a weak economy and labor market, personal income growth has also been slow, with monthly growth averaging only 0.1 percent during the five months through September; this compares with 0.7 percent growth during the first four months. We note that January growth was boosted by the payroll tax cut passed by Congress at the end of 2010. DOB's Current Financial Plan forecast assumes the tax cut will be extended through the end of 2012. Even with that assumption, personal income growth is projected to slow to 3.1 percent in 2012 from 5.1 percent in 2011. Growth in its largest component, wages, is expected to slow to 3.2 percent in 2012, from 3.9 percent in 2011.



Note: Shaded areas represent U.S. recessions.
Source: Moody's Analytics.

Weaker employment and wage growth, along with strong corporate earnings from operations abroad have all contributed to strong U.S. corporate profits growth during the first half of this year. Slower growth is projected for the second half of 2011 and early 2012, largely due to slower global growth, particularly in Europe. Profits, including the inventory valuation and capital consumption adjustments, are now expected to climb 7.4 percent for 2011, with growth slowing to 4.6 percent in 2012. Similarly, real export growth is expected to slow from 6.9 percent in 2011 to 5.0 percent in 2012. Business investment has been a bright spot in the economy, with nonresidential fixed investment growth of 8.6 percent now expected for 2011, followed by growth of 9.0 percent in 2012.

Energy price volatility has continued virtually unabated since early February. As of the middle of October, gasoline prices were still about 65 cents above their year-ago levels. DOB's current forecast expects price volatility to diminish going forward, resulting in slower growth in consumer prices in 2012 than witnessed to-date in 2011. Inflation of 2.3 percent is projected for 2012, as represented by growth in the Consumer Price Index (CPI), following price growth of 3.2 percent in 2011. Lower energy prices would help to support household spending going forward. Recent price volatility poses a risk to the forecast. A more benign outlook for inflation as commodity prices recede is expected to allow the Federal Reserve to maintain its current highly accommodative monetary policy stance through the middle of 2013 as announced.



Note: Shaded areas represent U.S. recessions; the October oil price represents the average daily value through the 25th; the October unleaded gasoline price including taxes represents the average weekly value through the 21st.
Source: Moody's Analytics.

As the impacts from the aforementioned shocks unwind, the national recovery is expected to continue to rebound but only to a moderate pace of growth. Nevertheless, significant risks remain even to this tepid forecast. The path toward resolution of the European debt crisis remains unclear, and a euro-zone recession may be unavoidable. Financial turmoil comparable to what was experienced in September 2008 is not expected at this time. However, the outlook remains highly uncertain. In addition, lower demand than projected for U.S. exports from Europe and elsewhere could result in lower overall growth going forward. If the labor market fails to pick up as expected, growth in household spending could fall back to the extremely slow pace witnessed earlier in the year. An unanticipated round of energy price hikes could have a similar impact on household spending, again blunting the impact of Federal fiscal stimulus. Lower household spending and weaker job growth could both add to the strain already being faced by state and local governments that continue to shed jobs. In contrast, lower energy prices, faster global growth, or additional Federal stimulus measures could result in stronger growth than is reflected in this forecast.

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

	2010 (Actual)	2011 (Forecast)	2012 (Forecast)
Real U.S. Gross Domestic Product	3.0	1.8	2.3
Consumer Price Index (CPI)	1.6	3.2	2.3
Personal Income	3.7	5.1	3.1
Nonagricultural Employment	-0.7	0.9	1.0

Source: Moody's Analytics; DOB staff estimates.

THE NEW YORK STATE ECONOMY

New York State's recovery continued to outpace that of the nation overall through the first half of 2011. The State has benefitted from Federal policies designed to keep interest rates low and strengthen the banking system. Strong finance and insurance sector profits resulted in solid growth in securities industry bonuses over the FY 2010 and FY 2011 two-year period. In addition, strong emerging market growth combined with a weak dollar appears to have spurred foreign demand for the State's exports, including New York City as a tourist and luxury-shopping destination. As a result, State private sector employment growth of 1.6 percent is estimated for 2011, accompanied by wage growth of 4.3 percent. These rates compare with growth of 1.5 percent and 3.9 percent, respectively, for the nation.

However, domestic events and activity in Europe continue to roil global financial markets. The resulting equity market volatility, combined with the movement toward a more highly regulated environment, appears to be having a substantial downward impact on the finance industry's market capitalization and revenues. Returns from proprietary trading have been diminishing, while the dramatic decline in equity market prices during the third quarter has reduced the volume of revenue generating activity, such as IPOs and mergers and acquisitions. Many of the large financial institutions have announced layoffs, after a spurt of hiring in the first quarter. As a result, DOB now projects a substantial decline in finance and insurance sector bonuses for the FY 2012.

NEW YORK STATE ECONOMIC INDICATORS (Percent change from prior calendar year)			
	2010 (Actual)	**2011 (Forecast)**	**2012 (Forecast)**
Personal Income	4.1	4.9	3.7
Wages	4.4	4.3	3.1
Nonagricultural Employment	0.1	0.9	0.8
Source: Moody's Analytics; New York State Department of Labor; DOB staff estimates.			

Consistent with the substantial decline in bonuses, private sector job growth is expected to decelerate to 1.1 percent in 2012. Total State employment is projected to grow 0.8 percent for 2012, following growth of 0.9 percent in 2011. Lower employment growth and the decline in bonuses are expected to be accompanied by lower wage growth of 3.1 percent for 2012. Total personal income is projected to grow 3.7 percent for 2012, following growth of 4.9 percent for 2011. As for the U.S., the personal income forecast assumes the Federal payroll tax cut will be extended into 2012.

All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, credit and equity market volatility pose a particularly large degree of uncertainty for New York. The full impact of the Federal financial reform package on the profitability of the State's finance industry remains uncertain and consequently represents a major risk to DOB's forecast for bonuses and income going forward. Lower bonuses than projected reduce the level of economic activity generated by the spending of those wages. Similarly, should equity markets fail to grow as anticipated, both financial sector income and taxable capital gains realizations could be negatively affected. These effects would ripple through the State economy, depressing both employment and wage growth. An even weaker labor market than projected could also result in lower wages, which in turn could result in weaker household consumption. In contrast, stronger national and world economic growth, or a stronger upturn in stock prices, along with even stronger activity in mergers and acquisitions and other Wall Street activities, could result in higher wage and bonus growth than projected.

Finally, capital gains realizations are estimated to have grown over 40 percent for 2010, due in part to taxpayers anticipating the expiration of the Bush tax cuts at the end of last year. Those cuts were extended for another two years on December 7, 2010, too late for taxpayers who had already sold assets expecting a higher rate in 2011. If even more of the growth in 2010 was due to taxpayer anticipation of a rate change than currently estimated, growth for 2011 could be lower than expected. The 18 percent decline in equity prices during the third quarter further enhances that risk.

FINANCIAL PLAN PROJECTIONS
FISCAL YEARS 2012 THROUGH 2015

The DOB estimates that the General Fund has a potential current year shortfall of $350 million. The shortfall is expected to be closed by administrative or legislative action, or both. The projected General Fund budget gaps total approximately $3.25 billion in FY 2013, $3.3 billion in FY 2014, and $4.8 billion in FY 2015. The projected net operating shortfalls in State Operating Funds are projected at $2.6 billion in FY 2013, $2.7 billion in FY 2014, and $4.2 billion in FY 2015.

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

The following tables present the multi-year projections and growth rates for the General Fund and State Operating Funds, as well as a reconciliation between the General Fund budget gaps and the operating shortfalls in State Operating Funds. It is followed by a summary of the multi-year receipts and disbursement forecasts.

General Fund Projections

MULTI-YEAR GENERAL FUND PROJECTIONS (millions of dollars)	Results	Projections			
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Receipts					
Taxes (After Debt Service)	49,529	52,731	52,923	56,116	57,917
Miscellaneous Receipts/Federal Grants	3,149	3,212	3,084	2,643	2,182
Other Transfers	1,769	923	628	586	602
Total Receipts	**54,447**	**56,866**	**56,635**	**59,345**	**60,701**
Disbursements					
Local Assistance Grants	37,206	38,721	39,955	41,665	43,352
Education	18,104	18,533	19,095	19,964	20,864
Health Care	8,243	11,106	11,346	11,886	12,346
Mental Hygiene	2,239	1,881	1,975	2,157	2,277
Social Services	2,859	2,907	3,218	3,339	3,455
Higher Education	2,448	2,569	2,675	2,736	2,814
All Other [1]	3,313	1,725	1,646	1,583	1,596
State Operations	7,973	7,462	8,059	8,021	8,310
Personal Service	6,151	5,713	5,945	6,052	6,220
Non-Personal Service	1,822	1,749	2,114	1,969	2,090
General State Charges	4,187	4,704	5,093	5,456	5,623
Pensions	1,470	1,586	1,610	1,936	2,197
Health Insurance	3,055	3,416	3,731	4,064	4,092
All Other	(338)	(298)	(248)	(544)	(666)
Transfers to Other Funds	6,007	5,968	6,687	7,335	8,072
State Share Medicaid	2,497	2,910	2,903	2,796	2,750
Debt Service	1,737	1,455	1,722	1,696	1,614
Capital Projects	932	778	1,126	1,323	1,419
SUNY- Hospital Medicaid	207	200	200	200	200
School Aid - Lottery Guarantee	0	100	0	0	0
Judiciary Funds	131	119	119	121	123
Banking Services	74	55	55	55	55
Financial Management System	5	42	55	55	55
Indigent Legal Services	45	40	40	40	40
Mental Hygiene	0	0	198	779	1,466
All Other	379	269	269	270	350
Total Disbursements	**55,373**	**56,855**	**59,794**	**62,477**	**65,357**
Change in Reserves	**(926)**	**361**	**91**	**142**	**142**
Prior-Year Labor Agreements (2007-11)	0	346	142	142	142
Community Projects Fund	40	(85)	(51)		
Rainy Day Fund	0	100			
Reserved for Deferred Payments	(906)				
Reserved for Debt Management	(60)				
Budget Surplus/(Gap) Before Actions [2]	**0**	**(350)**	**(3,250)**	**(3,274)**	**(4,798)**

[1] All Other includes extra $2.1 billion school aid payment in FY 2011 that was delayed from March 2010 to June 2010, as well as local aid spending in a number of other programs, including parks and the environment, economic development, and public safety.

[2] Mid-Year gap projection for FY 2013 represents the mid-point of the estimated range of $3.0 billion to $3.5 billion.

State Operating Funds Projections

STATE OPERATING FUNDS PROJECTIONS
(millions of dollars)

	Results	Projections			
	FY 2011	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Receipts:					
Taxes	59,532	63,165	63,861	67,486	69,770
Miscellaneous Receipts/Federal Grants	19,260	19,291	20,261	20,220	20,058
Total Receipts	**78,792**	**82,456**	**84,122**	**87,706**	**89,828**
Disbursements:					
Local Assistance Grants	55,295	57,565	59,768	62,276	64,602
School Aid	19,788	19,686	20,250	21,105	21,955
STAR	3,234	3,293	3,322	3,510	3,693
Other Education Aid	1,474	1,742	1,906	1,988	2,058
Higher Education	2,470	2,585	2,691	2,752	2,814
Medicaid (DOH incl. administration)	11,915	15,280	15,894	16,531	17,192
Public Health/Aging	2,015	2,121	2,163	2,371	2,419
Mental Hygiene	3,578	3,599	3,854	4,168	4,396
Social Services	2,869	2,918	3,229	3,340	3,456
Transportation	4,254	4,225	4,325	4,414	4,508
Local Government Assistance	775	758	793	790	791
All Other [1]	2,923	1,358	1,341	1,307	1,320
State Operations	17,387	16,923	17,647	17,858	18,396
Personal Service	12,422	11,817	12,219	12,468	12,808
Non-Personal Service	4,965	5,106	5,428	5,390	5,588
General State Charges	6,102	6,534	7,050	7,551	7,890
Pensions	1,470	1,586	1,610	1,936	2,197
Health Insurance (Active Employees)	1,834	2,136	2,332	2,540	2,558
Health Insurance (Retired Employees)	1,221	1,280	1,399	1,524	1,534
All Other	1,577	1,532	1,709	1,551	1,601
Debt Service	5,615	5,834	6,300	6,518	6,620
Capital Projects	18	5	5	5	5
Total Disbursements	**84,417**	**86,861**	**90,770**	**94,208**	**97,513**
Net Other Financing Sources/(Uses)	4,784	4,411	3,965	3,843	3,487
Net Operating Surplus/(Deficit)	**(841)**	**6**	**(2,683)**	**(2,659)**	**(4,198)**
Reconciliation to General Fund Gap:					
Designated Fund Balances	**841**	**(356)**	**(567)**	**(615)**	**(600)**
General Fund	926	(361)	(91)	(142)	(142)
Special Revenue Funds	(42)	113	(393)	(398)	(353)
Debt Service Funds	(43)	(108)	(83)	(75)	(105)
General Fund Budget Gap [2]	**0**	**(350)**	**(3,250)**	**(3,274)**	**(4,798)**

[1] All other includes school aid deferral and local aid spending in a number of other programs, including parks and the environment, economic development, and public safety.

[2] Mid-Year gap projection for FY 2013 represents the mid-point of the estimated range of $3.0 billion to $3.5 billion.

RECEIPTS PROJECTIONS

The forecast of receipts includes 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).

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.

FY 2012 OVERVIEW

TOTAL RECEIPTS
(millions of dollars)

	FY 2011 Results	FY 2012 Mid-Year	Annual $ Change	Annual % Change
General Fund	54,447	56,866	2,419	4.4%
State Funds	83,981	87,816	3,835	4.6%
All Funds	133,321	130,834	(2,487)	-1.9%

All Funds receipts are projected to total $130.8 billion for FY 2012, comprising tax receipts ($64.5 billion), Federal grants ($43.0 billion) and miscellaneous receipts ($23.3 billion). The following table summarizes the actual receipts for FY 2011 and the updated projections for FY 2012 and FY 2013.

TOTAL RECEIPTS
(millions of dollars)

	FY 2011 Results	FY 2012 Projected	Annual $ Change	Annual % Change	FY 2013 Projected	Annual $ Change	Annual % Change
General Fund	**54,447**	**56,866**	**2,419**	**4.4%**	**56,635**	**(231)**	**-0.4%**
Taxes	39,205	41,886	2,681	6.8%	42,202	316	0.8%
Miscellaneous Receipts	3,095	3,152	57	1.8%	3,024	(128)	-4.1%
Federal Grants	54	60	6	11.1%	60	0	0.0%
Transfers	12,093	11,768	(325)	-2.7%	11,349	(419)	-3.6%
State Funds	**83,981**	**87,816**	**3,835**	**4.6%**	**89,259**	**1,443**	**1.6%**
Taxes	60,870	64,503	3,633	6.0%	65,258	755	1.2%
Miscellaneous Receipts	22,994	23,168	174	0.8%	23,856	688	3.0%
Federal Grants	117	145	28	23.9%	145	0	0.0%
All Funds	**133,321**	**130,834**	**(2,487)**	**-1.9%**	**128,779**	**(2,055)**	**-1.6%**
Taxes	60,870	64,503	3,633	6.0%	65,258	755	1.2%
Miscellaneous Receipts	23,148	23,300	152	0.7%	23,987	687	2.9%
Federal Grants	49,303	43,031	(6,272)	-12.7%	39,534	(3,497)	-8.1%

The total All Funds receipts estimate of $130.8 billion represents a decrease of $2.5 billion (1.9 percent) below FY 2011 results. This decline is comprised of a decrease in Federal grants of $6.3 billion (12.7 percent) partially offset by an increase in taxes of $3.6 billion (6.0 percent) and an increase in miscellaneous receipts of $152 million (0.7 percent).

Total State Funds receipts are estimated at $87.8 billion, an expected increase of $3.8 billion (4.6 percent) from FY 2011 actual results. State Funds taxes are estimated to increase by $3.6 billion (6.0 percent).

Total General Fund receipts, including transfers, are estimated at $56.9 billion, an increase of $2.4 billion (4.4 percent) from FY 2011 results. The annual increase in General Fund tax receipts is estimated at 6.8 percent. General Fund miscellaneous receipts are estimated to increase by 1.8 percent from FY 2011 results.

After controlling for the impact of Tax Law changes, base tax revenue is estimated to increase by 7.4 percent for FY 2012.

FY 2013 OVERVIEW

Total All Funds receipts are expected to reach nearly $128.8 billion, a decrease of $2.1 billion (1.6 percent) from FY 2012 estimated receipts. All Funds tax receipts are projected to increase by $755 million (1.2 percent). All Funds Federal grants are expected to decrease by nearly $3.5 billion (8.1 percent). All Funds miscellaneous receipts are projected to increase by $687 million (2.9 percent) over the prior year.

Total State Funds receipts are projected to be nearly $89.3 billion, an increase of over $1.4 billion (1.6 percent) from FY 2012 estimated receipts.

Total General Fund receipts (including transfers from other funds) are projected to be $56.6 billion, a decrease of $231 million (0.4 percent) from FY 2012 estimated receipts. General Fund tax receipts are projected to increase by 0.8 percent from FY 2012 estimates, and General Fund miscellaneous receipts are projected to decrease by 4.1 percent.

After controlling for the impact of policy changes, base tax revenue is expected to grow by 6.1 percent for FY 2013.

CHANGE FROM FIRST QUARTERLY UPDATE

CHANGE FROM FIRST QUARTERLY UPDATE FORECAST
(millions of dollars)

	FY 2012				FY 2013			
	First Quarterly	Mid-Year Update	$ Change	% Change	First Quarterly	Mid-Year Update	$ Change	% Change
General Fund[1]	**45,395**	**45,098**	**(297)**	**-0.7%**	**45,986**	**45,286**	**(700)**	**-1.5%**
Taxes	42,237	41,886	(351)	-0.8%	43,009	42,202	(807)	-1.9%
Miscellaneous Receipts	3,098	3,152	54	1.7%	2,917	3,024	107	3.7%
Federal Grants	60	60	0	0.0%	60	60	0	0.0%
State Funds	**88,396**	**87,816**	**(580)**	**-0.7%**	**90,109**	**89,259**	**(850)**	**-0.9%**
Taxes	64,976	64,503	(473)	-0.7%	66,293	65,258	(1,035)	-1.6%
Miscellaneous Receipts	23,275	23,168	(107)	-0.5%	23,671	23,856	185	0.8%
Federal Grants	145	145	0	0.0%	145	145	0	0.0%
All Funds	**131,688**	**130,834**	**(854)**	**-0.6%**	**129,768**	**128,779**	**(989)**	**-0.8%**
Taxes	64,976	64,503	(473)	-0.7%	66,293	65,258	(1,035)	-1.6%
Miscellaneous Receipts	23,407	23,300	(107)	-0.5%	23,802	23,987	185	0.8%
Federal Grants	43,305	43,031	(274)	-0.6%	39,673	39,534	(139)	-0.4%

[1] Excludes Transfers

All Funds receipts estimates for the current fiscal year have been revised downward from the First Quarterly Update. Current year All Funds tax receipt estimates have been lowered by $473 million since the First Quarterly Update due to reductions in business, user and personal income taxes partially offset by increases in other taxes. Miscellaneous receipts and Federal grants have been revised down by $107 million and $274 million respectively.

General Fund receipts for fiscal year FY 2012 have been revised down by $297 million from the First Quarterly Update, reflecting a $351 million reduction in taxes partially offset by a $54 million increase in miscellaneous receipts.

MULTI-YEAR RECEIPTS

TOTAL RECEIPTS (millions of dollars)							
	FY 2012 Projected	FY 2013 Projected	Annual $ Change	FY 2014 Projected	Annual $ Change	FY 2015 Projected	Annual $ Change
General Fund	**56,866**	**56,635**	**(231)**	**59,345**	**2,710**	**60,701**	**1,356**
Taxes	41,886	42,202	316	44,658	2,456	45,886	1,228
State Funds	**87,816**	**89,259**	**1,443**	**92,684**	**3,425**	**94,566**	**1,882**
Taxes	64,503	65,258	755	68,884	3,626	71,178	2,294
All Funds	**130,834**	**128,779**	**(2,055)**	**134,496**	**5,717**	**141,469**	**6,973**
Taxes	64,503	65,258	755	68,884	3,626	71,178	2,294

The economic forecast calls for a continuation of the modest recovery in employment and wages. This projected increase in the economic base supports the outyear revenue forecast. Overall, receipts growth in the two fiscal years following FY 2013 is expected to grow consistently with the projected moderate growth in both the U.S. and New York economies.

All Funds tax receipts in FY 2014 are projected to reach $68.9 billion, an increase of $3.6 billion (5.6 percent) from FY 2013. All Funds tax receipts in FY 2015 are expected to increase by $2.3 billion (3.3 percent) over the prior year. General Fund tax receipts are projected to reach $44.7 billion in FY 2014 and $45.9 billion in FY 2015.

REVENUE RISKS

- The current recovery could be more lethargic than estimated, leading to unforeseen revenue reductions.

- A significant percentage of personal income receipts are dependent on financial sector bonus payments made during the January-March period. If bonus payments fall below DOB's forecast, PIT collections will be lower than expected.

- Recent volatility in the financial markets could result in lower than anticipated Tax Year 2011 capital gains realizations. In turn, this could result in a lower PIT settlement in April 2012.

- The FY 2012 Financial Plan contains nearly $1 billion in savings generated as a result of 2010 tax credit deferral legislation. Same-year confirmation of these savings is unavailable given tax filing and processing delays and actual savings could fall below estimates.

- Bank and corporate franchise tax revenue streams are contingent on the timing and size of anticipated audit proceeds. Negotiations between the State and taxpayers are subject to unexpected delays, which may force audit proceeds into a subsequent fiscal year.

PERSONAL INCOME TAX

PERSONAL INCOME TAX
(millions of dollars)

	FY 2011 Actual	FY 2012 Estimated	Annual $ Change	Annual % Change	FY 2013 Projected	Annual $ Change	Annual % Change
General Fund[1]	**23,894**	**25,870**	**1,976**	**8.3%**	**25,619**	**(251)**	**-1.0%**
Gross Collections	44,002	46,376	2,374	5.4%	46,612	236	0.5%
Refunds/Offsets	(7,793)	(7,492)	301	-3.9%	(8,023)	(531)	7.1%
STAR	(3,263)	(3,293)	(30)	0.9%	(3,322)	(29)	0.9%
RBTF	(9,052)	(9,721)	(669)	7.4%	(9,648)	73	-0.8%
State/All Funds	**36,209**	**38,884**	**2,675**	**7.4%**	**38,589**	**(295)**	**-0.8%**
Gross Collections	44,002	46,376	2,374	5.4%	46,612	236	0.5%
Refunds	(7,793)	(7,492)	301	-3.9%	(8,023)	(531)	7.1%

[1] Excludes Transfers.

All Funds receipts for FY 2012 are projected to be $38.9 billion, an increase of $2.7 billion (7.4 percent) above FY 2011. This mainly reflects stronger than expected extension payments for tax year 2010 ($1.2 billion), stronger growth in estimated payments for tax year 2011 ($1 billion), and an artificially high FY 2011 refunds base caused by the shift of the $500 million of FY 2010 refunds into FY 2011. Withholding, the largest component of PIT, is projected to be marginally lower ($38 million) than FY 2011, reflecting a combination of significant projected weakness in financial sector bonuses and the expiration of the temporary rate increase at the end of December 2011. The spike in extension payments for tax year 2010 of 51 percent likely reflects catch-up payments for increased liability due to the deferral of some business related tax credits, and the one-time realization of capital gains caused by uncertainty surrounding the late extension of the lower Federal tax rates on capital gains and high-income taxpayers in December 2010.

Total refunds for FY 2012 are projected to decrease by $301 million (3.9 percent). This decrease largely reflects the $500 million refund shift as noted above. Adjusted for this shift, current refunds for tax year 2010 are projected to increase by $101 million (2.3 percent). Compared to the previous year, prior year refunds are projected to decrease by $102 million, due to an expected related decline in business credit claims for tax years prior to 2010.

The following table summarizes, by component, actual receipts for FY 2011 and forecast amounts through FY 2015.

PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS ALL FUNDS (millions of dollars)					
	FY 2011 (Actual)	FY 2012 (Estimated)	FY 2013 (Projected)	FY 2014 (Projected)	FY 2015 (Projected)
Receipts					
Withholding	31,240	31,202	31,801	34,185	36,183
Estimated Payments	9,735	11,975	11,478	11,695	12,325
Current Year	7,386	8,430	7,905	8,341	9,355
Prior Year*	2,349	3,545	3,574	3,354	2,970
Final Returns	1,964	2,110	2,199	2,154	2,151
Current Year	215	227	227	241	242
Prior Year*	1,749	1,883	1,972	1,913	1,909
Delinquent	1,063	1,089	1,134	1,211	1,313
Gross Receipts	44,002	46,376	46,612	49,245	51,972
Refunds					
Prior Year*	5,172	4,775	5,256	5,511	6,354
Previous Years	771	669	719	661	632
Current Year*	1,750	1,750	1,750	1,750	1,750
State-City Offset*	100	298	298	198	148
Total Refunds	7,793	7,492	8,023	8,120	8,884
Net Receipts	36,209	38,884	38,589	41,125	43,088

* These components, collectively, are known as the “settlement” on the prior year’s tax liability.

All Funds receipts for FY 2013 are projected to be $38.6 billion, a decrease of $295 million (0.8 percent) compared to the prior year. This reflects a modest increase in withholding ($599 million, 1.9 percent) due to expiration of the temporary rate increase after 2011, an increase in final returns for tax year 2011 of $89 million (4.7 percent), and an increase in assessments of $45 million (4.6 percent). These increases are expected to be offset by an increase in refunds (negative to the plan) of $531 million (7.1 percent) and lower pre-payments related to tax year 2012. As noted above, estimated taxes on tax year 2012 liabilities are expected to decrease by 6.2 percent ($525 million), reflecting the expiration of the temporary rate increase.

Compared to the prior year, extension payments on tax year 2011 liabilities are expected to increase modestly by 0.8 percent ($29 million), given the likely one-time nature of much of the tax year 2010 increase.

As noted above, total refunds are projected to increase by $531 million or 7.1 percent from the prior year. This increase largely reflects a $481 million (10.6 percent) increase in current year refund for tax year 2011, and a $50 million (7.5 percent) increase in prior year refund for tax years prior to 2011.

General Fund income tax receipts are net of deposits to the STAR Fund, which provides property tax relief, and the Revenue Bond Tax Fund (RBTF), which supports debt service payments on State PIT revenue bonds. General Fund income tax receipts for FY 2012 of $25.9 billion are expected to increase by $2.0 billion (8.3 percent) from the prior year, mainly reflecting the increase in All Funds receipts noted above. The RBTF deposit is expected to increase by $669 million (7.4 percent).

General Fund income tax receipts for FY 2013 of $25.6 billion are projected to decrease by $251 million (1.0 percent). The RBTF deposit is projected to decrease by $73 million (0.8 percent).

PERSONAL INCOME TAX CHANGE FROM FIRST QUARTERLY UPDATE FORECAST (millions of dollars)								
	FY 2012				FY 2013			
	First Quarterly	Mid-Year Update	$ Change	% Change	First Quarterly	Mid-Year Update	$ Change	% Change
General Fund[1]	**26,001**	**25,870**	**(131)**	**-0.5%**	**26,085**	**25,619**	**(466)**	**-1.8%**
Gross Collections	46,901	46,376	(525)	-1.1%	47,417	46,612	(805)	-1.7%
Refunds/Offsets	(7,842)	(7,492)	350	-4.5%	(8,207)	(8,023)	184	-2.2%
STAR	(3,293)	(3,293)	0	0.0%	(3,322)	(3,322)	0	0.0%
RBTF	(9,765)	(9,721)	44	-0.5%	(9,803)	(9,648)	155	-1.6%
State/All Funds	**39,059**	**38,884**	**(175)**	**-0.4%**	**39,210**	**38,589**	**(621)**	**-1.6%**
Gross Collections	46,901	46,376	(525)	-1.1%	47,417	46,612	(805)	-1.7%
Refunds	(7,842)	(7,492)	350	-4.5%	(8,207)	(8,023)	184	-2.2%

[1] Excludes Transfers

Compared to the AIS forecast, FY 2012 All Funds income tax receipts are revised downward by $175 million. The decrease primarily reflects lower withholdings ($600 million) partially offset by lower-than-expected refunds ($350 million) and an increase in estimated payments for tax year 2011 ($100 million). The reduction in withholding is driven by a significantly weaker financial sector bonus forecast for the second half of FY 2012. Similarly, the higher forecast for estimated taxes appears to reflect recent stronger than expected estimated tax receipts for tax year 2011.

The lower projection for current year refunds for tax year 2010 of $300 million is based on lower than expected refund requests through the first two quarters of the current fiscal year. This is likely the result of higher than expected tax year 2010 non-wage liability. A one-time realization of capital gains in late 2010 caused by uncertainty surrounding the potential extension of the lower Federal tax rates on capital gains and high-income taxpayers resulted in this liability jump.

Likewise, $200 million in lower prior refunds almost entirely reflects lower refunds in the first two quarters of FY 2012 for tax years prior to 2010. Lower current and prior refunds are partially offset by a spike in state-city offset of $150 million related to a change in PIT rates for New York City.

Compared to the First Quarterly Update and AIS forecast, FY 2013 All Funds income tax receipts are revised downward by $621 million. A $555 million downward withholding revision, a $150 million downward revision for estimated tax payments for tax year 2012, and a $100 million downward revision in tax year 2011 extension payments are only partially offset by a $184 million improvement in projected refunds.

PERSONAL INCOME TAX (millions of dollars)	FY 2013 Projected	FY 2014 Projected	Annual $ Change	FY 2015 Projected	Annual $ Change
General Fund[1]	**25,619**	**27,333**	**1,714**	**28,623**	**1,290**
Gross Collections	46,612	49,245	2,633	51,972	2,727
Refunds/Offsets	(8,023)	(8,120)	(97)	(8,884)	(764)
STAR	(3,322)	(3,510)	(188)	(3,693)	(183)
RBTF	(9,648)	(10,282)	(634)	(10,772)	(490)
State/All Funds	**38,589**	**41,125**	**2,536**	**43,088**	**1,963**
Gross Collections	46,612	49,245	2,633	51,972	2,727
Refunds	(8,023)	(8,120)	(97)	(8,884)	(764)

[1] Excludes Transfers.

In general, income tax growth for FY 2014 and FY 2015 is governed by projections of growth in expected liability, which is dependent on growth in the major components of taxable income, the distribution of this income among different income brackets, and, to a minor extent, the impact of Tax Law changes. The major components of taxable income include: wages, interest and dividend earnings; realized taxable capital gains; business net income, and income derived from partnerships and S corporations.

All Funds income tax receipts for FY 2014 of $41.1 billion are projected to increase by $2.5 billion (6.6 percent) from the prior year. Gross receipts are projected to increase 5.6 percent and reflect withholding that is projected to grow by 7.5 percent ($2.4 billion) and estimated payments related to tax year 2013 that are projected to grow by 5.5 percent ($436 million). Payments from extensions for tax year 2012 are projected to decrease by 6.2 percent ($220 million) and likewise, payments from final returns are expected to decrease 3.0 percent ($59 million) reflecting the expiration of the temporary rate increase in December 2011. Delinquencies are projected to increase $77 million (6.8 percent) from the prior year, while total refunds are projected to increase by $97 million (1.2 percent) from the prior year.

General Fund income tax receipts for FY 2014 of $27.3 billion are projected to increase by $1.7 billion, or 6.7 percent.

All Funds income tax receipts are projected to increase by nearly $2 billion (4.8 percent) in FY 2015 to reach $43.1 billion, while General Fund receipts are projected to be $28.6 billion.

USER TAXES AND FEES

USER TAXES AND FEES (millions of dollars)	FY 2011 Actual	FY 2012 Estimated	Annual $ Change	Annual % Change	FY 2013 Projected	Annual $ Change	Annual % Change
General Fund[1,2]	**8,795**	**9,056**	**261**	**3.0%**	**9,288**	**232**	**2.6%**
Sales Tax	8,085	8,351	266	3.3%	8,552	201	2.4%
Cigarette and Tobacco Taxes	480	472	(8)	-1.7%	498	26	5.5%
Alcoholic Beverage Taxes	230	233	3	1.3%	238	5	2.1%
State/All Funds	**14,206**	**14,603**	**397**	**2.8%**	**15,018**	**415**	**2.8%**
Sales Tax	11,538	11,877	339	2.9%	12,172	295	2.5%
Cigarette and Tobacco Taxes	1,616	1,666	50	3.1%	1,752	86	5.2%
Motor Fuel	517	504	(13)	-2.5%	515	11	2.2%
Highway Use Tax	129	134	5	3.9%	147	13	9.7%
Alcoholic Beverage Taxes	230	233	3	1.3%	238	5	2.1%
Taxicab Surcharge	81	85	4	4.9%	85	0	0.0%
Auto Rental Tax	95	104	9	9.5%	109	5	4.8%

[1] Excludes Transfers.

[2] Receipts from motor vehicle fees and alcohol beverage control license fees are now reflected under miscellaneous receipts.

All Funds user taxes and fees receipts for FY 2012 are estimated to be $14.6 billion, an increase of $397 million (2.8 percent) from FY 2011. The underlying sales tax base (i.e., after adjusting for the impact of law changes) is estimated to increase by 5.4 percent. Overall, sales tax receipts are estimated to increase by $339 million (2.9 percent) compared with FY 2011. The growth rate is suppressed by the partial return of the clothing and footwear exemption at $55 per item. Non-sales tax user taxes and fees are estimated to increase by $58 million from FY 2011 due primarily to an increase in cigarette and tobacco tax collections ($50 million).

General Fund user taxes and fees receipts are expected to total nearly $9.1 billion in FY 2012, an increase of $261 million (3 percent) from FY 2011. Sales tax receipts are estimated to increase by $266 million (3.3 percent), and cigarette and tobacco tax collections are estimated to decline by $8 million (1.7 percent).

All Funds user taxes and fees receipts for FY 2013 are projected to be $15 billion, an increase of $415 million (2.8 percent) from FY 2012. The growth rate is suppressed by the return of the full exemption on clothing and shoes at $110 per item. General Fund user taxes and fees receipts are projected to total nearly $9.3 billion in FY 2013, an increase of $232 million (2.6 percent) from FY 2012.

USER TAXES AND FEES CHANGE FROM FIRST QUARTERLY UPDATE FORECAST (millions of dollars)	FY 2012				FY 2013			
	First Quarterly	Mid-Year Update	$ Change	% Change	First Quarterly	Mid-Year Update	$ Change	% Change
General Fund[1,2]	**9,105**	**9,056**	**(49)**	**-0.5%**	**9,382**	**9,288**	**(95)**	**-1.0%**
Sales Tax	8,380	8,351	(29)	-0.3%	8,627	8,552	(75)	-0.9%
Cigarette and Tobacco Taxes	492	472	(20)	-4.1%	518	498	(20)	-3.9%
Alcoholic Beverage Taxes	233	233	0	0.0%	238	238	0	0.0%
State/All Funds	**14,673**	**14,603**	**(70)**	**-0.5%**	**15,129**	**15,018**	**(111)**	**-0.7%**
Sales Tax	11,915	11,877	(38)	-0.3%	12,272	12,172	(100)	-0.8%
Cigarette and Tobacco Taxes	1,686	1,666	(20)	-1.2%	1,772	1,752	(20)	-1.1%
Motor Fuel	512	504	(8)	-1.6%	515	515	0	0.0%
Highway Use Tax	144	134	(10)	-6.9%	144	147	3	2.1%
Alcoholic Beverage Taxes	233	233	0	0.0%	238	238	0	0.0%
Taxicab Surcharge	81	85	4	4.9%	81	85	4	4.9%
Auto Rental Tax	102	104	2	2.0%	107	109	2	1.9%

[1] Excludes Transfers
[2] Receipts from motor vehicle fees and alcohol beverage control license fees are now reflected under miscellaneous receipts.

All Funds user taxes and fees for FY 2012 are estimated to be $14.6 billion, a decline of $70 million (0.5 percent) from the AIS and First Quarterly Update forecast. The sales tax estimate was revised downward by $38 million to reflect weaker than estimated FY 2012 second quarter results. In addition, the tobacco tax estimate was lowered by $20 million to reflect a recent Tax Tribunal decision concerning the method for determining tobacco tax liability. In addition, motor fuel tax receipts were lowered by $8 million and highway use tax receipts were lowered by $10 million. General Fund user taxes and fees receipts are projected to total nearly $9.1 billion in FY 2012, a decrease of $49 million (0.5 percent) from the AIS and First Quarterly Update forecast.

All Funds user taxes and fees for FY 2013 are projected to be nearly $15 billion, a decrease of $111 million (0.7 percent) from the AIS and First Quarterly Update forecast. General Fund user taxes and fees receipts are projected to total nearly $9.3 billion in FY 2013, a decrease of $95 million (1.0 percent) from the AIS forecast. These reductions reflect the lower FY 2012 base and a reduction in consumption growth from the AIS and First Quarterly Update forecast.

USER TAXES AND FEES (millions of dollars)	FY 2013 Projected	FY 2014 Projected	Annual $ Change	FY 2015 Projected	Annual $ Change
General Fund[1,2]	**9,288**	**9,681**	**393**	**10,099**	**418**
Sales Tax	8,552	8,948	396	9,367	419
Cigarette and Tobacco Taxes	498	491	(7)	485	(6)
Alcoholic Beverage Taxes	238	242	4	247	5
State/All Funds	**15,018**	**15,553**	**535**	**16,129**	**576**
Sales Tax	12,172	12,730	558	13,319	589
Cigarette and Tobacco Taxes	1,752	1,723	(29)	1,695	(28)
Motor Fuel	515	517	2	520	3
Highway Use Tax	147	142	(5)	144	2
Alcoholic Beverage Taxes	238	242	4	247	5
Taxicab Surcharge	85	85	0	85	0
Auto Rental Tax	109	114	5	119	5

[1] Excludes Transfers.
[2] Receipts from motor vehicle fees and alcohol beverage control license fees are now reflected under miscellaneous receipts.

All Funds user taxes and fees are projected to grow to nearly $15.6 billion in FY 2014, an increase of $535 million (3.6 percent). General Fund receipts are projected to be nearly $9.7 billion, an increase of $393 million (4.2 percent). All Funds and General Funds receipts are projected to grow to $16.1 billion and $10.1 billion, respectively, in FY 2015.

BUSINESS TAXES

BUSINESS TAXES (millions of dollars)

	FY 2011 Actual	FY 2012 Estimated	Annual $ Change	Annual % Change	FY 2013 Projected	Annual $ Change	Annual % Change
General Fund	**5,279**	**5,868**	**589**	**11.2%**	**6,208**	**340**	**5.8%**
Corporate Franchise Tax	2,472	2,909	437	17.7%	3,006	97	3.3%
Corporation & Utilities Tax	616	639	23	3.7%	702	63	9.9%
Insurance Tax	1,217	1,298	81	6.7%	1,348	50	3.9%
Bank Tax	974	1,022	48	4.9%	1,152	130	12.7%
State/All Funds	**7,279**	**7,895**	**616**	**8.5%**	**8,392**	**497**	**6.3%**
Corporate Franchise Tax	2,846	3,298	452	15.9%	3,474	176	5.3%
Corporation & Utilities Tax	813	842	29	3.6%	905	63	7.5%
Insurance Tax	1,351	1,437	86	6.4%	1,489	52	3.6%
Bank Tax	1,179	1,229	50	4.2%	1,373	144	11.7%
Petroleum Business Tax	1,090	1,089	(1)	-0.1%	1,151	62	5.7%

All Funds business tax receipts for FY 2012 are estimated at $7.9 billion, an increase of $616 million (8.5 percent) from the prior year. The estimates reflect base growth across all taxes from an improving economy, as well as an incremental increase of $213 million (from $100 million in FY 2011 to $313 million in FY 2012) from the deferral of certain tax credits that was part of the FY 2011 Enacted Budget. Adjusted for this deferral, All Funds growth is 5.5 percent.

The annual increase in the corporate franchise tax of $452 million (15.9 percent) is attributable to the incremental increase of $213 million from the tax credit deferral, as well as continued growth in corporate profits. Corporate profits are expected to grow 7.4 percent in tax year 2011. Corporate franchise tax growth adjusted for the credit deferral is 8.4 percent for FY 2012.

The corporation and utilities tax is expected to grow $29 million (3.6 percent) in FY 2012. Revenue from this tax has been affected by declining revenue from the telecommunications sector. Several changes have occurred in this sector over the last several years that have diminished the taxable base. These changes have been highlighted by consumer shifts to mobile and non-cable voice over Internet protocol telecommunications at the expense of landline telecommunications and the growing use of internet-based communications tools such as Twitter and Facebook. This has resulted in a steady decline in revenue from telecommunications companies over the last several years.

Growth in insurance tax receipts ($86 million, 6.4 percent) is expected to return in FY 2012 after several years of decline related to the economic downturn. The bank tax is estimated to grow $50 million (4.2 percent) in FY 2012 as the economy and credit markets continue to show improvement. Additionally, a large bank audit is expected to be received in the second half of FY 2012.

All Funds business tax receipts for FY 2013 of $8.4 billion are projected to increase $497 million (6.3 percent) from the prior year reflecting growth across all business taxes. Projected savings from the tax credit deferral is $384 million in FY 2013.

General Fund business tax receipts for FY 2012 of $5.9 billion are estimated to increase by $589 million (11.2 percent) from FY 2011 results. Business tax receipts deposited to the General Fund reflect the All Funds trends discussed above.

General Fund business tax receipts for FY 2013 of $6.2 billion are projected to increase $340 million (5.8 percent) from the prior year.

BUSINESS TAXES CHANGE FROM FIRST QUARTERLY UPDATE FORECAST
(millions of dollars)

	FY 2012				FY 2013			
	First Quarterly	Mid-Year Update	$ Change	% Change	First Quarterly	Mid-Year Update	$ Change	% Change
General Fund	**6,101**	**5,868**	**(233)**	**-3.8%**	**6,456**	**6,208**	**(248)**	**-3.8%**
Corporate Franchise Tax	3,047	2,909	(138)	-4.5%	3,178	3,006	(172)	-5.4%
Corporation & Utilities Tax	681	639	(42)	-6.2%	750	702	(48)	-6.4%
Insurance Tax	1,266	1,298	32	2.5%	1,318	1,348	30	2.3%
Bank Tax	1,107	1,022	(85)	-7.7%	1,210	1,152	(58)	-4.8%
State/All Funds	**8,173**	**7,895**	**(278)**	**-3.4%**	**8,677**	**8,392**	**(286)**	**-3.3%**
Corporate Franchise Tax	3,463	3,298	(165)	-4.8%	3,698	3,474	(224)	-6.1%
Corporation & Utilities Tax	892	842	(50)	-5.6%	964	905	(59)	-6.1%
Insurance Tax	1,395	1,437	42	3.0%	1,451	1,489	38	2.6%
Bank Tax	1,317	1,229	(88)	-6.7%	1,414	1,373	(41)	-2.9%
Petroleum Business Tax	1,106	1,089	(17)	-1.5%	1,151	1,151	0	0.0%

Compared to the AIS and First Quarterly Update forecast, FY 2012 All Funds business tax receipts are revised down by $278 million, while General Fund receipts are revised down by $233 million. This decrease is the result of weaker than expected calendar year 2011 payments in all taxes, except the insurance tax, and higher prior period adjustments in the corporate franchise tax.

Compared to the AIS and First Quarterly Update forecast, FY 2013 All Funds business tax receipts are revised down by $286 million and the General Fund is revised down by $248 million. Calendar year 2012 corporate profit growth was revised down to 4.6 percent from 6.4 percent in the AIS and First Quarterly Update forecast.

BUSINESS TAXES (millions of dollars)	FY 2013 Projected	FY 2014 Projected	Annual $ Change	FY 2015 Projected	Annual $ Change
General Fund	**6,208**	**6,497**	**289**	**5,952**	**(545)**
Corporate Franchise Tax	3,006	3,230	224	2,472	(758)
Corporation & Utilities Tax	702	731	29	763	32
Insurance Tax	1,348	1,411	63	1,459	48
Bank Tax	1,152	1,125	(27)	1,258	133
State/All Funds	**8,392**	**8,719**	**327**	**8,249**	**(470)**
Corporate Franchise Tax	3,474	3,751	277	3,030	(721)
Corporation & Utilities Tax	905	938	33	973	35
Insurance Tax	1,489	1,561	72	1,617	56
Bank Tax	1,373	1,314	(59)	1,469	155
Petroleum Business Tax	1,151	1,155	4	1,160	5

All Funds business tax receipts for FY 2014 and FY 2015 reflect trend growth that is determined in part by the expected levels of corporate profits, taxable insurance premiums, electric utility consumption prices, the consumption of telecommunications services and automobile fuel consumption and fuel prices. All Funds business tax receipts are projected to increase to $8.7 billion (3.9 percent) in FY 2014, and decline to $8.2 billion (5.4 percent) in FY 2015. The decline in FY 2015 reflects the first year of the repayment of deferred tax credits to taxpayers. General Fund business tax receipts over this period are expected to increase to nearly $6.5 billion (4.7 percent) in FY 2014 and decline to nearly $6 billion (8.4 percent) in FY 2015.

OTHER TAXES

OTHER TAXES (millions of dollars)	FY 2011 Actual	FY 2012 Estimated	Annual $ Change	Annual % Change	FY 2013 Projected	Annual $ Change	Annual % Change
General Fund[1]	**1,237**	**1,092**	**(145)**	**-11.7%**	**1,087**	**(5)**	**-0.5%**
Estate Tax	1,218	1,075	(143)	-11.7%	1,070	(5)	-0.5%
Gift Tax	1	0	(1)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	NA	0	0	0.0%
Pari-Mutuel Taxes	17	16	(1)	-5.9%	16	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%
State/All Funds	**1,817**	**1,712**	**(105)**	**-5.8%**	**1,777**	**65**	**3.8%**
Estate Tax	1,219	1,075	(144)	-11.8%	1,070	(5)	-0.5%
Gift Tax	1	0	(1)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	NA	0	0	0.0%
Real Estate Transfer Tax	579	620	41	7.1%	690	70	11.3%
Pari-Mutuel Taxes	17	16	(1)	-5.9%	16	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%

[1] Excludes Transfers.

All Funds other taxes receipts for FY 2012 are estimated to be $1.7 billion, a decrease of $104 million (5.7 percent) from FY 2011. The decline in the estate tax (11.7 percent) is partially offset by an increase in the real estate transfer tax (7.1 percent). This reflects a return to more normal levels of estate tax receipts along with improved conditions in the real estate and credit markets.

General Fund other taxes receipts are expected to total nearly $1.1 billion in FY 2012, a decrease of $145 million (11.7 percent) from FY 2011. This is almost entirely attributable to the decline in the estate tax noted above.

All Funds other taxes receipts for FY 2013 are projected to be nearly $1.8 billion, an increase of $65 million (3.8 percent) from FY 2012, reflecting strong growth in the real estate transfer tax of $70 million (11.3 percent) partially offset by a decrease of $5 million (0.5 percent) in estate tax receipts. The estate tax decline is a combination of a projected increase in household net worth offset by the estimated impact of the increased Federal gift tax exemption on taxable estates.

OTHER TAXES CHANGE FROM FIRST QUARTERLY UPDATE FORECAST
(millions of dollars)

	FY 2012				FY 2013			
	First Quarterly	Mid-Year Update	$ Change	% Change	First Quarterly	Mid-Year Update	$ Change	% Change
General Fund[1]	**1,030**	**1,092**	**62**	**6.0%**	**1,085**	**1,087**	**2**	**0.2%**
Estate Tax	1,015	1,075	60	5.9%	1,070	1,070	0	0.0%
Gift Tax	0	0	0	0.0%	0	0	0	0.0%
Real Property Gains Tax	0	0	0	0.0%	0	0	0	0.0%
Pari-Mutuel Taxes	14	16	2	14.3%	14	16	2	14.3%
All Other Taxes	1	1	0	0.0%	1	1	0	0.0%
State/All Funds	**1,650**	**1,712**	**62**	**3.8%**	**1,775**	**1,777**	**2**	**0.1%**
Estate Tax	1,015	1,075	60	5.9%	1,070	1,070	0	0.0%
Gift Tax	0	0	0	0.0%	0	0	0	0.0%
Real Property Gains Tax	0	0	0	0.0%	0	0	0	0.0%
Real Estate Transfer Tax	620	620	0	0.0%	690	690	0	0.0%
Pari-Mutuel Taxes	14	16	2	14.3%	14	16	2	14.3%
All Other Taxes	1	1	0	0.0%	1	1	0	0.0%

[1] Excludes Transfers.

All Funds other taxes for FY 2012 have been revised upward by $62 million (3.8 percent) from the estimate reflected in the AIS and First Quarterly Update forecast, primarily due to stronger than expected estate tax receipts for the first two quarters of the fiscal year. All Funds other taxes receipts for FY 2013 have been revised upward by $2 million from the AIS and First Quarterly Update forecast.

General Fund other taxes receipts for FY 2012 have been revised upwards by $62 million from the AIS and First Quarterly Update forecast primarily due to revision in the estate tax. General Fund other taxes for FY 2013 have been revised upward by $2 million reflecting increases in pari-mutuel taxes compared to the AIS and First Quarterly Update forecast.

OTHER TAXES (millions of dollars)	FY 2013 Projected	FY 2014 Projected	Annual $ Change	FY 2015 Projected	Annual $ Change
General Fund[1]	**1,087**	**1,147**	**60**	**1,212**	**65**
Estate Tax	1,070	1,130	60	1,195	65
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Pari-Mutuel Taxes	16	16	0	16	0
All Other Taxes	1	1	0	1	0
State/All Funds	**1,777**	**1,917**	**140**	**2,052**	**135**
Estate Tax	1,070	1,130	60	1,195	65
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Real Estate Transfer Tax	690	770	80	840	70
Pari-Mutuel Taxes	16	16	0	16	0
All Other Taxes	1	1	0	1	0

[1] Excludes Transfers.

The FY 2014 All Funds receipts projection for other taxes is $1.9 billion, up $140 million (7.9 percent) from FY 2013 receipts. Modest growth in the estate tax is projected to follow expected increases in household net worth. Receipts from the real estate transfer tax are projected to increase significantly, reflecting the continuation of the expected improvement in residential and commercial real estate markets.

The FY 2015 All Funds receipts projection for other taxes of nearly $2.1 billion is up $135 million (7 percent) from FY 2014 receipts. The forecast reflects continued projected increases in household net worth and the value of real estate transfers.

DISBURSEMENTS

General Fund disbursements in FY 2012 are estimated to total $56.8 billion, an increase of $1.4 billion (2.5 percent) over preliminary FY 2011 results. State Operating Funds disbursements for FY 2012 are estimated to total $86.9 billion, an increase of $2.4 billion (2.9 percent) over preliminary FY 2011 results.

The multi-year disbursement projections take into account agency staffing levels, program caseloads, formulas contained in State and Federal law, inflation and other factors. The factors that affect spending estimates vary by program. For example, welfare spending is based primarily on anticipated caseloads that are estimated by analyzing historical trends and projected economic conditions. Projections account for the timing of payments, since not all of the amounts appropriated in the Enacted Budget are disbursed in the same fiscal year. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agencies) in special revenue funds have been adjusted downward in all fiscal years based on typical spending patterns and the observed variance between estimated and actual results over time.

Medicaid, education, pension costs, employee and retiree health benefits, social services programs and debt service are significant drivers of spending growth over the Current Financial Plan period. The projections reflect spending at the target growth rates for Medicaid and School Aid, and include a preliminary estimate of the effect of national health care reform on State health care costs. The growth in spending projections reflect the return to a lower Federal matching rate for Medicaid expenditures after June 30, 2011, which increased the share of Medicaid costs that must be financed by State resources, and the loss of temporary Federal aid for education.

LOCAL ASSISTANCE GRANTS

Local Assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. State-funded local assistance spending is estimated at $57.6 billion in FY 2012 and accounts for over 65 percent of total State Operating Funds spending. Education and health care spending account for three-quarters of local assistance spending.

EDUCATION

SCHOOL AID

School Aid helps support elementary and secondary education for New York pupils enrolled in 676 major school districts throughout the State. State funding is provided to districts based on statutory aid formulas and through reimbursement of categorical expenses. This funding for schools assists districts in meeting locally defined needs, supports the construction of school facilities, and finances school transportation for nearly three million students statewide.

School Year (July 1 - June 30)

The FY 2012 budget provides $19.6 billion in School Aid for the 2012 school year, which results in an annual State aid reduction of nearly $1.3 billion, or 6.0 percent. Total school spending is primarily financed through a combination of State and local funding and therefore the reduction in State aid represents 2.4 percent of total general fund operating expenditures projected to be made by school districts statewide in the current (2011) school year. Without consideration of Federal Education Jobs Fund allocations made available to school districts in the 2011 school year, the year-to-year reduction in School Aid is $675 million or 3.3 percent. This amount represents 1.3 percent of total expenditures by school districts.

The budget also includes a two-year appropriation and makes statutory changes to fix future School Aid increases to the rate of growth in New York state personal income. This allowable growth includes spending for new competitive grant programs to reward school districts that demonstrate student performance improvements or that undertake long-term structural changes to reduce costs and improve efficiency. Allowable growth also includes increases in expense-based aid programs (e.g., Building Aid, Transportation Aid) under existing statutory provisions. Any remaining amount of allowable growth can be allocated pursuant to a chapter of law for purposes including, but not limited to, additional spending for competitive grants, increases in Foundation Aid or restoration of the Gap Elimination Adjustment.

Under this growth cap, School Aid is projected to increase by an additional $805 million in the 2013 school year, and $879 million in the 2014 school year. School Aid is projected to reach an annual total of nearly $22.2 billion in the 2015 school year.

FOUR YEAR SCHOOL AID PROJECTION - SCHOOL YEAR BASIS (millions of dollars)

	SY 2011	SY 2012	Annual $ Change	SY 2013	Annual $ Change	SY 2014	Annual $ Change	SY 2015	Annual $ Change
Total School Aid	$20,924	$19,641	**($1,283)**	$20,446	**$805**	$21,325	**$879**	$22,156	**$831**
Percent Change			-6.1%		4.1%		4.3%		3.9%

State Fiscal Year

The State finances School Aid from General Fund revenues and from Lottery Fund receipts, including video lottery terminals (VLTs), which are accounted for and disbursed from a dedicated revenue account. Because the State fiscal year begins on April 1, the State typically pays approximately 70 percent of the annual school year commitment during the State fiscal year in which it is enacted, and pays the remaining 30 percent in the first three months of the following State fiscal year.

The table below summarizes the multi-year projected funding levels for School Aid on a State fiscal year basis. The total for FY 2011 is restated to exclude a $2.06 billion aid payment that was deferred from FY 2010.

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

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Total School Aid (Fiscal Year Basis)	**19,788**	**19,686**	**-1%**	**20,250**	**3%**	**21,105**	**4%**	**21,955**	**4%**
General Fund Local Assistance [1]	16,645	16,802	1%	17,197	2%	17,983	5%	18,813	5%
Core Lottery Aid	2,108	2,100	0%	2,217	6%	2,224	0%	2,234	0%
VLT Lottery Aid	912	684	-25%	836	22%	898	7%	908	1%
General Fund Lottery Aid Guarantee	123	100	-19%	0	0%	0	0%	0	0%

[1] General Fund spending in FY 2011 is adjusted to exclude a $2.06B school aid payment deferred from FY 2010.

State spending for School Aid is projected to total $19.7 billion in FY 2012. In future years, receipts available to finance School Aid from lottery sales are expected to increase nominally. Increasing receipts from VLTs in FY 2013 and FY 2014 reflect the opening of a VLT facility at Aqueduct Racetrack in October 2011. In addition to State aid, school districts receive billions of dollars in Federal categorical aid.

School Tax Relief Program

The STAR program provides school tax relief to taxpayers. The three components of STAR and their approximate shares in FY 2012 are: the basic school property tax exemption for homeowners with income under $500,000 (59 percent), the enhanced school property tax exemption for senior citizen homeowners with income under $79,050 (24 percent), and a flat refundable credit and rate reduction for New York City resident personal income taxpayers (17 percent).

SCHOOL TAX RELIEF (STAR)
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
STAR	**3,234**	**3,293**	**2%**	**3,322**	**1%**	**3,510**	**6%**	**3,693**	**5%**
Basic Exemption	1,875	1,933	3%	1,937	0%	2,046	6%	2,162	6%
Enhanced (Seniors)	760	790	4%	792	0%	836	6%	883	6%
New York City PIT	599	570	-5%	593	4%	628	6%	648	3%

The STAR program exempts the first $30,000 of every eligible homeowner's property value from the local school tax levy. Lower-income senior citizens receive a $60,100 exemption. Spending for the STAR property tax exemption reflects reimbursements made to school districts to offset the reduction in property tax revenues.

The budget limits the overall annual increase in a qualifying homeowner's STAR exemption benefit to 2 percent. The multi-year Financial Plan also reflects annual savings from the implementation of an income limitation on STAR benefits, which excludes all homeowners who earn more than $500,000 a year from receiving the STAR property tax exemption, and reduces the benefit for New York City resident personal income taxpayers with annual income over $500,000.

OTHER EDUCATION AID

In addition to School Aid, the State provides funding and support for various other education-related initiatives. These include: special education services; prekindergarten through grade 12 education programs; cultural education; higher and professional education programs; and adult career and continuing education services.

Major programs address specialized student needs or reimburse school districts or other education providers for education-related services, including the school breakfast and lunch programs, non-public school aid, and various special education programs. In special education, New York provides a full spectrum of services to over 400,000 students from ages 3 to 21. Higher and professional education programs monitor the quality and availability of postsecondary education programs and regulate the licensing and oversight of 48 professions.

OTHER EDUCATION
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Total Other Education Aid	**1,474**	**1,742**	**18%**	**1,906**	**9%**	**1,988**	**4%**	**2,058**	**4%**
Special Education	**924**	**1,197**	**30%**	**1,373**	**15%**	**1,456**	**6%**	**1,529**	**5%**
Preschool Special Education	939	870	-7%	937	8%	995	6%	1,056	6%
ARRA Other Government Services Funds	(327)	0	-100%	0	0%	0	0%	0	0%
Summer Special Education Programs	208	292	40%	322	10%	343	7%	352	3%
Schools for Blind and Deaf Children	104	35	-66%	114	226%	118	4%	121	3%
All Other Education	**550**	**545**	**-1%**	**533**	**-2%**	**532**	**0%**	**529**	**-1%**
Higher Education Programs	100	86	-14%	86	0%	86	0%	86	0%
Non-Public School Aid	112	107	-4%	104	-3%	104	0%	107	3%
Cultural Education Programs	92	93	1%	93	0%	93	0%	93	0%
Vocational Rehabilitation	91	82	-10%	82	0%	82	0%	82	0%
School Nutrition	35	36	3%	37	3%	37	0%	38	3%
Other Education Programs	120	141	18%	131	-7%	130	-1%	123	-5%

Spending for special education is expected to increase as program costs and enrollment rise. Other education spending is affected by the phase-out of Federal American Recovery and Reinvestment Act of 2009 (ARRA) Other Government Services Funds. In FY 2012, school districts will finance the costs associated with schools for blind, deaf or orthopedically impaired children in the first instance and will be partially reimbursed by the State following State fiscal year, which results in a significant annual increase in FY 2013 spending.

HIGHER EDUCATION

Local assistance for higher education spending includes funding for the City University of New York (CUNY), SUNY and the Higher Education Services Corporation (HESC). The State provides assistance for CUNY's senior college operations, and works in conjunction with the City of New York to support CUNY's community colleges. The CUNY system is the largest urban public university system in the nation. Funding for SUNY supports 30 community colleges across multiple campuses.

The State also provides a sizeable benefit to SUNY and CUNY through the debt service it pays on bond-financed capital projects at the universities. This is not reflected in the annual spending totals for the universities. State debt service payments for higher education are expected to total over $1 billion in FY 2012.

HESC administers the Tuition Assistance Program (TAP) that provides awards to income-eligible students, and the New York Higher Education Loan Program (NYHELPS). It also provides centralized processing for other student financial aid programs, and offers prospective students information and guidance on how to finance a college education. The financial aid programs that HESC administers are funded by the State and the Federal government.

HIGHER EDUCATION
STATE OPERATING FUNDS LOCAL ASSISTANCE SPENDING PROJECTIONS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Total Higher Education	**2,470**	**2,585**	**5%**	**2,691**	**4%**	**2,752**	**2%**	**2,814**	**2%**
City University	**1,183**	**1,201**	**2%**	**1,280**	**7%**	**1,342**	**5%**	**1,405**	**5%**
Operating Aid to NYC (Senior Colleges)[1]	1,028	1,022	-1%	1,100	8%	1,163	6%	1,226	5%
ARRA Fiscal Stabilization	(32)	0	-100%	0	0%	0	0%	0	0%
Community College Aid	187	178	-5%	179	1%	179	0%	179	0%
Community Projects	0	1	0%	1	0%	0	0%	0	0%
Higher Education Services	**814**	**906**	**11%**	**967**	**7%**	**966**	**0%**	**965**	**0%**
Tuition Assistance Program	801	831	4%	911	10%	910	0%	909	0%
ARRA Fiscal Stabilization	(50)	0	-100%	0	0%	0	0%	0	0%
Aid for Part Time Study	11	12	9%	12	0%	12	0%	12	0%
Scholarships/Awards	29	47	62%	44	-6%	44	0%	44	0%
Other	23	16	-30%	0	-100%	0	**0%**	0	0%
State University	**473**	**478**	**1%**	**444**	**-7%**	**444**	**0%**	**444**	**0%**
Community College Aid	451	441	-2%	439	0%	439	0%	439	0%
ARRA Fiscal Stabilization	(83)	0	-100%	0	0%	0	0%	0	0%
Hospital Subsidy[2]	*96*	*32*	*-67%*	*0*	*-100%*	*0*	*0%*	*0*	*0%*
Other	9	5	-44%	5	0%	5	0%	5	0%

[1] State support for SUNY 4-year institutions is funded through State operations rather than local assistance.

[2] Beginning in academic year 2011-12, the SUNY hospital subsidy will be funded as a transfer from General Fund State operations rather than local assistance.

Growth in spending for higher education over the plan period largely reflects aid to New York City for reimbursement of CUNY senior college operating expenses associated with the rising contribution rates for fringe benefits. Spending growth for tuition assistance reflects the impact of upward trends in student enrollment at institutions of higher education.

HEALTH CARE

Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. DOH works with the local health departments and social services departments, including New York City, to coordinate and administer statewide health insurance programs and activities. The majority of government-financed health care programs are included under DOH, but many programs are supported through multi-agency efforts. The Medicaid program finances inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care, family health plus (FHP), and services provided in a variety of community-based settings (including mental health, substance abuse treatment, developmental disabilities services, school-based services and foster care services). The State share of Medicaid spending is budgeted and expended principally through DOH, but State share Medicaid spending also appears in the mental hygiene agencies, child welfare programs, and School Aid. Medicaid spending is reported separately in the Financial Plan tables for each of the agencies.

In addition, health care-related spending appears in State Operations and GSCs for purposes such as health insurance premiums for State employees and retirees, services delivered to inmates, and services provided in State-operated facilities.

MEDICAID

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through payments to health care providers. The Medicaid program is financed jointly by the State, the Federal government, and local governments (including New York City). New York's Medicaid spending is projected to total approximately $53.3 billion in FY 2012, including the Federal and local contribution.[6]

The Financial Plan projections assume that spending growth is fixed at 4 percent annually for DOH State Medicaid spending beginning annually in State FY 2013. This reflects the target growth rate for Medicaid spending planned in FY 2012 Enacted Budget, which is the ten-year average change in the medical component of the CPI. Statutory changes adopted with the budget grant the Executive certain statutory powers to hold Medicaid spending to this rate. This statutory authority expires after two years; however, the cap remains in place and the Financial Plan assumes that statutory authority will be extended in subsequent years.

[6] The local contribution to the Medicaid program is not included in the State's Financial Plan. Since January 2006, the State has paid the entire non-Federal share of the FHP program and any annual Medicaid increases above a fixed level for counties. In accordance with these statutory indexing provisions, local fiscal year 2011 Medicaid payments by local governments will be held to approximately 3.0 percent over local fiscal year 2010 levels. County and New York City savings from these two local fiscal relief initiatives are expected to total approximately $1.5 billion during State FY 2012.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS [1] (millions of dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Department of Health:					
State Share Without FMAP	15,863	15,633	15,640	16,531	17,192
Enhanced FMAP	(3,948)	(353)	254	0	0
DOH State Share With FMAP	11,915	15,280	15,894	16,531	17,192
Annual $ Change - DOH Only		3,365	614	637	661
Annual % Change - DOH Only		28%	4%	4%	4%
Mental Hygiene	5,677	5,671	5,894	6,213	6,486
Education	29	0	0	0	0
Foster Care	69	111	124	135	141
State Operations - Contractual Expenses[2]	23	46	46	46	46
State Share Total (All Agencies)	**17,713**	**21,108**	**21,958**	**22,925**	**23,865**
Annual $ Change - Total State Share		3,395	850	967	940
Annual % Change - Total State Share		19%	4%	4%	4%

[1] To conform the Financial Plan classification of State Operating Funds spending to the classification followed by the State Comptroller, approximately $3 billion in Medicaid spending supported by a transfer from Federal Funds to the State Mental Hygiene Patient Income Account is now classified as State spending.

[2] Includes operational costs that support contracts related to the management of the Medicaid program and various activities to ensure appropriate utilization.

DOH Medicaid growth over the plan period is affected by estimates of increasing Medicaid enrollment, rising costs of provider health care services (particularly in managed care), and higher levels of utilization, as well as the expiration of enhanced levels of Federal aid.[7] The number of Medicaid recipients, including FHP, is expected to exceed 6.0 million at the end of FY 2015, an increase of 24.4 percent from the FY 2011 caseload of 4.8 million.

The State share of DOH Medicaid spending is funded from the General Fund, HCRA, provider assessment revenue, and indigent care revenue. The chart below provides information on the financing sources for State Medicaid spending.

[7] In August 2010, the U.S. Congress approved a six-month extension of the enhanced FMAP benefit through June 30, 2011. Under enhanced FMAP (which covered the period from October 2008 through June 30, 2011), the base Federal match rate increased from 50 percent to approximately 57 percent during the period April through June 2011, which resulted in a concomitant decrease in the State and local share.

MAJOR SOURCES OF ANNUAL CHANGE IN MEDICAID (DOH ONLY) -- LOCAL ASSISTANCE (millions of dollars)	FY 2012	FY 2013	Annual $ Change	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
State Operating Funds (Before FMAP) [1]	**15,633**	**15,640**	**7**	**0%**	**16,531**	**6%**	**17,192**	**4%**
Enhanced FMAP -- State Share [2]	(353)	254	607	-172%	0	-100%	0	0%
State Operating Funds (After FMAP)	**15,280**	**15,894**	**614**	**4%**	**16,531**	**4%**	**17,192**	**4%**
Total General Fund	10,265	10,456	191	2%	10,946	5%	11,458	5%
Other State Funds Support	5,015	5,438	423	8%	5,585	3%	5,734	3%
HCRA Financing	3,354	3,815	461	14%	3,970	4%	4,119	4%
Provider Assessment Revenue	869	831	(38)	-4%	823	-1%	823	0%
Indigent Care Revenue	792	792	0	0%	792	0%	792	0%

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

[2] Excludes benefits realized in other State agencies. Costs in FY 2013 reflect the reconciliation of the local share benefit for FY 2012 that will occur in FY 2013.

PUBLIC HEALTH/AGING PROGRAMS

Public Health includes the EPIC Program that provides prescription drug insurance to low-income seniors, the child health plus (CHP) program that finances health insurance coverage for children of low-income families up to the age of 19, the General Public Health Work (GPHW) program that reimburses local health departments for the cost of providing certain public health services, the Early Intervention (EI) Program that pays for services to infants and toddlers under the age of three with disabilities or developmental delays, and other HCRA and State-supported programs.

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

Many public health programs, such as EI and GPHW programs, are run by county health departments and reimbursed by the State for a share of program costs. The State spending projections do not include the county share of public health funding. In addition, a significant portion of HCRA spending is included under the public health budget. For more information on HCRA projections, see the section entitled “HCRA” below.

PUBLIC HEALTH STATE OPERATING FUNDS SPENDING PROJECTIONS (millions of dollars)	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Public Health	**1,898**	**2,010**	**6%**	**2,044**	**2%**	**2,248**	**10%**	**2,289**	**2%**
Child Health Plus	341	320	-6%	344	8%	369	7%	395	7%
General Public Health Works	201	319	59%	322	1%	308	-4%	308	0%
EPIC	322	177	-45%	128	-28%	174	36%	182	5%
Early Intervention	230	167	-27%	164	-2%	164	0%	167	2%
HCRA Program Account	326	493	51%	511	4%	509	0%	511	0%
All Other	478	534	12%	575	8%	724	26%	726	0%
Aging	**117**	**111**	**-5%**	**119**	**7%**	**123**	**3%**	**130**	**6%**

Year-to-year growth in the GPHW program reflects lower spending in FY 2011 due to delays in planned payments. A projected increase in enrollment in the CHP program and inflationary costs are expected to drive growth in the outyears of the plan. Growth in the GPHW and CHP programs is partly offset by a decline in spending for the EI program, which primarily reflects the impact of savings actions implemented in prior year enacted budgets.

EPIC spending is projected to decline through FY 2013, resulting from budgetary actions to provide EPIC coverage to Medicare Part D enrollees only when they are in the coverage gap. After FY 2013, spending is projected to increase slightly as a reflection of the rising costs of prescription medication.

HCRA

HCRA was established in 1996 to help finance a portion of State health care activities in various areas of the budget: Medicaid, Public Health, SOFA, and the Insurance Department. Extensions and modifications to HCRA have financed new health care programs, including FHP, and provided additional funding for the expansion of existing programs such as CHP. HCRA has also provided additional financing for the health care industry, including investments in worker recruitment and retention, and the Health Care Equity and Affordability Law for New Yorkers (HEAL NY) capital program. The FY 2012 Enacted Budget extends the HCRA authorization three years to March 31, 2014.

HCRA receipts include surcharges and assessments on hospital revenues, a "covered lives" assessment paid by insurance carriers, a portion of cigarette tax revenues, and other revenues dedicated by statute, as well as potential future proceeds from insurance company conversions.

HCRA FINANCIAL PLAN FY 2011 THROUGH FY 2015
(millions of dollars)

	FY 2011 Results	FY 2012 Revised	FY 2013 Projected	FY 2014 Projected	FY 2015 Projected
Opening Balance	**26**	**159**	**1**	**7**	**13**
Total Receipts	5,286	5,364	6,061	6,218	6,315
Surcharges	2,743	2,692	3,064	3,171	3,264
Covered Lives Assessment	1,021	1,050	1,045	1,045	1,045
Cigarette Tax Revenue	1,136	1,194	1,254	1,232	1,210
Conversion Proceeds	0	0	250	300	300
Hospital Assessment (1 percent)	317	373	394	417	444
NYC Cigarette Tax Transfer/Other	69	55	54	53	52
Total Disbursements	5,153	5,522	6,055	6,212	6,320
Medicaid Assistance Account	2,843	3,361	3,822	3,914	4,127
Medicaid Costs	*1,600*	*2,140*	*2,433*	*2,593*	*2,805*
Family Health Plus	*597*	*602*	*690*	*657*	*657*
Workforce Recruitment & Retention	*196*	*184*	*211*	*197*	*197*
All Other	*450*	*435*	*488*	*467*	*468*
HCRA Program Account	326	493	511	509	511
Hospital Indigent Care	871	792	792	792	792
Elderly Pharmaceutical Insurance Coverage	195	110	128	174	182
Child Health Plus	348	327	352	377	403
Public Health Programs	111	120	120	120	120
All Other	459	319	330	326	185
Annual Operating Surplus/(Deficit)	**133**	**(158)**	**6**	**6**	**(5)**
Closing Balance	**159**	**1**	**7**	**13**	**8**

HCRA spending partially finances Medicaid, EPIC, CHP, FHP, and Indigent Care payments, which provide funds to hospitals that serve a disproportionate share of individuals without health insurance; as well as funds Workforce Recruitment and Retention rate adjustments to health facilities; physician excess medical malpractice; and HEAL NY funds for capital improvement to health care facilities.

HCRA is expected to remain in balance over the multi-year projection period. Given the close relationship between the General Fund and HCRA, any balances in HCRA are typically eliminated by adjusting the level of Medicaid expenditures that HCRA finances. This reduces costs that otherwise would have been paid for by the General Fund. Conversely, any shortfall in HCRA is expected to be financed by the General Fund.

MENTAL HYGIENE

The Department of Mental Hygiene is comprised of four independent agencies, Office of Mental Health (OMH), Office for People with Developmental Disabilities (OPWDD), Office for Alcoholism and Substance Abuse Services (OASAS), and the Developmental Disabilities Planning Council (DDPC) as well as one oversight agency, the Commission on Quality Care and Advocacy for Persons with Disabilities (CQCAPD). Services are administered to adults with serious and persistent mental illness; children with serious emotional disturbances; individuals with developmental disabilities and their families; and persons with chemical dependence. These agencies provide services directly to their patients through State-operated facilities and indirectly through community service providers. The cost of providing services and agency operations are funded by reimbursement from Medicaid, Medicare, third-party insurance, and State funding. Patient care revenues are pledged first to the payment of debt service on outstanding mental hygiene bonds, with the remaining revenue deposited to the Patient Income Account, which supports State costs of providing services.

MENTAL HYGIENE
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Total Mental Hygiene	**3,578**	**3,599**	**1%**	**3,854**	**7%**	**4,168**	**8%**	**4,396**	**5%**
People with Developmental Disabilities	**2,176**	**2,158**	**-1%**	**2,271**	**5%**	**2,465**	**9%**	**2,586**	**5%**
Residential Services	1,537	1,496	-3%	1,578	5%	1,716	9%	1,803	5%
Day Programs	555	581	5%	607	4%	655	8%	683	4%
Clinic	22	22	0%	23	5%	25	9%	27	8%
Other	62	59	-5%	63	7%	69	10%	73	6%
Mental Health	**1,106**	**1,125**	**2%**	**1,248**	**11%**	**1,351**	**8%**	**1,441**	**7%**
Adult Local Services	885	901	2%	999	11%	1,081	8%	1,153	7%
OMH Children Local Services	221	224	1%	249	11%	270	8%	288	7%
Alcohol and Substance Abuse	**295**	**315**	**7%**	**334**	**6%**	**351**	**5%**	**368**	**5%**
Outpatient/Methadone	142	151	6%	161	7%	169	5%	176	4%
Residential	96	103	7%	109	6%	114	5%	120	5%
Prevention	37	40	8%	42	5%	44	5%	46	5%
Crisis	11	11	0%	12	9%	13	8%	13	0%
Program Support	9	10	11%	10	0%	11	10%	13	18%
CQCAPD	**1**	**1**	**0%**	**1**	**0%**	**1**	**0%**	**1**	**0%**

Local assistance spending in mental hygiene accounts for approximately half of total mental hygiene State spending and is projected to grow by an average rate of 5.2 percent over the Current Financial Plan period. This growth is attributable to increases in the projected State share of Medicaid costs and projected expansion of the various mental hygiene service systems, including: increases primarily associated with the OPWDD New York State - Creating Alternatives in Residential Environments and Services (NYS-CARES) program; the New York/New York III Supportive Housing agreement and community beds that are currently under development in the OMH pipeline, as well as funds for additional supported housing beds and associated support services for individuals leaving certain New York city adult homes, pursuant to a Federal district court order that is under a temporary stay; and several chemical dependence treatment and prevention initiatives in OASAS.

Social Services

OTDA local assistance programs provide cash benefits and supportive services to low-income families. The State's three main programs include Family Assistance, Safety Net Assistance and Supplemental Security Income (SSI). The Family Assistance program, which is financed by the Federal government, provides time-limited cash assistance to eligible families. The Safety Net Assistance program, financed by the State and local districts, provides cash assistance for single adults, childless couples, and families that have exhausted their five-year limit on Family Assistance imposed by Federal law. The State SSI Supplementation program provides a supplement to the Federal SSI benefit for the elderly, visually handicapped, and disabled.

TEMPORARY AND DISABILITY ASSISTANCE
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Temporary and Disability Assistance	**1,202**	**1,412**	**17%**	**1,549**	**10%**	**1,599**	**3%**	**1,612**	**1%**
SSI	722	740	2%	753	2%	766	2%	779	2%
Public Assistance Benefits	309	485	57%	622	28%	658	6%	658	0%
Welfare Initiatives	13	23	77%	7	-70%	7	0%	7	0%
All Other	158	164	4%	167	2%	168	1%	168	0%

The State share of OTDA spending is expected to grow primarily due to the loss of Federal TANF Contingency Funds, resulting in costs reverting back to State funding. The average public assistance caseload is projected to total 565,518 recipients in FY 2012, an increase of 2.6 percent from FY 2011 levels. Approximately 261,761 families are expected to receive benefits through the Family Assistance program, an increase of 1.3 percent from the current year. In the Safety Net program, an average of 123,419 families is expected to be helped in FY 2012, an increase of 3.3 percent. The caseload for single adults/childless couples supported through the Safety Net program is projected at 180,338, an increase of 3.9 percent.

OCFS provides funding for foster care, adoption, child protective services, preventive services, delinquency prevention, and child care. OCFS oversees the State's system of family support and child welfare services administered by local departments of social services and community-based organizations. Specifically, child welfare services, which are financed jointly by the Federal government, the State, and local districts, are structured to encourage local governments to invest in preventive services to reduce out-of-home placement of children. In addition, the Child Care Block Grant, which is also financed by a combination of Federal, State and local sources, supports child care subsidies for public assistance and low-income families. The youth facilities program serves youth directed by family or criminal courts to be placed in residential facilities.

CHILDREN AND FAMILY SERVICES STATE OPERATING FUNDS SPENDING PROJECTIONS (millions of dollars)									
	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Children and Family Services	**1,667**	**1,506**	**-10%**	**1,680**	**12%**	**1,741**	**4%**	**1,844**	**6%**
Child Welfare Service	490	330	-33%	463	40%	508	10%	556	9%
Foster Care Block Grant	433	436	1%	463	6%	492	6%	522	6%
Adoption	196	170	-13%	179	5%	188	5%	197	5%
Day Care	134	145	8%	143	-1%	139	-3%	139	0%
Youth Programs	113	137	21%	127	-7%	111	-13%	111	0%
Medicaid	69	111	61%	124	12%	135	9%	140	4%
C.S.E.	65	38	-42%	42	11%	46	10%	51	11%
Adult Protective/Domestic Violence	42	33	-21%	38	15%	43	13%	49	14%
All Other	125	106	-15%	101	-5%	79	-22%	79	0%

OCFS spending is projected to increase, driven primarily by expected growth in claims-based programs. Growth in Child Welfare Services and Adult Protective/Domestic Violence reflects anticipated growth in local claims and flat Federal funding. Growth in Foster Care Block Grant is attributable to the Human Services cost-of-living adjustment. Projected growth in Medicaid from FY 2011 to FY 2012 is primarily attributable to the annualization of costs related to the Bridges to Health Medicaid Waiver program.

TRANSPORTATION

In FY 2012, the State will provide $4.2 billion in local assistance to support statewide mass transit systems. This funding, financed through the collection of dedicated taxes and fees, is provided to mass transit operators throughout the State to support operating costs. Due to the size and scope of its transit system, the Metropolitan Transportation Authority (MTA) receives the majority of the statewide mass transit operating aid. Additionally, the MTA receives operating support from the Mobility Tax and MTA Aid Trust Fund[8], authorized in May 2009 to collect regional taxes and fees imposed within the Metropolitan Commuter Transportation District. The State collects these taxes and fees on behalf of, and disburses the entire amount to, the MTA to support the transit system. Spending from this fund is projected to grow modestly in FY 2013 and later years, commensurate with the forecasted growth in receipts.

[8] Note that there are currently several cases which challenge the constitutionality of the Mobility Tax and MTA Aid Trust Fund. See the "Litigation" section herein for more information.

TRANSPORTATION STATE OPERATING FUNDS SPENDING PROJECTIONS (millions of dollars)	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Transportation	**4,254**	**4,225**	**-1%**	**4,325**	**2%**	**4,414**	**2%**	**4,508**	**2%**
Mass Transit Operating Aid:	1,894	1,772	-6%	1,772	0%	1,772	0%	1,772	0%
Metro Mass Transit Aid	1,750	1,633	-7%	1,633	0%	1,633	0%	1,633	0%
Public Transit Aid	92	87	-5%	87	0%	87	0%	87	0%
18-B General Fund Aid	27	27	0%	27	0%	27	0%	27	0%
School Fare	25	25	0%	25	0%	25	0%	25	0%
Mobility Tax and MTA Aid Trust	1,662	1,744	5%	1,819	4%	1,908	5%	2,001	5%
Dedicated Mass Transit	653	662	1%	688	4%	689	0%	690	0%
AMTAP	43	45	5%	45	0%	45	0%	45	0%
All Other	2	2	0%	1	-50%	0	-100%	0	0%

LOCAL GOVERNMENT ASSISTANCE

Direct aid to local governments primarily includes the AIM program, which was created in FY 2006 to consolidate various unrestricted local aid funding streams. Along with AIM, the State provides incentive grants to local governments to promote local efforts to increase efficiency and performance through consolidation or shared services. Other direct aid to local governments includes VLT impact aid, Small Government Assistance and Miscellaneous Financial Assistance.

LOCAL GOVERNMENT ASSISTANCE STATE OPERATING FUNDS SPENDING PROJECTIONS (millions of dollars)	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Local Government Assistance	**775**	**758**	**-2%**	**793**	**5%**	**790**	**0%**	**791**	**0%**
AIM:									
Big Four Cities	438	429	-2%	429	0%	429	0%	429	0%
Other Cities	222	218	-2%	218	0%	218	0%	218	0%
Towns and Villages	69	68	-2%	68	0%	68	0%	68	0%
Efficiency Incentives	10	6	-40%	42	600%	46	10%	48	4%
All Other Local Aid	36	37	3%	36	-3%	29	-19%	28	-3%

AGENCY OPERATIONS

Agency operating costs includes personal service, non-personal service costs and GSCs. Personal service includes salaries of State employees of the Executive, Legislative, and Judicial branches, as well as overtime payments and costs for temporary employees. Non-personal service generally accounts for the cost of operating State agencies, including real estate rental, utilities, contractual payments (i.e., consultants, information technology, and professional business services), supplies and materials, equipment, telephone service and employee travel. GSCs account for the costs of fringe benefits (e.g., pensions, health insurance) provided to State employees and retirees of the Executive, Legislative and Judicial branches, and certain fixed costs paid by the State. In addition, certain agency operations of Transportation and Motor Vehicles are included in the capital projects fund type and not reflected in the State Operating Funds personal service or non-personal service totals.

Approximately 94 percent of the State workforce is unionized. The largest unions include CSEA, which primarily represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; PEF, which primarily represents professional and technical personnel (e.g., attorneys, nurses, accountants, engineers, social workers, and institution teachers); United University Professions (UUP), which represents faculty and non-teaching professional staff within the State University system; and the New York State Correctional Officers and Police Benevolent Association (NYSCOPBA), which represents security personnel (correction officers, safety and security officers).

Growth in State Operations spending over the multi-year Financial Plan is concentrated in agencies that operate large facilities, such as the State University, the Mental Hygiene agencies, Corrections and Community Supervision, and Children and Family Services. The main causes of growth include inflationary increases in operating costs expected for food, medical care and prescription drugs, and energy costs in State facilities.

Agency redesign savings over the Plan period are expected to be achieved through several means including, but not limited to, facility closures reflecting excess capacity conditions, operational efficiencies, and wage and benefit changes negotiated with the State's employee unions.

The SAGE Commission is charged with making recommendations to reduce the number of State agencies, authorities, and commissions by 20 percent over the next four years. The Financial Plan does not currently include specific savings from the SAGE Commission, but the Commission is expected to aid in achieving the aggressive savings targets for State agencies.

GENERAL STATE CHARGES

Fringe benefit payments, many of which are mandated by statute or collective bargaining agreements, include employer contributions for pensions, Social Security, health insurance, workers' compensation, unemployment insurance, and dental and vision benefits. The majority of employee fringe benefit costs are paid centrally from statewide appropriations. However, certain agencies, including the Judiciary and SUNY, directly pay all or a portion of their employees' fringe benefit costs from their respective budgets. Employee fringe benefits paid through GSCs are paid from the General Fund in the first instance and then partially reimbursed by revenue collected from fringe benefit assessments on Federal funds and other special revenue accounts. The largest General Fund reimbursement comes from the mental hygiene agencies.

GSCs also include certain fixed costs such as State taxes paid to local governments for certain State-owned lands and payments related to lawsuits against the State and its public officers.

GENERAL STATE CHARGES STATE OPERATING FUNDS SPENDING PROJECTIONS (millions of dollars)	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
General State Charges	**6,102**	**6,534**	**7%**	**7,050**	**8%**	**7,551**	**7%**	**7,890**	**-13%**
Fringe Benefits	**5,495**	**5,970**	**9%**	**6,289**	**5%**	**6,957**	**11%**	**7,246**	**4%**
Health Insurance	3,055	3,416	12%	3,731	9%	4,064	9%	4,092	0%
Employee Health Insurance	1,834	2,136	16%	2,332	9%	2,540	9%	2,558	0%
Retiree Health Insurance	1,221	1,280	5%	1,399	9%	1,524	9%	1,534	0%
Pensions	1,470	1,586	8%	1,610	2%	1,936	20%	2,197	900%
Social Security	970	968	0%	948	-2%	957	1%	957	-150%
All Other Fringe	257	216	-16%	421	95%	257	-39%	302	-141%
Fixed Costs	**350**	**348**	**-1%**	**340**	**-2%**	**337**	**-1%**	**342**	**-50%**

GSCs are projected to grow at an average annual rate of 7 percent over the plan period. The growth is mainly due to anticipated cost increases in pensions and health insurance for active and retired State employees. The projections assume the amortization of pension costs. See "Other Matters Affecting the Financial Plan — Pension Amortization" herein.

DEBT SERVICE

The State pays debt service on all outstanding State-supported bonds. These include general obligation bonds, for which the State is constitutionally obligated to pay debt service, as well as bonds issued by State public authorities (i.e., Empire State Development Corporation (ESDC), DASNY, HFA EFC, and the New York State Thruway Authority (NYSTA), subject to an appropriation). Depending on the credit structure, debt service is financed by transfers from the General Fund, dedicated taxes and fees, and other resources, such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS (millions of dollars)	FY 2012 Enacted	FY 2012 Mid-Year	Change	Percent Change
General Fund	**1,449**	**1,455**	**6**	**0.4%**
Other State Support	4,406	4,379	(27)	-0.6%
State Operating Funds/All Funds	**5,855**	**5,834**	**(21)**	**-0.4%**

Total debt service is projected at $5.8 billion in FY 2012, of which $1.5 billion is paid from the General Fund through transfers and the remaining balance from other State funds. The General Fund transfer primarily finances debt service payments on general obligation and service contract bonds. Debt service is paid directly from other State funds for the State's revenue bonds, including, but not limited to, Personal Income Tax bonds, Dedicated Highway and Bridget Trust Fund bonds, and mental health facilities bonds.

GAAP-BASIS RESULTS FOR PRIOR FISCAL YEARS

The Comptroller prepares Basic Financial Statements and Other Supplementary Information on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements, released in July each year, include the Statements of Net 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, 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 ("CAFR"), which includes a management discussion and analysis ("MD&A"), the Basic Financial Statements, required supplementary information, other supplementary information which includes individual fund combining statements, and a statistical section.

The following table summarizes recent governmental funds results on a GAAP basis. The State issued the Basic Financial Statements for FY 2011 in July 2011.

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

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accum. General Fund Surplus/(Deficit)
March 31, 2011	1,529	742	198	(568)	1,901	(2,009)
March 31, 2010	(594)	(722)	378	1,061	123	(3,538)
March 31, 2009	(6,895)	(1,183)	35	44	(7,999)	(2,944)

Summary of Net Assets
(millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2011	27,648	(618)	27,030
March 31, 2010	27,976	116	28,092
March 31, 2009	30,894	3,031	33,925

The Basic Financial Statements (including Other Supplementary Information) and the CAFR can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the Office of the State Comptroller's website at www.osc.state.ny.us. The Basic Financial Statements can also be accessed through EMMA at www.emma.msrb.org.

STATE RETIREMENT SYSTEMS

GENERAL

This section summarizes key disclosures regarding the New York State and Local Retirement System ("NYSLRS" or the "Systems") and the Common Retirement Fund ("CRF"), a pooled investment vehicle, which holds its assets. Greater detail, including the independent auditor's report for the fiscal year ending March 31, 2011, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' CAFR") for the fiscal year ended March 31, 2011. A copy of NYSLRS' CAFR and Asset Listing, as well as the NYSLRS' CAFR for each of the seven prior fiscal years is available on the Comptroller's web site. The Actuary's Annual Reports to the Comptroller issued from 2007 through 2011 are also available on the internet. Copies of these reports and benefit plan booklets may be accessed at www.osc.state.ny.us/retire/publications.. 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 ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). The Comptroller is the administrative head of the Systems. State employees made up about 32 percent of the membership during FY 2011. There were 3,039 other public employers participating in the Systems, including all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees) and many local authorities of the State.

As of March 31, 2011, 672,723 persons were members of the Systems and 385,031 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.

The investment losses experienced in FY 2009 negatively impacted the value of assets held for the Systems. The current actuarial smoothing method spreads the impact over a 5-year period. Thus, contribution rates increased for FY 2011, FY 2012 and FY 2013 and further increases are expected for FY 2014 and FY 2015. The amount of such future increases will depend, in part, on the value of the assets held by the CRF as of each April 1, as well as on the present value of the anticipated benefits to be paid by the Systems as of each April 1. In addition, the assumed investment rate of return used by the Systems' Actuary, which is one of the factors used to calculate contribution requirements, was reduced from 8 percent to 7.5 percent beginning with FY 2012. Final contribution rates for FY 2013 were released in early September 2011. The average ERS rate increased from 16.3 percent of salary in FY 2012 to 18.9 percent of salary in FY 2013, while the average PFRS rate increased from 21.6 percent of salary in FY 2012 to 25.8 percent of salary in FY 2013. Information regarding average rates for FY 2013 may be found in the 2011 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at www.osc.state.ny.us/retire/publications.

The Systems' members are categorized into one of five tiers depending on date of membership. Benefits provided to members vary depending on tier membership. On December 10, 2009, former Governor Paterson signed a bill that amended Articles 14, 15 and 19 and enacted Article 22 of the Retirement and Social Security Law. This bill created Tier 5, which resulted in significant changes to the benefit structure for ERS members joining on or after January 1, 2010 and PFRS members joining on or after January 9, 2010. The following chart compares the benefits provided to members in Tiers 3 and 4 (approximately 91 percent of the Systems' members as of March 31, 2011) to those benefits to be provided to members in Tier 5.

TIERS 3 THROUGH 5 BENEFIT COMPARISON

Comparison of Benefits	Tiers 3 & 4 Benefits[1]	Tier 5 Benefits
Vesting – ERS and PFRS	Five Years	Ten Years
Overtime Cap:		
ERS	No Cap	$15,000/year with 3% escalation
PFRS	No Cap	15%/year of regular salary
Contributions:		
ERS	3% for ten years	3% for entire career[2]
PFRS	3 % for ten years; None, if employer offers non-contributory plan	3% for entire career or until maximum service credit accrued[3]
Regular Retirement[4]:		
Both ERS and PFRS	Age 62 and five years service credit or Age 55 and 30 years of service credit	Age 62 and ten years service credit
Early Retirement:		
ERS	Reduction for early retirement between 55 and 62 with less than 30 years of service credit	Increased reduction for early retirement between 55 and 62 regardless of years of service[5]
PFRS	Reduction for early retirement between 55 and 62	Reduction for early retirement between 55 and 62

1. There is no Tier 4 PFRS plan.
2. Correction Officers' contributions cease w/ 30 years of service credit. Peace Officers/Court Officers contribute 4 percent.
3. Certain PFRS members are non-contributory (see "Contributions" section herein).
4. Does not include special plans which permit retirement upon accrual of a certain number of years without regard to age (uniform services plans).
5. Except for Uniformed Court and Peace Officers employed by the Unified Court System.

Legislation enacted in June 2010 provided the State and local employers with the option to offer a temporary Retirement Incentive Program (ERI) for certain ERS members. This program did not apply to PFRS members. The Program had two distinct parts:

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

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

Members whose employer offered both parts of the program, and who met the eligibility requirements of both parts, had to choose between the two. The cost of the incentive is borne by the State and each employer electing the incentive over a five-year period commencing with a payment in FY 2012. A total of 6,412 members retired under the State ERI. Three hundred ninety-nine (399) participating employers elected to participate in Part A of the ERI. Two hundred eleven (211) participating employers elected to participate in Part B of the ERI. Five thousand four hundred fifty three (5,453) members from participating employers retired under the ERI. Because of the large number of individuals who retired with the ERI in a relatively brief time period, some are still awaiting a final calculation of their monthly benefit payment. In the interim, these individuals are receiving monthly benefit payments based on the estimates calculated at the time of their retirement and will receive a lump sum payment to correct any underpayment once the final calculation is completed.

Part TT of Chapter 57 of the Laws of 2010, authorized the State and participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. Amortized amounts must be paid by State and participating employers in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers would pay interest on the amortized amount at a rate determined by the Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate will be set annually. Rates will vary according to market performance. The interest rate on the amount an employer chooses to amortize in a particular rate year will be the rate for that year and will be fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year, which may be different from the previous rate year. For amounts amortized in fiscal year 2011, the Comptroller has set an interest rate of 5 percent. For amounts amortized in fiscal year 2012, the interest rate is 3.75 percent. The first payment will be due in the fiscal year following the decision to amortize pension costs. Part TT of Chapter 57 further provides that when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, it is expected that this will reduce the budgetary volatility of employer contributions (see the section on "Other Matters Affecting the Financial Plan" in this AIS Update for DOB projections of amounts amortized in FY 2011 and amounts expected to be amortized in FY 2012 through FY 2018.) In FY 2011, the State elected to amortize $249.6 million, and 57 participating employers amortized a total of $43.75 million. Please see "Other Matters Affecting the Financial Plan - Pension Amortization" herein.

CONTRIBUTIONS

Contributions to the Systems are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 are required to contribute 3 percent of their salaries for the first ten years of membership. All ERS members joining after 2009, and most PFRS members joining after January 9, 2010, are required to contribute 3 percent of their salaries for their career. However, if a participating employer had a collective bargaining agreement in effect when Tier 5 became effective on January 9, 2010, that provided for PFRS members to be non-contributory, individuals who first become Tier 5 members prior to the expiration of the agreement would be non-contributory in their plan for their career. Individuals who first became Tier 5 members after the expiration of the current collective bargaining agreement would be subject to the 3 percent contribution.

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

Chapter 260 of the Laws of 2004 authorized the State and local employers to amortize over ten years, at five percent interest, a portion of their annual bill for FY 2005, FY 2006 and FY 2007. As of March 31, 2011, the amortized amount receivable for FY 2005 from the State is $229.4 million and from participating employers is $48.5 million; the amortized amount receivable for FY 2006 from the State is $87.7 million and from participating employers is $17.2 million; and the amortized amount receivable for FY 2007 from participating employers is $15.8 million. The State did not amortize any portion of its 2007 contributions. The State paid $1,303.2 million in contributions (including judiciary) for FY 2011, including amortization payments of some $87.0 million for 2005 and 2006 bills. As noted above, the State elected to amortize $249.6 million for FY 2011 under Part TT of Chapter 57 of the laws of 2010. The estimated State payment (including judiciary) due March 1, 2012 is $1,994.6 million. Prepayments (including interest credit) have reduced this amount by $32.9 million to $1,961.7 million. The State (including judiciary) has the option to amortize up to $574.8 million which would reduce the required payment to $1,386.9 million. The estimated State payment (including judiciary) for FY 2013 is $2,226.1 million of which the State has the option to amortize up to $781.9 million which would reduce the required payment due March 1, 2013 to $1,444.2 million. The State payments for FY 2012 and FY 2013 are estimates. If these amounts change, then the amounts that can be amortized would also change. Amounts amortized are treated as receivables for purposes of calculating assets of the CRF.

PENSION ASSETS AND LIABILITIES

Assets are held by the CRF for the exclusive benefit of members, pensioners and beneficiaries. Investments for the Systems are made by the Comptroller as trustee of the CRF. The Systems report that the net assets available for benefits as of March 31, 2011 were $149.5 billion (including $3.4 billion in receivables, which consist of employer contributions, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), an increase of $15.3 billion or 11.4 percent from the FY 2010 level of $134.2 billion. The increase in net assets available for benefits from FY 2010 to FY 2011 reflects, in large part, equity market performance[9]. The Systems report that the present value of anticipated benefits for current members, retirees, and beneficiaries increased from $186.8 billion on April 1, 2010 to $194.3 billion (including $80.8 billion for current retirees and beneficiaries) on April 1, 2011. 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, 2011 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 FY 2011, 40 percent of the unexpected gain for the FY 2010, 60 percent of the unexpected loss for FY 2009 and 80 percent of the unexpected gain for FY 2008. Actuarial assets increased from $147.7 billion on April 1, 2010 to $148.6 billion on April 1, 2011. The funded ratio, as of April 1, 2011, calculated by the System Actuary in August 2011 using the entry age normal funding method and actuarial assets, was 90 percent. Detail on the funded ratios of ERS and PFRS as of April 1 for each of the 5 years previous to the fiscal year ended March 31, 2011 can be found on page 54 of the NYSLRS' CAFR for the fiscal year ending March 31, 2011. Detail regarding employers Annual Required Contributions for FY 2011 and each of the 5 previous fiscal years can be found on page 55 of the NYSLRS CAFR for the fiscal year ending March 31, 2011.

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[9] On November 22, 2011, the State Comptroller released a statement indicating that the value of the Systems' invested assets posted a negative 7.48 percent rate of return through September 30, 2011. This report reflects unaudited data for assets invested on behalf of the Systems. The value of invested assets changes daily.

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.

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

Fiscal Year Ended March 31	Contributions Recorded				Total Benefits Paid(3)
	All Participating Employers(1)(2)	Local Employers(1)(2)	State(1)(2)	Employees	
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
2009	2,456	1,567	889	273	7,265
2010	2,344	1,447	897	284	7,719
2011	4,165	2,406	1,759	286	8,520
2012 [4]	4,940	3,112	1,828	306	8,904

(1) Contributions recorded include the full amount of unpaid amortized contributions.

(2) The annual required contributions (ARC) include the employers' normal costs, the Group Life Insurance Plan amounts, and other supplemental amounts. Additional information on the ARC can be accessed on page 55 of the NYSLRS CAFR for fiscal year ending March 31, 2011.

(3) Includes payments from Group Life Insurance Plan, which funds the first $50,000 of any death benefit paid.

(4) Amounts reflected for FY 2012 are estimates provided by the Division of the Budget.

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	Percent Increase/ (Decrease) From Prior Year
2000	128,889	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)
2009	110,938	(28.8)
2010	134,252	21.0
2011	149,549	11.4

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, 2011 includes approximately $3.4 billion of receivables.

AUTHORITIES AND LOCALITIES

Note that there have been no developments concerning authorities that require the AIS section on "Authorities and Localities" to be updated since the dated date of the AIS.

THE CITY OF NEW YORK

The fiscal demands on the State may be affected by the fiscal condition of the City, which relies in part on State aid to balance its budget and meet its cash requirements. It is also possible that the State's finances may be affected by the ability of the City, and certain entities issuing debt for the benefit of the City, to market securities successfully in the public credit markets. The official financial disclosure of The City of New York and the financing entities issuing debt on its behalf is available by contacting Raymond J. Orlando, City Director of Investor Relations, (212) 788-5875 or contacting the City Office of Management and Budget, 75 Park Place, 6th Floor, New York, NY 10007. The State assumes no liability or responsibility for any financial information reported by The City of New York. The following table summarizes the debt of New York City.

AS OF JUNE 30 OF EACH YEAR
(millions of dollars)

Year	General Obligation Bonds	Obligations of TFA (1)		Obligations of Municipal Assistance Corporation	Obligations of STAR Corp. (2)	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other(3) Obligations	Treasury Obligations	Total
1980	6,179	0		6,116	0	0	0	995	(295)	12,995
1990	13,499	0		7,122	0	0	0	1,077	(1,671)	20,027
2000	27,245	6,438	(4)	3,532	0	709	0	2,065	(230)	39,759
2001	27,147	7,386		3,217	0	704	0	2,019	(168)	40,305
2002	28,465	10,489	(5)	2,880	0	740	0	2,463	(116)	44,921
2003	29,679	13,134	(6)	2,151	0	1,258	0	2,328	(64)	48,486
2004	31,378	13,364		1,758	0	1,256	0	2,561	(52)	50,265
2005	33,903	12,977		0	2,551	1,283	0	3,746	(39)	54,421
2006	35,844	12,233		0	2,470	1,334	0	3,500	0	55,381
2007	34,506	14,607		0	2,368	1,317	2,100	3,394	0	58,292
2008	36,100	14,828		0	2,339	1,297	2,067	2,556	0	59,187
2009	39,991	16,913		0	2,253	1,274	2,033	2,442	0	64,906
2010	41,555	20,094		0	2,178	1,265	2,000	2,402	0	69,494

Source: Office of the State Comptroller.

(1) Includes amounts for Building Aid Revenue Bonds (BARBS), the debt service on which will be funded solely from future State Building Aid payments that are subject to appropriation by the State and have been assigned by the City of New York to the Transitional Finance Authority (TFA).

(2) A portion of the proceeds of the Sales Tax Asset Receivable Corporation (STARC) Bonds were used to retire outstanding Municipal Assistance Corporation bonds. The debt service on STARC bonds will be funded from annual revenues to be provided by the State, subject to annual appropriation. These revenues have been assigned to the Corporation by the Mayor of The City of New York.

(3) Includes bonds issued by the Fiscal Year 2005 Securitization Corporation, the Industrial Development Agency and the Samurai Funding Corporation. Also included are bonds issued by the Dormitory Authority of the State of New York for education, health, and court capital projects and other long-term leases which will be repaid from revenues of the City or revenues that would otherwise be available to the City if not needed for debt service.

(4) Includes $515 million of bond anticipation notes issued to finance the City's capital expenditures.

(5) Includes $2.2 billion of bond anticipation notes used to finance the City's capital expenditures in the amount of $1.2 billion and Recovery notes for costs related to and arising from events on September 11, 2001 at the World Trade Center in the amount of $1 billion.

(6) Includes $1.11 billion of bond anticipation notes issued to finance the City's capital expenditures.

The staffs of the Financial Control Board for the City of New York (FCB), The Office of the State Deputy Comptroller (OSDC), the City Comptroller and the Independent Budget Office, issue periodic reports on the City's financial plans. Copies of the most recent reports are available by contacting: FCB, 123 William Street, 23rd Floor, New York, NY 10038, Attention: Executive Director; OSDC, 59 Maiden Lane, 29th Floor, New York, NY 10038, Attention: Deputy Comptroller; City Comptroller, Municipal

Building, 6th Floor, One Centre Street, New York, NY 10007-2341, Attention: Deputy Comptroller for Budget; and IBO, 110 William Street, 14th Floor, New York, NY 10038, Attention: Director.

OTHER 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 July 2010, the State Legislature authorized 21 bond issuances to finance local government operating deficits, including four deficit financing authorizations during the 2009 and 2010 legislative sessions. Furthermore, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within a locality.

The Buffalo Fiscal Stability Authority has exercised Control Period powers with respect to the City of Buffalo since the City's FY 2004, but may transition to Advisory Period powers during the City's FY 2012. In January 2011, the Nassau County Interim Finance Authority (“NIFA”) declared that it was entering a Control Period, citing the “substantial likelihood and imminence” that Nassau will incur a major operating funds deficit of 1 percent or more during the County’s FY 2011.

Nassau County commenced a lawsuit challenging NIFA’s determination and authority to impose a Control Period, and seeking to enjoin the imposition of the Control Period. State Supreme Court denied the injunction and the County has indicated it is no longer pursuing the lawsuit. NIFA is now operating with Control Period powers.

Erie County has a Fiscal Stability Authority, the City of New York has a Financial Control Board, and the City of Troy has a Supervisory Board, all of which presently perform certain review and advisory functions. The City of Yonkers no longer operates under an oversight board but must adhere to a Special Local Finance and Budget Act. The City of Newburgh operates under fiscal monitoring by the State Comptroller. The potential impact on the State of any future requests by localities for additional oversight or financial assistance is not included in the projections of the State's receipts and disbursements for the State's FY 2012 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. The expected loss of temporary Federal stimulus funding in 2011 will particularly impact counties and school districts in New York State. State cashflow problems in prior fiscal years have resulted in delays in the payment of State aid, and in some cases, have necessitated borrowing by the localities. Additionally, recent enactment of legislation that caps most local government and school district property tax levies may affect the amount of property tax revenue available for local government and school district purposes. The legislation does not apply to New York City. Changes to sales tax distributions resulting from the 2010 Federal population census may also have a material impact on certain local governments. Ultimately, localities as well as local public authorities may suffer serious financial difficulties that could jeopardize local access to the public credit markets, which may adversely affect the marketability of notes and bonds issued by localities within the State. Localities may also face unanticipated problems resulting from certain pending litigation, judicial decisions and long-range economic trends. Other large-scale potential problems, such as declining urban populations, declines in the real property tax base, increasing pension, health care and other fixed costs, and the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate requests for State assistance.

LITIGATION AND ARBITRATION

REAL PROPERTY CLAIMS

There are several cases in which Native American tribes have asserted possessory interests in real property or sought monetary damages as a result of claims that certain transfers of property from the tribes or the predecessors-in-interest in the 18th and 19th Centuries were illegal.

In *Oneida Indian Nation of New York v. State of New York*, 74-CV-187 (NDNY), the plaintiff, alleged successors-in-interest to the historic Oneida Indian Nation, seek a declaration that they hold a current possessory interest in approximately 250,000 acres of lands that the tribe sold to the State in a series of transactions that took place between 1795 and 1846, money damages, and the ejectment of the State and Madison and Oneida Counties from all publicly-held lands in the claim area. In 1998, the United States intervened in support of plaintiff.

During the pendency of this case, significant decisions were rendered by the United States Supreme Court and the Second Circuit Court of Appeals which changed the legal landscape pertaining to ancient land claims: *City of Sherrill v. Oneida Indian Nation of New York,* 544 U.S. 197 (2005), and *Cayuga Indian Nation of New York v. Pataki*, 413 F.3d 266 (2d Cir. 2005), *cert. denied*, 126 S.Ct. 2021, 2022 (2006). Taken together, these cases have made clear that the equitable doctrines of laches, acquiescence, and impossibility can bar ancient land claims.

Relying on these decisions, in *Oneida Indian Nation et al. v. County of Oneida et al.*, 617 F.3d 114 (2d Cir. 2010), the Second Circuit Court of Appeals dismissed the *Oneida* land claim. On October 17, 2011, the United States Supreme Court denied plaintiffs' petitions for certiorari to review the decision of the Second Circuit.

In *Canadian St. Regis Band of Mohawk Indians, et al. v. State of New York, et al.* (NDNY), plaintiffs seek ejectment and monetary damages for their claim that approximately 15,000 acres in Franklin and St. Lawrence Counties were illegally transferred from their predecessors-in-interest. The defendants' motion for judgment on the pleadings, relying on the decisions in *Sherrill, Cayuga,* and *Oneida*, is pending in District Court.

In *The Onondaga Nation v. The State of New York, et al.* (NDNY), plaintiff seeks a judgment declaring that certain lands allegedly constituting the aboriginal territory of the Onondaga Nation within the State are the property of the Onondaga Nation and the Haudenosaunee, or "Six Nations Iroquois Confederacy," and that conveyances of portions of that land during the period 1788 to 1822 are null and void. The "aboriginal territory" described in the complaint consists of an area or strip of land running generally north and south from the St. Lawrence River in the north, along the east side of Lake Ontario, and south as far as the Pennsylvania border, varying in width from about 10 miles to more than 40 miles, including the area constituting the City of Syracuse. On September 22, 2010, the District Court granted defendants' motion to dismiss the action for laches, based on the *Oneida, Sherrill* and *Cayuga* decisions. Plaintiff's appeal of that decision is pending before the Second Circuit Court of Appeals.

In *Shinnecock Indian Nation v. State of New York, et al*. (EDNY), plaintiff seeks ejectment, monetary damages, and declaratory and injunctive relief for its claim that approximately 3,600 acres in the Town of Southampton were illegally transferred from its predecessors-in-interest. On December 5, 2006, the District Court granted defendants' motion to dismiss, based on the *Sherrill* and *Cayuga* decisions. Plaintiff moved for reconsideration before the District Court and also appealed to the Second

Circuit Court of Appeals. The motions for reconsideration and appeal have both been stayed pending resolution of the Second Circuit's dismissal of the Oneida land claim.

METROPOLITAN TRANSPORTATION AUTHORITY

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

The defendants sought to change the venue of all of these cases to Albany County or New York County and venue has been changed in most of the cases. In *Mangano*, the Supreme Court, Nassau County denied defendants' motion for change of venue. An appeal of that order is proceeding and issue has not yet been joined in Supreme Court. In *Vanderhoef, Huntington, Floyd, Brookhaven, Southampton/Southold* and *Hampton,* the defendants moved for judgment in their favor. The plaintiffs in *Hampton* then voluntarily stipulated their case. The Supreme Court, Albany County issued decisions granting summary judgment to defendants in *Brookhaven, Huntington* and *Southampton/Southold*. The plaintiffs in *Brookhaven* and *Huntington* have appealed from those decisions.

SCHOOL AID

In *Becker et al. v. Paterson et al. (Sup. Ct., Albany Co.),* plaintiffs seek a judgment declaring that the governor's determination to delay payment of school aid due by statute on December 15, 2009, violated State constitutional provisions related to, among other things, the separation of powers doctrine. Since the commencement of the suit, the moneys at issue were released. Following a February 3, 2010 conference with the court to discuss the status of the case, plaintiffs amended their complaint to reflect late payment of the moneys at issue. Pursuant to a Court-directed schedule, following defendants' answer, plaintiffs moved for summary judgment on March 5, 2010. Defendants cross-moved for summary judgment on April 15, 2010.

In a second case involving the parties, plaintiffs seek a judgment declaring that the governor's determination to delay payment of school aid from March 31, 2010 to June 1, 2010, also violated State constitutional provisions related to, among other things, the separation of powers doctrine. Since the commencement of the suit, the moneys at issue were also released. The defendants answered, claiming that the statute in question, Education Law §3609-a, permitted payment on June 1, 2010, and that March 31, 2010 was merely an authorized pre-payment date. Plaintiffs moved for summary judgment on July 21, 2010 and defendants responded and cross-moved for summary judgment on September 16, 2010.

On January 14, 2011, the Court issued a joint order and decision dismissing both actions as moot because of the payments made after the commencement of the actions. On February 25, 2011, plaintiffs appealed to the Appellate Division, Third Department.

In *Hussein v. State of New York*, plaintiffs seek a judgment declaring that the State's system of financing public education violates section 1 of article 11 of the State Constitution, on the ground that it fails to provide a sound basic education ("SBE"). In a decision and order dated July 21, 2009, Supreme Court, Albany County, denied the State's motion to dismiss the action. On January 13, 2011, the Appellate Division, Third Department, affirmed the denial of the motion to dismiss. On May 6, 2011, the Third Department granted defendants leave to appeal to the Court of Appeals. On September 15, 2011, the Court of Appeals placed the appeal on track for full briefing and oral argument. The State's brief is due December 5, 2011.

On August 18, 2011, Supreme Court, Albany County granted the State's motion to stay all proceedings in the case until further order of the court or a decision from the Court of Appeals. The plaintiffs have filed a motion to have the stay vacated or modified to permit the continuation of depositions and the filing of a motion for partial summary judgment. The motion is pending.

REPRESENTATIVE PAYEES

In *Weaver et ano. v. State of New York*, filed in the New York State Court of Claims on July 17, 2008 and subsequently amended, two claimants allege that the executive directors of the Office of Mental Health facilities in which the claimants were hospitalized, acting as representative payees under the Federal Social Security Act, improperly received benefits due them and improperly applied those benefits to the cost of their in-patient care and maintenance and, in the case of one of the claimants, also to the cost of her care and maintenance in a state-operated community residence.

The first named claimant initially sought benefits on her own behalf as well as certification of a class of claimants. However, the class claims were dismissed by the Court of Claims on February 10, 2010 for failure to comply with Court of Claims Act § 11(b), which provides that a claim must state when and where the claim arose, the nature of the claim, the items of damage, and the total sum claimed. By decision and order dated March 8, 2011, the Appellate Division, Second Department, affirmed the decision of the Court of Claims.

On June 4, 2010, the State moved for summary judgment against the individual claims on various grounds. By decision and order dated September 27, 2010, the Court of Claims (Ruderman, J.), granted the State's motion for summary judgment and dismissed the individual claims. The Court held that the state statutes relied on by claimants do not apply to Social Security benefits and that executive directors of OMH facilities are acting properly in accordance with the Social Security Act and applicable Federal regulations. Claimants served a notice of appeal on November 23, 2010. The appeal is pending.

SALES TAX

There are several cases challenging the State's authority to collect taxes on cigarettes sold on Indian reservations.

In *Oneida Indian Nation of New York v. Paterson, et al.* (and four consolidated cases), the tribal plaintiffs seek judgments declaring that Chapters 134 and 136 of the Laws of 2010, which enacted amendments to the Tax Law regarding collection of excise taxes on reservation cigarette sales to non-tribal members, violate their rights under Federal law, and enjoining the State from enforcing those laws.

In four of the five cases, the District Court for the Western District of New York denied plaintiffs' motions for preliminary injunctions but granted a stay of enforcement pending plaintiffs' appeal. In the fifth case, the District Court for the Northern District of New York granted the plaintiff's motion for a preliminary injunction. On May 9, 2011, the Second Circuit Court of Appeals affirmed the Western District's orders denying the plaintiffs' motions for preliminary injunctions, and vacated the Northern District's order granting the motion for a preliminary injunction, vacated all stays pending appeal, and remanded the cases to the District Courts for further proceedings consistent with the Court's opinion. The State has moved for summary judgment in the Northern and Western District cases. The plaintiffs have moved for voluntary dismissal without prejudice in these cases. The motions will be taken on submission in the Northern District on November 25, 2011 and argued in the Western District on December 20, 2011.

In *Day Wholesale Inc., et al. v. State, et al. (Sup. Ct., Erie Co.)*, plaintiffs also seek to enjoin the collection of taxes on cigarettes sold to or by reservation retailers. On August 31, 2010, the Supreme Court, Erie County issued an order vacating two earlier preliminary injunctions of that court barring the collection of such taxes until defendants had taken certain steps to comply with prior law. The Court also denied plaintiffs' motion for a preliminary injunction enjoining enforcement of the provisions of Chapters 134 and 186 of the Laws of 2010.

The plaintiffs in *Day Wholesale* appealed. On September 14, 2010 the Appellate Division, Fourth Department denied plaintiffs' motion for a preliminary injunction pending appeal. Pursuant to the rules of the Appellate Division, Fourth Department, the appeal is deemed abandoned because plaintiffs failed to perfect the appeal within nine months of the filing of the notice of appeal. The State is seeking a formal discontinuation of this action.

On February 10, 2011, the Seneca Nation of Indians commenced *Seneca Nation of Indians v. State of New York, et al.,* in Supreme Court, Erie County, challenging the promulgation of regulations to implement the statutory voucher system intended to enable the State to collect taxes on certain sales of cigarettes on Indian reservations. Plaintiffs seek declaratory judgment that the regulations are void and temporary and permanent injunctions against enforcing both the regulations and the statutory provisions authorizing the voucher system. On May 10, 2011, the Supreme Court, Erie County issued a temporary restraining order that temporarily enjoined the implementation, administration, and enforcement of the statutory system, pending a hearing and determination of plaintiff's motion for a preliminary injunction. On June 8, 2011, the Court issued an order granting defendants' motion for summary judgment and vacating the temporary restraining order. Plaintiff appealed and that appeal was argued in the Appellate Division, Fourth Department on October 25, 2011. The appeal is pending. On June 21, 2011, the Appellate Division, Fourth Department, denied plaintiff's motion for a preliminary injunction pending appeal, and plaintiff moved for leave to appeal to the Court of Appeals from the denial of that motion. Plaintiff's motion for leave to appeal is pending. On June 23, 2011, a Judge of the Court of Appeals declined to stay the implementation, administration and enforcement of the statutory system pending the appeal to the Court of Appeals. On September 20, 2011 the Court of Appeals dismissed plaintiff's motion for leave to appeal.

In July 2011, plaintiffs commenced *Akwesasne Convenience Store Association et al. v. State of New York,* in Supreme Court, Erie County, against the State of New York and other defendants, seeking a declaration that the statutory voucher system impermissibly burdens Indian commerce and is preempted by Federal law and further seeking to enjoin the implementation, administration or enforcement of the system. The court denied plaintiffs' request for a temporary restraining order and, by decision dated August 18, 2011, also denied plaintiffs' subsequent motion for a preliminary injunction. Plaintiffs appealed to the Appellate Division, Fourth Department, which denied plaintiffs' motion for a preliminary injunction pending appeal on September 14, 2011. The appeal is pending.

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. This case was settled on December 29, 2010, for $45 million in damages and fees, payable in four equal annual installments, starting on or about April 1, 2011 or upon passage of the State budget. The settlement was approved following an April 15, 2011 fairness hearing and payment of the first installment of the settlement proceeds is in process.

PUBLIC FINANCE

In *Bordeleau et al. v. State of New York, et al.,* a group of 50 individuals filed a complaint in the Supreme Court, Albany County, asking the court to enjoin certain expenditures of State funds and declare them to be illegal under the New York State Constitution. In particular, the plaintiffs claim that the State budget appropriates funds for grants to private corporations, allegedly in violation of Article VII, § 8, paragraph 1 of the Constitution, which provides that "money of the state shall not be given or loaned to or in aid of any private corporation or association, or private undertaking", except for certain specified exceptions. The plaintiffs also claim that because the State budget provides, in part, that some appropriated funds will be used "in accordance with a memorandum of understanding entered into between the governor, majority leader of the senate and the speaker of the assembly, or their designees", the Senate and Assembly have "improperly delegated their legislative powers" in violation of Article VII, § 7, which provides that every law making an appropriation "shall distinctly specify the sum appropriated, and the object or purpose to which it is to be applied".

In addition to the State defendants, the complaint names as defendants certain public authorities and private corporations that are claimed to be recipients of the allegedly illegal appropriations. The State defendants and several other defendants moved to dismiss the complaint for failure to state a cause of action, for failure to join certain necessary parties, and for lack of a justiciable controversy. In a decision and order dated February 27, 2009, Supreme Court, Albany County, granted the motion to dismiss the complaint, finding no violation of either Article VII, § 7, or Article VII, § 8. The court concluded that the challenged appropriations were valid expenditures for public purposes and not "gifts" prohibited under Article VII, § 8. The court also rejected the appellant's challenge to the reference in the budget to a memorandum of understanding, relying on that Court's holding in *Saxton v. Carey*, 44 N.Y.2d 545 (1978), that the degree of itemization required under Article VII, § 7 is to be determined by the Legislature, not the courts.

The plaintiffs appealed from the dismissal of their complaint. On June 24, 2010, the Appellate Division reversed the order of Supreme Court to the extent it dismissed the plaintiffs' cause of action under Article VII, § 8 and affirmed the order to the extent it dismissed the plaintiffs' cause of action under Article VII, § 7, and remitted the case to Supreme Court for further proceedings. The defendants moved for reargument or, in the alternative, leave to appeal to the Court of Appeals from the portion of the Appellate Division's order that reversed Supreme Court's dismissal of the cause of action under Article VII, § 8. The Appellate Division denied reargument but granted leave to appeal to the Court of Appeals on the question of whether the Appellate Division erred by reversing the dismissal of the plaintiffs' cause of action under Article VII, § 8. By opinion dated November 21, 2011, the Court of Appeals reversed the Appellate Division and dismissed the cause of action under Article VII, § 8.

PERSONAL INJURY CLAIMS

In *Watson v. State* (*Court of Claims*) claimants seek damages arising out of a motor vehicle accident in which four members of a family were injured. On February 2, 2010, the Court of Claims granted summary judgment on the issue of liability to claimants. Pursuant to negotiations among the parties, all claims were settled on February 8, 2011 for a total of $19 million. All infant compromise and Surrogate's Court proceedings have been completed and the settlement process is being completed.

INSURANCE DEPARTMENT ASSESSMENTS

In New *York Insurance Association, Inc. v. State (Sup. Ct., Albany Co.)*, several insurance companies and an association of insurance companies seek a declaration that certain assessments issued against the plaintiff insurance companies by the Insurance Department pursuant to Insurance Law § 332 violate the Insurance Law and the State and Federal Constitutions to the extent that the assessments include amounts for items that are not direct expenses of the Insurance Department. The State filed its answer on May 4, 2010. On June 9, 2010, the State filed a motion for summary judgment. By decision dated March 10, 2011, plaintiffs' motion for permission to conduct discovery prior to responding to the State's motion for summary judgment was granted. Plaintiffs have since filed an amended complaint adding challenges to assessments issued after the commencement of this action and the State has withdrawn its motion for summary judgment without prejudice. The State has filed its answer to the amended complaint and is engaged in the discovery process.

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

	FY 2011 Actuals	FY 2012 Projected	Annual $ Change	Annual % Change
Opening Fund Balance	2,302	1,376	(926)	-40.2%
Receipts:				
Taxes:				
Personal Income Tax	23,894	25,870	1,976	8.3%
User Taxes and Fees	8,795	9,056	261	3.0%
Business Taxes	5,279	5,868	589	11.2%
Other Taxes	1,237	1,092	(145)	-11.7%
Miscellaneous Receipts	3,095	3,152	57	1.8%
Federal Receipts	54	60	6	11.1%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	7,625	8,056	431	5.7%
Sales Tax in Excess of LGAC Debt Service	2,351	2,394	43	1.8%
Real Estate Taxes in Excess of CW/CA Debt Service	348	395	47	13.5%
All Other Transfers	1,769	923	(846)	-47.8%
Total Receipts	54,447	56,866	2,419	4.4%
Disbursements:				
Local Assistance Grants	37,206	38,721	1,515	4.1%
Departmental Operations:				
Personal Service	6,151	5,713	(438)	-7.1%
Non-Personal Service	1,822	1,749	(73)	-4.0%
General State Charges	4,187	4,704	517	12.3%
Transfers to Other Funds:				
Debt Service	1,737	1,455	(282)	-16.2%
Capital Projects	932	778	(154)	-16.5%
State Share Medicaid	2,497	2,910	413	16.5%
Other Purposes	841	825	(16)	-1.9%
Total Disbursements	55,373	56,855	1,482	2.7%
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(926)	11	937	-101.2%
Closing Fund Balance	1,376	1,387	11	0.8%
Statutory Reserves				
Tax Stabilization Reserve Fund	1,031	1,031	0	
Rainy Day Reserve Fund	175	275	100	
Contingency Reserve Fund	21	21	0	
Community Projects Fund	136	51	(85)	
Reserved For				
Prior-Year Labor Agreements (2007-2011)	0	346	346	
Debt Management	13	13	0	
Budget Shortfall	N/A	(350)	N/A	

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
FY 2012 through FY 2015
(millions of dollars)

	FY 2012 Projected	FY 2013 Projected	FY 2014 Projected	FY 2015 Projected
Receipts:				
Taxes:				
Personal Income Tax	25,870	25,619	27,333	28,623
User Taxes and Fees	9,056	9,288	9,681	10,099
Business Taxes	5,868	6,208	6,497	5,952
Other Taxes	1,092	1,087	1,147	1,212
Miscellaneous Receipts	3,152	3,024	2,583	2,122
Federal Receipts	60	60	60	60
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	8,056	7,800	8,309	8,673
Sales Tax in Excess of LGAC Debt Service	2,394	2,450	2,592	2,724
Real Estate Taxes in Excess of CW/CA Debt Service	395	471	557	634
All Other Transfers	923	628	586	602
Total Receipts	56,866	56,635	59,345	60,701
Disbursements:				
Local Assistance Grants	38,721	39,955	41,665	43,352
Departmental Operations:				
Personal Service	5,713	5,945	6,052	6,220
Non-personal Service	1,749	2,114	1,969	2,090
General State Charges	4,704	5,093	5,456	5,623
Transfers to Other Funds:				
Debt Service	1,455	1,722	1,696	1,614
Capital Projects	778	1,126	1,323	1,419
State Share Medicaid	2,910	2,903	2,796	2,750
Other Purposes	825	936	1,520	2,289
Total Disbursements	56,855	59,794	62,477	65,357
Reserves:				
Community Projects Fund	(85)	(51)	0	0
Rainy Day Reserve Fund	100	0	0	0
Prior-Year Labor Agreements (2007-2011)	346	142	142	142
Increase (Decrease) in Reserves	361	91	142	142
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(350)	(3,250)	(3,274)	(4,798)

DOB is developing a Financial Management Plan that is expected to produce $350 million in savings in the current year to maintain budget balance in the General Fund.

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
FY 2012
(millions of dollars)

	Enacted	Change	Mid-Year
Opening fund balance	1,376	0	1,376
Receipts:			
Taxes:			
Personal Income Tax	26,001	(131)	25,870
User Taxes and Fees	9,105	(49)	9,056
Business Taxes	6,101	(233)	5,868
Other Taxes	1,030	62	1,092
Miscellaneous Receipts	3,098	54	3,152
Federal Receipts	60	0	60
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	8,096	(40)	8,056
Sales Tax in Excess of LGAC Debt Service	2,409	(15)	2,394
Real Estate Taxes in Excess of CW/CA Debt Service	395	0	395
All Other	998	(75)	923
Total Receipts	57,293	(427)	56,866
Disbursements:			
Local Assistance Grants	38,888	(167)	38,721
State Operations:			
Personal Service	5,560	153	5,713
Non-Personal Service	1,796	(47)	1,749
General State Charges	4,668	36	4,704
Transfers to Other Funds:			
Debt Service	1,449	6	1,455
Capital Projects	800	(22)	778
State Share Medicaid	3,032	(122)	2,910
Other Purposes	739	86	825
Total Disbursements	56,932	(77)	56,855
Reserves:			
Community Projects Fund	(85)	0	(85)
Rainy Day Reserve Fund	100	0	100
Prior-Year Labor Agreements (2007-2011)	346	0	346
Increase (Decrease) in Reserves	361	0	361
Excess (Deficiency) of Receipts Over Disbursements and Reserves	0	(350)	(350)

DOB is developing a Financial Management Plan that is expected to produce $350 million in savings in the current year to maintain budget balance in the General Fund.

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
FY 2013
(millions of dollars)

	Enacted	Change	Mid-Year
Receipts:			
Taxes:			
Personal Income Tax	26,085	(466)	25,619
User Taxes and Fees	9,383	(95)	9,288
Business Taxes	6,456	(248)	6,208
Other Taxes	1,085	2	1,087
Miscellaneous Receipts	2,917	107	3,024
Federal Receipts	60	0	60
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	7,923	(123)	7,800
Sales Tax in Excess of LGAC Debt Service	2,492	(42)	2,450
Real Estate Taxes in Excess of CW/CA Debt Service	469	2	471
All Other	772	(144)	628
Total Receipts	57,642	(1,007)	56,635
Disbursements:			
Local Assistance Grants	40,115	(160)	39,955
Departmental Operations:			
Personal Service	5,773	172	5,945
Non-Personal Service	2,178	(64)	2,114
General State Charges	5,126	(33)	5,093
Transfers to Other Funds:			
Debt Service	1,712	10	1,722
Capital Projects	1,168	(42)	1,126
State Share Medicaid	3,119	(216)	2,903
Other Purposes	739	197	936
Total Disbursements	59,930	(136)	59,794
Reserves:			
Community Projects Fund	(51)	0	(51)
Prior-Year Labor Agreements (2007-2011)	142	0	142
Increase (Decrease) in Reserves	91	0	91
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(2,379)	(871)	(3,250)

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
FY 2014
(millions of dollars)

	Enacted	Change	Mid-Year
Receipts:			
Taxes:			
Personal Income Tax	27,569	(236)	27,333
User Taxes and Fees	9,723	(42)	9,681
Business Taxes	6,721	(224)	6,497
Other Taxes	1,145	2	1,147
Miscellaneous Receipts	2,496	87	2,583
Federal Receipts	60	0	60
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	8,374	(65)	8,309
Sales Tax in Excess of LGAC Debt Service	2,617	(25)	2,592
Real Estate Taxes in Excess of CW/CA Debt Service	556	1	557
All Other	615	(29)	586
Total Receipts	59,876	(531)	59,345
Disbursements:			
Local Assistance Grants	41,996	(331)	41,665
Departmental Operations:			
Personal Service	5,879	173	6,052
Non-Personal Service	2,036	(67)	1,969
General State Charges	5,499	(43)	5,456
Transfers to Other Funds:			
Debt Service	1,658	38	1,696
Capital Projects	1,361	(38)	1,323
State Share Medicaid	3,082	(286)	2,796
Other Purposes	1,059	461	1,520
Total Disbursements	62,570	(93)	62,477
Reserves:			
Community Projects Fund	0	0	0
Prior-Year Labor Agreements (2007-2011)	142	0	142
Increase (Decrease) in Reserves	142	0	142
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(2,836)	(438)	(3,274)

Source: NYS DOB

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

	Enacted	Change	Mid-Year
Receipts:			
Taxes:			
Personal Income Tax	28,698	(75)	28,623
User Taxes and Fees	10,082	17	10,099
Business Taxes	6,141	(189)	5,952
Other Taxes	1,210	2	1,212
Miscellaneous Receipts	2,066	56	2,122
Federal Receipts	60	0	60
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	8,707	(34)	8,673
Sales Tax in Excess of LGAC Debt Service	2,729	(5)	2,724
Real Estate Taxes in Excess of CW/CA Debt Service	634	0	634
All Other	610	(8)	602
Total Receipts	60,937	(236)	60,701
Disbursements:			
Local Assistance Grants	43,734	(382)	43,352
Departmental Operations:			
Personal Service	6,047	173	6,220
Non-Personal Service	2,163	(73)	2,090
General State Charges	5,660	(37)	5,623
Transfers to Other Funds:			
Debt Service	1,566	48	1,614
Capital Projects	1,456	(37)	1,419
State Share Medicaid	3,082	(332)	2,750
Other Purposes	1,692	597	2,289
Total Disbursements	65,400	(43)	65,357
Reserves:			
Community Projects Fund	0	0	0
Prior-Year Labor Agreements (2007-2011)	142	0	142
Increase (Decrease) in Reserves	142	0	142
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(4,605)	(193)	(4,798)

Source: NYS DOB

CASH RECEIPTS
CURRENT STATE RECEIPTS
GENERAL FUND
FY 2012 THROUGH FY 2015
(millions of dollars)

	2011-2012 Projected	2012-2013 Projected	2013-2014 Projected	2014-2015 Projected
Taxes:				
Withholdings	31,202	31,801	34,185	36,183
Estimated Payments	11,975	11,478	11,695	12,325
Final Payments	2,110	2,199	2,154	2,151
Other Payments	1,089	1,134	1,211	1,313
Gross Collections	46,376	46,612	49,245	51,972
State/City Offset	(298)	(298)	(198)	(148)
Refunds	(7,194)	(7,725)	(7,922)	(8,736)
Reported Tax Collections	38,884	38,589	41,125	43,088
STAR (Dedicated Deposits)	(3,293)	(3,322)	(3,510)	(3,693)
RBTF (Dedicated Transfers)	(9,721)	(9,648)	(10,282)	(10,772)
Personal Income Tax	25,870	25,619	27,333	28,623
Sales and Use Tax	11,135	11,402	11,930	12,489
Cigarette and Tobacco Taxes	472	498	491	485
Motor Fuel Tax	0	0	0	0
Alcoholic Beverage Taxes	233	238	242	247
Highway Use Tax	0	0	0	0
Auto Rental Tax	0	0	0	0
Taxicab Surcharge	0	0	0	0
Gross Utility Taxes and Fees	11,840	12,138	12,663	13,221
LGAC Sales Tax (Dedicated Transfers)	(2,784)	(2,850)	(2,982)	(3,122)
User Taxes and Fees	9,056	9,288	9,681	10,099
Corporation Franchise Tax	2,909	3,006	3,230	2,472
Corporation and Utilities Tax	639	702	731	763
Insurance Taxes	1,298	1,348	1,411	1,459
Bank Tax	1,022	1,152	1,125	1,258
Petroleum Business Tax	0	0	0	0
Business Taxes	5,868	6,208	6,497	5,952
Estate Tax	1,075	1,070	1,130	1,195
Real Estate Transfer Tax	620	690	770	840
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	16	16	16	16
Other Taxes	1	1	1	1
Gross Other Taxes	1,712	1,777	1,917	2,052
Real Estate Transfer Tax (Dedicated)	(620)	(690)	(770)	(840)
Other Taxes	1,092	1,087	1,147	1,212
Payroll Tax	0	0	0	0
Total Taxes	41,886	42,202	44,658	45,886
Licenses, Fees, Etc.	565	616	552	538
Abandoned Property	755	735	670	655
Motor Vehicle Fees	132	109	36	36
ABC License Fee	49	51	50	50
Reimbursements	202	202	197	197
Investment Income	10	10	10	10
Other Transactions	1,439	1,301	1,068	636
Miscellaneous Receipts	3,152	3,024	2,583	2,122
Federal Grants	60	60	60	60
Total	45,098	45,286	47,301	48,068

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	1,376	2,139	454	3,969
Receipts:				
Taxes	41,886	8,273	13,006	63,165
Miscellaneous Receipts	3,152	15,050	949	19,151
Federal Receipts	60	1	79	140
Total Receipts	45,098	23,324	14,034	82,456
Disbursements:				
Local Assistance Grants	38,721	18,844	0	57,565
Departmental Operations:				
Personal Service	5,713	6,104	0	11,817
Non-Personal Service	1,749	3,295	62	5,106
General State Charges	4,704	1,830	0	6,534
Debt Service	0	0	5,834	5,834
Capital Projects	0	5	0	5
Total Disbursements	50,887	30,078	5,896	86,861
Other Financing Sources (Uses):				
Transfers from Other Funds	11,768	7,177	6,380	25,325
Transfers to Other Funds	(5,968)	(536)	(14,410)	(20,914)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	5,800	6,641	(8,030)	4,411
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	11	(113)	108	6
Closing Fund Balance	1,387	2,026	562	3,975

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2013
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	42,202	8,590	13,069	63,861
Miscellaneous Receipts	3,024	16,101	996	20,121
Federal Receipts	60	1	79	140
Total Receipts	45,286	24,692	14,144	84,122
Disbursements:				
Local Assistance Grants	39,955	19,813	0	59,768
Departmental Operations:				
Personal Service	5,945	6,274	0	12,219
Non-Personal Service	2,114	3,252	62	5,428
General State Charges	5,093	1,957	0	7,050
Debt Service	0	0	6,300	6,300
Capital Projects	0	5	0	5
Total Disbursements	53,107	31,301	6,362	90,770
Other Financing Sources (Uses):				
Transfers from Other Funds	11,349	7,084	6,392	24,825
Transfers to Other Funds	(6,687)	(82)	(14,091)	(20,860)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	4,662	7,002	(7,699)	3,965
Designated General Fund Reserves:				
Reserve for Collective Bargaining	142	0	0	142
Reserve for Community Projects Fund	(51)	0	0	(51)
Net Designated General Fund Reserves	91	0	0	91
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(3,250)	393	83	(2,774)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	44,658	8,912	13,916	67,486
Miscellaneous Receipts	2,583	16,454	1,043	20,080
Federal Receipts	60	1	79	140
Total Receipts	47,301	25,367	15,038	87,706
Disbursements:				
Local Assistance Grants	41,665	20,611	0	62,276
Departmental Operations:				
Personal Service	6,052	6,416	0	12,468
Non-Personal Service	1,969	3,359	62	5,390
General State Charges	5,456	2,095	0	7,551
Debt Service	0	0	6,518	6,518
Capital Projects	0	5	0	5
Total Disbursements	55,142	32,486	6,580	94,208
Other Financing Sources (Uses):				
Transfers from Other Funds	12,044	7,410	6,295	25,749
Transfers to Other Funds	(7,335)	107	(14,678)	(21,906)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	4,709	7,517	(8,383)	3,843
Designated General Fund Reserves:				
Reserve for Collective Bargaining	142	0	0	142
Net Designated General Fund Reserves	142	0	0	142
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(3,274)	398	75	(2,801)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2015
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	45,886	9,268	14,616	69,770
Miscellaneous Receipts	2,122	16,732	1,064	19,918
Federal Receipts	60	1	79	140
Total Receipts	48,068	26,001	15,759	89,828
Disbursements:				
Local Assistance Grants	43,352	21,250	0	64,602
Departmental Operations:				
Personal Service	6,220	6,588	0	12,808
Non-Personal Service	2,090	3,436	62	5,588
General State Charges	5,623	2,267	0	7,890
Debt Service	0	0	6,620	6,620
Capital Projects	0	5	0	5
Total Disbursements	57,285	33,546	6,682	97,513
Other Financing Sources (Uses):				
Transfers from Other Funds	12,633	7,666	5,904	26,203
Transfers to Other Funds	(8,072)	232	(14,876)	(22,716)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	4,561	7,898	(8,972)	3,487
Designated General Fund Reserves:				
Reserve for Collective Bargaining	142	0	0	142
Net Designated General Fund Reserves	142	0	0	142
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(4,798)	353	105	(4,340)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2012
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	1,376	2,149	(167)	454	3,812
Receipts:					
Taxes	41,886	8,273	1,338	13,006	64,503
Miscellaneous Receipts	3,152	15,182	4,017	949	23,300
Federal Receipts	60	40,598	2,294	79	43,031
Total Receipts	45,098	64,053	7,649	14,034	130,834
Disbursements:					
Local Assistance Grants	38,721	53,590	2,711	0	95,022
Departmental Operations:					
Personal Service	5,713	6,790	0	0	12,503
Non-Personal Service	1,749	4,251	0	62	6,062
General State Charges	4,704	2,132	0	0	6,836
Debt Service	0	0	0	5,834	5,834
Capital Projects	0	5	5,147	0	5,152
Total Disbursements	50,887	66,768	7,858	5,896	131,409
Other financing sources (Uses):					
Transfers from Other Funds	11,768	7,178	1,038	6,380	26,364
Transfers to Other Funds	(5,968)	(4,575)	(1,435)	(14,410)	(26,388)
Bond and Note Proceeds	0	0	484	0	484
Net Other Financing Sources (Uses)	5,800	2,603	87	(8,030)	460
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	11	(112)	(122)	108	(115)
Closing Fund Balance	1,387	2,037	(289)	562	3,697

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2013
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	42,202	8,590	1,397	13,069	65,258
Miscellaneous Receipts	3,024	16,232	3,735	996	23,987
Federal Receipts	60	37,548	1,847	79	39,534
Total Receipts	45,286	62,370	6,979	14,144	128,779
Disbursements:					
Local Assistance Grants	39,955	51,680	2,010	0	93,645
Departmental Operations:					
Personal Service	5,945	6,955	0	0	12,900
Non-Personal Service	2,114	4,211	0	62	6,387
General State Charges	5,093	2,289	0	0	7,382
Debt Service	0	0	0	6,300	6,300
Capital Projects	0	5	5,289	0	5,294
Total Disbursements	53,107	65,140	7,299	6,362	131,908
Other Financing Sources (Uses):					
Transfers from Other Funds	11,349	7,085	1,368	6,392	26,194
Transfers to Other Funds	(6,687)	(3,921)	(1,503)	(14,091)	(26,202)
Bond and Note Proceeds	0	0	400	0	400
Net Other Financing Sources (Uses)	4,662	3,164	265	(7,699)	392
Designated General Fund Reserves:					
Reserve for Collective Bargaining	142	0	0	0	142
Reserve for Community Projects Fund	(51)	0	0	0	(51)
Net Designated General Fund Reserves	91	0	0	0	91
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(3,250)	394	(55)	83	(2,828)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	44,658	8,912	1,398	13,916	68,884
Miscellaneous Receipts	2,583	16,585	3,575	1,043	23,786
Federal Receipts	60	39,876	1,811	79	41,826
Total Receipts	47,301	65,373	6,784	15,038	134,496
Disbursements:					
Local Assistance Grants	41,665	54,845	2,001	0	98,511
Departmental Operations:					
Personal Service	6,052	7,088	0	0	13,140
Non-Personal Service	1,969	4,284	0	62	6,315
General State Charges	5,456	2,433	0	0	7,889
Debt Service	0	0	0	6,518	6,518
Capital Projects	0	5	5,089	0	5,094
Total Disbursements	55,142	68,655	7,090	6,580	137,467
Other Financing Sources (Uses):					
Transfers from Other Funds	12,044	7,411	1,545	6,295	27,295
Transfers to Other Funds	(7,335)	(3,731)	(1,552)	(14,678)	(27,296)
Bond and Note Proceeds	0	0	338	0	338
Net Other Financing Sources (Uses)	4,709	3,680	331	(8,383)	337
Designated General Fund Reserves:					
Reserve for Collective Bargaining	142	0	0	0	142
Net Designated General Fund Reserves	142	0	0	0	142
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(3,274)	398	25	75	(2,776)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2015
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	45,886	9,268	1,408	14,616	71,178
Miscellaneous Receipts	2,122	16,863	3,325	1,064	23,374
Federal Receipts	60	44,969	1,809	79	46,917
Total Receipts	48,068	71,100	6,542	15,759	141,469
Disbursements:					
Local Assistance Grants	43,352	60,993	1,730	0	106,075
Departmental Operations:					
Personal Service	6,220	7,262	0	0	13,482
Non-Personal Service	2,090	4,354	0	62	6,506
General State Charges	5,623	2,611	0	0	8,234
Debt Service	0	0	0	6,620	6,620
Capital Projects	0	5	5,039	0	5,044
Total Disbursements	57,285	75,225	6,769	6,682	145,961
Other Financing Sources (Uses):					
Transfers from Other Funds	12,633	7,667	1,483	5,904	27,687
Transfers to Other Funds	(8,072)	(3,189)	(1,526)	(14,876)	(27,663)
Bond and Note Proceeds	0	0	306	0	306
Net Other Financing Sources (Uses)	4,561	4,478	263	(8,972)	330
Designated General Fund Reserves:					
Reserve for Collective Bargaining	142	0	0	0	142
Net Designated General Fund Reserves	142	0	0	0	142
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(4,798)	353	36	105	(4,304)

Source: NYS DOB

CASHFLOW
GENERAL FUND
FY 2012
(dollars in millions)

	2011 April Actuals	May Actuals	June Actuals	July Actuals	August Actuals	September Actuals	October Projected	November Projected	December Projected	2012 January Projected	February Projected	March Projected	Total
OPENING BALANCE	1,376	4,510	1,809	2,492	1,884	1,571	4,948	3,447	2,502	1,962	6,208	5,737	1,376
RECEIPTS:													
Personal Income Tax	4,153	1,072	2,610	1,661	1,817	2,689	1,547	1,598	248	4,988	1,705	1,782	25,870
User Taxes and Fees	689	667	892	716	688	881	702	694	861	724	616	926	9,056
Business Taxes	161	28	1,173	(36)	43	1,022	62	126	1,198	53	215	1,823	5,868
Other Taxes	65	132	74	88	109	119	100	81	81	81	81	81	1,092
Total Taxes	5,068	1,899	4,749	2,429	2,657	4,711	2,411	2,499	2,388	5,846	2,617	4,612	41,886
Licenses, Fees, etc.	46	64	56	29	47	85	37	46	41	39	41	34	565
Abandoned Property	1	0	39	32	18	77	23	140	60	70	53	242	755
ABC License Fee	5	5	6	5	5	6	5	3	3	3	3	0	49
Motor vehicle fees	0	0	13	(13)	0	0	0	20	20	20	20	52	132
Reimbursements	4	7	56	2	18	36	10	12	25	10	10	12	202
Investment Income	1	0	1	1	0	0	0	1	1	1	1	3	10
Other Transactions	21	16	146	59	34	301	80	42	96	40	68	536	1,439
Total Miscellaneous Receipts	78	92	317	115	122	505	155	264	246	183	196	879	3,152
Federal Grants	2	13	0	0	0	17	0	0	15	0	0	13	60
PIT in Excess of Revenue Bond Debt Service	1,385	211	1,000	491	251	1,092	328	188	997	898	335	880	8,056
Sales Tax in Excess of LGAC Debt Service	201	98	378	215	136	281	214	211	270	220	3	167	2,394
Real Estate Taxes in Excess of CW/CA Debt Service	38	41	19	42	66	34	34	22	26	26	23	24	395
All Other	96	2	17	12	11	10	25	13	20	59	31	627	923
Total Transfers from Other Funds	1,720	352	1,414	760	464	1,417	601	434	1,313	1,203	392	1,698	11,768
TOTAL RECEIPTS	6,868	2,356	6,480	3,304	3,243	6,650	3,167	3,197	3,962	7,232	3,205	7,202	56,866
DISBURSEMENTS:													
School Aid	233	2,579	1,894	145	544	1,207	596	1,060	1,500	218	455	6,371	16,802
Higher Education	32	19	525	129	341	51	451	38	230	30	312	412	2,570
All Other Education	23	21	223	266	42	31	231	227	21	264	173	208	1,730
Medicaid - DOH	962	904	983	1,327	691	300	1,335	1,250	649	551	967	345	10,264
Public Health	15	18	41	37	155	39	53	40	36	25	81	190	730
Mental Hygiene	19	2	387	3	6	545	16	0	478	3	148	273	1,880
Children and Families	8	114	230	67	71	44	251	87	83	161	73	316	1,505
Temporary & Disability Assistance	326	63	65	166	191	65	91	76	87	75	18	179	1,402
Transportation	0	24	0	0	24	0	0	25	15	0	10	1	99
Unrestricted Aid	1	12	294	0	3	90	9	0	206	1	0	142	758
All Other	(30)	16	190	21	41	31	24	25	53	161	276	173	981
Total Local Assistance Grants	1,589	3,772	4,832	2,161	2,109	2,403	3,057	2,828	3,358	1,489	2,513	8,610	38,721
Personal Service	602	525	598	554	667	356	370	413	495	381	530	222	5,713
Non-Personal Service	199	125	90	143	165	118	89	129	128	123	166	274	1,749
Total State Operations	801	650	688	697	832	474	459	542	623	504	696	496	7,462
General State Charges	404	322	119	419	241	248	359	350	213	232	217	1,580	4,704
Debt Service	522	22	(129)	376	38	(111)	469	0	(1)	432	(18)	(145)	1,455
Capital Projects	(23)	52	52	16	64	(12)	36	47	15	22	17	492	778
State Share Medicaid	273	202	206	217	244	205	196	271	272	275	237	312	2,910
Other Purposes	168	37	29	26	28	66	92	104	22	32	14	207	825
Total Transfers to Other Funds	940	313	158	635	374	148	793	422	308	761	250	866	5,968
TOTAL DISBURSEMENTS	3,734	5,057	5,797	3,912	3,556	3,273	4,668	4,142	4,502	2,986	3,676	11,552	56,855
Excess/(Deficiency) of Receipts over Disbursements	3,134	(2,701)	683	(608)	(313)	3,377	(1,501)	(945)	(540)	4,246	(471)	(4,350)	11
CLOSING BALANCE	4,510	1,809	2,492	1,884	1,571	4,948	3,447	2,502	1,962	6,208	5,737	1,387	1,387

Source: NYS DOB

GAAP FINANCIAL PLAN
GENERAL FUND
FY 2012
(millions of dollars)

	Enacted	Change	Mid-Year
Revenues:			
Taxes:			
Personal income tax	25,360	(317)	25,043
User taxes and fees	9,124	(135)	8,989
Business taxes	6,129	(15)	6,114
Other taxes	1,068	(43)	1,025
Miscellaneous revenues	6,569	57	6,626
Federal grants	60	0	60
Total revenues	48,310	(453)	47,857
Expenditures:			
Grants to local governments	41,520	55	41,575
State operations	10,995	75	11,070
General State charges	5,454	14	5,468
Debt service	0	0	0
Capital projects	0	0	0
Total expenditures	57,969	144	58,113
Other financing sources (uses):			
Transfers from other funds	14,711	64	14,775
Transfers to other funds	(5,798)	7	(5,791)
Proceeds from financing arrangements/	0		0
advance refundings	374	0	374
Net other financing sources (uses)	9,287	71	9,358
Operating Surplus/(Deficit)	(372)	(526)	(898)

Source: NYS DOB

GAAP FINANCIAL PLAN
GENERAL FUND
FY 2012 THROUGH FY 2015
(millions of dollars)

	FY 2012 Projected	FY 2013 Projected	FY 2014 Projected	FY2015 Projected
Revenues:				
Taxes:				
Personal income tax	25,043	24,699	26,627	28,565
User taxes and fees	8,989	9,302	9,704	10,125
Business taxes	6,114	6,314	6,608	5,913
Other taxes	1,025	1,129	1,192	1,201
Miscellaneous revenues	6,626	6,503	6,019	5,596
Federal grants	60	60	60	60
Total revenues	47,857	48,007	50,210	51,460
Expenditures:				
Grants to local governments	41,575	42,721	44,481	46,376
State operations	11,070	11,772	11,599	12,163
General State charges	5,468	5,967	6,445	6,704
Debt service	0	0	0	0
Capital projects	0	0	0	0
Total expenditures	58,113	60,460	62,525	65,243
Other financing sources (uses):				
Transfers from other funds	14,775	14,488	15,171	15,605
Transfers to other funds	(5,791)	(6,492)	(7,354)	(7,554)
Proceeds from financing arrangements/ advance refundings	374	400	400	400
Net other financing sources (uses)	9,358	8,396	8,217	8,451
Operating Surplus/(Deficit)	(898)	(4,057)	(4,098)	(5,332)

Source: NYS DOB