

PART I

FINANCIAL PLAN OVERVIEW

FINANCIAL PLAN OVERVIEW

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INTRODUCTION

The 2005-06 Financial Plan Overview (the “Overview”) summarizes the impact of the 2005-06 Executive Budget on the State’s Four-Year Financial Plan. The Overview also provides a substantial amount of new information to supplement the extensive reporting enhancements undertaken in recent years. The Division of the Budget (DOB) believes the new information will aid the Legislature and public in fully understanding and evaluating the Financial Plan implications of the Governor’s budget proposal. Information found in the 2005-06 Overview and elsewhere in this volume that goes beyond statutory requirements includes:

- A multi-year Financial Plan summary of every key budget recommendation.
- An explanation of DOB’s “current services” forecasts for the State’s major functions (e.g., Medicaid, education, welfare).
- A description of all financial activity related to the Health Care Reform Act (HCRA), including spending that formerly occurred “off budget.”
- Detailed monthly cash flow projections by major revenue and category of spending, including projections by major local aid program.
- A detailed summary of the State workforce by agency and fund type.
- Debt affordability measures and comparisons.
- Long-term trends for key fiscal measures.

Information in the 2005-06 Overview is organized in five general sections:

- Executive Summary: Provides a brief high-level review of the key fiscal impacts of the 2005-06 Budget, including the size of the budget, the major sources of annual spending change, the causes of the initial 2005-06 gap, and the recommended solutions to close the gap.
- Current and Budget Year Financial Plans: Includes a summary of DOB’s revised economic forecast, updated estimates for the 2004-05 fiscal year, in-depth explanations of the 2005-06 receipts and disbursements projections by major tax category and function.
- General Fund Outyear Projections: Describes the current General Fund Financial Plan projections for 2006-07 and 2007-08, including “current services” estimates and the projected impact of 2005-06 recommendations.
- Miscellaneous Reporting: Includes a range of technical Financial Plan information, including an analysis of potential risks to DOB’s current estimates, and summaries of (a) the 2005-06 Financial Plan by Fund Type, (b) monthly General Fund cash flow projections for the remainder of 2004-05 and for 2005-06, (c) Financial Plan projections prepared in accordance with Generally Accepted Accounting Principles (GAAP), (d) receipts and disbursements estimates under the Health Care Reform Act, and (e) historical and comparative Financial Plan information.
- Financial Plan Tables: Summarizes the General Fund, State Funds, and All Governmental Funds cash-basis Financial Plans, the monthly General Fund cash flow, the General Fund Financial Plan on a GAAP basis, the quarterly HCRA cash flow, and General Fund, State Funds, and All Governmental Funds spending and workforce information presented by agency or function.

The 2005-06 Overview and all associated budget documents are available on-line at www.budget.state.ny.us or by contacting the Division of the Budget, State Capitol, Albany, NY 12224, (518) 473-8705.

EXECUTIVE SUMMARY

OVERVIEW

New York emerged from the national recession in September 2003, marking an important milestone in the State's recovery from the impact of September 11th. The State economy is experiencing sustained growth, and generating tax collections above the levels forecast by DOB in its most recent update to the 2004-05 Financial Plan issued November 1, 2004 (the "Mid-Year Update"). DOB now projects underlying annual receipts growth of 10.2 percent in 2004-05 and 6.5 percent in 2005-06, based on actual results to date and a revised economic forecast.

The improvement in tax collections, in combination with savings from the statewide Fiscal Management Plan (FMP), is expected to permit the State to end the 2004-05 fiscal year with a \$170 million cash surplus in the General Fund and make the maximum possible contribution (\$70 million) to the Rainy Day Fund¹, bringing the balance to \$864 million, equal to its statutory cap of 2 percent of General Fund spending.

The revised revenue and spending projections also reduce the projected budget gaps to \$4.2 billion in 2005-06 and \$5.8 billion in 2006-07, at the lower end of the forecast range in the Mid-Year Update, as described in detail later in this report.

Revisions to Mid-Year Budget Gap Projections (millions of dollars)		
	<u>2005-06</u>	<u>2006-07</u>
Mid-Year Budget Gaps	(5,995)	(7,708)
Revenue Revisions	1,456	1,177
Spending Revisions	387	687
Revised Budget Gaps	(4,152)	(5,844)

The 2005-06 Executive Budget recommends closing the \$4.2 billion gap primarily through permanent spending restraint, supplemented with limited levels of revenue enhancements and nonrecurring resources. DOB projects that the recommendations would produce net recurring savings of roughly \$3 billion annually, reducing the 2006-07 and 2007-08 budget gaps to about \$2.7 billion.

2005-06 Executive Budget Recommended Actions (millions of dollars)			
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Revised Budget Gaps	(4,152)	(5,844)	(5,571)
Total Recommendations	4,152	3,143	2,786
Spending Actions (net of adds)	2,763	2,513	2,025
Revenue Actions (net of tax cuts)	533	724	791
Nonrecurring Resources	856	(94)	(30)
Remaining Budget Gaps	0	(2,701)	(2,785)

The most significant recommendations include:

- \$2.8 billion in net initiatives to restrain spending. This reflects \$3.1 billion in cost containment in high-growth programs, especially Medicaid, pensions, and debt service, and maximizes Federal aid and efficiencies in State Operations spending. These savings initiatives allow targeted new investments of \$313 million, including increased State funding to cap the growth in local Medicaid costs and increased aid and incentives for municipalities.

¹ Formally known as the Tax Stabilization Reserve Fund.

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- \$533 million in net revenue actions. This reflects \$779 million of increased resources including a sales tax exemption on clothing purchases under \$250 that will run for two weeks (rather than reverting to a permanent exemption for purchases under \$110), and elimination of tax loopholes to promote equity. The recommendations include new tax cuts of \$246 million to accelerate the phase-out of the temporary 2003 personal income tax (PIT) surcharge, and provide targeted tax cuts intended to promote economic growth.
- \$856 million of nonrecurring actions, including commencing the recent discretionary funding changes for the State and Local Retirement System only after independent review and public comment (\$321 million), use of the 2004-05 surplus (\$170 million), asset sales (\$54 million), and fund sweeps.

The Executive Budget recommendations hold annual spending growth in the General Fund and All Governmental Funds (hereafter “All Funds”) to below the rate of inflation.

	Total Disbursements (millions of dollars)						
				Unadjusted		Adjusted ⁽¹⁾	
	2004-05 Revised	2004-05 Adjusted	2005-06 Proposed	Annual Change	Percent Change	Annual Change	Percent Change
General Fund	43,407	43,915	45,075	1,668	3.8%	1,160	2.6%
State Funds	64,137	65,570	69,088	4,951	7.7%	3,518	5.4%
All Funds	101,607	103,040	105,527	3,920	3.9%	2,487	2.4%

(1) To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted for the inclusion of all HCRA funded programs on-budget and additional Medicaid spending to comply with Federal policy changes related to certain county shares adjustments. The 2004-05 adjustment for HCRA is \$925 million in State Funds and All Funds; Medicaid is \$508 million in the General Fund, State Funds and All Funds.

In response to the Campaign for Fiscal Equity (CFE) litigation concerning the State’s system for financing public schools, the 2005-06 Budget recommends a \$526 million school aid increase for the 2005-06 school year comprised of \$201 million in traditional school aid and \$325 million in a new Sound Basic Education (SBE) Aid Program. Funding for statewide SBE grants to school districts is projected to grow to over \$2 billion annually by 2009-10, financed with revenues generated from existing and future video lottery terminals (VLTs). New York City would receive approximately 60 percent of the annual SBE aid.

The 2005-06 budget advances several new initiatives intended to help localities reduce local property taxes, including:

- Capping annual growth in local Medicaid costs up to 2005 spending levels, adjusted by 3.5 percent in 2005-06, 3.25 percent in 2006-07, and 3 percent in 2007-08, with the State paying for all costs above this level. The local cap will convert to a full takeover of local costs effective January 1, 2008. The plan is projected to generate over \$2 billion in local government savings over the next three years and will provide greater predictability to local government budgets.
- Accelerating the State takeover of Family Health Plus (FHP) costs from local governments, bringing the value of the takeover to \$312 million in 2005-06, growing to \$576 million in 2006-07.
- Providing increased aid and incentives to municipalities of \$55 million in 2005-06, growing to \$109 million in 2006-07, bringing annual funding to \$671 million.
- New funding structures for family services in welfare and for the General Public Health Works program that are intended to enhance local discretion in efficiently targeting resources by eliminating State-level spending mandates.

DOB projects that the State will end 2005-06 in balance on a cash basis in the General Fund if the 2005-06 Executive Budget recommendations are enacted in their entirety. However, in any year, the Financial Plan is subject to risks that, if they were to materialize, could adversely or positively affect operating results. A full discussion of risks to the State Financial Plan appears in the section entitled “Reserves and Risks” later in this Overview.

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SIZE OF THE 2005-06 BUDGET

General Fund spending is projected to total \$45.1 billion in 2005-06, an increase of \$1.2 billion (2.6 percent) over the adjusted current year forecast. State Funds spending, which includes both the General Fund and spending from other funds supported by State revenues, is projected to increase by \$3.5 billion (5.4 percent) and total \$69.1 billion in 2005-06. All Funds spending, the broadest measure of State spending, is projected to total \$105.5 billion in 2005-06, an increase of \$2.5 billion (2.4 percent).

The 2005-06 Financial Plan includes the roughly 25 percent of spending financed through the Health Care Reform Act (HCRA) that is currently "off budget" (i.e., outside the Financial Plan). The change does not affect the General Fund, since all HCRA spending is budgeted in State Special Revenue Funds (SRFs), but does increase both State Funds and All Funds totals in 2005-06. In addition, new General Fund Medicaid spending to comply with Federal policy changes related to county shares adjustments is reflected in 2005-06 projections but not in 2004-05 results. To provide a comparable basis for calculating annual growth, the 2004-05 estimates in this Overview are presented on both an "adjusted" (i.e., including the additional HCRA and Medicaid spending in 2004-05 to provide a comparable basis of comparison) and an "unadjusted" basis. The 2004-05 adjustment for HCRA is \$925 million; the Medicaid adjustment is \$508 million.

The major sources of annual spending from 2004-05 to 2005-06 are presented in the table below, and are explained in more detail later in this Overview. The estimates assume the Executive Budget recommendations are approved in their entirety.

Disbursement Projections -- After Recommended Savings			
Major Sources of Annual Change			
(millions of dollars)			
	General Fund	State Funds	All Funds
2004-05 Revised Estimate	43,407	64,137	101,607
All HCRA On-budget	0	925	925
Discontinue County Shares Adjustment	508	508	508
2004-05 Adjusted Estimate	43,915	65,570	103,040
Local Assistance:			
Medicaid	(6)	1,278	1,034
School Aid	321	458	668
Social Services	97	88	263
Public Health	53	68	104
Transportation	(10)	188	188
STAR	0	130	130
Elections	0	0	118
Homeland Security	0	0	96
Higher Education	65	75	75
All Other Education Aid	(6)	(6)	64
Empire State Development Corp.	52	52	52
World Trade Center	0	0	(1,557)
Community Projects Fund/CSPAP	(77)	(102)	(102)
All Other Local Aid	(35)	(58)	123
State Operations	448	756	569
General State Charges	224	298	320
Debt Service	(66)	34	34
Capital Projects	21	259	308
All Other	79	0	0
2005-06 Executive Budget Estimate	45,075	69,088	105,527
<i>Dollar Change</i>	<i>1,160</i>	<i>3,518</i>	<i>2,487</i>
<i>Percent Change</i>	<i>2.6%</i>	<i>5.4%</i>	<i>2.4%</i>

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2005-06 GAP-CLOSING SUMMARY

Sources of the 2005-06 gap

DOB projects General Fund budget gaps of \$4.2 billion in 2005-06 and \$5 billion to \$6 billion in 2006-07 and 2007-08, before the savings that are projected to be achieved by the 2005-06 Executive Budget recommendations. In summary, the 2005-06 gap results from anticipated spending increases to support current service levels and the loss of nonrecurring resources used to help balance the budget in 2004-05, which together exceed annual growth in underlying revenues of \$3.1 billion (6.5 percent). The following chart provides a "zero-based" look at the sources of the 2005-06 gap. It is followed by a brief summary of the assumptions behind the projections. For a detailed explanation of the specific assumptions supporting the revenue and spending projections, see the sections entitled "2005-06 Financial Plan" and "General Fund Financial Plan Outyear Projections" later in this Overview, and "Explanation of Receipt Estimates" later in this volume.

2005-06 Causes of Budget Gaps -- Before 2005-06 Recommended Savings (millions of dollars)		
Total Annual Revenue Growth		197
Underlying Growth (6.5 Percent)	3,127	
Loss of One-time Actions	(1,182)	
PIT/Sales Tax Temporary Surcharge Phase-out/Clothing Exemption	(1,080)	
Final Use of Tobacco Proceeds	(400)	
STAR Fund Transfer	(150)	
Transfer for Higher Debt Service Costs (RBTF)	(138)	
All Other Revenue Changes	20	
Total Annual Spending Growth		(4,349)
Loss of One-time Actions	(683)	
Medicaid	(1,069)	
State Takeover of FHP	(282)	
Loss of Enhanced Federal Medicaid Match Rate (Reverts to 50%)	(220)	
School Aid	(360)	
Welfare	(251)	
Pension/Health Insurance Costs	(650)	
Collective Bargaining Costs (including fringe benefits)	(387)	
All Other Spending Growth	(447)	
Total Projected 2005-06 Budget Gap		(4,152)

Based on the revised DOB forecast that predicts a sustained economic recovery in 2005 (described later in this Overview), underlying revenues are expected to grow by \$3.1 billion in 2005-06, or 6.5 percent, following projected growth of 10.2 percent in 2004-05. However, this growth is nearly entirely absorbed by the loss of one-time and nonrecurring revenues (\$1.6 billion, including tobacco proceeds), the phase-out of both the PIT surcharge (\$149 million) and one-quarter percent increase in sales tax enacted in 2003 (\$452 million), the reversion to a permanent sales tax exemption on clothing purchases under \$110 (\$479 million), and increasing costs for debt service and the School Tax Relief (STAR) Program (\$288 million).

Prior to any Executive Budget proposals, General Fund disbursements are projected to increase by \$4.3 billion in 2005-06. The main factors driving growth include (a) the loss of one-time and nonrecurring resources (\$903 million, including FMAP), and (b) higher spending to maintain current service levels in Medicaid, school aid, and other programs (\$2.1 billion), finance collective bargaining, pensions, and health insurance costs (\$1.0 billion), and pay for the continued State takeover of local Family Health Plus costs (\$282 million).

A full description of the one-time actions budgeted in 2004-05 appears in both the 2004-05 Enacted Budget Report for the State of New York and the 2004-05 Annual Information Statement of the State of New York.

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2005-06 Gap-Closing Plan

The 2005-06 Financial Plan is balanced on a cash basis in the General Fund, with recommendations projected to close a \$4.2 billion General Fund budget gap. Recurring actions are valued at roughly \$3.1 billion in 2006-07 and \$2.8 billion in 2007-08, leaving projected gaps of \$2.7 billion in 2006-07 and \$2.8 billion in 2007-08. The table below summarizes the 2005-06 gap-closing plan.

2005-06 Executive Budget General Fund Gap Closing Actions (millions of dollars)			
	2005-06	2006-07	2007-08
Initial Budget Gaps	(4,152)	(5,844)	(5,571)
Spending Actions	3,076	3,483	3,761
Medicaid - Cost Containment	869	1,461	1,521
Medicaid - Provider Assessments	234	470	470
Medicaid - Other Financing Sources	795	203	351
Mental Hygiene	250	164	135
Transportation/Motor Vehicles	163	171	178
Debt Management	150	100	100
SUNY and CUNY	137	159	159
Restructure Tuition Assistance Program	135	265	337
State Operations Efficiencies (other than listed separately)	130	136	132
Social Services	104	153	156
All Other Spending Actions	109	201	222
Recommended Adds	(313)	(970)	(1,736)
Cap/Takeover Local MA Costs (State Costs/Local Savings)	(121)	(631)	(1,257)
Other Local Medicaid Relief	(45)	(10)	0
Aid and Incentives for Municipalities	(55)	(109)	(109)
County STAR	0	(67)	(146)
All Other Adds	(92)	(153)	(224)
Revenue Actions	779	1,027	995
Two Week Clothing Exemption at \$250	456	584	605
Power Authority PILOT Payments	75	100	100
Corporation Franchise Taxes	51	101	51
Close "Thrift" Loophole on REIT (Same as Feds/NYC)	50	50	50
Eliminate Quick Draw Restrictions	39	57	57
Increase Wine Tax	38	44	45
All Other Revenue	70	91	87
Tax Cuts	(246)	(303)	(204)
PIT Top Tax Rate Decrease	(190)	(130)	0
Corp Franchise Tax Cuts (SPUR; Green buildings)	(30)	(48)	(49)
STAR Plus	(12)	(62)	(119)
Extend Power for Jobs credit	0	(25)	0
All Other Tax Cuts	(14)	(38)	(36)
One-Time Resources	856	(94)	(30)
Pensions (Delay Actuarial Funding Changes)	321	(96)	(25)
Use 2004-05 Surplus	170	0	0
Fund Sweeps	124	0	0
TANF Reprogramming	61	0	0
Proceeds from Sale of Property	54	(8)	(8)
Mortgage Insurance Fund (Excess Balances)	50	0	0
Federal Medicaid Participation for Aliens	42	0	0
All Other One-Timers	34	10	3
Total Recommendations	4,152	3,143	2,786
Proposed Budget Gaps	0	(2,701)	(2,785)

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Spending Actions

Recommendations to restrain spending in the General Fund total \$3.1 billion. They include a combination of cost containment, program restructuring, and the use of alternate funding sources. Highlights are summarized below, with specific details provided later in this Overview:

- **Medicaid:** Includes actions to restrain growth for nursing homes (\$182 million), Family Health Plus (\$227 million), hospitals (\$201 million), prescription drug prices (\$80 million), and managed care programs (\$48 million); lower the cost of optional services; reimpose an assessment on hospital revenues; and increase an existing reimbursable nursing home revenue assessment to support health care programs.
- **Mental Hygiene:** Includes initiatives to increase Patient Income Account (PIA) and other revenues (\$196 million) and cost containment actions, including audit recoveries, overtime controls, and local program reductions (\$54 million);
- **Transportation/Motor Vehicle Operations:** Expands the use of non-General Fund resources to help support ongoing operations (\$163 million);
- **Debt Management:** Continued use of swaps, refundings, and variable rate debt is projected to reduce the growth in debt service (\$150 million);
- **State University of New York (SUNY)/City University of New York (CUNY):** Reduced State support for operations (\$137 million) is coupled with flexibility for the universities to increase tuition revenues;
- **Tuition Assistance Program (TAP):** Award restructuring would provide prospective students with incentives for timely completion of studies (\$135 million);
- **State Operations:** Reductions are projected to total roughly \$230 million, of which \$100 million is accounted for in the itemized listing of agencies that appears on the table above. The remaining \$130 million of savings are spread across multiple agencies and are achieved through the continuation of the hiring freeze, expansion of operational hosting (in which one agency provides administrative functions for multiple agencies to improve efficiency), controls in non-personal service spending and centralized purchasing of certain commodities and services;
- **Social Services:** Maximizes the use of Federal resources (\$49 million), imposes benefit and reimbursement penalties for non-compliance with work requirements (\$24 million), TANF welfare spending realignment (net of OCFS) (\$24 million), and redirection of funding for institutional-based programs (\$7 million); and
- All other spending actions include lower funding for certain programs operated by the Empire State Development Corporation, reduced interest payments for Court of Claims settlements, elimination of supplemental financial aid under the opportunity program (in education), and alternate financing for certain environmental protection capital projects.

Revenue Actions

General Fund Revenue enhancements are expected to raise \$779 million in 2005-06. Significant proposals include:

- Authorizing two sales-tax free weeks on clothing and footwear purchases under \$250, instead of reverting to a permanent \$110 exemption (\$456 million);
- Eliminating double benefits for certain taxpayers, changing outdated provisions to promote fairness and updating caps on corporate taxes to reflect changes in inflation (\$51 million); and
- Increasing the excise tax on wine from 5 cents per liter to 28 cents per liter, a level comparable with other states (\$38 million).

Other tax and fee increases include new penalties for vehicle owners caught speeding, by automated cameras, in work zones and on dangerous stretches of highway; higher filing fees for limited liability partnerships; modification of certain operating restrictions for the Quick Draw lottery game; and higher fees to register all terrain vehicles.

One-Time Resources

The 2005-06 Financial Plan includes \$856 million in one-time actions to support General Fund spending. The proposals, the majority of which do not result in new costs in later fiscal years, include:

- Seeking the Comptroller's approval to make discretionary funding revisions only after independent review and public comment, which would reduce annual pension costs for State and local governments in 2005-06 (\$321 million);
- Using the 2004-05 surplus (\$170 million);
- Using available resources from Federal Temporary Assistance for Needy Families (TANF) block grants to finance a portion of the Earned Income Tax Credit (EITC) and other programs that would otherwise be paid for in the General Fund (\$61 million); and
- Routine sweeps of fund balances, increasing Federal aid, and projected asset sales account for the balance of the nonrecurring actions.

Recommended Adds

The combined total of spending, revenue, and nonrecurring actions described above is expected to be sufficient to provide funding for new investments, including tax reductions intended to improve the State's economic competitiveness, and enhanced State aid for local governments to help control the growth in local property taxes. Significant proposals include:

Spending Initiatives

The recommendations include over \$300 million in new General Fund spending initiatives in 2005-06, including:

- A State cap on the growth in local Medicaid costs effective January 1, 2006 leading to a full takeover of local Medicaid costs beginning January 1, 2008 (\$121 million in 2005-06 growing to \$1.3 billion by 2007-08);
- Acceleration of the full State takeover of the Family Health Plus program, the cost of which is currently shared with counties (\$25 million), with a full annual value for takeover of \$576 million in 2006-07;
- Additional local aid related to Medicaid costs (\$20 million in 2005-06 and \$10 million in 2006-07);
- Enhanced aid for distressed municipalities and planning grants to improve local management (\$55 million in 2005-06, growing to \$109 million by 2006-07);
- A county tax rebate program for taxpayers who live in counties that hold the growth in their general fund budgets at or below the proposed Medicaid spending cap (\$67 million - begins in 2006-07);
- A \$10 million expansion of the Expanded In-Home Services for the Elderly Program (EISEP) in 2005-06, growing to \$25 million in 2006-07, which will double the size of the current program funding;
- New spending for mental health clinics and programs (\$8 million);
- More resources for Operation IMPACT, which directs State Police manpower and other State criminal justice resources to high-crime areas around the State (\$5 million); and
- Other spending initiatives, including new capital spending for health care facilities under the Health Care System Improvement Capital Grant Program, debt service costs related to new capital projects primarily to promote economic development, and a new program to provide employment services to unemployed and under-employed non-custodial parents.

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Tax Cuts

The recommendations include nearly \$250 million in new, targeted tax cuts, including:

- Acceleration of the phase-out of the 2003 temporary tax increases (\$190 million) by dropping temporary rates more rapidly in 2005;
- Tax credits to encourage economic development, including a targeted wage credit (\$30 million);
- STAR Plus, which provides an income tax credit that increases the annual STAR benefit by the rate of inflation in school districts that comply with the school spending cap (\$12 million growing to \$119 million in 2007-08); and
- Expansion of the Earned Income Tax Credit (EITC) to encourage non-custodial parents to provide financial assistance to their children (\$4 million growing to \$22 million in 2007-08).

ECONOMIC FORECAST SUMMARY

The DOB economic forecast and the State's tax and fee structure serve as the basis for projecting receipts. After consulting with public and private sector experts, DOB prepares a detailed economic forecast for both the nation and New York, including Gross Domestic Product (GDP), employment levels, inflation, wages, consumer spending, and other relevant economic indicators. DOB then projects the yield of the State's revenue structure against the backdrop of these forecasts.

DOB's economic forecast is described at length in the section "Explanation of Receipts Estimates — Economic Backdrop" later in this volume. The following is a brief summary of the major points.

U.S. ECONOMY

Following almost two years of growth well above the economy's long-term trend rate, the nation is entering the fourth year of economic expansion. The economy added an average of 185,000 jobs per month in 2004, almost returning total payroll employment to its pre-recession level. Despite lackluster growth in both employment and wages, the bedrock of the nation's economic recovery has to this point been household spending, fueled by two rounds of tax cuts and very low interest rates. However, those supports will begin to diminish as we enter 2005, bringing economic growth closer to its estimated long-term trend rate. DOB is projecting growth in real U.S. GDP to decelerate from 4.4 percent for 2004 to a solid 3.4 percent for the current year.

DOB projects steady trend growth throughout the forecast period, permitting the Federal Reserve to maintain its "measured" course of interest rate increases. Recent data indicates that employment growth may finally be rebounding to rates that are more typical of a maturing expansion. Total nonagricultural employment is projected to grow 1.8 percent in 2005, following an increase of 1.0 percent in 2004. The U.S. unemployment rate is expected to decline to 5.3 percent in 2005, from 5.5 percent in 2004. The inflation rate, measured by the Consumer Price Index (CPI), is forecast to be 2.5 percent in 2005, following a similar rate in 2004.

THE NEW YORK STATE ECONOMY

Recent above-trend national growth rates have helped to buttress the New York State economy as well. The State is estimated to have emerged from recession in the summer of 2003. The New York City economy is well on its way to a full recovery from the impact of the September 11th attack, reversing several years where the City's job base was in decline. The continued strengthening of the State economy will help to sustain the housing market,

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although not at the torrid pace of growth observed in 2004. Moreover, with the pickup in equity market activity toward the end of 2004, the profit outlook for the finance industry is brightening, though the level of profits for the year is not expected to match that of 2003. Bonus growth is expected to slow to 15 percent resulting in total New York wage growth of 4.9 percent for 2005, reduced modestly from 5.7 percent in 2004. State nonagricultural employment is projected to rise 1.1 percent in 2005, a significant improvement compared with 0.4 percent growth for 2004, but below projected growth of 1.8 percent for the nation.

2004-05 FINANCIAL PLAN UPDATE

DOB projects the State will end the 2004-05 fiscal year with a cash-basis surplus of \$170 million in the General Fund, after making the maximum annual contribution of \$70 million to the State's Rainy Day Fund. As described below, the projected surplus results primarily from recent positive revenue experience, which is driving projected underlying revenue growth of 10.2 percent in 2004-05.

General Fund receipts, including transfers from other funds, are now projected at \$43.5 billion. DOB has revised the revenue estimate upward based on revenue collections to date and the strength of key economic indicators, both of which have exceeded expectations. Consistent with the experience in prior State economic expansions, personal income tax collections have shown robust growth, which DOB believes is due mainly to increases in non-wage income. Real estate related tax collections have also exceeded planned levels, reflecting strength in home sales and mortgage refinancings.

General Fund spending is expected to total \$43.4 billion in 2004-05. A delay in the expected receipt of \$200 million in Empire conversion proceeds that was budgeted to reduce General Fund Medicaid spending and cost overruns in correctional services account for most of the increase. Financial Management Plan savings and lower than expected claims from counties under the General Public Health Works program partially offset these costs. The revisions are based on a review of actual operating results through December 2005, and an updated analysis of economic, revenue, and spending trends.

2004-05 General Fund Changes from Enacted Budget (millions of dollars)			
	<u>Mid-Year Revisions</u>	<u>January Revisions</u>	<u>Total</u>
Enacted Budget (Before FMP)	(434)		(434)
Revenues	359	671	1,030
New Costs	(215)	(302)	(517)
Delayed Empire Conversion Proceeds	0	(200)	(200)
Medicaid	(90)	(16)	(106)
DOCS	(75)	(45)	(120)
Lottery	(55)	(13)	(68)
General State Charges	0	(45)	(45)
Collective Bargaining	(43)		(43)
Health	0	55	55
All Other Changes	48	(38)	10
Fiscal Management Plan Savings	290	(129)	161
Use 2004-05 Surplus in 2005-06	0	(170)	(170)
Deposit to Rainy Day Fund	0	(70)	(70)
Revised Estimate	0	0	0

Based on actual results to date, State Funds spending is now projected to total \$64.1 billion in the current year, a decrease of \$136 million from the Mid-Year Update. Lower spending for the "wireless" emergency 911 capital project (\$50 million), maximization of Patient Income Account revenues (\$50 million), and the timing of other capital projects (\$46 million) account for the majority of the decrease.

FINANCIAL PLAN OVERVIEW

All Funds spending in 2004-05 is now projected to total \$101.6 billion, an increase of \$316 million from the Mid-Year Update. Federal aid for K-12 education programs, including special education, is expected to exceed the Mid-Year estimate (\$600 million), but is partially offset by the State Funds spending reductions described above.

DOB projects the State will end the 2004-05 fiscal year with a balance of \$1.2 billion in the General Fund. The balance consists of \$864 million in the Rainy Day Fund, \$301 million in the Community Projects Fund, and \$21 million in the CRF.

The closing balance excludes \$693 million projected to be on deposit in the tax refund reserve account at the end of 2004-05. The tax refund reserve account is used to reserve money for the payment of tax refunds that are owed as part of the 2004 tax year, but are not processed until early in the subsequent fiscal year, as well as to accomplish other Financial Plan objectives. The projected balance includes amounts for the payment of tax refunds and \$170 million from the 2004-05 estimated surplus, which the Governor recommends using to help balance the 2005-06 Financial Plan, as described earlier in this Overview.

2005-06 FINANCIAL PLAN

INTRODUCTION

The State's Financial Plan projections consist of separate receipts and spending forecasts. The receipts forecast for the State's principal taxes, miscellaneous receipts, and transfers from other funds is described first, followed by the spending projections that summarize the annual growth in current services spending and impact of recommended actions for the State's major functions (e.g., Medicaid, school aid).

The 2005-06 Financial Plan projections are presented on an All Funds basis, which encompasses activity in both State Funds and Federal Funds, thus providing the most comprehensive view of the financial operations of the State. [State Funds includes the General Fund, which is the principal operating fund of the State, and other State-supported funds including State SRFs, Capital Projects Funds (CPFs) and Debt Service Funds (DSFs)]. For a fuller explanation of the State's fund structure, see the section entitled "Explanation of the Financial Plan Tables" later in this Overview.

2005-06 RECEIPTS FORECAST

	Total Receipts (millions of dollars)			
	2004-05 Revised	2005-06 Proposed	Annual Change	Percent Change
General Fund	43,516	45,091	1,575	3.6%
State Funds	63,593	68,871	5,278	8.3%
All Funds	101,129	105,520	4,391	4.3%

All Funds receipts are projected to total \$105.5 billion, an increase of \$4.4 billion (4.3 percent) over 2004-05 projections. The total comprises tax receipts (\$50.7 billion), Federal grants (\$36.6 billion) and miscellaneous receipts (\$18.3 billion). The following table summarizes the receipts projections for 2004-05 and 2005-06.

FINANCIAL PLAN OVERVIEW

2005-06 Executive Budget Receipts Projections (millions of dollars)					
	2004-05 Revised	Percent Share	2005-06 Projected	Percent Share	Percent Change
ALL FUNDS RECEIPTS					
Taxes	48,078	47.5%	50,657	48.0%	5.4%
Federal Grants	37,420	37.0%	36,560	34.6%	-2.3%
Miscellaneous Receipts	15,631	15.5%	18,303	17.3%	17.1%
Total All Funds Receipts	101,129		105,520		4.3%
STATE FUNDS RECEIPTS					
Personal Income Tax	28,138	44.2%	29,616	43.0%	5.3%
Net Change in Refund Reserve	531	0.8%	134	0.2%	-74.8%
User Taxes and Fees	13,003	20.4%	13,638	19.8%	4.9%
Business Taxes	5,473	8.6%	5,886	8.5%	7.5%
Other Taxes	1,464	2.3%	1,517	2.2%	3.6%
Total Taxes	48,078	75.6%	50,657	73.6%	5.4%
Total Taxes Adjusted (1)	47,547	74.8%	50,523	73.4%	6.3%
Miscellaneous Receipts & Federal Grants	15,515	24.4%	18,214	26.4%	17.4%
Lottery	2,074	3.3%	2,321	3.4%	11.9%
Other	13,441	21.1%	15,893	23.1%	18.2%
Total State Funds Receipts	63,593		68,871		8.3%
GENERAL FUND RECEIPTS					
Personal Income Tax	18,932	43.5%	19,844	44.0%	4.8%
User Taxes and Fees	8,752	20.1%	8,622	19.1%	-1.5%
Business Taxes	3,764	8.6%	4,066	9.0%	8.0%
Other Taxes	730	1.7%	778	1.7%	6.6%
Total Taxes	32,178	73.9%	33,310	73.9%	3.5%
Miscellaneous Receipts & Federal Grants	2,301	5.3%	2,455	5.4%	6.7%
Transfers	9,037	20.8%	9,326	20.7%	3.2%
Total General Fund Receipts	43,516		45,091		3.6%
GENERAL FUND TAXES					
Personal Income Tax	18,932	58.8%	19,844	59.6%	4.8%
Gross - Refunds	27,607	85.8%	29,482	-	6.8%
Net Change in Refund Reserve	531	1.7%	134	-	-74.8%
STAR	(3,072)	-9.5%	(3,202)	-	-4.2%
RBTF	(6,134)	-19.1%	(6,570)	-	-7.1%
User taxes and fees	8,752	27.2%	8,622	25.9%	-1.5%
Sales Tax	8,097	25.2%	7,951	23.9%	-1.8%
Other User Taxes and Fees	655	2.0%	671	2.0%	2.4%
Business Taxes	3,764	11.7%	4,066	12.2%	8.0%
Other Taxes	730	2.3%	778	2.3%	6.6%
Total General Fund Taxes	32,178	100.0%	33,310	100.0%	3.5%
Total General Fund Taxes Adjusted (2)	31,647		33,176		4.8%

1 Nets out impact of refund reserve.

2 Nets out impact of refund reserve, STAR and the RBTF on the personal income tax.

Tax Receipts

All Funds tax receipts are projected to be almost \$51 billion in 2005-06, an increase of \$2.6 billion (5.4 percent) from 2004-05. The increase is attributable to continued economic growth combined with the net impact of tax and other revenue actions proposed with this Budget. For an in-depth description of the sources and the factors affecting receipts growth for each tax and other revenue sources, see "Explanation of Receipt Estimates" later in this volume.

Personal Income Tax

All Funds PIT net receipts for 2005-06 are projected to reach \$29.6 billion, an increase of \$1.5 billion (5.3 percent) from 2004-05 due largely to an increase in underlying liability growth associated with improved economic conditions and the temporary three-year tax increase enacted in 2003. Excluding the Refund Reserve transaction, All Funds income tax receipts are projected to increase by 6.8 percent over 2004-05.

FINANCIAL PLAN OVERVIEW

PIT General Fund receipts for 2005-06 (excluding the Refund Reserve transaction) are projected to reach \$19.7 billion, an increase of \$1.3 billion from 2004-05 offset by increased STAR deposits of \$130 million. The 2005-06 estimate reflects the accelerated phase-out of the temporary tax surcharge and other tax actions reported in detail in the "Explanation of Receipt Estimates" section.

User Taxes and Fees

All Funds user taxes and fees net receipts for 2005-06 are projected to reach \$13.6 billion, an increase of \$636 million (4.9 percent) from 2004-05. The sales and use tax is projected to reach \$11.0 billion, an increase \$27 million or 0.2 percent from 2004-05. The sales tax base is expected to increase by a robust 5.8 percent due largely to increases in employment, income and overall consumption. The increased revenue from the expanding base will be augmented by the gain from eliminating the exemption for clothing and footwear costing less than \$110 and replacing it with an exemption for two specified tax-free weeks for clothing and footwear costing less than \$250 and a minor increase from the proposal to allow direct shipments of wine into New York. These gains will be largely offset by the loss of the temporary one-quarter percent sales tax surcharge and by providing a new exemption for specified "Energy Star" products.

The other user taxes and fees in this category are projected to increase \$609 million (30.6 percent) from 2004-05. This change is also comprised of offsetting factors. First, the cigarette tax that is dedicated to HCRA and was formerly deposited directly into health related off budget accounts has been included as a special revenue fund and accounts for \$561 million of the increase. This amount is offset by the normal decline in revenue due to the average annual decline in consumption. Second, motor vehicle fees would have declined due to the loss of revenue from the move to eight-year licenses in 2000. However, the Executive Budget recommends significant increases in several categories of fees which, while only effective for part of the 2005-06 fiscal year, will keep motor vehicle receipts roughly constant. Finally, revenue in this category is enhanced by the proposals to increase the excise tax on wine and to allow the direct shipment of wine to New York customers.

General Fund user taxes and fees receipts for 2005-06 are projected to reach \$8.6 billion, a decrease of \$130 million (1.5 percent) from 2004-05. The sales and use tax is projected to decrease by \$146 million (1.8 percent) from 2004-05 due to the loss of the temporary one-quarter percent sales tax surcharge which is partially offset by growth in the sales tax base. The other user taxes and fees are projected to increase by \$16 million (2.4 percent) from 2004-05, due mainly to the proposed increase in alcoholic beverage taxes partially offset by the increased dedication of motor vehicle fees to transportation funds.

Business Taxes

All Funds business tax receipts in 2005-06 are expected to be \$5.9 billion, or \$413 million (7.5 percent) above 2004-05. This is due primarily to strong growth in corporate and bank tax collections in the current fiscal year and estimated increases in profitability, accompanied by increases in petroleum business tax rates effective January 1, 2005, and projected increases in 2006.

General Fund business tax receipts in 2005-06 are projected to be \$4.1 billion or \$302 million (8.0 percent) over 2004-05. This reflects the continued strength of corporate and bank profitability.

Other Taxes

All Funds other taxes in 2005-06 are expected to be \$1.5 billion, which is \$52 million (3.6 percent) above 2004-05 estimates. The increase is the result of a projected increase in estate tax collections of \$52 million and an increase in real estate transfer tax of \$5 million slightly offset by projected decreases in the other revenue sources in this category.

The estimate for General Fund other taxes in 2005-06 is \$778 million, which is \$48 million (6.6 percent) above 2004-05. This estimate reflects an increase in estimated receipts from the estate tax, offset by minor losses in the other sources of revenue in this category.

Miscellaneous Receipts

General Fund miscellaneous receipts are projected to total \$2.5 billion in 2005-06, an increase of \$158 million (6.9 percent) from the current fiscal year. Recommended increases in various fines and penalties, property sales, local government reimbursements, the proposal to increase the Part D Medicare subsidy, the increased payments from the New York Power Authority, and the expected modest increase in abandoned property receipts. These are offset by losses of tobacco bond proceeds, the loss of the deposit of the wireless surcharge in the General Fund and the loss of the Local Government Assistance Corporation sales tax deposit.

Miscellaneous receipts in State Funds are projected at \$18.2 billion in 2005-06, an increase of \$2.7 billion (17.4 percent) over 2004-05. This increase is comprised of the increase in the General Fund of \$158 million described above, augmented by an additional \$2.5 billion in other State funds growth. The annual growth is primarily due to the additional HCRA financing, including Empire Conversion proceeds, to support State Medicaid costs and various public health programs (\$1.6 billion), receipts that were formerly deposited directly into health related off budget accounts are now included in the special revenue fund (\$364 million), increased receipts to the Provider Assessment SRF resulting from restoration of assessments on hospital, home care and nursing home revenues (\$292 million), and higher lottery receipts, including VLT revenues.

All Governmental Funds miscellaneous receipts for 2005-06 are projected to reach \$18.3 billion, an increase of \$2.7 billion (17.1 percent) over the adjusted current year forecast. The adjusted annual growth is to growth of \$2.7 billion in other State funds described above.

Federal Grants

Federal grants are projected to total \$36.6 billion in 2005-06, a decrease of \$860 million from the prior year. Changes to Federal grants generally correspond to changes in federally-reimbursed spending as described in the disbursements outlook section above. However, since Federal reimbursement was assumed to be received in the State fiscal year in which spending occurs, additional timing-related variances result. Major program areas projected to decline significantly from 2004-05 levels include World Trade Center (\$1.6 billion), Children and Families (\$195 million) and Medicaid (\$145 million). These declines are partially offset by growth in welfare (\$374 million), federally supported school aid costs (\$210 million), elections (\$148 million), homeland security (\$96 million), and grants primarily to support capital projects for transportation and the environment (\$50 million).

FINANCIAL PLAN OVERVIEW

2005-06 DISBURSEMENTS FORECAST

Total Disbursements (millions of dollars)							
	2004-05 Revised	2004-05 Adjusted	2005-06 Proposed	Unadjusted		Adjusted ⁽¹⁾	
				Annual Change	Percent Change	Annual Change	Percent Change
General Fund	43,407	43,915	45,075	1,668	3.8%	1,160	2.6%
State Funds	64,137	65,570	69,088	4,951	7.7%	3,518	5.4%
All Funds	101,607	103,040	105,527	3,920	3.9%	2,487	2.4%

(1) To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted for the inclusion of all HCRA funded programs on-budget and additional Medicaid spending to comply with Federal policy changes related to certain county shares adjustments. The 2004-05 adjustment for HCRA is \$925 million in State Funds and All Funds; Medicaid is \$508 million in the General Fund, State Funds and All Funds.

General Fund spending is projected to total \$45.1 billion in 2005-06, an increase of \$1.2 billion (2.6 percent) over the adjusted current year forecast. State Funds spending, which includes both the General Fund and spending from other funds supported by State revenues, is projected to increase by \$3.5 billion (5.4 percent) and total \$69.1 billion in 2005-06. All Funds spending, the broadest measure of State spending, is projected to total \$105.5 billion in 2005-06, an increase of \$2.5 billion (2.4 percent). The Financial Plan projections assume that the 2005-06 Executive Budget recommendations are enacted in their entirety.

The major sources of annual spending change between 2004-05 and 2005-06 (after Executive Budget recommendations) are summarized in the table below.

Spending Projections -- After Recommended Savings Major Sources of Annual Change (millions of dollars)					
	General Fund	Other State Funds	State Funds	Federal Funds	All Funds
2004-05 Revised Estimate	43,407	20,730	64,137	37,470	101,607
All HCRA On-Budget	0	925	925	0	925
Discontinue County Shares Adjustment	508	0	508	0	508
2004-05 Adjusted Estimate	43,915	21,655	65,570	37,470	103,040
Major Functions					
<i>Public Health:</i>					
Medicaid	(6)	1,284	1,278	(244)	1,034
Public Health	54	43	97	31	128
<i>K-12 Education:</i>					
School Aid	321	137	458	210	668
All Other Education Aid	(11)	44	33	76	109
STAR	0	130	130	0	130
Higher Education	26	369	395	6	401
<i>Social Services:</i>					
Welfare	(72)	0	(72)	374	302
Children and Family Services	147	(1)	146	(165)	(19)
Mental Hygiene	16	14	30	138	168
General State Charges	224	74	298	22	320
Debt Service	(66)	104	38	0	38
Transportation	(10)	237	227	19	246
All Other Changes					
Empire State Development Corp	52	175	227	0	227
Judiciary	53	5	58	2	60
Local Government Aid	50	0	50	0	50
World Trade Center	0	(1)	(1)	(1,538)	(1,539)
All Other	382	(256)	126	38	164
2005-06 Executive Budget Estimate	45,075	24,013	69,088	36,439	105,527
<i>Dollar Change</i>	<i>1,160</i>	<i>2,358</i>	<i>3,518</i>	<i>(1,031)</i>	<i>2,487</i>
<i>Percent Change</i>	<i>2.6%</i>	<i>10.9%</i>	<i>5.4%</i>	<i>-2.8%</i>	<i>2.4%</i>

FINANCIAL PLAN OVERVIEW

The spending forecast for each of the State's major functions follows. In general, the forecasts are described in two parts: the first describes the current services estimate for each functional area; the second summarizes the impact of the Executive Budget recommendations.

Projected disbursements are based on 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, projected economic conditions and changes in Federal law. In criminal justice, spending estimates are based on recent trends and data from the criminal justice system, as well as on estimates of the State's prison population. All projections account for the timing of payments, since not all the amounts appropriated in the budget are disbursed in the same fiscal year. Major assumptions used in preparing the spending projections for the State's major programs and activities are summarized in the table below. For a discussion of the spending forecast by Financial Plan fund type (e.g., General Fund, SRFs), see the section entitled "2005-06 Governmental Funds Financial Plan (Fund Type)" later in this Overview.

Selected Program Measures				
	2004-05	2005-06	2006-07	2007-08
Economic Indicators				
Base Revenue Growth	10.2%	6.5%	6.6%	6.2%
Inflation Rate	3.1%	2.5%	2.3%	2.8%
Education				
K-12 Enrollment	2,864,037	2,848,713	n/a	n/a
Public Higher Education Enrollment (FTEs)	489,936	495,900	n/a	n/a
TAP-Annual Average TAP Recipients	345,000	345,000	n/a	n/a
Health				
Medicaid Coverage	3,622,184	3,748,627	3,868,627	3,988,627
Medicaid Inflation	4.1%	3.9%	3.8%	3.7%
Medicaid Utilization	2.3%	2.5%	2.6%	2.7%
State Takeover of FHP Costs (\$ millions)	\$49	\$312	\$576	\$625
State Takeover of All Other Local Medicaid Costs (Net State Costs - \$ millions)	n/a	\$121	\$631	\$1,257
Social Services				
Family Assistance Caseload	499,400	503,100	519,500	537,700
Single Adult/No Children Caseload	142,300	152,800	165,300	179,000
Mental Hygiene Community Beds	81,388	83,032	84,373	86,650
Prison Population	63,800	63,100	n/a	n/a
State Operations				
Negotiated Salary Increases ⁽¹⁾	2.5%	2.75%	3.0%	0.0%
Personal Service Inflation	0.8%	0.8%	0.8%	0.8%
State Workforce	190,933	191,424	191,852	191,852
General State Charges				
Pension Contribution Rate	7.0%	7.0%	12.4%	11.5%
Employee Health Insurance Rate	14.0%	9.2%	11.6%	10.9%
State Debt				
Interest on Variable Rate Debt	1.5%	2.8%	3.0%	3.3%
Interest on 30-Year Bonds	5.0%	5.3%	5.8%	6.2%

(1) Negotiated salary increases also include a recurring \$800 base salary adjustment effective April 1, 2007.

PUBLIC HEALTH

The Department of Health (DOH) is responsible for ensuring access to high quality health services for all New York residents. In fulfilling this responsibility DOH works closely with county health departments to promote and monitor statewide health activities, and reduce infectious diseases. In addition to the oversight and administration of various public health programs and services, including Medicaid, DOH operates one hospital, four nursing homes for veterans and three laboratory facilities.

FINANCIAL PLAN OVERVIEW

Medicaid

Medicaid, the largest program budgeted in New York State, finances health care services for low-income individuals, long-term care for the elderly, and services for disabled individuals, primarily through payments to health care providers. New York's per capita Medicaid spending of over \$2,300 is the highest in the nation.

The State share of Medicaid spending is budgeted principally in DOH (\$11.3 billion), but also appears in the Office of Mental Health (OMH) (\$290 million), the Office of Mental Retardation and Developmental Disabilities (OMRDD) (\$1.1 billion), the Office of Alcoholism and Substance Abuse Services (OASAS) (\$37 million), the Office of Children and Family Services (OCFS) (\$33 million) and the State Education Department (SED) (\$180 million). The major areas of DOH Medicaid spending in 2005-06 include long-term care, inpatient hospital care, prescription drugs, managed care, outpatient hospital and clinics, and Family Health Plus.

New York's Medicaid program is financed jointly by the Federal government, the State, and counties (including New York City). The Federal government matching rate on eligible Medicaid expenditures is 50 percent, the lowest matching rate possible. The county share is projected at \$7.8 billion, or rough 17 percent of program spending, before Executive Budget recommendations. The Executive Budget proposes capping local government Medicaid costs at 2005 spending levels, adjusted by 3.5 percent in 2005-06, 3.25 percent in 2006-07 and 3.0 percent in 2007-08. Thus, effective January 1, 2006, the State will pay for any local costs above the cap. The projected local government share of Medicaid costs that the State will finance is \$121 million in 2005-06, growing to \$631 million in 2006-07, and \$1.3 billion in 2007-08. In addition, the State will provide local governments with \$20 million in new aid in 2005-06 related to growing Medicaid costs and \$25 million by accelerating of the State takeover of FHP costs planned for January 1, 2006 up to October 1, 2005 for all local governments except New York City.

DEPARTMENT OF HEALTH -- MEDICAID SPENDING PROJECTIONS (millions of dollars)							
	2004-05		2005-06	Unadjusted		Adjusted ⁽¹⁾	
	Revised	Adjusted	Proposed	Annual Change	Percent Change	Annual Change	Percent Change
General Fund	6,811	7,319	7,313	502	7.4%	(6)	-0.1%
Other State Support	2,677	2,677	3,961	1,284	48.0%	1,284	48.0%
State Funds	9,488	9,996	11,274	1,786	18.8%	1,278	12.8%
Federal Funds	19,959	19,959	19,715	(244)	-1.2%	(244)	-1.2%
All Funds	29,447	29,955	30,989	1,542	5.2%	1,034	3.5%

(1) To provide a comparable basis for calculating the annual change, the 2004-05 amounts have been adjusted for additional Medicaid spending to comply with Federal policy changes related to certain county shares adjustments (\$508 million in General Fund, State Funds and All Funds).

DOH General Fund Medicaid will decrease by \$6 million on an adjusted year-to-year basis. Total DOH Medicaid spending in 2005-06 is projected to increase by \$1.0 billion (3.5 percent) over the adjusted prior year, consisting of an increase in other State support of \$1.3 billion offset by a decline in Federal funding of \$244 million. The higher State spending is attributable primarily to projected growth in the cost of services and prescription drugs, the rising number of Medicaid recipients, increases in utilization, Federal law changes, and the State cost of the local Medicaid cap, offset by the 2005-06 Executive Budget recommendations to reduce costs. These changes are described in more detail below. The number of Medicaid recipients is projected to average 3.7 million (excluding Family Health Plus) in 2005-06, an increase of 3.5 percent over the current fiscal year.

FINANCIAL PLAN OVERVIEW

State Funds DOH spending is projected to total \$11.3 billion in 2005-06. The General Fund will support \$7.3 billion of spending, with the balance of \$4.0 billion financed through various SRFs. These SRFs include: (1) the HCRA Transfer account supported by HCRA pool resources and used to finance Medicaid pharmacy costs, a portion of the Family Health Plus Program, and various Medicaid related programs including the Workforce Recruitment and Retention Program; (2) the Provider Assessments Fund currently supported by a partially reimbursable 5 percent assessment on nursing home revenues; and (3) the Indigent Care account supported by taxes, assessments and surcharges on hospital revenues and third-party payers and used to finance payments to providers and municipalities for the cost of providing services to uninsured people.

DEPARTMENT OF HEALTH -- MEDICAID				
SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) FROM 2004-05 TO 2005-06				
(millions of dollars)				
	General Fund	Other State Funds	Federal Funds	All Funds
Current Services:				
Program Growth	619	7	914	1,540
Family Health Plus Takeover/Growth	282	146	270	698
2004-05 Medicaid Cycle Delay	190		270	460
HCRA Financing	302	56		358
Empire Conversion Proceeds	(200)	200		0
Federal Changes	568		(619)	(51)
Executive Budget Recommendations:				
Local Cap	121			121
Accelerate FHP Takeover	25			25
Local Medicaid Relief	20			20
Other Financing	(795)	642	18	(171)
Provider Assessments	(234)	264		30
Family Health Plus Cost Containment	(227)	(30)	(295)	(552)
Hospital Cost Containment	(201)		(312)	(513)
Nursing Home Cost Containment	(182)		(211)	(393)
Pharmacy Cost Containment	(80)		(127)	(207)
Restructure Dental/Other Benefits	(66)		(102)	(168)
Managed Care Cost Containment	(48)		(74)	(122)
All Other Cost Containment (Net)	(100)	(1)	24	(41)
Total Annual Change	(6)	1,284	(244)	1,034

Current Services

Program Growth: General Fund growth is attributable to the increasing cost of providing health care services (\$398 million), the rising number of recipients and corresponding increases in medical service utilization of services in hospitals, nursing homes, managed care programs, and growth in prescription drug costs (\$221 million). Other changes in the State share of costs include reductions in available funds collected in the existing Indigent Care Fund and modest growth in provider assessments used to finance a portion of Medicaid costs. The Federal share of underlying growth is projected at \$914 million.

Family Health Plus (FHP) Takeover/Growth: The State pays for its share of FHP from the General Fund and the HCRA Transfer account. The 2004-05 Enacted Budget authorized a full State takeover of local FHP costs over two years. The State began paying 50 percent of the local share of FHP in January 2005, and was scheduled to pay for 100 percent in January 2006. Absent the 2005-06 budget recommendations to accelerate the takeover, the takeover is expected to cost \$49 million in 2004-05, growing to \$331 million in 2005-06 (up \$282 million), and to \$612 million in 2006-07. Growth in other State Funds and Federal Funds for FHP reflects rising enrollment and utilization.

FINANCIAL PLAN OVERVIEW

Cycle Payment Delay: Medicaid payments to providers are made on a weekly basis. The 2004-05 Enacted Budget deferred the last weekly 2004-05 Medicaid cycle from March 31, 2004 into the 2005-06 fiscal year, producing an annual increase of \$190 million in the General Fund and \$270 million in Federal Funds for the payment of that extra cycle in 2005-06.

HCRA Financing: General Fund support for HCRA is projected to grow by \$302 million including a partial repayment of a 2002-03 loan from HCRA (\$143 million) and a “tobacco guarantee” payment pursuant to the tobacco guarantee legislation that requires the General Fund to finance any projected shortfall in HCRA up to the payment that would have been received by HCRA absent the securitization of tobacco proceeds (\$120 million), and a decline in HCRA support of Medicaid pharmacy costs. Spending from the existing HCRA Transfer Fund increases are primarily for the Workforce Recruitment and Retention Program.

Empire Conversion Proceeds: The 2004-05 Budget planned on \$200 million in Empire conversion proceeds that would pay for Medicaid spending that would otherwise occur in the General Fund. Ongoing litigation has resulted in the proceeds from a completed sale being held in escrow until a decision is reached. DOB expects a favorable ruling and budgets the funds in 2005-06. Thus, 2004-05 General Fund costs have been adjusted upward, while 2005-06 costs have been lowered.

Federal Changes: Federal policy changes impacting county shares adjustments are expected to result in an increase in General Fund costs. In addition, the Federal government authorized a temporary 15-month increase of 2.95 percent in Federal Medical Assistance Percentage (FMAP) for Medicaid (from 50 percent to 52.95 percent) in May 2003. The temporary FMAP increase, which expired in June 2004, reduced total General Fund costs in 2004-05 by \$260 million (\$220 million in DOH Medicaid spending and \$40 million in mental hygiene spending) and \$128 million for localities. Thus, with the expiration of the FMAP increase, the General Fund will incur higher DOH Medicaid costs in 2005-06 (\$220 million) and Federal Funds spending will decline (\$388 million).

Executive Budget Recommendations

Local Cap: The Budget proposes a cap on local Medicaid costs up to 2005 spending levels, adjusted by 3.5 percent in 2005-06, 3.25 percent in 2006-07 and 3.0 percent in 2007-08. Effective January 1, 2008, the Budget recommends a full takeover of Medicaid costs to be partially financed with local sales tax revenues and other local resources. Capping local Medicaid costs is expected to result in higher General Fund costs beginning on January 1, 2006. DOB estimates the State cost of this phased in takeover of local costs initiative at \$121 million in 2005-06, growing to \$631 million in 2006-07, and \$1.3 billion in 2007-08.

FHP Takeover: The State will provide local governments with \$25 million in additional aid in 2005-06 related to a proposed acceleration of the State takeover of FHP costs from January 1, 2006 to October 1, 2005 for all local governments except New York City. This will bring the total value of the takeover to \$312 million in 2005-06 and \$576 million in 2006-07 after revising prior enrollment projections downward. Average annual FHP enrollment is expected to grow to 553,044 in 2005-06, an increase of 24 percent over the current fiscal year.

Local Medicaid Relief: In addition to the local benefit provided by the cap and the FHP takeover acceleration, the State will provide local governments with \$20 million in new aid in 2005-06 related to growing Medicaid costs.

Other Financing: Several cost containment initiatives to restrain spending on programs financed by HCRA, including Child Health Plus, FHP spending revisions, and other revisions to HCRA revenues will be used to partially finance General Fund health care costs and avoid the need for a “tobacco guarantee” payment. A detailed explanation of the HCRA revisions is

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presented later in this Overview. In addition, increased recoveries from audit activities (\$25 million) and Federal reimbursement to support audit contracts (\$18 million) are expected to generate additional Federal aid that will be used to support General Fund spending for these services.

Provider Assessments: The Executive Budget proposes an imposition of a 0.7 percent assessment on hospital revenues and an increase in the nursing home reimbursable assessment to 6.0 percent of revenues from 5.0 percent, which currently sunsets on March 31, 2006. This recommendation provides \$234 million in funding for what otherwise would be General Fund health care costs, after accounting for \$30 million in costs related to the reimbursable portion of the nursing home assessment.

FHP Cost Containment: Proposed FHP reforms are projected to reduce spending by \$227 million in the General Fund and \$30 million in the HCRA Transfer account. The proposals include conforming FHP benefits to those programs that provide less extensive coverage, higher co-payments, and closing eligibility loopholes.

Hospital Cost Containment: Proposals to reduce hospital costs include reducing reimbursement for inpatient detoxification services and Graduate Medical Education (GME) payments to certain facilities, continued management of high-cost specialty populations receiving mental health and substance abuse services through mental hygiene facilities, authorizing DOH to negotiate reimbursement rates for certain high-cost procedures, and the elimination of inflationary rate adjustments and the reconciliation of GME grant overpayments made in prior years. These actions are projected to save \$201 million in the General Fund.

Nursing Home Cost Containment: Several proposals to control the rising costs of reimbursement to nursing homes are estimated to reduce 2005-06 spending growth in the General Fund (\$182 million). They include an updated regional reimbursement methodology based on 2003 costs, revisions to the Medicaid case mix calculation that limits the use of Medicaid payments to subsidize other costs, and the elimination of inflationary rate adjustments.

Pharmacy Cost Containment: Several proposals to control the rising costs of prescription drugs would reduce spending growth in the General Fund (\$80 million). These proposals include establishing a preferred drug program requiring prior authorization for certain high cost drugs and increasing pharmacy co-payments for both generic and brand-name prescription drugs.

Restructure Dental/Optional Benefits: Proposals include restricting adult dental benefits to clinical settings (\$53 million) and eliminating various optional services provided to adult Medicaid recipients including private duty nursing, audiology, podiatry, and clinical psychology services (\$13 million).

Managed Care Cost Containment: Projected savings include freezing managed care premium payments at current year levels, capping marketing expenses, and taking steps to ensure appropriate enrollment safeguards are in place.

All Other: All other recommended actions include General Fund reductions resulting from the application of recently approved one-time Federal credits for past emergency medical services provided to illegal immigrants (\$42 million), the elimination of long-term care eligibility loopholes, realigning home care administrative reimbursement at more appropriate levels, and various other cost containment initiatives. These decreases are offset by new spending for enhanced home care rates for certain complex cases, for additional funds for long-term care reforms, and criminal background checks for staff employed by long-term care facilities.

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Other Public Health Programs

In general, public health spending in New York is shared by the Federal government, the State, and local governments. Several public health programs, such as the Early Intervention program and General Public Health Works, are administered by county health departments for which the State reimburses counties for a share of program costs. The Financial Plan does not include the local government share of public health funding, but does include the entire Federal share.

Consistent with the Governor's proposed budget reform bill, the 2005-06 Executive Budget includes the HCRA financed programs that are not currently included in the State Financial Plan, adding \$929 million in 2005-06 to public health spending above the \$4.4 billion already included throughout the State Financial Plan for HCRA. For more information on HCRA projections, see the section entitled "HCRA Financial Plan" later in this Overview.

The largest public health programs include the Elderly Pharmaceutical Insurance Coverage (EPIC) Program providing prescription drug insurance to low-income seniors (\$834 million), the Child Health Plus program that finances health insurance coverage for children of low-income families up to the age of 19 (\$674 million), the General Public Health Works (GPHW) program that reimburses local health departments for the cost of providing certain public health services (\$222 million), the Early Childhood Intervention (EI) Program providing services to infants and toddlers under the age of three with disabilities or developmental delays (\$253 million), and health and support programs for people suffering from AIDS/HIV (\$366 million).

PUBLIC HEALTH SPENDING PROJECTIONS (millions of dollars)							
				Unadjusted		Adjusted ⁽¹⁾	
	2004-05 Revised	2004-05 Adjusted	2005-06 Proposed	Annual Change	Percent Change	Annual Change	Percent Change
General Fund	705	705	759	54	7.7%	54	7.7%
Other State Support	1,479	2,404	2,447	968	65.4%	43	1.8%
State Funds	2,184	3,109	3,206	1,022	46.8%	97	3.1%
Federal Funds	1,241	1,241	1,272	31	2.5%	31	2.5%
All Funds	3,425	4,350	4,478	1,053	30.7%	128	2.9%

(1) To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted for the inclusion of all HCRA funded programs on-budget (\$925 million in State Funds and All Funds).

All Funds spending in 2005-06 for public health is projected to increase by \$128 million (2.9 percent) over the adjusted prior year, consisting of an increase in State share costs of \$97 million and higher Federal aid of \$31 million. The higher State share spending is primarily attributable to the projected growth in various public health programs, including EPIC.

State Funds public health spending is projected to total \$3.2 billion in 2005-06. Activities include reimbursement to localities for the costs of operating public health programs (\$2.7 billion), personal service costs and fringe benefit costs for nearly 6,000 employees of DOH (\$213 million), non-personal service costs including operational expenses (\$261 million), and financing for capital projects to maintain DOH facilities (\$13 million). In addition to General Fund support, a portion of DOH's costs are financed by patient care revenues, and fees related to regulations, registration, testing, and certification. Several local aid programs are financed by dedicated revenues, including transfers from HCRA and certain fees. Finally, Federal aid helps support various programs, including Federal nutrition assistance for Women, Infants, and Children (WIC), and is projected to total \$1.3 billion in 2005-06.

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PUBLIC HEALTH SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) (millions of dollars)				
	General Fund	Other State Funds	Federal Funds	All Funds
Current Services:				
EPIC		110		110
Child Health Plus		16	27	43
Early Intervention	17			17
Local Public Health	12			12
All Other	14	(81)	10	(57)
Executive Budget Recommendations:				
Child Health Plus		(13)	(13)	(26)
EPIC		(13)		(13)
Capital Improvement Grants		7		7
TANF Program/Funding Realignment	20			20
All Other	(9)	17	7	15
Total Annual Change	54	43	31	128

Current Services

EPIC: Higher projected EPIC spending in 2005-06 is due primarily to the rising cost of prescription drugs and enrollment, which is projected to reach 358,000, an increase of 2.3 percent over current year projections.

Child Health Plus: Growth in the CHP program is attributable to projected increases in enrollment. CHP enrollment is expected to reach approximately 450,000 in 2005-06.

Early Intervention: Spending is expected to grow as a result of increases in the number of children enrolled in the program. DOB projects enrollment at 75,825 in 2005-06, an increase of 1,849 (or 2.4 percent) over 2004-05 estimated levels.

General Public Health Works: DOB projects that State funding for local public health services will total \$222 million in 2005-06, an annual increase of \$12 million.

All Other: The remaining All Funds spending decrease includes primarily revisions to other State support partially offset by the repayment of a HCRA loan from the Physicians Excess Medical Malpractice program (\$45 million) and higher costs for personal services due to collective bargaining increases and staffing (\$11 million).

Executive Budget Recommendations

Early Childhood Intervention: Proposals include instituting service fees based on parental income levels, allowing counties to negotiate rates with providers, eliminating reimbursement for extended home visits, requiring independent evaluations for children receiving a single service, and requiring health insurance coverage in the first instance. These proposals will result in savings beginning in 2006-07, as the reimbursement schedule for the EI program is on a lag.

CHP: The Executive Budget recommends a temporary freeze on payments to providers that will reduce the growth in CHP spending.

EPIC: Projected savings in the EPIC program include automatic enrollment of low income EPIC enrollees in the Medicare Part D prescription drug program, and verification of applicants' reported income with Department of Tax and Finance income tax information.

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Health Care Capital Improvement Grants: The Executive Budget includes additional capital financing that will provide grants to hospitals to increase operational efficiency. The program is expected to eventually total \$1 billion.

Program/Funding Realignment: Spending for certain health care programs previously financed by the TANF program have been shifted to the agencies directly responsible for their oversight.

All Other: Other Executive Budget proposals include the elimination of certain non-essential programs including Endoscopy Study, Reflex Sympathetic Dystrophy Syndrome, and Tattooing, Body Piercing Regulation, and certification of home medical equipment personnel. Higher use of non-General Fund resources to fund certain program costs and operational efficiencies achieved through information technology advancements are also expected to produce savings. The Executive Budget also recommends funding for criminal background checks for health care workers, and for disease management. In addition, the General Public Health Works program is recommended to be converted from a reimbursement-based entitlement program to a grant-based program in 2005-06 to enhance local discretion in efficiently targeting resources by eliminating State-level spending mandates. In addition to increasing local flexibility, this change is projected to result in a \$12 million annual increase in funding above 2004-05 levels.

K-12 EDUCATION

School Aid

School aid, the single largest program financed by the General Fund, helps finance elementary and secondary education provided to New York pupils enrolled in nearly 680 school districts throughout the State. State funding is provided to districts based on statutory aid formulas and through reimbursement for various categorical programs. In New York, approximately 45 percent of spending on education by local school districts is funded by the State. School aid is distributed in a manner intended to allow districts to meet locally defined needs, to receive aid for the construction of school facilities, and to transport 2.5 million students statewide. The State Court of Appeals has found that the school financing system failed to provide students in New York City with an opportunity for a sound basic education, in violation of the State Constitution. The litigation is described in more detail in the section entitled "Reserves and Risks" in this Overview.

Federal funding supplements school aid, representing approximately 15 percent of projected cash disbursements. Federal education aid supports a range of services including educational programs and services targeted to disadvantaged children, and free and reduced price meals.

SCHOOL AID SPENDING PROJECTIONS				
(millions of dollars)				
	2004-05	2005-06	Annual	Percent
	Revised	Proposed	Change	Change
General Fund	12,907	13,228	321	2.5%
Other State Support	2,184	2,321	137	6.3%
State Funds	15,091	15,549	458	3.0%
Federal Funds	2,545	2,755	210	8.3%
All Funds	17,636	18,304	668	3.8%

All Funds spending for school aid is projected to total \$18.3 billion in State fiscal year 2005-06. General Fund spending is projected at \$13.2 billion, with the remaining aid paid from other State funds, primarily the Lottery Fund (\$2.3 billion), and the Federal government (\$2.8 billion).

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On a school year basis (July 1 through June 30), State support for school aid is recommended at nearly \$15.9 billion in 2005-06 (excluding Federal aid), an increase of \$526 million (3.4 percent) over the current school year. This \$526 million increase comprises \$201 million in traditional school aid and \$325 million in a new Sound Basic Education aid program funded by VLT revenues. Major components of the \$15.9 billion school year recommendation include Flex Aid (\$8.4 billion), Public Excess Cost Aid (\$2.3 billion), Building Aid (\$1.4 billion), Transportation Aid (\$1.2 billion), as well as the \$325 million for SBE aid.

SCHOOL AID				
SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE)				
(millions of dollars)				
	General Fund	Other State Funds	Federal Funds	All Funds
Current Services:				
Federal Fund Reestimates			210	210
Balance of 2004-05 School Year	212			212
2005-06 Traditional School Aid (\$201M SY)	161	(20)		141
RESCUE/Transportation Grants/ All Other	(13)	(110)		(123)
Executive Budget Recommendations:				
Eliminate Quick Draw Restrictions	(39)	39		0
2005-06 Sound Basic Education Aid (\$325M SY)		228		228
Total Annual Change	321	137	210	668

On a State fiscal year basis, All Funds spending for school aid in 2005-06 is estimated to be \$18.3 billion, an increase of \$668 million from 2004-05. The increase includes \$212 million for the balance of the prior school year increase, \$369 million to cover the costs associated with the new school year recommendations, and \$210 in increased Federal funds, partially offset by a decrease of \$123 million primarily in projected spending from capital funds. These changes are explained in more detail below.

Current Services

Federal Funds Reestimates: Federal aid is projected to grow by \$210 million over the revised 2004-05 estimate, reflecting increased grants to high-poverty school districts around the State (\$191 million) and for the School Lunch and Breakfast Program (\$19 million).

Balance of 2004-05 School Year Increase: The General Fund increases by \$212 million to cover the remaining "tail" payments related to the 2004-05 school year increase of over \$750 million.

2005-06 Traditional School Aid: The General Fund will finance \$201 million of the \$526 million school year increase. That translates into a State fiscal year increase of \$141 million in the General Fund in 2005-06, as explained in more detail below. In addition, the General Fund will increase by another \$20 million to cover the decrease in the State Lottery Fund contribution. The remaining \$325 million of the school year increase is paid for from the Lottery Fund, as described below.

RESCUE and Transportation Grants/All Other: The majority of changes are in capital spending, which decreases by \$109 million reflecting the final spend-out in 2004-05 of the Rebuilding Schools to Uphold Education (RESCUE) program (\$34 million) and one-time grants for school bus purchases (\$75 million).

FINANCIAL PLAN OVERVIEW

Executive Budget Recommendations

Eliminate Quick Draw Restrictions: The Budget recommends lifting restrictions imposed on Quick Draw in its enabling statute, including limits on the hours of operation and food sales and restrictions on the minimum size of premises that can operate Quick Draw games. The changes are expected to generate \$39 million in additional lottery revenues.

SY 2005-06 Sound Basic Education Aid: The school year increase of \$526 million includes \$325 million for a new Sound Basic Education Aid Program. The State fiscal year increase of \$228 million for Sound Basic Education Aid will be fully supported with VLT revenues. New York City will receive approximately 60 percent of the aid to be distributed from this program under a formula that will include weightings for concentrations of children from economically disadvantaged backgrounds, children with limited English proficiency, and regional cost differences.

2005-06 Traditional School Aid: The traditional school aid recommendation of a \$201 million increase includes higher funding of \$122 million in Flex Aid and \$77 million in expense-based aids. A new \$15 million Fund for Innovation Program is also proposed for the State's Big Five City school districts that is intended to promote public/private partnerships that integrate technology in the classroom.

Finally, the school aid recommendations include a number of reforms in building aid and special education aid. Building aid reforms include targeted initiatives to address NYC school facility needs, creation of a simplified building aid formula to provide realistic student-based allowances, and a statewide Wicks Law exemption. Special education reforms are advanced to eliminate the existing fiscal incentives for placing children in restrictive private placements by conforming the aid formula to that used to provide these same services in the public schools. With these reforms, Building aid increases by \$27 million and Private Excess Cost aid decreases by \$96 million on a school year basis.

School Tax Relief (STAR) Program

STAR provides New York's taxpayers with school property tax relief. The three components of STAR, and their approximate share, include the enhanced school property tax exemption to eligible senior citizen homeowners (22 percent), the basic school property tax exemption to all other eligible homeowners (59 percent), and a flat refundable credit and rate reduction for New York City resident personal income taxpayers (19 percent).

STAR SPENDING PROJECTIONS (millions of dollars)				
	2004-05	2005-06	Annual	Percent
	Revised	Proposed	Change	Change
General Fund	0	0	0	0.0%
Other State Support	3,072	3,202	130	4.2%
State Funds	3,072	3,202	130	4.2%
Federal Funds	0	0	0	0.0%
All Funds	3,072	3,202	130	4.2%

STAR spending is expected to total \$3.2 billion in 2005-06, and is comprised of \$1.9 billion for the basic property tax exemption, \$707 million for the enhanced property tax exemption, and \$595 million for the New York City PIT reduction. The annual changes are described in more detail below.

FINANCIAL PLAN OVERVIEW

STAR SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) (millions of dollars)				
	General Fund	Other State Funds	Federal Funds	All Funds
Current Services:				
Growth in STAR Program		150		150
Executive Budget Recommendations:				
STAR School District Spending Cap		(20)		(20)
Total Annual Change	0	130	0	130

STAR spending in 2005-06, prior to the Executive Budget recommendations to restrain school district spending, is projected to grow by \$150 million over the current fiscal year. The increase includes 9 percent annual growth in the basic STAR exemption to homeowners and growth in the enhanced STAR exemption.

The 2005-06 Executive Budget proposes instituting a school spending cap that would limit annual growth in local school district budgets to the lesser of 4 percent or 120 percent of the growth in Consumer Price Index. Slowing the growth in local tax increases is expected to reduce the growth in STAR payments by \$20 million. The savings are reinvested in a recommended STAR Plus tax credit program that would provide increased tax cuts (described as a tax cut on the revenue side of the Financial Plan) for STAR recipients in school districts that keep their spending growth within the proposed spending cap.

Other Education Aid

In addition to school aid, other education aid is provided for special education services and other targeted programs. Other education categories include Elementary, Middle, Secondary and Continuing Education (EMSC); cultural education, and higher education programs. Major programs under EMSC address specialized student needs or reimburse school districts for education-related services and include the School Lunch and Breakfast Program, the Pre-School Special Education Program, and non-public school aid. In special education, New York provides a full spectrum of services to over 400,000 students from ages 4 to 21. Higher and professional education programs ensure the quality and availability of post-secondary education programs and regulate the licensing and oversight for 44 State professions.

OTHER EDUCATION AID SPENDING PROJECTIONS (millions of dollars)				
	2004-05 Revised	2005-06 Proposed	Annual Change	Percent Change
General Fund	1,488	1,477	(11)	-0.7%
Other State Support	84	128	44	52.4%
State Funds	1,572	1,605	33	2.1%
Federal Funds	888	964	76	8.6%
All Funds	2,460	2,569	109	4.4%

All Funds spending is expected to total \$2.6 billion in 2005-06, comprised of \$1.5 billion in General Fund spending, \$128 million in other State support and \$964 million in Federal funding. All Funds includes handicapped programs (\$1.7 billion), State Operations (\$286 million) and various other education programs (\$583 million). The annual changes are described in more detail below.

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OTHER EDUCATION AID SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) (millions of dollars)				
	General Fund	Other State Funds	Federal Funds	All Funds
Current Services:				
Federal Fund Reestimates			76	76
Special Education Program Costs	50			50
Other Base Changes	(42)	2	0	(40)
Executive Budget Recommendations:				
Higher Education Capital Matching Grant		20		20
Program Reductions and Other Actions	(19)	22		3
Total Annual Change	(11)	44	76	109

Current Services

Federal Fund Reestimates: Growth of \$76 million is due primarily to higher expected funding for the Individuals with Disabilities Education Act program that supports special education programs.

Special Education Program Costs: The \$50 million projected increase in special education programs reflects enrollment growth in the Preschool Special Education Program and higher claiming (\$40 million), summer school special education (\$8 million) and private schools which serve the blind and deaf (\$2 million).

Other Changes: The changes are attributable primarily to declining spending associated with one-time legislative member items.

Executive Budget Recommendations

Higher Education Capital Matching Grant: Includes \$20 million in first-year costs for a new higher education capital matching grants program to finance critical programs for both public and private colleges and universities.

Program Reductions and Other Actions: Includes reductions and consolidations to reduce the spending growth in Elementary, Middle, Secondary and Continuing Education and higher education programs (\$9 million). Other State support increases by \$22 million, and includes \$5 million first-year spending under a new \$15 million capital program to finance matching grants for improvements at public broadcasting facilities.

HIGHER EDUCATION

Higher education includes operational and administrative costs for the SUNY, CUNY, and the Higher Education Services Corporation (HESC). Nearly the entire higher education budget is supported by State funds, including General Fund support, tuition revenues and various fees.

The SUNY system is the largest public university system in the nation with 64 campuses offering a range of academic, professional and vocational programs. The SUNY hospitals work together with medical schools in academics and research and provide students with a wide variety of residency programs. The SUNY system also includes 30 community colleges. Currently, there are over 413,000 SUNY students pursuing studies ranging from one-year certificate programs to doctorates.

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The CUNY system is the third largest public university system in the nation and provides higher education to the urban community of New York City. The State has full financial responsibility for CUNY's senior college operations and works in conjunction with the City of New York to support CUNY's community colleges. There are approximately 219,000 CUNY students currently enrolled in degree programs.

HESC is responsible for administering TAP grant awards to income-eligible students and for providing centralized processing of other student financial aid programs. The Corporation also helps students as they plan for college by providing information and guidance on how to finance a college education. The financial aid programs that the Corporation administers are funded by the State and the Federal government.

HIGHER EDUCATION SPENDING PROJECTIONS (millions of dollars)				
	2004-05 Revised	2005-06 Proposed	Annual Change	Percent Change
General Fund	2,965	2,991	26	0.9%
Other State Support	3,726	4,095	369	9.9%
State Funds	6,691	7,086	395	5.9%
Federal Funds	187	193	6	3.2%
All Funds	6,878	7,279	401	5.8%

All Funds spending is expected to total \$7.3 billion in 2005-06, and is comprised of \$3.0 billion in General Fund spending, \$4.1 billion in other State support, and \$193 million in Federal funding. By agency, All Funds spending is projected to total \$5.0 billion in SUNY, \$1.4 billion in CUNY, and \$817 million in HESC. Another \$632 million in State support for CUNY is paid from a State fiduciary fund (outside the All Governmental Funds Financial Plan) that consists primarily of senior college tuition revenues. The annual changes are described in more detail below.

HIGHER EDUCATION SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) (millions of dollars)				
	General Fund	Other State Funds	Federal Funds	All Funds
Current Services:				
SUNY/CUNY/HESC Inflation and Salaries	223	63		286
SUNY/CUNY Capital		187		187
HESC TAP	20			20
SUNY/CUNY Community Colleges Aid	10			10
SUNY/CUNY/HESC All Other Services	47	(43)	6	10
Executive Budget Recommendations:				
SUNY/CUNY Savings	(137)	76		(61)
Restructure TAP for Graduation Incentive	(135)			(135)
SUNY/CUNY Capital		69		69
SUNY/CUNY PACT	4			4
All Other Budget Actions	(6)	17		11
Total Annual Change	26	369	6	401

Current Services

SUNY/CUNY/HESC Inflation and Salaries: The Executive Budget provides \$223 million in General Fund support and \$63 million in Other State Funds support for salaries and inflationary increases at SUNY, CUNY, and HESC.

SUNY/CUNY Capital: Annual growth in capital spending reflects changes in the needs and priorities of the public universities as well as changes in the timing of capital projects (\$187 million).

FINANCIAL PLAN OVERVIEW

HESC TAP: Spending adjustments reflect annualization of the 2004-05 TAP Program (\$20 million).

SUNY/CUNY Community Colleges Aid: The increase of \$10 million is attributable primarily to enrollment growth.

SUNY/CUNY/HESC All Other Services: The increase reflects cash adjustments, annualizations, and nonrecurring special revenue funding for SUNY and CUNY financial aid activity.

Executive Budget Recommendations

SUNY/CUNY Savings: General Fund savings are achieved through a mix of administrative efficiencies and authorization for increased tuition revenues resulting in savings of \$61 million on an All Funds basis.

HESC/TAP Restructuring: Changes at HESC include the proposed restructuring of the TAP program, which would defer one-half of each first-time student's award until graduation as an incentive for timely degree completion, and additional reforms including more rigorous academic eligibility standards (\$135 million).

SUNY/CUNY Capital: The Executive Budget enhances the current multi-year capital investment programs for SUNY and CUNY with an additional \$323 million over the next five years. Spending of \$69 million reflects the first year of capital spending from these supplemental funds.

SUNY/CUNY PACT: The Executive Budget recommends \$4 million in funding to finance the implementation of a new Partnership to Accelerate Completion Time (PACT) program to improve college graduation rates at all SUNY and CUNY campuses and participating private colleges.

All Other Budget Actions: Reflects reductions in the General Fund for the Aid for Part-Time Study program, which will be financed from other available revenues in 2005-06.

SOCIAL SERVICES

Welfare

Welfare programs provide benefits to poor families in the form of cash grants, child welfare services, tax credits for eligible low-income workers, and employment services. The State's three main programs include Family Assistance, Supplemental Security Income (SSI) and Safety Net. The Family Assistance program, which is financed jointly by the Federal government, the State, and local districts, provides employment assessments, support services and time-limited cash assistance to eligible families and children. The State adds a supplement to the Federal SSI benefit for the elderly, visually handicapped, and disabled. The Safety Net Assistance program provides cash assistance and employment services for single adults, childless couples, and families that have exhausted their five-year limit on Family Assistance imposed by Federal law and is financed jointly by the State and local districts. Funding is also provided for local administration of welfare programs.

Federal funding for welfare programs is provided through the Temporary Assistance for Needy Families (TANF) block grant. TANF funding also helps finance the State's EITC for low-income workers and child care services, including child care subsidies for low-income working families. In addition, the State directs the "difference" between the block grant and current spending requirements (the "TANF surplus") to fund additional eligible programs including employment and education.

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WELFARE/WELFARE ADMINISTRATION SPENDING PROJECTIONS (millions of dollars)				
	2004-05 Revised	2005-06 Proposed	Annual Change	Percent Change
General Fund	1,465	1,393	(72)	-4.9%
State Funds	1,465	1,393	(72)	-4.9%
Federal Funds	1,979	2,353	374	18.9%
All Funds	3,444	3,746	302	8.8%

All Funds spending for welfare is projected to total \$3.7 billion in 2005-06, consisting of \$1.4 billion in General Fund support and \$2.3 billion in Federal support. Major programs include Family Assistance benefits (\$1.3 billion), including the State's EITC (\$746 million); Safety Net (\$728 million); SSI (\$633 million); and administration (\$360 million).

Welfare caseload is projected to total approximately 655,900 recipients in 2005-06, an increase of 14,200 from 2004-05. The family assistance caseload consists of approximately 327,200 families supported through the Family Assistance program, a decrease of 2,100 from the current year, and 175,900 families receiving benefits through the Safety Net program, an increase of 5,800. The caseload for single adults/couples supported through the Safety Net program is projected at 152,800, an annual increase of 10,500.

WELFARE/WELFARE ADMINISTRATION SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) (millions of dollars)			
	General Fund	Federal Funds	All Funds
Current Services:			
Loss of One-Time TANF	141	0	141
Caseload Growth	81	(24)	57
Funding for Administration	29	0	29
Executive Budget Recommendations:			
TANF Welfare Consolidation	0	279	279
Program/Funding Realignment	(191)	0	(191)
TANF Reprogramming	(85)	85	0
Out-of-Wedlock Bonus	(25)	25	0
Safety Net Work Rate Penalties	(15)	0	(15)
Eligibility/Benefit Restrictions	(10)	9	(1)
Strengthening Families through Stronger Fathers	3	0	3
Total Annual Change	(72)	374	302

Current Services

Loss of One-Time TANF: TANF funding of \$141 million used in 2004-05 for public assistance is not available in 2005-06.

Caseload Growth: In the General Fund, the combined family caseload (i.e., Family Assistance and Safety Net families) is expected to grow by 1 percent, adding \$43 million in General Fund spending. The "non-family" Safety Net caseload is projected to increase by 7 percent, adding another \$38 million. A projected decrease in the family caseload supported exclusively by the TANF block grant results in a reduction in Federal spending (\$24 million).

Funding for Administration: Funding for administrative services associated with the public assistance program is projected to increase by \$29 million.

FINANCIAL PLAN OVERVIEW

Executive Budget Recommendations

TANF Welfare Consolidation: To improve accountability and streamline operations, the Budget recommends consolidating all TANF spending in the Office of Temporary and Disability Assistance (OTDA). Thus, TANF spending authority for both the Child Care and the Title XX Social Services Block Grants will now be appropriated in OTDA (\$279 million).

Program/Funding Realignment: To streamline spending and focus on the core mission of the welfare program, spending that has limited or no local district involvement will be supported by the General Fund, not TANF, and budgeted in the agencies directly responsible for their oversight. These programs include advantage schools (OCFS, \$20 million), home visiting (OCFS, \$16 million), food pantries (DOH, \$12 million), Women, Infants and Children program (DOH, \$5 million), alternatives to incarceration (DPCA, \$4 million), and school-based health centers (DOH, \$3 million). In addition, certain child welfare and child care services formerly funded by TANF will now be funded through the child care and foster care block grants administered by OCFS (\$131 million).

TANF Reprogramming: Recommendations would reduce General Fund costs and increase Federal funding by reprogramming the unspent prior-year TANF surplus earmarked for certain initiatives, and using funds in excess of the TANF maintenance-of-effort levels (\$60 million and \$25 million, respectively) to support EITC.

Out-of-Wedlock Bonus: The State received a TANF bonus from the Federal government for decreasing the rate of teenage out-of-wedlock pregnancies, which the Budget recommends using to support State welfare costs (\$25 million).

Safety Net Work Rate Penalty: State reimbursement for administrative costs would be reduced for local districts that fail to achieve State-mandated work participation rates for their Safety Net population (\$15 million).

Eligibility/Benefit Restrictions: Proposed benefit changes include decreasing the amount of earned income that is disregarded when determining benefit eligibility and eliminating benefits for families in which an adult fails to comply with mandated employment obligations. These proposed changes reduce General Fund costs by \$10 million and increase Federal spending by \$9 million.

Strengthening Families through Stronger Fathers: A portion of the savings noted above is proposed to be reinvested in a five-county demonstration program to assist unemployed and under-employed non-custodial parents in obtaining and retaining employment (\$3 million).

OFFICE OF CHILDREN AND FAMILY SERVICES

The Office of Children and Family Services (OCFS) provides child welfare services including foster care, adoption, child protective services, delinquency prevention, and child care. OCFS oversees the State's system of family support and child welfare services that are administered by local departments of social services and community-based organizations. Specifically, child welfare services programs, which are financed jointly by the Federal government, the State and local districts, are structured to encourage local governments to invest in preventive services necessary to reduce out-of-home placement of children. In addition, the State 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

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placed in residential facilities. Federal funding for OCFS programs is provided through the Flexible Fund for Family Services, Federal Title IV-E Foster Care and Adoption Assistance Payments, the Federal Child Care and Development Fund, and the Title XX Social Services block grant.

CHILDREN AND FAMILY SERVICES SPENDING PROJECTIONS (millions of dollars)				
	2004-05 Revised	2005-06 Proposed	Annual Change	Percent Change
General Fund	1,318	1,465	147	11.2%
Other State Support	30	29	(1)	-3.3%
State Funds	1,348	1,494	146	10.8%
Federal Funds	1,785	1,620	(165)	-9.2%
All Funds	3,133	3,114	(19)	-0.6%

All Funds spending for OCFS is expected to total \$3.1 billion in 2005-06, consisting of \$1.5 billion in General Fund spending, \$29 million in other State spending and \$1.6 billion in Federal spending. Spending supports child welfare (\$1.8 billion), child care (\$727 million) and juvenile justice services including delinquency prevention, youth facilities and local detention facilities (\$272 million). The annual changes are described in more detail below.

CHILDREN AND FAMILY SERVICES SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) (millions of dollars)				
	General Fund	Other State Funds	Federal Funds	All Funds
Current Services:				
Underlying Base Changes	(14)	(2)	114	98
Executive Budget Recommendations:				
TANF Welfare Consolidation	0	0	(279)	(279)
Program/Funding Realignment	167	0	0	167
Priority Programming	(1)	0	0	(1)
All other Budget Actions	(5)	1	0	(4)
Total Annual Change	147	(1)	(165)	(19)

Current Services

Underlying Base Changes: Spending decreases by \$14 million in the General Fund due primarily to downward revisions in expected State reimbursements to local districts for child welfare spending. Additionally, increased use of Federal funds for programs such as foster care and adoption results in growth in Federal fund spending.

Executive Budget Recommendations

TANF Welfare Consolidation: To improve accountability and streamline operations, the Budget recommends consolidating all TANF spending in OTDA. Thus, TANF spending authority for Child Care and the Title XX Social Services Block Grant will now be appropriated in OTDA (\$279 million).

Program/Funding Realignment: As noted above in the section on welfare, certain child welfare, child care and juvenile justice services currently funded by TANF are proposed to be financed with State funding in OCFS (\$167 million).

Priority Programming: Funding for institutional-based programs is redirected to community-based programs for youth, including Persons in Need of Supervision (PINS) and preventive mental health services.

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All Other Budget Actions: Decreases reflect primarily program reforms and use of Federal and other funds in the area of juvenile justice.

MENTAL HYGIENE

The Department of Mental Hygiene comprises three independent agencies — OMH, OMRDD, and OASAS. The agencies provide a wide array of services to special needs populations. Services are administered to individuals with mental illnesses, developmental disabilities, and chemical dependencies through institutional or community-based settings. Specifically, OMH plans and operates an integrated system of mental health care that serves adults with serious and persistent mental illness and children with serious emotional disturbances. OMRDD serves and supports individuals and families of individuals with developmental disabilities. OASAS licenses and evaluates service providers and implements programs for the prevention, early intervention, and treatment of chemical dependence.

All three agencies provide services directly to their clients through State-operated facilities and receive reimbursement for these services from Medicaid, Medicare and third-party insurance. Patient revenues are pledged first to the payment of debt service on outstanding Mental Hygiene bonds, with the remaining revenue deposited to the PIA to help support General Fund costs of providing services.

MENTAL HYGIENE SPENDING PROJECTIONS (millions of dollars)				
	2004-05 Revised	2005-06 Proposed	Annual Change	Percent Change
General Fund	2,446	2,462	16	0.7%
Other State Support	437	451	14	3.2%
State Funds	2,883	2,913	30	1.0%
Federal Funds	2,596	2,734	138	5.3%
All Funds	5,479	5,647	168	3.1%

All Funds spending is expected to total \$5.6 billion in 2005-06, with \$2.5 billion in General Fund spending, \$451 million in other State funding and \$2.7 billion in Federal funding. By agency, All Funds spending is projected to total \$2.9 billion in OMRDD, \$2.2 billion in OMH and \$482 million in OASAS. The State share of Medicaid spending budgeted in the Department of Mental Hygiene is projected to total \$1.4 billion in 2005-06. The annual increase of \$168 million in mental hygiene programs is described in more detail below.

MENTAL HYGIENE SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) (millions of dollars)				
	General Fund	Other State Funds	Federal Funds	All Funds
Current Services:				
Local Services	125	0	0	125
Underlying Program Growth	156	8	(106)	58
Executive Budget Recommendations:				
Patient Income Account Actions	(174)	0	242	68
Local Assistance Efficiencies	(63)	0	0	(63)
State Operations Efficiencies	(33)	0	0	(33)
Local Program Redirection	5	0	0	5
All Other Budget Actions	0	6	2	8
Total Annual Change	16	14	138	168

Current Services

Local Services: Funding increases support existing program commitments and mandates including OMRDD's NYS-CARES and NYS-OPTS programs and OMH's community bed pipeline.

Underlying Program Growth: Includes funding for collective bargaining agreements, inflation and staffing adjustments (\$151 million); and a decline in PIA revenues used to offset General Fund spending (\$107 million). Other factors include the "tail" of 2004-05 savings actions (\$32 million) and removal of funding for the 27th institutional payroll (\$70 million).

Executive Budget Recommendations

PIA Actions: Higher Federal aid is driven primarily by enhanced trend factors, Medicaid rate adjustments, additional revenues for inpatient billings, and Medicare cost settlements. These actions are expected to increase the amount of patient care revenues available to support what would otherwise be General Fund costs in 2005-06, resulting in net General Fund savings of \$174 million.

Local Assistance Efficiencies: Includes conversion of 100 percent State funded programs to Medicaid (\$18 million), aggressive pursuit of provider audit and under-spending recoveries and program development slippage (\$26 million) and other local program cash management actions (\$19 million).

State Operations Efficiencies: State Operations savings will be achieved through continued vacancy and staffing controls aimed at reducing excessive overtime and managing future hiring, as well as management of non-personal service spending (\$33 million).

Local Program Redirection: Savings from reducing or eliminating funding for under-performing or less effective programs (\$16 million) is redirected to enhance existing priority OMH and OASAS not-for-profit operated programs to improve recruitment and retention of direct care staff and maintain chemical dependence treatment services for the working poor (\$21 million).

All Other Budget Actions: Other State Funds increased by more than \$5 million as a result of increased funding for case management in adult homes.

TRANSPORTATION

The Department of Transportation (DOT) directly maintains and improves the State's more than 40,000 highway lane miles and 7,500 bridges. Overall, the State's transportation network includes 239,000 lane miles of roads, 19,500 bridges, 4,000 railroad miles, 147 public use airports, 12 major ports and over 70 mass transit systems. The State maintains and improves this extensive collection of assets through taxes, Federal grants, voter-approved general obligation bonds, and bonds issued by public authorities pursuant to contractual agreements with the State. In addition to State-owned transportation assets, the DOT assists in funding projects for highways, bridges, transit systems and other transportation facilities which are owned by local governments.

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TRANSPORTATION SPENDING PROJECTIONS				
(millions of dollars)				
	2004-05	2005-06	Annual	Percent
	Revised	Proposed	Change	Change
General Fund	113	103	(10)	-8.8%
Other State Support	3,568	3,805	237	6.6%
State Funds	3,681	3,908	227	6.2%
Federal Funds	1,543	1,562	19	1.2%
All Funds	5,224	5,470	246	4.7%

All Funds spending in 2005-06 for transportation is projected to increase by \$246 million (4.7 percent) over the prior year, consisting of an increase in State funding (\$227 million) and Federal disbursements (\$19 million).

General Fund spending for transportation is projected to decrease by \$10 million (8.8 percent) and reflects primarily the use of roughly \$155 million of other funds to support what otherwise would be General Fund costs (including fringe benefits).

Spending from other State Funds is projected to increase by \$237 million, reflecting primarily the new five-year capital DOT Plan totaling \$17.4 billion to improve transportation and transit facilities across the State. For a more detailed discussion of the new five-year capital DOT Plan, see the "Capital Program and Financing Plan" in this volume.

In addition to funding the first year of the five-year DOT Capital Plan, the 2005-06 Executive Budget includes funding for the first year of the new Metropolitan Transportation Authority (MTA) five-Year Capital Program. Although not part of the State's capital plan, the MTA program reflects continuation of their core "State-of-Good-Repair and Normal Replacement" program at levels established in their 2000-2004 capital plan. The program also includes essential security projects, interagency policing facilities, and the City-funded extension of the #7 Line.

State funding for transit systems comprises the majority of transportation SRF spending. Over \$1.67 billion of 2005-06 transit aid is derived from taxes dedicated to the Mass Transportation Operating Assistance (MTOA) Fund and the Dedicated Mass Transportation Trust Fund. Total disbursements from transportation SRFs are projected to be \$1.84 billion in 2005-06, \$162 million above the current year. This increase reflects an increase of \$57.3 million in capital support for the MTA from the Dedicated Mass Transportation Trust Fund.

GENERAL STATE CHARGES

General State Charges (GSCs) account for the costs of fringe benefits to State employees and retirees of the Executive, Legislative and Judicial branches, as well as for tax payments related to public lands and litigation. 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 and unemployment insurance. Other costs include State payments-in-lieu-of-taxes to local governments for certain State-owned lands, and payments related to lawsuits against the State and its public officers.

Employee fringe benefits paid from the General Fund are financed primarily by General Fund revenues (78 percent) and supplemented with revenue from fringe benefit assessments on Federal and other dedicated revenue programs (22 percent). Other General State Charges costs are paid in full by General Fund revenues.

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GENERAL STATE CHARGES SPENDING PROJECTIONS (millions of dollars)				
	2004-05	2005-06	Annual	Percent
	Revised	Proposed	Change	Change
General Fund	3,665	3,889	224	6.1%
Other State Support	484	558	74	15.3%
State Funds	4,149	4,447	298	7.2%
Federal Funds	204	226	22	10.8%
All Funds	4,353	4,673	320	7.4%

All Funds spending on GSCs is expected to total \$4.7 billion in 2005-06, and comprises \$3.9 billion in General Fund spending, \$558 million other State funding and \$226 million Federal funding. Major components of All Funds spending include health insurance (\$2.2 billion), pensions (\$935 million), and social security (\$804 million). The annual changes are described in more detail below.

GENERAL STATE CHARGES SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) (millions of dollars)				
	General	Other	Federal	All
	Fund	State	Funds	Funds
Current Services:				
Pension Rate Increase	455	0	0	455
Employee Health Care	195	0	0	195
All Other Changes	(34)	73	22	61
Executive Budget Recommendations:				
Pension Rate Relief	(321)	0	0	(321)
Increased Non-General Fund Payments	(57)	0	0	(57)
Other Budget Actions	(14)	1	0	(13)
Total Annual Change	224	74	22	320

Current Services

Pension Rate Increase: Higher projected contributions to the New York State and Local Retirement Systems for fiscal year 2005-06 are associated with discretionary actuarial funding changes developed by the State Comptroller in calculating the 2005-06 pension contribution rates. Baseline projections from the Comptroller show an employer pension contribution rate of 11 percent of payroll in 2005-06 compared to 7 percent paid in 2004-05, resulting in an annual State pension cost of \$1.3 billion, an increase of \$455 million (56.7 percent) in 2005-06.

Employee Health Care: The cost of providing health insurance to State employees and retirees is projected to total \$2.2 billion in 2005-06, an increase of \$195 million (9.5 percent). The major program assumptions include underlying premium growth of 7.8 percent in 2005 and 11 percent in 2006 for the State employee health plan.

Executive Budget Recommendations

Pension Rate Relief: The Executive Budget proposes legislation that would require the State Comptroller to seek independent professional review and receive public comment prior to making changes in pension funding assumptions. It is anticipated that through this process the 2005-06 pension contribution rate will be reduced from 11 percent to 7 percent, resulting in a total employer pension contribution of \$935 million, an annual increase of \$133 million (16.6 percent) compared to the \$455 million increase that would otherwise occur.

FINANCIAL PLAN OVERVIEW

Increased Non-General Fund Payments: The 2005-06 Executive Budget recommends increased funding for certain DOT personnel costs from the Dedicated Transportation Fund. This assumes that the full cost of Dedicated Highway personnel will be payable from the Dedicated Highway and Bridge Trust Fund, thus reducing what otherwise would be General Fund costs (\$57 million).

Other Budget Actions: The most significant recommendation reflects revising statutory interest rates payable on court judgments from a current fixed rate of 9 percent to prevailing market rates (\$7 million).

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 [e.g., Empire State Development Corporation (ESDC), Dormitory Authority of the State of New York (DASNY), Thruway Authority, Local Government Assistance Corporation (LGAC)] for which the State is contractually obligated to pay debt service, subject to an appropriation. Debt service is paid for through transfers from the General Fund, dedicated taxes and fees, and other resources, such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS (millions of dollars)				
	2004-05 Revised	2005-06 Proposed	Annual Change	Percent Change
General Fund	1,732	1,666	(66)	-3.8%
Other State Support	2,098	2,202	104	5.0%
State Funds	3,830	3,868	38	1.0%
Federal Funds	0	0	0	0.0%
All Funds	3,830	3,868	38	1.0%

All Funds spending on debt service is projected to total \$3.9 billion in 2005-06, of which \$1.7 billion is paid from the General Fund spending and \$2.2 billion in other State funding. Spending reflects debt service due on revenue credits supported by dedicated taxes and fees and patient income, including PIT Revenue Bonds, Dedicated Highway and Bridge Trust Fund bonds and Mental Health facilities bonds, and service contract bonds that are supported primarily by the General Fund.

DEBT SERVICE SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) (millions of dollars)				
	General Fund	Other State Funds	Federal Funds	All Funds
Current Services:				
Underlying Growth	84	293	0	377
Executive Budget Recommendations:				
Transportation Restructuring	0	(209)	0	(209)
Debt Management Actions	(150)	0	0	(150)
Javits Expansion	0	20	0	20
Total Annual Change	(66)	104	0	38

Current Services

Underlying Growth: The \$377 million in current underlying growth includes increased costs from the bond-financing of prior year capital projects. It reflects the use of PIT revenue bonds (in lieu of more costly service contract bonds) to finance a variety of capital programs, and increases in debt service costs on other revenue credits, including Mental Health (\$52 million), SUNY dormitory facilities (\$10 million), and LGAC bonds (\$21 million).

Executive Budget Recommendations

Transportation Restructuring: To generate short-term savings (\$209 million), the proposal would restructure outstanding Dedicated Highway and Bridge Trust Fund bonds to more closely align the schedule for which principal amortizes to the underlying useful lives of the projects financed.

Debt Management Actions: Maximizing refunding savings, and diversifying the State's debt portfolio with variable rate obligations and interest rate exchange agreements, are projected to reduce the growth in costs (\$150 million).

Javits Center: Reflects debt service for the State's share of the expansion of the Javits Center (\$350 million).

ALL OTHER

In addition to the programs described above, the Executive Budget includes funding for economic development, environmental protection, public protection, general government, the Judiciary, and various other programs. Significant sources of annual change in these areas include:

ESDC: Additional economic development initiatives, primarily for high technology projects, account for most of the \$227 million All Funds increase.

Judiciary: Annual All Funds growth of \$60 million is attributable primarily to personal service cost increases for collective bargaining (\$20 million), as well as performance advances and inflation.

Local Government Aid: The recommended increase of \$50 million for aid and incentives for municipalities preserves existing funding for local governments while providing for additional aid to cities, ranging from 5 to 25 percent over two years, and will be tied to performance agreements intended to encourage local efficiencies and improve financial management. The recommended funding of \$5 million for the Shared Municipal Services Incentive Awards will provide additional funding for collaborative shared service initiatives undertaken by two or more municipalities. Growth in local government aid reflects payments to Madison and Oneida counties related to Indian land claims settlements (\$4 million), which are partially offset by the deferral of the final payment to the Nassau Interim Finance Authority from 2005-06 to 2006-07 (\$8 million). The budget recommends continuation of the \$170 million of aid to New York City that was used by the City to restructure MAC bonds.

World Trade Center: Immediate Federal aid directly related to the September 11th attacks is projected to be completed in 2004-05. Funds in 2004-05 were used to create a new captive insurance company to support the debris removal and recovery efforts (\$1.0 billion) and to apply reimbursement for State-only expenses to support HCRA (\$300 million). It also included hazard mitigation measures to reduce or eliminate the threat of future damage, and emergency protective measures to protect the public health and prevent damage to property (\$300 million).

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GENERAL FUND FINANCIAL PLAN OUTYEAR PROJECTIONS

Before accounting for the impact of the 2005-06 Executive Budget recommendations, DOB projects potential budget gaps of \$5.8 billion in 2006-07 and \$5.6 billion in 2007-08. The 2005-06 recommendations are estimated to reduce the 2006-07 and 2007-08 gaps to roughly \$2.7 billion each year. Detailed projections for both receipts and disbursements outyear gap estimates are described below. The gaps assume the Legislature will enact the 2005-06 Executive Budget recommendations in their entirety.

The following table summarizes the impact of the 2005-06 Budget recommendations on the 2006-07 and 2007-08 budget gaps.

Outyear Savings From 2005-06 Executive Budget Recommendations (millions of dollars)			
	2005-06	2006-07	2007-08
Revised Gaps	(4,152)	(5,844)	(5,571)
Total Recommendations	4,152	3,143	2,786
Spending Actions (net of adds):	2,763	2,513	2,025
Spending Actions	3,076	3,483	3,761
Spending Initiatives	(313)	(970)	(1,736)
Revenue Actions (net of tax cuts):	533	724	791
Revenue Actions	779	1,027	995
Tax Cuts	(246)	(303)	(204)
Non-Recurring Resources	856	(94)	(30)
Remaining Budget Gaps	0	(2,701)	(2,785)

RECEIPTS PROJECTIONS FOR 2006-07 AND 2007-08

General Fund Receipts (millions of dollars)					
	2005-06	2006-07	Annual Change	2007-08	Annual Change
Personal Income Tax	19,844	20,419	575	21,865	1,446
User Taxes and Fees	8,622	8,829	207	9,166	337
Business Taxes	4,066	4,176	110	4,315	139
Other Taxes	778	872	94	920	48
Miscellaneous Receipts	2,451	2,504	53	4,560	2,056
Federal Grants	4	4	0	4	0
Transfers from Other Funds					
Revenue Bond Fund	6,129	6,208	79	6,515	307
LGAC Fund	2,300	2,377	77	2,473	96
CW/CA Fund	510	517	7	525	8
All Other	387	223	(164)	217	(6)
Total Receipts	45,091	46,129	1,038	50,560	4,431
<i>Annual Percent Change</i>			2.3%		9.6%

General Fund tax receipts, including transfers from other funds, are projected to total \$46.1 billion in 2006-07, an increase of \$1 billion over 2005-06 projections. Base growth in tax receipts is expected to exceed historical averages, which is typical of an economy in the early stages of an expansion. Tax receipts are expected to increase by 2.3 percent in 2006-07, reflecting the loss of receipts from the temporary income tax surcharge. Growth jumps to 9.6 percent in 2007-08 due to the \$2 billion increase in miscellaneous receipts associated with the Medicaid takeover plan. Adjusting for the impact of law changes, tax receipt growth is expected to average over 6 percent for the forecast period. The growth in tax receipts is consistent with DOB's forecast for the U.S. and New York economies, which projects the recovery extending into 2006 and 2007 and continued profitability in the financial services sector. A more detailed comparison of historical and projected growth rates for tax receipts is contained in "Explanation of Receipt Estimates" later in this volume.

Personal Income Tax

In general, income tax growth for 2006-07 and 2007-08 is governed by projections of growth in taxable personal income and its major components, including wages, interest and dividend earnings, realized taxable capital gains, and business net income and income derived from partnerships and S Corporations.

General Fund PIT receipts, before the impact of the refund reserve, are projected to increase by \$752 million to \$20.4 billion in 2006-07. The increase from 2005-06 reflects largely growth in underlying liability, offset by the elimination of the 2003 surcharge in tax year 2006. PIT receipts for 2007-08 are projected to increase by \$1.4 billion to \$21.9 billion. Again, the increase reflects growth in liability consistent with an expanding personal income base during economic expansion. Wages are expected to continue to improve steadily in 2006-07 and 2007-08, reflecting stronger employment growth and increases in bonuses paid. Realized capital gains are expected to continue growing significantly in 2006 and 2007. This growth represents the continuation of the recovery of the stock market from the anemic period of 2001 through 2003.

The 2006-07 and 2007-08 projections also assume increases in the other major components of income, consistent with continued growth in the overall economy. See "Explanation of Estimated Receipts, Economic Backdrop" for a more detailed discussion of these estimates.

There is significant uncertainty associated with the forecast of the outyear income components. In many cases, a reasonable range of uncertainty around the predicted income components would include a significant range around outyear income tax estimates.

User Taxes and Fees

General Fund receipts from user taxes and fees are estimated to total \$8.8 billion in 2006-07, an increase of \$207 million from 2005-06. The increase is due almost exclusively to the projected growth in the sales tax base, which changes in the overall New York economy. The expected growth in the sales tax base in 2006-07 is expected to be 4 percent.

General Fund user taxes and fees receipts are expected to grow to \$9.2 billion in 2007-08. The economy is expected to continue to grow at trend rates over this period, resulting in sales tax growth more in line with historical averages. This is expected to result in underlying growth in the sales tax base of 4.2 percent.

Business Taxes

General Fund business tax receipts are expected to increase to \$4.2 billion in 2006-07. This is due primarily to the anticipated continued growth in corporate and bank profits, as well as the continued growth in insurance premiums. Business tax receipts are projected to increase to \$4.3 billion in 2007-08 reflecting continued modest increases in underlying liability.

Other Taxes

General Fund receipts from other taxes are expected to increase to \$872 million in 2006-07, reflecting the impact of the expected growth in household net worth on the value of taxable estates. In 2007-08, receipts are projected to rise to \$920 million, reflecting the expectation of continued growth in estate tax liability.

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Miscellaneous Receipts

General Fund miscellaneous receipts are estimated at \$2.5 billion in 2006-07 and \$4.6 billion in 2007-08. The 2007-08 increase includes the proposed full State takeover of Medicaid costs beginning in 2008 and accounts for \$2 billion of this increase.

Transfer from Other Funds

Transfers from other funds are estimated to grow to \$9.3 billion in 2006-07 and \$9.7 billion in 2007-08. The projections anticipate growth in the dedicated portions of the PIT, sales tax and the real estate transfer tax, which comprise a significant portion of transfers from other funds each year. The projected growth in PIT, sales and real estate taxes (\$371 million) in 2006-07 is more than offset by net increases in debt service related to PIT Revenue Bonds, LGAC Bonds and Clean Water/Clean Air General Obligation debt service (\$208 million) and fund balances (\$164 million).

DISBURSEMENT PROJECTIONS FOR 2006-07 AND 2007-08

DOB forecasts General Fund spending of \$49 billion in 2006-07, an increase of \$3.9 billion (8.7 percent) over recommended 2005-06 levels. The growth rate assumes that the Executive Budget recommendations are enacted in their entirety, but does not reflect additional actions to control spending beyond those proposed in the 2005-06 Executive Budget. Annual growth from 2006-07 to 2007-08 is projected at \$2.2 billion (4.5 percent), adjusted for full State takeover of local Medicaid costs, or \$4.5 billion (9.2 percent) with full takeover. The forecast for 2007-08 is necessarily more speculative than the forecast for 2006-07, since two budgets must be enacted between now and the development of the 2007-08 Executive Budget.

The primary sources of annual spending growth for 2006-07 and 2007-08 are itemized in the table below. A detailed table of the key trend factors used in the outyear projections and the multi-year impact of all major budget recommendations was provided earlier in this overview, and should be read in conjunction with the following data.

General Fund Disbursements (millions of dollars)					
	2005-06	2006-07	Annual Change	2007-08	Annual Change
Grants to Local Governments:	30,619	32,995	2,376	36,921	3,926
School Aid	13,228	13,394	166	13,732	338
Medicaid	7,313	9,122	1,809	12,358	3,236
Welfare	1,393	1,552	159	1,714	162
All Other	8,685	8,927	242	9,117	190
State Operations:	8,055	8,809	754	9,250	441
Personal Service	5,861	6,350	489	6,539	189
Non-Personal Service	2,194	2,459	265	2,711	252
General State Charges	3,889	4,654	765	4,845	191
Transfers to Other Funds:					
Debt Service	1,666	1,679	13	1,648	(31)
Capital Projects	219	234	15	231	(3)
All Other	627	609	(18)	617	8
Total Disbursements	45,075	48,980	3,905	53,512	4,532
<i>Annual Percent Change</i>			8.7%		9.3%

Grants to Local Governments

Local assistance spending is projected to total \$33 billion in 2006-07 and \$36.9 billion in 2007-08. Medicaid, welfare, and school aid are primarily responsible for the annual growth. The following table summarizes some of the factors that affect the local assistance projections over the Financial Plan period.

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Local Assistance -- Selected Program Measures				
	2004-05	2005-06	2006-07	2007-08
Medicaid				
Medicaid Coverage	3,622,184	3,748,627	3,868,627	3,988,627
Medicaid Inflation	4.1%	3.9%	3.8%	3.7%
Medicaid Utilization	2.3%	2.5%	2.6%	2.7%
State Takeover of FHP Costs (\$ millions)	\$49	\$312	\$576	\$625
State Takeover of All Other Local Medicaid Costs (Net State Costs - \$ millions)	n/a	\$121	\$631	\$1,257
Education				
K-12 Enrollment	2,864,037	2,848,713	n/a	n/a
Public Higher Education Enrollment (FTEs)	489,936	495,900	n/a	n/a
TAP-Annual Average TAP Recipients	345,000	345,000	n/a	n/a
Welfare				
Family Assistance Caseload	499,400	503,100	519,500	537,700
Single Adult/No Children Caseload	142,300	152,800	165,300	179,000
Mental Hygiene				
Mental Hygiene Community Beds	81,388	83,032	84,373	86,650

General Fund spending for Medicaid is expected to grow by \$1.8 billion to \$9.1 billion in 2006-07 and another \$3.2 billion to \$12.4 billion in 2007-08. These projections reflect the estimated impact of the 2005-06 budget recommendations. The factors affecting growth include: more recipients, higher service utilization, and growth in prescription drug prices, which are projected to add approximately \$840 million in spending in both 2006-07 and 2007-08; growth related to the State takeover of local FHP costs that are estimated to rise by \$264 million in 2006-07 and \$49 million in 2007-08; and the loss of resources from Empire conversion proceeds (\$200 million) and HCRA (\$500 million) that are expected to help lower 2005-06 spending, but will not be available again in 2006-07. The payment of an extra Medicaid cycle in 2005-06 partially offsets the increase in spending in 2006-07. In addition, the proposed cap on local Medicaid costs that phases into a full takeover of local Medicaid costs effective January 1, 2008 is expected to increase General Fund costs by \$510 million in 2006-07 and \$2.7 billion in 2007-08, which will be offset by \$2.0 billion in additional receipts from local sales tax and other local resources currently used to pay local Medicaid costs.

DOB projects the average number of Medicaid recipients to grow to 3.9 million in 2006-07, an increase of 3.1 percent over the estimated 2005-06 caseload of 3.7 million. FHP enrollment is estimated to grow to approximately 661,044 in 2006-07, an increase of 19.5 percent over projected 2005-06 enrollment of 553,044.

Traditional school aid on a school year basis is projected at \$16 billion in 2006-07 and \$16.5 billion in 2007-08, an increase of \$500 million. The traditional school aid projections assume growth in the Flex Aid program advanced with the 2005-06 Budget, the impact of recommended reforms to building and special education aid, and maintenance of current levels for most other aid categories. On a State fiscal year basis, school aid spending is projected to grow by approximately \$166 million (1.3 percent) in 2006-07 and \$338 million (2.5 percent) in 2007-08. In addition, revenues from VLTs are projected to finance additional sound basic education grants in Special Revenue Funds.

Welfare spending, including administration, is projected at \$1.6 billion in 2006-07, an increase of \$159 million (11.4 percent) from 2005-06. Projected growth in family caseload (\$72 million or 3 percent), and the single adult/childless couples caseload (\$47 million or 8 percent) are responsible for the upward trend in spending.

All other local assistance programs total \$8.9 billion in 2006-07, an increase of \$242 million over 2005-06 recommended levels (2.8 percent). Growth in handicapped programs (\$31 million), mental hygiene (\$67 million), children and families services (\$48 million), K-12 education programs excluding school aid (\$46 million), and, to a lesser extent, other agencies are the main factors affecting spending.

FINANCIAL PLAN OVERVIEW

State Operations

State Operations -- Selected Program Measures				
	2004-05	2005-06	2006-07	2007-08
State Operations				
Prison Population (Corrections)	63,800	63,100	n/a	n/a
Negotiated Salary Increases ⁽¹⁾	2.5%	2.75%	3.0%	0.0%
Personal Service Inflation	0.8%	0.8%	0.8%	0.8%
State Workforce	190,933	191,424	191,852	191,852

(1) Negotiated salary increases include a recurring \$800 base salary adjustment effective April 1, 2007.

State Operations spending is expected to total \$8.8 billion in 2006-07, comprised of \$6.4 billion for personal service and \$2.4 billion for non-personal service. This reflects an annual increase of \$754 million (9.4 percent) mainly due to collective bargaining costs, normal "salary creep" increases, and inflationary increases for non-personal service costs (\$563 million) and the decline in patient income revenues available to offset spending in the General Fund (\$191 million).

General State Charges

General State Charges -- Selected Program Measures				
	2004-05	2005-06	2006-07	2007-08
General State Charges				
Pension Contribution Rate	7.0%	7.0%	12.4%	11.5%
Employee Health Insurance	14.0%	9.2%	11.6%	10.9%

GSCs are projected to total \$4.7 billion in 2006-07 and \$4.8 billion in 2007-08. The annual increases of \$765 million (19.7 percent) in 2006-07 and \$191 million (4.1 percent) in 2007-08 are due mainly to anticipated cost increases in pension and health insurance benefits for State employees and retirees. The estimates include projected costs of \$1.4 billion in 2006-07 and 2007-08 for pensions, and \$2.5 billion in 2006-07 and \$2.8 billion in 2007-08 for health insurance. The employer pension contribution rate to the New York State and Local Retirement Systems is expected to increase from 7.0 percent of employee salaries in 2005-06 to 12.4 percent in 2006-07, and then decline to 11.5 percent in 2007-08. These rates, which assume the 2005-06 Executive Budget pension recommendation is implemented, require additional State spending of \$506 million in 2006-07, and a decline in spending of \$60 million in 2007-08. Spending for employee health care costs is expected to increase by \$259 million in 2006-07 and another \$273 million in 2007-08, and assumes average annual premium trend increases of 11 percent.

Transfers to Other Funds

Transfers -- Selected Program Measures				
	2004-05	2005-06	2006-07	2007-08
State Debt				
Interest on Variable Rate Debt	1.5%	2.8%	3.0%	3.3%
Interest on 30-Year Bonds	5.0%	5.3%	5.8%	6.2%

Transfers to other funds are estimated to total \$2.5 billion in 2006-07 and 2007-08. Over the period of the Financial Plan, total transfers are projected to remain virtually unchanged. However, it should be noted that debt service transfers from the General Fund are projected to remain stable primarily because increases in debt service costs are reflected in State Funds due to the accounting treatment of the Personal Income Tax revenue bond program.

FINANCIAL PLAN OVERVIEW

2005-06 GOVERNMENTAL FUNDS FINANCIAL PLAN (FUND TYPE)

This section summarizes the 2005-06 Financial Plan from the perspective of each of the four major fund types that comprise the All Funds budget: the General Fund, SRFs, CPFs, and DSFs.

GENERAL FUND

The State projects General Fund receipts of \$45.1 billion in 2005-06, an increase of \$1.6 billion (3.6 percent) from the current year. The increase in General Fund receipts is the result of increased collections from the personal income tax and sales tax, resulting from temporary tax actions taken in the 2003-04 Enacted Budget as well as continued growth resulting from the improving economic climate.

More detail on the receipts outlook is provided earlier in this Overview, as well as in the Explanation of Receipts Estimates later in this volume.

General Fund Receipts (millions of dollars)				
	2004-05 Adjusted	2005-06 Proposed	Annual Change	Percent Change
Personal Income Tax	18,932	19,844	912	4.8%
User Taxes and Fees	8,752	8,622	(130)	-1.5%
Business Taxes	3,764	4,066	302	8.0%
Other Taxes	730	778	48	6.6%
Miscellaneous Receipts	2,801	2,451	(350)	-12.5%
Federal Grants	8	4	(4)	-50.0%
Transfers From Other Funds:				
Revenue Bond Fund	5,842	6,129	287	4.9%
LGAC Fund	2,171	2,300	129	5.9%
CW/CA Fund	520	510	(10)	-1.9%
All Other	504	387	(117)	-23.2%
Total Receipts	44,024	45,091	1,067	2.4%

Transfers From Other Funds

Transfers from other funds are expected to total \$9.3 billion, an increase of \$289 million from 2004-05. This annual increase comprises primarily higher transfers from the Revenue Bond Tax Fund (RBTF) (\$287 million), the LGAC Fund (\$129 million), offset by lower transfers from the CW/CA Fund (\$10 million) and all other funds (\$117 million).

Transfers to the General Fund from PIT receipts deposited to the RBTF in excess of debt service payable on State PIT Bonds is projected to total \$6.1 billion in 2005-06, an increase of \$287 million from 2004-05. The annual increase is attributable to overall growth in PIT (\$436 million), partially offset by an increase in debt service costs on those bonds (\$149 million).

Transfers to the General Fund of sales tax receipts deposited to the LGAC fund in excess of debt service due on LGAC bonds is projected to total \$2.3 billion in 2005-06, an increase of \$129 million from the prior year. This growth is due to overall growth in sales tax receipts (\$150 million), partially offset by a modest increase in debt service costs (\$21 million).

Transfers to the General Fund from the real estate transfer tax deposited to the CW/CA DSF in excess of debt service due on those general obligation bonds is projected to total \$510 million in 2005-06. The modest change is due to overall growth in real estate transfer taxes (\$5 million), more than offset by an increase in debt service costs (\$15 million).

FINANCIAL PLAN OVERVIEW

All other transfers are projected to total \$387 million in 2005-06, an annual decrease of \$117 million primarily due to nonrecurring transfers from SUNY and CUNY to reimburse the General Fund for equipment costs (\$163 million).

Disbursements

The State projects adjusted General Fund disbursements, including transfers to other funds, of \$45.1 billion in 2005-06, an increase of \$1.2 billion (2.6 percent) from the current year. Increases in Grants to Local Governments (\$454 million), State Operations (\$448 million), GSCs (\$224 million), and transfers (\$34 million) account for the change. The major components of these disbursement changes are summarized below and are explained in more detail in the “2005-06 Financial Plan — 2005-06 Disbursements Forecast.”

General Fund Disbursements (millions of dollars)				
	2004-05 Adjusted	2005-06 Proposed	Annual Change	Percent Change
Grants to Local Governments	30,165	30,619	454	1.5%
State Operations	7,607	8,055	448	5.9%
General State Charges	3,665	3,889	224	6.1%
Transfers to Other Funds				
Debt Service	1,732	1,666	(66)	-3.8%
Capital Projects	198	219	21	10.6%
All Other	548	627	79	14.4%
Total Disbursements	43,915	45,075	1,160	2.6%

Grants to Local Governments

Grants to Local Governments include financial aid to local governments and nonprofit organizations, as well as entitlement payments to individuals. Local assistance spending is projected at \$30.6 billion in 2005-06, an increase of \$454 million from the current year. Growth in school aid (\$321 million), CUNY operating costs (mainly for salary growth and increases in fixed costs) and CUNY/SUNY community college enrollment growth (\$163 million), and welfare (due mainly to caseload increases) (\$89 million) are partially offset by savings from Medicaid cost containment, TAP reforms, a patient income revenue reclassification described below, and other actions summarized in “2005-06 Gap-Closing Plan” earlier in this Overview.

State Operations

State Operations accounts for the cost of running the Executive, Legislative, and Judicial branches of government and is projected to total \$8.1 billion in 2005-06 an increase of \$448 million (5.9 percent) from the prior year. Personal service costs (e.g., State employee payroll) comprise 73 percent of State Operations spending. The remaining 27 percent represents non-personal service costs for contracts, rent, supplies, and other operating expenses.

The projected annual increase in State Operations is affected by the use of \$400 million in patient income revenues in 2005-06 to offset local assistance spending, instead of offsetting State Operations spending as was done in 2004-05. The change results in a \$400 million annual increase in State operations costs financed by the General Fund and a comparable decrease in local assistance spending. Adjusting for this reclassification, State Operations is projected to increase by \$48 million from 2004-05. The growth, before any budget actions, is comprised of scheduled wage increases under current labor contracts, normal salary creep, and salary grade changes (\$338 million), costs associated with the gaming and racing program (\$108 million) and other program growth (\$84 million). This underlying growth is offset by savings in agency operations (\$161 million), the use of alternate sources of revenue to fund operations, and the removal of the 27th institutional payroll.

FINANCIAL PLAN OVERVIEW

Personal service spending, after Executive Budget actions, totals \$5.9 billion in 2005-06, an increase of \$246 million or 4.4 percent. The annual growth is driven primarily by the patient income revenue reclassification (\$400 million) and underlying growth (\$221 million) partially offset by savings resulting from budget actions, including revenue maximization (\$375 million).

Non-personal service spending totals \$2.2 billion, an increase of \$203 million or 10.2 percent. Underlying growth (\$201 million) and the costs of the gaming and racing program (\$108 million) partially offset by savings actions (\$106 million) account for this increase.

DOB projects the Executive branch workforce will total 191,424 in 2005-06, an increase of 491 over the current-year estimate. Of the 79 agencies that comprise the Executive Branch workforce, 25 project an annual increase in their workforce. Ten agencies project a reduction in their workforce in 2005-06. Tables that summarize of historical, current, and projected workforce levels by fund type and fund group appear in the "Financial Plan Tables" later in this Overview.

General State Charges

GSCs account for the costs of providing fringe benefits to State employees and retirees of the Executive, Legislative and Judicial branches, as well as fixed costs for taxes on public lands and litigation costs.

General Fund spending for GSCs is projected to be \$3.9 billion in 2005-06, an increase of \$224 million (6.1 percent) over the prior year. This annual increase is due mostly to rising costs of employee health benefits (an increase of \$189 million to \$2.2 billion), higher costs related to employer pension contributions (an increase of \$133 million to \$935 million) and fringe benefit increases for unsettled collective bargaining agreements (\$31 million). These increases are partially offset by higher fringe benefit cost reimbursements to the General Fund which are payable from other funds, thus reducing General Fund costs (\$129 million). GSCs are explained in more detail earlier in this Overview.

Transfers to Other Funds

Transfers to Other Funds are projected to total \$2.5 billion in 2005-06 and include General Fund transfers to support debt service (\$1.7 billion), capital projects (\$219 million), and other funds (\$627 million).

General Fund transfers for debt service decline by \$66 million (3.8 percent) from 2004-05 primarily due to \$150 million in projected savings from debt management actions, offset by higher debt service on existing bonds for corrections and CUNY, and the accounting treatment of the PIT Revenue Bond program which reduces General Fund costs and increases costs State Funds. Transfers to support capital projects increase by \$21 million mainly from a recast of the timing of capital spending based on experience to date. All other transfers are projected to increase by \$79 million (14.4 percent) in 2005-06 due primarily to a nonrecurring transfer to the HCRA SRF to pay a prior year loan from the Physicians Excess Medical Malpractice Program (\$45 million), and an increase in the State subsidy payments to SUNY hospitals (\$27 million).

SPECIAL REVENUE FUNDS

SRFs receive State and Federal revenues dedicated to finance specific activities. SRFs are intended to be self-supporting, with receipts equaling or exceeding disbursements. When statutorily authorized, certain funds and accounts may borrow from the State's Short-Term Investment Pool (STIP) to cover temporary cash shortfalls resulting from the timing of receipts and disbursements (i.e., disbursements occurring prior to receipts being received).

FINANCIAL PLAN OVERVIEW

In 2005-06 the SRFs Cash Financial Plan projects total receipts of \$53.8 billion, total disbursements of \$54.2 billion, and net other financing sources of \$429 million, resulting in an operating surplus of \$82 million.

Receipts

Special Revenue Funds Receipts (millions of dollars)				
	2004-05 Adjusted	2005-06 Proposed	Annual Change	Percent Change
Taxes	5,396	5,659	263	4.9%
Miscellaneous Receipts	11,378	13,420	2,042	17.9%
Federal Grants	35,634	34,728	(906)	-2.5%
Total Receipts	52,408	53,807	1,399	2.7%

Total SRF receipts are projected to be \$53.8 billion in 2005-06, an increase of \$1.4 billion (2.7 percent) over the current year adjusted forecast. Increases in miscellaneous receipts (\$2.0 billion) and taxes (\$263 million) offset by a decrease in Federal grants (\$906 million). The major components of these receipt changes are summarized below and are explained in more detail in the "2005-06 Financial Plan - 2005-06 Receipts Forecast" earlier in this Overview.

Taxes

Tax receipts in the SRF are projected to be \$5.7 billion, an increase of \$263 million (4.9 percent) over the adjusted current year forecast. The annual growth is driven primarily by taxes dedicated to support the STAR program resulting from increased participation by taxpayers and local tax levy growth (\$130 million), and higher tax receipts dedicated to support the MTOA Fund (\$90 million) and the Dedicated Mass Transportation Trust Fund (\$43 million).

Miscellaneous Receipts

Miscellaneous receipts are projected to be \$13.4 billion, an annual increase of \$2.0 billion (17.9 percent) over the current adjusted forecast. The annual growth is primarily due to the additional transfers from HCRA, including projected Empire conversion proceeds, to support State Medicaid and other public health costs (\$1.0 billion), increased receipts from restoration of assessments on hospital, home care and nursing home revenues (\$292 million), higher lottery receipts, including VLT revenues, due to expected development of new VLT facilities and higher SUNY receipts.

Federal Grants

Federal grants are projected to be \$34.7 billion, a decrease of \$906 million (2.5 percent) from the prior year. Changes to Federal grants generally correspond to changes in federally-reimbursed spending as described in the "Disbursements Outlook" section above. However, since Federal reimbursement was assumed to be received in the State fiscal year in which spending occurs, additional timing-related variances result. Spending for World Trade Center activities (\$1.6 billion), Children and Families (\$195 million) and Medicaid (\$145 million) are expected to decline significantly from 2004-05 levels. These declines are partially offset by growth in welfare (\$374 million), federally supported school aid costs (\$210 million), elections (\$148 million), and homeland security (\$96 million).

Disbursements

Special Revenue Funds Disbursements (millions of dollars)				
	2004-05 Adjusted	2005-06 Proposed	Annual Change	Percent Change
Grants to Local Governments	44,013	44,855	842	1.9%
State Operations	8,396	8,513	117	1.4%
General State Charges	688	784	96	14.0%
Debt Service	0	0	0	0.0%
Capital Projects	2	2	0	0.0%
Total Disbursements	53,099	54,154	1,055	2.0%

Total SRF disbursements are projected to be \$54.2 billion, an increase of \$1.1 billion (2.0 percent) from the current adjusted forecast. The annual growth is due primarily to increases in Grants to Local Governments (\$842 million), State Operations (\$117 million) and GSCs (\$96 million). The major changes in disbursements are summarized below and are explained in more detail in the “2005-06 Financial Plan - 2005-06 Disbursements Forecast” earlier in this Overview.

Grants to Local Governments

Grants to local government are projected at \$44.9 billion, an annual increase of \$842 million (1.9 percent) from the adjusted 2004-05 projection. Sources of growth include higher spending from SRFs financed by transfers from HCRA and assessments on hospital, home care and nursing home revenues to support State Medicaid costs (\$1.0 billion); Federal aid for education for instructional support, IDEA and the School Lunch programs (\$522 million), the reclassification of “offset” spending from State Operations to local assistance (\$400 million); grants for transit systems (\$198 million), a net increase in social services spending driven by TANF reprogramming and growth in OCFS Federal Funds spending (\$175 million), STAR due to increased participation by taxpayers and local tax levy growth (\$130 million); implementation of the Help America Vote Act (\$118 million) and Federal grants for Urban Area Security Initiatives (\$96 million). The expected decline in World Trade Center spending (\$1.6 billion) partially offsets the growth in other areas.

State Operations

State Operations disbursements are projected to be \$8.5 billion, an increase of \$117 million (1.4 percent) from 2004-05. Spending increases as a result of collective bargaining agreements (\$68 million), performance advances, and inflation (\$79 million). An increase in revenues available to finance State Operations in the mental hygiene programs attributable to Federal revenue initiatives (\$244 million) and an increase in SUNY revenues available to support SUNY operations (\$76 million) account for the remaining increase. The reclassification of PIA “offset” spending from State Operations to local assistance partially offsets the growth in these areas (\$400 million).

General State Charges

Disbursements for GSCs are projected to be \$784 million, an increase of \$96 million (14.0 percent) from the prior year. Growing employer pension contributions and higher employee health insurance costs account for most of the annual growth in GSCs.

FINANCIAL PLAN OVERVIEW

Other Financing Sources/(Uses)

Special Revenue Funds Other Financing Sources/(Uses) (millions of dollars)				
	2004-05	2005-06	Annual Change	Percent Change
Transfers From Other Funds	3,182	3,433	251	7.9%
Transfers To Other Funds	(2,923)	(3,004)	(81)	2.8%
Net Other Financing Sources (Uses)	259	429	170	65.6%

Transfers from other funds are projected to total \$3.4 billion, an increase of \$251 million (7.9 percent) from the current year. Patient care revenues, net of debt service on outstanding Mental Hygiene bonds (\$136 million), a nonrecurring General Fund transfer to the HCRA Fund to finance a prior year excess medical malpractice loan (\$45 million), a nonrecurring transfer from the Suburban Transportation Fund to the MTOA Fund for the MTA Commuter Railroad (\$39 million), and an increase in the State subsidy payments to SUNY hospitals (\$27 million) account for the change.

Transfers to other funds are estimated to be \$3.0 billion, an increase of \$81 million (2.7 percent) from 2004-05. The annual growth is due to an increase in Federal Medicaid reimbursement for Mental Hygiene services before payment of debt service (\$199 million), and a net increase in fund sweeps (\$46 million) partially offset by nonrecurring transfers from SUNY and CUNY to reimburse the General Fund for equipment costs (\$163 million).

CAPITAL PROJECTS FUNDS

The following section briefly summarizes activity in the capital projects fund type. For a complete explanation of the State's capital and debt programs, see the "Capital Program and Financing Plan" in this volume.

The CPF group accounts for spending from the CPF, which is supported by a transfer from the General Fund, and spending from other funds for specific purposes, including transportation, mental health, housing, public protection, education and the environment.

The following tables for capital projects reflect accounting adjustments for capital projects activity for anticipated spending delays and certain capital spending that is not reported by the State Comptroller in actual cash spending results, although it is reflected in the State's Generally Accepted Accounting Principles (GAAP) Financial Statements. The spending is related to programs which are financed in the first instance by bond proceeds, rather than with a short-term loan from STIP or cash from the General Fund. Such capital spending is projected at \$903 million in 2004-05 and almost \$1.2 billion in 2005-06.

Receipts

Capital Projects Funds Receipts (millions of dollars)				
	2004-05	2005-06	Annual Change	Percent Change
Taxes	1,823	1,855	32	1.8%
Miscellaneous Receipts	2,980	3,444	464	15.6%
Federal Grants	1,778	1,828	50	2.8%
Total Receipts	6,581	7,127	546	8.3%
GAAP Adjustment	(903)	(1,168)	(265)	29.3%
Spending Delays	(400)	(500)	(100)	25.0%
Financial Plan Total	5,278	5,459	181	3.4%

FINANCIAL PLAN OVERVIEW

CPF receipts include dedicated tax receipts from highway-related taxes deposited to the Dedicated Highway and Bridge Trust Fund, and real estate transfer taxes deposited to the EPF. Miscellaneous receipts include bond proceeds that finance capital projects across all functional areas, as well as other fees, including State park fees, industry-specific environmental fees and receipts from the sale of surplus land.

Taxes

Taxes deposited to the CPFs are projected to be \$1.9 billion in 2005-06, an increase of \$32 million (1.8 percent) from 2004-05. The projected growth includes increases in highway-related taxes deposited to the Dedicated Highway and Bridge Trust Fund and a statutory dedication of \$112 million in 2005-06 from the Real Estate Transfer Tax to the EPF.

Miscellaneous Receipts

Miscellaneous receipts are projected to total \$3.4 billion in 2005-06, an increase of \$464 million from the current year. The increase is attributable primarily to projected increases in economic development (\$295 million) and education (\$173 million) programs financed with authority bond proceeds.

Federal Grants

Federal grants are estimated at \$1.8 billion in 2005-06, an increase of \$50 million (2.8 percent) over 2004-05. Environmental grants are projected to remain level, while grants are projected to increase by \$50 million to finance projects for the Division of Military and Naval Affairs (\$10 million), transportation (\$20 million) and World Trade Center capital reconstruction projects (\$20 million).

Disbursements

Capital Projects Funds Disbursements (millions of dollars)				
	2004-05	2005-06	Annual Change	Percent Change
Transportation	3,495	3,602	107	3.1%
Parks and Environment	670	661	(9)	-1.3%
Economic Development and Gov't Oversight	301	595	294	97.7%
Health and Social Welfare	128	149	21	16.4%
Education	715	887	172	24.1%
Public Protection	213	235	22	10.3%
Mental Health	286	286	0	0.0%
General Government	137	137	0	0.0%
Other	32	58	26	81.3%
Total Disbursements	5,977	6,610	633	10.6%
GAAP Adjustment	(903)	(1,168)	(265)	29.3%
Spending Delays	(400)	(500)	(100)	25.0%
Financial Plan Total	4,674	4,942	268	5.7%

Spending for CPFs (prior to adjustments) is projected to total \$6.6 billion in 2005-06, an increase of \$633 million. The majority of the projected increase is for economic development programs (\$294 million) and education (\$172 million). The balance of the increase is spread across transportation (\$107 million), public protection (\$22 million), health and social welfare (\$21 million), and other areas (\$15 million).

FINANCIAL PLAN OVERVIEW

Other Financing Sources/(Uses)

Capital Projects Funds Other Financing Sources (Uses) (millions of dollars)				
	2004-05	2005-06	Annual Change	Percent Change
Transfers From Other Funds	233	257	24	10.3%
Transfers To Other Funds	(1,047)	(937)	110	-10.5%
Bond Proceeds	193	185	(8)	-4.1%
Net Other Financing Sources (Uses)	(621)	(495)	126	-20.3%

Transfers from other funds are estimated at \$257 million in 2005-06, an increase of \$24 million from 2004-05. The change is attributable to an increase in the transfer from the General Fund to the CPFs (\$21 million), which supports pay-as-go capital spending in a variety of agencies. Of this increase, \$6 million is attributable to the beginning of anticipated spending for the non-bonded portion of the Health Care Efficiency and Affordability Law with the balance representing the impacts of reestimates based on anticipated program activity.

The \$110 million decrease in CPF transfers to other funds primarily reflects a decrease in the transfer of receipts from the Dedicated Highway and Bridge Trust Fund to reimburse the General DSF for debt service on Dedicated Highway and Bridge Trust Fund and CHIPs bonds (\$173 million), offset by increases in the transfer to the General Fund from the EPF (\$21 million) and a new transfer from the Suburban Transportation Fund to the Mass Transportation Assistance Account (\$39 million) for projected mortgage recording taxes deposited in that fund.

DEBT SERVICE FUNDS

The following section briefly summarizes activity in the Debt Service Funds type. For a complete explanation of the State's debt perspective, see the "Capital Program and Financing Plan" in this volume.

All tax-financed State debt service on long-term debt and payments on certain lease-purchase or other contractual obligations are paid from DSFs. These account for the accumulation of moneys set aside for, and the payment of principal and interest on, general long-term debt and certificates of participation. Debt service payments for SUNY Dormitories and Health and Mental Hygiene facilities made through contractual obligations with public authorities are also paid from funds classified as DSFs. Debt service on highway bonds supported by dedicated highway revenues is also reflected in this fund type, as such spending is reclassified to DSFs. DSF revenue sources include transfers from the General Fund, dedicated taxes and fees, patient receipts, and other revenues.

Total receipts in the debt service funds are projected at \$10.5 billion in 2005-06. Total debt service disbursements are expected to total \$3.9 billion. Receipts in excess of those required to satisfy the State's debt service obligations are transferred to the General Fund or to other funds to support capital or operating disbursements.

Receipts

Debt Service Fund Receipts (millions of dollars)				
	2004-05	2005-06	Annual Change	Percent Change
Taxes	9,242	9,833	591	6.4%
Miscellaneous Receipts	647	656	9	1.4%
Total Receipts	9,889	10,489	600	6.1%

FINANCIAL PLAN OVERVIEW

Total DSF receipts are projected to be \$10.5 billion, an increase of \$600 million (6.1 percent) from 2004-05. The annual growth is due to increases in dedicated taxes (\$591 million) as well as a modest increase in miscellaneous receipts (\$9 million). These changes are described in more detail below.

Taxes

The \$591 million (6.4 percent) increase in taxes deposited to the DSFs is primarily attributable to growth in dedicated PIT receipts deposited to the RBTF (\$436 million), growth in sales and use taxes deposited to the Local Government Assistance Tax Fund (\$150 million), and increases in real estate transfer taxes deposited to the CW/CA Fund (\$5 million). Starting in 2006-07, a portion of the real estate tax deposits (up to \$25 million) is projected to be redirected to the EPF to further support environmental programs.

Miscellaneous Receipts

The modest projected increase in miscellaneous receipts of \$9 million (1.4 percent) from 2004-05 is attributable primarily to receipts from SUNY dormitory fees (\$9 million). Patient income for health and mental hygiene facilities as well as receipts supporting General Obligation housing bonds, are essentially unchanged.

Disbursements

Debt Service Fund Disbursements (millions of dollars)				
	2004-05	2005-06	Annual Change	Percent Change
General Debt Service Fund	3,150	3,105	(45)	-1.4%
LGAC	316	337	21	6.6%
Mental Health	255	307	52	20.4%
All Other	109	119	10	9.2%
Total Disbursements	3,830	3,868	38	1.0%

Total disbursements from the DSF are projected to increase from \$3.8 billion in 2004-05 to \$3.9 billion in 2005-06. The \$38 million increase (1 percent) is due to growth in debt service costs from previous and planned bond sales, offset by \$150 million in projected savings from debt management efforts, including the increased use of variable rate obligations and interest rate exchange agreements, as well as the restructuring of the Dedicated Highway and Bridge Trust Fund bonds to more closely align the schedule for principal amortization to the useful lives of the financed projects.

General DSF

Spending from the General DSF is projected to decrease by \$45 million (1.4 percent) from 2004-05 and reflects \$150 million in projected savings from debt management actions and the restructuring of Dedicated Highway and Bridge Trust Fund Bonds (\$209 million). These decreases are offset by increases in spending from the RBTF to support debt service on State PIT Revenue Bonds (\$219 million).

LGAC

The Local Government Assistance Tax Fund is projected to receive \$2.6 billion in 2005-06 from the dedicated one-cent statewide sales tax. Debt service and related costs on LGAC bonds are projected at \$337 million in 2005-06, an increase of \$21 million (6.6 percent)

FINANCIAL PLAN OVERVIEW

from the prior year. Local aid payments due to the State Tax Asset Receivable Corporation (STARC) are paid from the Local Government Assistance Tax Fund after all LGAC debt and related obligations are met, and are reflected in the local assistance portion of the Financial Plan.

Mental Health

Patient income revenues of \$2.9 billion deposited and transferred to the Mental Health Services Fund will satisfy debt service obligations of \$307 million in 2005-06. Debt service and related costs for this program are projected to increase by \$52 million (20.4 percent) from 2004-05 levels. This increase is due primarily to savings achieved from refundings effectuated in prior fiscal years.

All Other

This category includes debt service spending from the Health Income Fund, Housing Debt Fund, and the SUNY Dormitory Income Fund. The \$10 million increase in spending from 2004-05 is attributable primarily to increased debt service for SUNY dormitory bonds (\$10 million).

Debt Service Funds Other Financing Sources (Uses) (millions of dollars)				
	2004-05	2005-06	Annual Change	Percent Change
Transfers From Other Funds	5,221	5,212	(9)	-0.2%
Transfers To Other Funds	(11,286)	(11,833)	(547)	4.8%
Net Other Financing Sources (Uses)	(6,065)	(6,621)	(556)	9.2%

Other Financing Sources/(Uses)

The decrease in transfers from other funds compared to 2004-05 (\$9 million) reflects reduced transfers from the General Fund and various other dedicated funds, including the Dedicated Highway and Bridge Trust Fund and the Centralized Services Fund, to the General DSF (\$194 million) offset by increased transfers from the Federal Health and Human Services SRFs to the Mental Health DSF (\$200 million), and a net reduction in all other transfers of \$15 million.

The \$547 million (4.8 percent) increase in Transfers to other funds from 2004-05 reflects primarily the excess beyond the debt service due on State PIT Revenue Bonds from the RBTF (\$287 million) and the Local Government Assistance Tax Fund (\$129 million), as well as increased transfers in excess of SRFs from the Mental Health and the Health DSFs (\$135 million), offset by lower transfers to the General Fund from the CW DSF (\$10 million), and modest increases in other transfers (\$6 million).

FINANCIAL PLAN RESERVES AND RISKS

RESERVES

The State projects that balances in its principal reserves to guard against unbudgeted risks will total \$885 million in 2005-06. The reserves include \$864 million in the Rainy Day Reserve Fund after a maximum deposit of \$70 million in 2004-05, and \$21 million in the Contingency Reserve Fund for litigation risks. To permanently improve the State's reserve levels, the Executive again will submit legislation in 2005-06 to increase the maximum size of the State's Rainy Day Fund from 2 percent to 5 percent of General Fund spending. Absent enactment of legislation to increase the Rainy Day Fund, the State has reached its statutory maximum balance of 2 percent with the 2004-05 annual deposit.

FINANCIAL PLAN OVERVIEW

The 2005-06 Financial Plan does not set aside specific reserves to cover potential costs that could materialize as a result of adverse rulings in pending litigation, Federal disallowances, or other Federal actions that could adversely affect the State's projections of receipts and disbursements.

RISKS

Many complex political, social, and economic forces influence the State's economy and finances. Such forces may affect the State Financial Plan unpredictably from fiscal year to fiscal year. For example, the Financial Plan is necessarily based on forecasts of national and State economic activity. Economic forecasts have frequently failed to accurately predict the timing and magnitude of specific and cyclical changes to the national and State economies. The Financial Plan also relies on estimates and assumptions concerning Federal aid, law changes, and audit activity.

Economic Forecast

DOB believes that the U.S. economy will grow at approximately its long-term trend growth rate through the end of the forecast horizon, but risks attend this forecast. The forecast is contingent upon the absence of any further severe shocks to the economy. Unpredictable events such as a terrorist attack remain the biggest risk to the economic expansion. Such a shock could induce firms to postpone their spending and hiring plans yet again, reducing future investment and employment, which in turn could result in lower consumption growth. Moreover, successful attacks on oil facilities abroad could send oil prices back up to their Fall 2004 highs, having adverse economic repercussions. A major setback in the Iraqi conflict could have a similar impact.

On the other hand, a more rapid increase in export growth due to either a weakened dollar or faster global growth could generate a somewhat stronger increase in total output than expected. Similarly, lower inflation than expected, perhaps as a result of an even greater drop in the price of oil or stronger productivity growth than expected, could induce the Federal Reserve to be even more measured in its interest rate increases, resulting in stronger consumption and investment growth than projected. Moreover, stronger employment growth could result in higher real wages, supporting faster growth in consumer spending than expected.

In addition to the risks described above for the national forecast, there are risks specific to New York. Another attack targeted at New York City would once again disproportionately affect the State economy. Any other such shock that had a strong and prolonged impact on the financial markets would also disproportionately affect New York State, resulting in lower income and employment growth than reflected in the current forecast. In addition, if the national and world economies grow more slowly than expected, demand for New York State goods and services would also be lower than projected, dampening employment and income growth relative to the forecast. In contrast, should the national and world economies grow faster than expected, a stronger upturn in stock prices, along with even stronger activity in mergers and acquisitions and IPOs is possible, resulting in higher wage growth than projected. It is important to recall that the financial markets, which are so pivotal to the direction of the downstate economy, are notoriously difficult to forecast. In an environment of global uncertainty, the pace of both technological and regulatory change is as rapid as it has ever been, compounding even further the difficulty in projecting industry revenues and profits.

Litigation

The State is a defendant in several court cases that could ultimately result in costs to the State Financial Plan. The most significant is the *Campaign for Fiscal Equity v. State of New York*, in which the State Court of Appeals directed the State to implement a remedy by July

FINANCIAL PLAN OVERVIEW

30, 2004 that ensures all children in New York City have the opportunity to receive a sound basic education (SBE). In August 2004, the State Supreme Court directed a panel of three Special Masters to report and make recommendations on the measures the State has taken to bring its school financing system into constitutional compliance with respect to New York City schools. The Special Masters submitted their report to the Court on November 30, 2004. The report recommended (a) an annual increase of \$5.6 billion in education aid to New York City to be phased in over four years and (b) \$9.2 billion for school construction and renovation to be phased in over five years. The Court is scheduled to hear oral arguments and is expected to issue a ruling in January 2005.

The 2005-06 Executive Budget proposes a combination of traditional school aid and a new SBE aid program as part of a comprehensive five-year plan to comply with the Court's order. Under an expansion plan proposed by the Governor in the 2005-06 Executive Budget, revenues from VLTs that will be used for SBE Aid are expected to total \$325 million in 2005-06 growing to \$700 million in school year 2006-07 and \$1 billion in 2007-08. Eight VLT facilities are authorized under the current law, but two major facilities located at Yonkers and Aqueduct Raceways have not yet begun operations. These two facilities are expected to produce the majority of the growth of VLT receipts under current law. In July 2004, the Appellate Division of the Court of Appeals upheld the constitutionality of VLTs as a lottery providing education funding. However, the decision stated that certain allocation provisions within the statute allowing VLTs were unconstitutional. While the order of the Court allows current VLT facilities to continue operations, development of the Yonkers and Aqueduct projects has been deferred pending the outcome of litigation at the Court of Appeals.

Ongoing litigation challenging the use of proceeds from the conversion of Empire Blue Cross/Blue Shield from a not-for-profit corporation to a for-profit corporation may result in a loss of resources in both the General Fund and HCRA. Pursuant to court order the State Comptroller is currently holding all proceeds in escrow until a judgment is rendered. The current and proposed HCRA Plans count on a total of \$2 billion in Empire proceeds through June 30, 2007. Another \$200 million in conversion proceeds is expected to finance Medicaid costs in the General Fund in 2005-06. The availability of the \$2.2 billion in resources depends on successful resolution of the litigation or release of the moneys currently held in escrow. Under current law, the General Fund is required to finance any shortfall in HCRA up to the payment that would have been received by HCRA absent the securitization of tobacco proceeds (roughly \$450 million annually). In addition, a statutory loan repayment provision requires the General Fund to provide up to \$200 million to cover any additional HCRA shortfall.

Other litigation includes ongoing claims by several Indian Nations alleging wrongful possession of lands by the State and several counties, as well as claims involving the adequacy of shelter allowances for families on public assistance. The State has implemented a court-ordered increase in the shelter allowance schedule for public assistance families that became effective on November 1, 2003. However, the plaintiffs are challenging the adequacy of the increase and thus further Court proceedings are pending.

For a complete summary of significant litigation affecting the State, please refer to the 2004-05 State's Annual Information Statement, as updated.

Federal

The Federal government is currently auditing Medicaid claims submitted since 1993 under the school supportive health services program. At this point, the Federal government has not finalized audits, and, as a result, the liability of the State and school districts for any disallowances cannot be determined. Federal regulations include an appeals process that could postpone repayment of any disallowances. The Financial Plan assumes the Federal government will fully reimburse these claims.

FINANCIAL PLAN OVERVIEW

In addition, through June 2004, a portion of Federal Medicaid payments related to school supportive health services has been deferred by the Federal Centers for Medicare and Medicaid Services pending finalization of audits. Since the State has continued to reimburse school districts for these costs, these Federal deferrals, if not resolved, could negatively impact future health care spending.

The State continues to await Federal approval of the State Plan Amendment (SPA) for both GME payments and a retroactive HCRA surcharge, which is needed to achieve roughly \$150 million in resources counted on in the HCRA Financial Plan. In addition, the State has complied with a request from the CMS to discontinue intergovernmental transfers (IGT) payments on March 31, 2005 pending the submission and approval of a SPA. These payments are related to disproportionate share hospital (DSH) payments to public hospitals throughout the State, including the New York City Health and Hospital Corporation (HHC), SUNY and other State and county operated hospitals. Failure of the Federal government to approve a SPA to reestablish these payments in 2005-06 could have an adverse impact on the State's health care financing system.

CASH FLOW

In 2005-06, the General Fund is projected to have quarterly-ending balances of \$2.0 billion in June 2005, \$2.8 billion in September 2005, \$2 billion by the end of December 2005, and \$1.2 billion at the end of March 2006. The lowest projected month-end cash flow balance is \$1.3 billion in November. The 2005-06 General Fund cash flow estimates assume enactment of all Executive Budget recommendations, and that the budget is enacted on time. DOB's monthly cash flow projections for 2005-06 are set forth in the section "Financial Plan Tables" later in this Overview.

OSC invests General Fund moneys, bond proceeds, and other funds not immediately required to make payments through STIP, which is comprised of joint custody funds (Governmental Funds, Internal Service Funds, Enterprise Funds and Private Purpose Trust Funds), as well as several sole custody funds including the Tobacco Settlement Fund.

OSC is authorized to make temporary loans from STIP to cover temporary cash shortfalls in certain funds and accounts resulting from the timing of receipts and disbursements. The Legislature authorizes the funds and accounts that may receive loans each year, based on legislation submitted with the Executive Budget. Loans may be granted only for amounts that the Director of the Budget certifies are "receivable on account" or can be repaid from the current operating receipts of the fund (i.e., loans cannot be granted in expectation of future revenue enhancements).

Consistent with the Governor's budget reform proposal, the DOB has summarized actual cash flow expenses for the period from April 1, 2004 through December 31, 2004 against the estimates in the 2004-05 Enacted Budget, the 2004-05 Mid-Year Update, and actual results for the same nine-month period in 2003.

Actual Results through December (Comparison of 2003 to 2004)

Cash Flow April 1 through December 31 (Actuals) (millions of dollars)			
	2003	2004	Variance
Receipts	31,647	31,599	(48)
Disbursements	29,450	30,140	(690)
Closing Fund Balance	3,012	2,536	(476)

FINANCIAL PLAN OVERVIEW

General Fund receipts from April 1, 2004 through December 31, 2004 totaled \$31.6 billion, a decrease of \$48 million from the same period in 2003. This decrease is comprised of the loss on nonrecurring resources related to tobacco securitization proceeds (\$3.2 billion) and Federal revenue sharing grants (\$645 million) offset by sales and personal income tax temporary rate increases implemented as part of the 2003-04 Enacted Budget. Taxes grew by nearly 14 percent over this period, recovering most of the loss of one-time resources.

General Fund disbursements through December 31, 2004 were \$30.1 billion, an increase of \$690 million from the same period in 2003. After adjusting for the deferral of \$1.9 million in payments that were scheduled in 2002-03 but made in 2003-04 related to the State's tobacco securitization, total disbursements increased by \$2.6 billion. This increase is attributable primarily to higher costs for Medicaid (\$711 million), pensions and employee health insurance (\$420 million), debt service (\$265 million), State operations including salary increases and inflation (\$232 million), school aid (\$158 million), and welfare (\$137 million), as well as delayed reimbursement for capital projects spending from General Obligation bond proceeds (\$127 million).

The closing balance on December 31, 2004 was \$2.5 billion, a decrease of \$476 million from December 31, 2003. This decrease is primarily due to lower receipts of \$48 million and higher disbursements of \$690 million, offset by an increase in the opening fund balance of \$262 million comprised of \$177 million in the Community Projects Fund, \$84 million in the Tax Stabilization Reserve Fund, and \$1 million in the Contingency Reserve Fund. The receipts and disbursements variances are described in more detail below.

Actual Results vs. Mid-Year Projections (April through December)

Cash Flow			
April 1 through December 31 (Mid-Year vs. Actuals)			
(millions of dollars)			
	Mid-Year	Actuals	Variance
Receipts	31,005	31,599	594
Disbursements	30,288	30,140	148
Closing Fund Balance	1,834	2,536	702

Actual General Fund receipts through December 2004 were \$594 million higher than the Mid-Year Update projections, due primarily to better than anticipated tax collections as a result of a rapidly improving economy. Most of the change was concentrated in the personal income tax and the real estate transfer tax reflecting a robust real estate market and significant growth in non-wage income.

Total General Fund disbursements from April 1 through December 31, 2004 were \$148 million lower than the Mid-Year Update primarily due to slower-than-projected payments of school aid categorical and LADDER programs (\$128 million).

The closing balance on December 31, 2004 was \$2.5 billion, an increase of \$702 million from the the Mid-Year projection. This increase results from higher receipts of \$594 million and lower spending of \$148 million, offset by other fund balance changes.

Actual Results vs. Enacted Budget Projections (April through December)

Cash Flow			
April 1 through December 31 (Enacted vs. Actuals)			
(millions of dollars)			
	Enacted	Actuals	Variance
Receipts	30,739	31,599	860
Disbursements	30,651	30,140	511
Closing Fund Balance	1,325	2,536	1,211

FINANCIAL PLAN OVERVIEW

General Fund receipts from April 1 through December 31, 2004 were \$860 million higher than the Enacted Budget projections due primarily to the better than expected results described above in the Mid-Year Update Comparison section.

Total General Fund disbursements through December 2004 were \$511 million lower than the Enacted Budget due primarily to slower-than-projected payments of school aid categorical and LADDER programs, as well as higher education and all other education programs (\$180 million), slower than anticipated capital projects spending for education (\$110 million) and wireless E-911 projects (\$50 million), and lower State Operations spending due to earlier than projected receipt of Mental Hygiene revenues used to offset spending (\$190 million).

The closing balance on December 31, 2004 is \$2.5 billion, an increase of \$1.2 billion from the projection published in the Enacted Budget. This increase results from higher receipts of \$860 million and lower spending of \$511 million, offset by other fund balance changes.

GAAP-BASIS FINANCIAL PLANS

In addition to the cash-basis Financial Plans, the General Fund and All Funds Financial Plans are prepared on a GAAP basis in accordance with Governmental Accounting Standards Board (GASB) regulations. Tables comparing the cash basis and GAAP basis General Fund Financial Plans are provided at the end of this Overview. The GAAP projections for both years are based on the accounting principles applied by the State Comptroller in the financial statements issued for 2003-04. The GAAP projections reflect the impact of GASB Statement 34, which has significantly changed the presentation of GAAP financial information for State and local governments. The changes are intended to portray the State's net overall financial condition, including activities that affect State assets and liabilities during the fiscal year. The GASB 34 results for 2003-04 show the State in a net positive overall financing condition of \$39.1 billion.

In 2004-05, the General Fund GAAP Financial Plan shows total revenues of \$36.6 billion, total expenditures of \$45.9 billion, and net other financing sources of \$8.5 billion, resulting in an operating deficit of \$786 million and a projected accumulated deficit of \$1.1 billion. This operating result reflects the use of the 2003-04 surplus and the remaining tobacco resources in 2004-05.

In 2005-06, the General Fund GAAP Financial Plan shows total revenues of \$37.9 billion, total expenditures of \$46.8 billion, and net other financing sources of \$8.8 billion, resulting in an operating deficit of \$123 million and a projected accumulated deficit of \$1.2 billion. These changes are due primarily to the use of the 2004-05 cash surplus in 2005-06.

The accumulated deficit of \$1.2 billion at the end of 2005-06 is an improvement of \$189 million from the 2003-04 actual results.

HEALTH CARE REFORM ACT (HCRA) FINANCIAL PLAN

The following provides a 2005-06 Financial Plan summary for the HCRA program and related information regarding receipts and disbursements. The estimates of receipts and disbursements are detailed on a quarterly basis in the Financial Plan tables.

The 2005-06 Financial Plan adds roughly 25 percent of spending (\$929 million) financed through HCRA that in 2004-05 is "off budget" (i.e., outside the Financial Plan). Thus, all HCRA spending is included in the State Financial Plan and can be found in the following areas of the budget: Medicaid; Public Health; the State Office for the Aging; and the Office of Mental Health.

FINANCIAL PLAN OVERVIEW

OVERVIEW

HCRA was established in 1996 to improve the fiscal health of hospitals and ensure that affordable and quality health care coverage was available to all New Yorkers. Subsequent extensions and modifications of the legislation have initiated new health care programs including Family Health Plus (FHP), Healthy New York, and the workforce recruitment and retention program, and provided additional funding for the expansion of existing programs such as Child Health Plus (CHP). The current HCRA legislation expires on June 30, 2005.

Historically, HCRA cash balances have been significant as revenues have generally accumulated more rapidly than expenditures for new programs that often take time to implement and reach projected full annual expenditure levels. Recently, spending levels in many major programs, such as FHP and Elderly Pharmaceutical Insurance Coverage (EPIC), have significantly increased, outpacing the growth in recurring revenues. In addition, it is anticipated that the receipt of planned Empire conversion proceeds will be delayed. As a result, the HCRA cash balance is projected to be \$32 million as of March 31, 2005.

Prior to the proposed 2005-06 Executive Budget actions, DOB projected a cash deficit in HCRA of roughly \$500 million by June 30, 2005. Absent any actions this deficit would have required General Fund support pursuant to Chapters 62 and 686 of the Laws of 2003, which created the Tobacco Revenue Guarantee Fund to provide for replenishment by the General Fund of revenues up to the level of tobacco settlement dollars otherwise available to HCRA had these revenues not been securitized.

To mitigate HCRA's reliance on the General Fund and to improve the fiscal viability of HCRA in the outyears, a series of cost savings and revenue actions are proposed that produce a State Financial Plan benefit of roughly \$750 million in 2005-06. These proposals include actions that: reduce the cost of various HCRA funded programs including EPIC, CHP, and various other programs; conform FHP program benefits to programs that provide less extensive coverage and require higher co-payments, realigning premium payments with actual costs, and closing eligibility loopholes; proceeds from other insurance conversions from a non-profit to a for-profit organization similar to the Empire conversion; increased hospital and clinic surcharges on net patient service revenues from 8.85 percent to 8.95 percent; and a \$50 million increase in the covered lives assessment.

HCRA RECEIPTS

HCRA Receipts (millions of dollars)				
	2004-05 Revised	2005-06 Proposed	Annual Change	Percent Change
Empire Conversion Proceeds	0	1,842	1,842	0.0%
Surcharges	1,603	1,594	(9)	-0.6%
Covered Lives Assesment	703	737	34	4.8%
Cigarette Tax	675	670	(5)	-0.7%
Insurance Conversion Proceeds	0	400	400	100.0%
Federal Funds/Other	528	252	(276)	-52.3%
Hospital Assesment (1 percent)	217	192	(25)	-11.5%
Total Receipts	3,726	5,687	1,961	52.6%

HCRA receipts include surcharges and assessments on hospital revenues, a covered lives assessment paid by insurance carriers, a portion of cigarette tax revenues, proceeds from insurance company conversions, and Federal and other revenues dedicated by statute, including any additional funds received from the renewal of the State's Medicaid managed care waiver.

FINANCIAL PLAN OVERVIEW

DOB projects total HCRA receipts at \$5.7 billion in 2005-06, an increase of \$2 billion (52.6 percent) over the current year forecast. Total 2005-06 receipts are comprised primarily of surcharges, Empire conversion proceeds, covered lives assessment, cigarette taxes, Federal funds, and hospital assessments of 1 percent.

As described earlier in this Overview, the receipt of \$1.4 billion in Empire conversion proceeds planned in 2004-05 (including \$200 million that will support General Fund Medicaid spending) have been delayed pending the resolution of ongoing litigation that is currently expected to occur in 2005-06. If Empire Conversion proceeds are not available in 2005-06, the General Fund would be required to make payments under the tobacco revenue guarantee and a statutory loan repayment provision in the range of approximately \$650 million, based on current projections. The current Financial Plan does not reflect any of these possible costs.

Nonrecurring resources received in 2004-05 include Federal aid related to disaster relief Medicaid used to support HCRA (\$308 million) and the Community Health Care Conversion Demonstration Project waiver renewal (\$218 million).

HCRA DISBURSEMENTS

HCRA Disbursements (millions of dollars)				
	2004-05 Adjusted	2005-06 Proposed	Annual Change	Percent Change
Medicaid/Public Health Support	780	1,895	1,115	142.9%
Hospital Indigent Care	826	853	27	3.3%
Graduate Medical Education	383	380	(3)	-0.8%
EPIC	491	560	69	14.1%
FHP	390	314	(76)	-19.5%
CHP	342	349	7	2.0%
Workforce Recruitment and Retention	330	352	22	6.7%
All Other	582	608	26	4.5%
Total Disbursements	4,124	5,311	1,187	28.8%

Total disbursements of \$5.3 billion are projected in 2005-06, an increase of \$1.2 billion (28.8 percent) over the current year estimates. The 2005-06 Executive Budget and Financial Plan includes all HCRA spending, including roughly \$929 million that was previously "off-budget."

HCRA financed programs include primarily support for various Medicaid and public health costs, hospital indigent care, EPIC, FHP, CHP, provider workforce recruitment and retention funds paid through Medicaid rates, and mental health expansion programs. The remaining spending previously excluded from the State Budget is comprised of Graduate Medical Education, excess medical malpractice, Healthy New York, subsidy payments to the Roswell Park Cancer Institute, as well as various programs including anti-tobacco and cancer related programs.

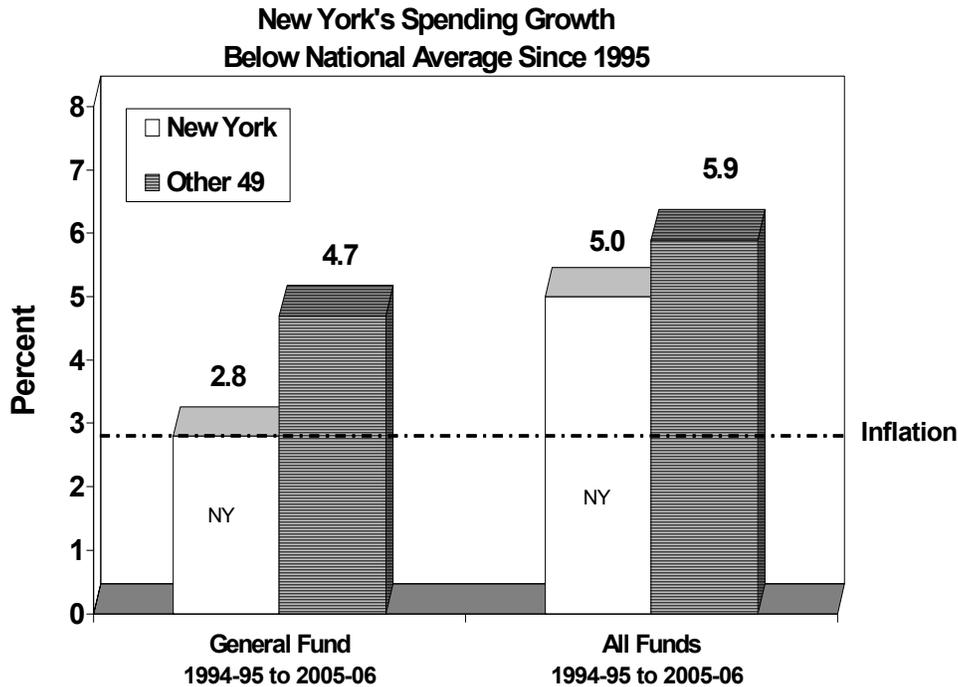
Based on the Executive Budget's recommendations, DOB projects the cash balance at the end of 2005-06 to be \$408 million, declining to approximately \$208 million on June 30, 2007, when the proposed HCRA statute expires.

Additional detail on quarterly receipts and disbursements is contained in the Financial Plan tables later in this Overview.

FINANCIAL PLAN OVERVIEW

HISTORICAL FINANCIAL PLAN DATA

The Financial Plan Data section contains information most frequently requested by users in seven areas: spending, reserves, workforce, credit ratings, debt, tax collections, and social characteristics. The section illustrates trends in state budgeting, the economy, and the society that are interrelated and in turn, affect spending decisions and other government policies. The information also supports financial plan objectives by providing a historical context and analyzing New York relative to other states in the seven areas. The section examines New York relative to the nation in general, and in many cases, to a group of peer states in particular. New York's peer states include other states in the northeast, and other large states from around the nation which are similar economically, including California, Connecticut, Illinois, Massachusetts, Minnesota, Ohio, Pennsylvania, Michigan, New Jersey, Washington, and Wisconsin.



Notes: Annual growth for other states measured on a weighted average, and reflects data through fiscal year 2003-04 for All Funds and fiscal year 2004-05 for the General Fund. Sources: NYS Division of the Budget and National Association of State Budget Officers.

Since 1995, New York's average annual spending growth in both the General Fund and All Funds has been lower than the average for the other 49 states. In the General Fund, spending restraint exercised by other states during the recent recession moderated national growth trends. Despite greater spending restraint nationally, New York still remains well below the national average. In the most recent year for which comparable data is available, other states have returned to a level of growth that is consistent with the long-term trend, while New York has continued to restrain spending.

In All Funds, New York's average annual spending growth is slightly less than the national average. New York's All Funds spending growth in recent years has been affected by increased Federal aid for World Trade Center relief efforts, Medicaid, welfare, and education.

FINANCIAL PLAN OVERVIEW

Sources of General Fund Spending Growth Full Term (1995 Through 2005-06) and Five-Year Growth Trends

	Eleven-Year Growth	
	General Fund	Share of Growth
1994-95 Spending	33,399	
School Aid	5,113	43.8%
Gen State Charges	1,807	15.5%
Medicaid	1,435	12.3%
Corrections	533	4.6%
Judiciary	516	4.4%
Pre-K Special Education	426	3.6%
Children and Families	423	3.6%
Public Health	316	2.7%
Mental Health	303	2.6%
Debt Service	240	2.1%
Housing	(46)	-0.4%
Motor Vehicles	(112)	-1.0%
Transportation	(478)	-4.1%
Welfare	(1,162)	-10.0%
All Other (Net)	2,362	20.2%
2005-06 Spending	45,075	
<i>Dollar Change</i>	11,676	
<i>Percent Change</i>	35.0%	
<i>Avg. Annual Percent Change</i>	2.8%	

	Five-Year Growth	
	General Fund	Share of Growth
2000-01 Spending	39,702	
School Aid	1,703	31.7%
Medicaid	1,591	24.6%
General State Charges	1,322	29.6%
Children and Families	364	24.6%
Pre-K Special Education	309	6.8%
Judiciary	190	3.5%
Higher Education Services	180	5.8%
City University	161	5.8%
Corrections	97	3.0%
Public Health	94	1.8%
Motor Vehicles	(124)	-2.3%
Welfare	(280)	-5.2%
Transportation	(301)	-5.6%
Debt Service	(549)	-10.2%
All Other (Net)	616	11.5%
2005-06 Spending	45,075	
<i>Dollar Change</i>	5,373	
<i>Percent Change</i>	13.5%	
<i>Avg. Annual Percent Change</i>	2.6%	

Source: NYS Division of the Budget

FINANCIAL PLAN OVERVIEW

Sources of State Funds Spending Growth Full Term (1995 Through 2005-06) and Five-Year Growth Trends

	Eleven-Year Growth	
	State Funds	Share of Growth
1994-95 Spending	42,560	
School Aid	6,272	23.6%
Medicaid	4,811	18.1%
STAR	3,202	12.1%
Public Health	2,505	9.4%
General State Charges	2,227	8.4%
State University	1,828	6.9%
Debt Service	1,635	6.2%
Transportation	690	2.6%
Judiciary	663	2.5%
Corrections	523	2.0%
City University	475	1.8%
Pre-K Special Education	426	1.6%
Racing and Wagering	(3)	0.0%
Energy Research (ORDA)	(8)	0.0%
Housing	(50)	0.0%
Welfare	(1,162)	-4.4%
All Other (Net)	2,495	9.4%
2005-06 Spending	69,089	
<i>Dollar Change</i>	26,529	
<i>Percent Change</i>	62.3%	
<i>Avg. Annual Percent Change</i>	4.5%	

	Five-Year Growth	
	State Funds	Share of Growth
2000-01 Spending	54,183	
Medicaid	4,418	29.6%
School Aid	2,565	17.2%
Public Health	1,808	12.1%
General State Charges	1,712	11.5%
STAR	1,325	8.9%
State University	1,002	6.7%
Transportation	643	4.3%
City University	550	3.7%
Economic Development	395	2.6%
Children and Families	378	2.5%
Pre-K Special Education	309	2.1%
Welfare Administration	(26)	-0.2%
Technology	(31)	-0.2%
Debt Service	(241)	-1.6%
Welfare	(280)	-1.9%
All Other (Net)	379	2.5%
2005-06 Spending	69,089	
<i>Dollar Change</i>	14,906	
<i>Percent Change</i>	27.5%	
<i>Avg. Annual Percent Change</i>	5.0%	

Source: NYS Division of the Budget

FINANCIAL PLAN OVERVIEW

Sources of All Governmental Funds Spending Growth Full Term (1995 Through 2005-06) and Five-Year Growth Trends

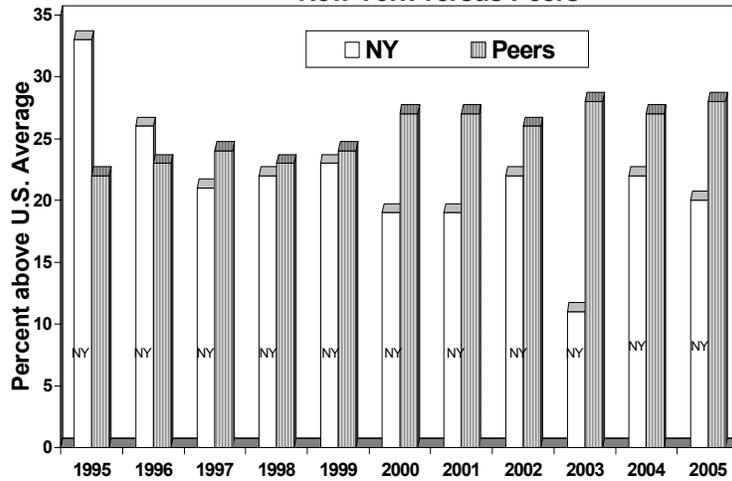
	Eleven-Year Growth	
	All Funds	Share of Growth
1994-95 Spending	61,898	
Medicaid	15,069	34.5%
School Aid	9,027	20.7%
Public Health	3,314	7.6%
STAR	3,202	7.3%
General State Charges	2,345	5.4%
State University	1,919	4.4%
Debt Service	1,635	3.7%
Transportation	1,376	3.2%
Mental Retardation	1,077	2.5%
Pre-K Special Education	1,030	2.4%
Racing and Wagering	(3)	0.0%
Housing	(54)	-0.1%
Welfare Administration	(128)	-0.3%
Welfare	(1,024)	-2.3%
All Other (Net)	4,844	11.1%
2005-06 Spending	105,527	
<i>Dollar Change</i>	43,629	
<i>Percent Change</i>	70.5%	
<i>Avg. Annual Percent Change</i>	5.0%	

	Five-Year Growth	
	All Funds	Share of Growth
2000-01 Spending	79,753	
Medicaid	10,786	41.8%
School Aid	5,320	20.6%
Public Health	1,882	7.3%
General State Charges	1,803	7.0%
STAR	1,325	5.1%
Transportation	1,079	4.2%
State University	1,053	4.1%
Mental Retardation	707	2.7%
Pre-K Special Education	700	2.7%
Welfare	624	2.4%
Parole	(15)	-0.1%
Welfare Administration	(26)	-0.1%
Technology	(31)	-0.1%
Debt Service	(241)	-0.9%
All Other (Net)	808	3.1%
2005-06 Spending	105,527	
<i>Dollar Change</i>	25,774	
<i>Percent Change</i>	32.3%	
<i>Avg. Annual Percent Change</i>	5.8%	

Source: NYS Division of the Budget

FINANCIAL PLAN OVERVIEW

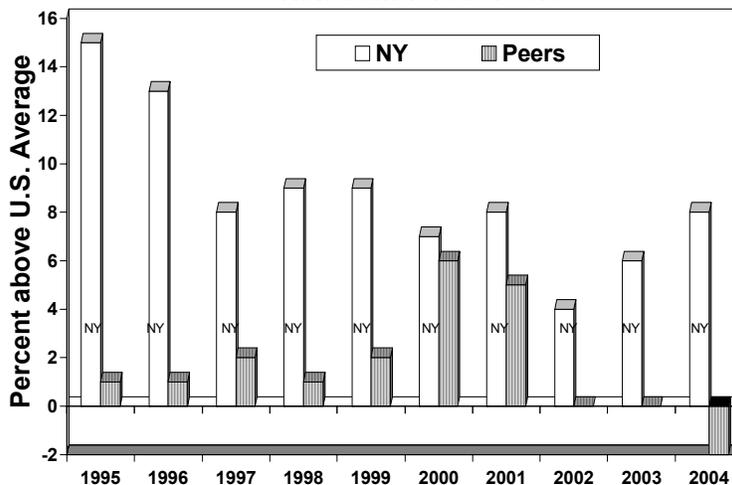
**General Fund Spending Per Capita
New York versus Peers**



Note: Peers include CA, CT, IL, MA, MI, MN, NJ, OH, PA, WA, and WI. Peer states calculation represents average of GF spending per capita as a percent of U.S. average (excluding New York).

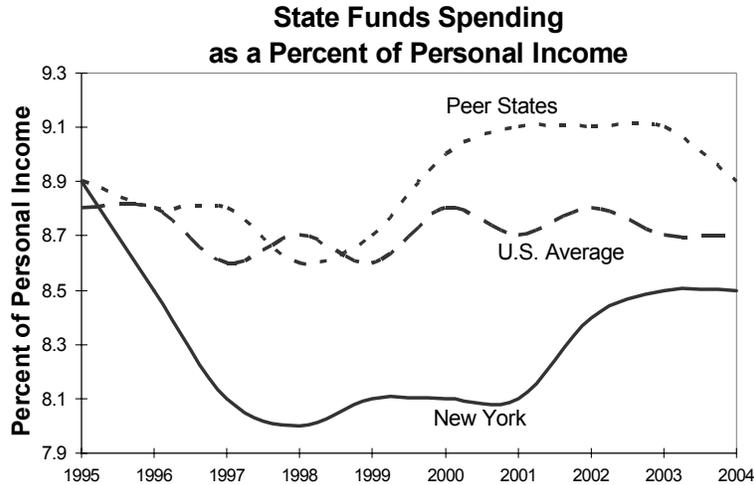
Since 1995, New York's General Fund per capita spending decreased from 133 to 120 percent of the U.S. average between 1995 and 2005. During the same period, the average General Fund spending per capita for its peer states increased from 122 to 128 percent of the U.S. average. Accordingly, at 120 percent of the U.S. average, New York's General Fund per capita spending is now less than the average of its peers. New York's per capita spending of \$2,258 ranks tenth among all states in 2004-05.

**All Governmental Funds Spending Per Capita
New York versus Peers**



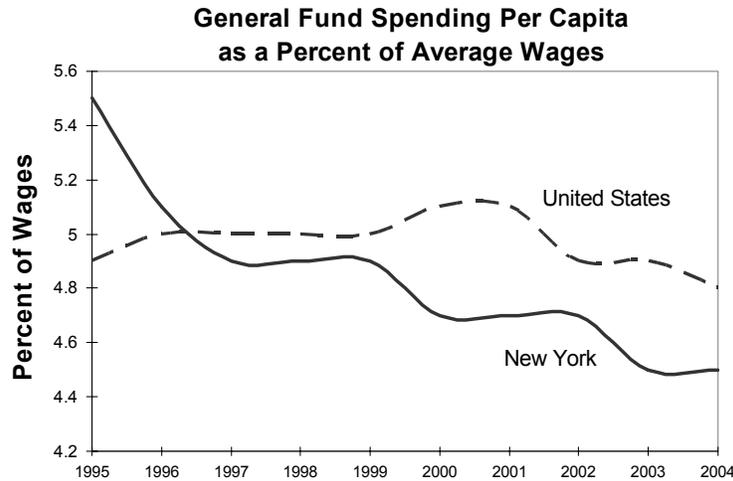
Note: Peers include CA, CT, IL, MA, MI, MN, NJ, OH, PA, WA, and WI. Peer states calculation represents average of AF spending per capita as a percent of U.S. average (excluding New York).

During the mid-to-late 1990s, All Funds spending per capita in New York declined from 115 percent to 107 percent of the U.S. average, approximately the same level as the average of its peer states in 1999-2000. However, in recent years, an inflow of Federal funds, especially for the World Trade Center response and recovery, and health care, has increased All Funds spending per capita in New York to 108 percent of the U.S. average in 2004. During the same period, the average All Funds spending per capita for its peer states decreased from 101 to 98 percent of the U.S. average. New York's All Funds per capita spending of \$4,967 ranks twelfth among the states.



Note: New York State Funds spending in 2002-03 and 2003-04 is adjusted for \$1.9 billion in payment delays. Peer states line represents an average of State Funds spending as a percent of personal income for New York's peer states. United States is overall State Funds spending as a percent of overall personal income. Sources: U.S. Bureau of Economic Analysis and National Association of State Budget Officers.

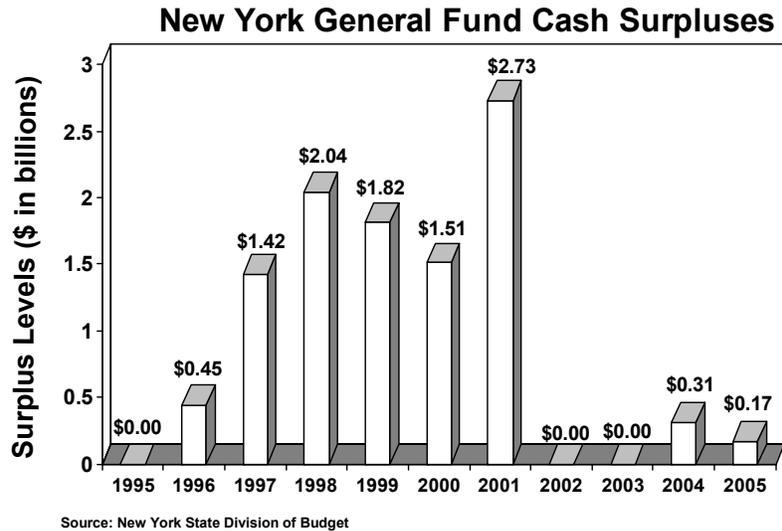
In recent years, New York's State Funds spending as a percent of personal income has been lower than the average of its peer states and lower than the United States overall average. Since 1994-95, State Funds spending as a percent of personal income has declined by 0.4 percent in New York, increased by 0.1 percent in New York's peer states, and remained relatively stable in the United States overall. Unlike its peer states, New York's average State Funds spending growth (3.8 percent annually) was lower than its average personal income growth (4.3 percent annually) during this time period.



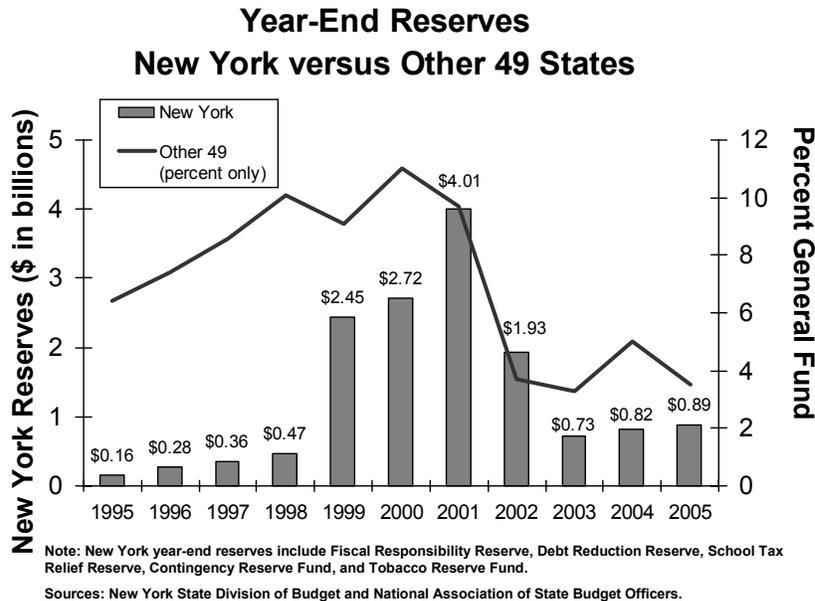
Note: New York spending per capita in 2002-03 and 2003-04 is adjusted for \$1.9 billion in payment delays as a result of deferred tobacco securitization proceeds. Sources: U.S. Census Bureau, U.S. Department of Labor, Bureau of Labor Statistics and National Association of State Budget Officers.

Since 1995, New York's General Fund per capita spending, as a percent of average annual wages, declined from 5.5 percent to 4.5 percent and since 1997 has been lower than the rest of the nation. While New York is higher than the U.S. average on both General Fund per capita spending and average annual wages, its spending to wages ratio is lower than the U.S. average.

FINANCIAL PLAN OVERVIEW

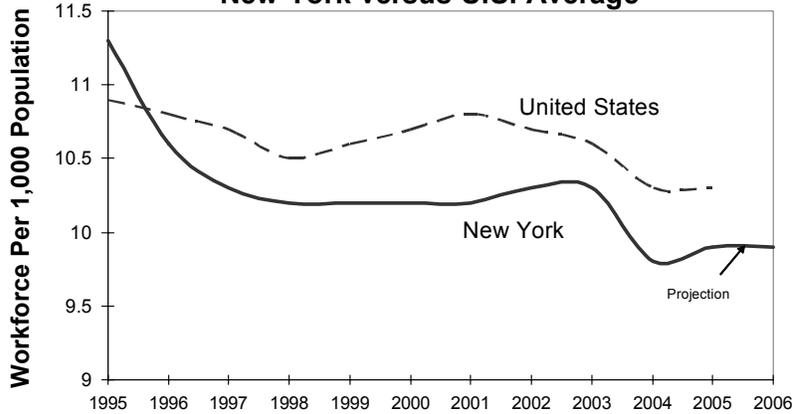


During the economic expansion of the 1990s, New York achieved six consecutive cash basis surpluses (1995-96 through 2000-01) that reached a high of \$2.7 billion in 2000-01. For two years, 2001-02 and 2002-03, the State struggled to maintain budget balance as it confronted the twin shocks of September 11th and the national recession. The State is again achieving modest surpluses.



New York's reserves grew in the late 1990s and remained relatively strong through 2001-02. However, the State drew down over \$3 billion in reserves to maintain budget balance in the aftermath of September 11th and the national recession. While the State has worked to rebuild its reserves, they still remain below the average of other states. New York has made nine deposits in ten years to its principal reserve, the Rainy Day Fund. After the 2004-05 deposit, the balance equals two percent of spending (\$864 million), the maximum level permitted by State law.

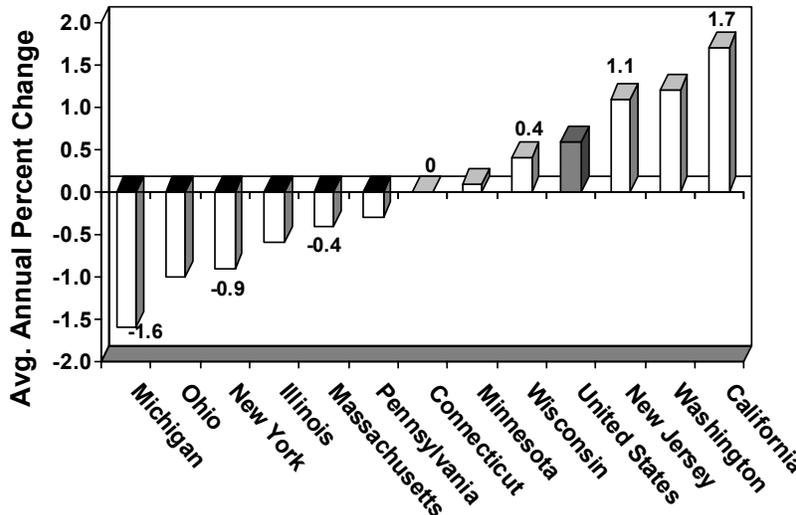
**Change in Workforce
Per 1,000 of Population
New York versus U.S. Average**



Notes: Comparable workforce data not available for Wyoming. United States information represents aggregate state workforce for other 48 states per 1,000 of total population for other 48 states. New York workforce numbers do not include seasonal positions and employees of the Judiciary and Legislature.
Sources: New York State Division of Budget and National Association of State Budget Officers.

While the national trend shows that state workforces per capita have been on the decline, that trend is even more pronounced in New York. Faced with continued fiscal pressures since 2001-02, New York and many other states have curtailed spending growth, producing the first workforce reductions per capita since 1997. Since 1995, a State hiring freeze and targeted refilling of critical positions has reduced the New York State workforce by approximately 20,000 filled positions. Today, there are 9.9 State employees for every 1,000 New Yorkers, compared to an average workforce of 10.3 per 1,000 of population for other states.

**Average Annual Change in Workforce Since 1995
New York versus Peer States and U.S.**

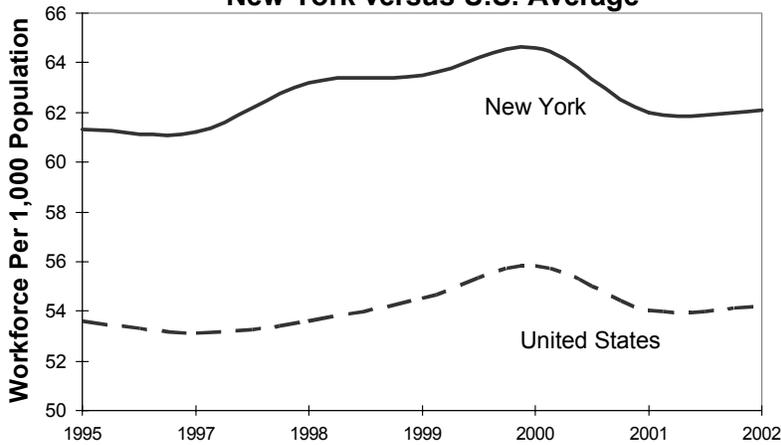


Sources: New York State Division of Budget and National Association of State Budget Officers.

Since 1995, New York has reduced its workforce by an average of 0.9 percent annually while the total of other state workforces has increased by an average 0.6 percent annually (despite the average annual increase of 0.6 percent, the U.S. workforce per 1,000 of population still shows a decline because total population was increasing by an average 1.2 percent annually during this time period). Nationally, only six states (of which two were peer states) had workforce reductions during this time period that were greater than New York.

FINANCIAL PLAN OVERVIEW

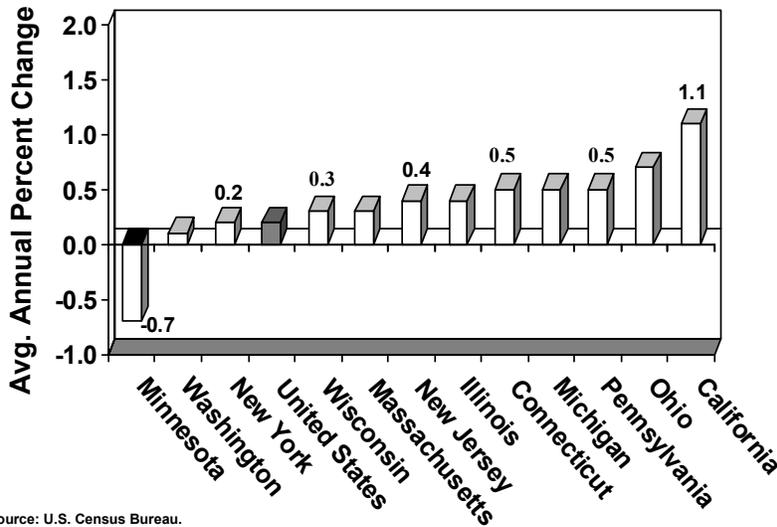
**Combined State and Local Workforce
Per 1,000 of Population
New York versus U.S. Average**



Notes: Comparative data not available for 1996.
Source: U.S. Census Bureau.

New York had 62 State and local government employees per 1,000 residents as of March 2002, the latest period for which comparative data are available. New York's combined government workforce is approximately 15 percent higher than the national average.

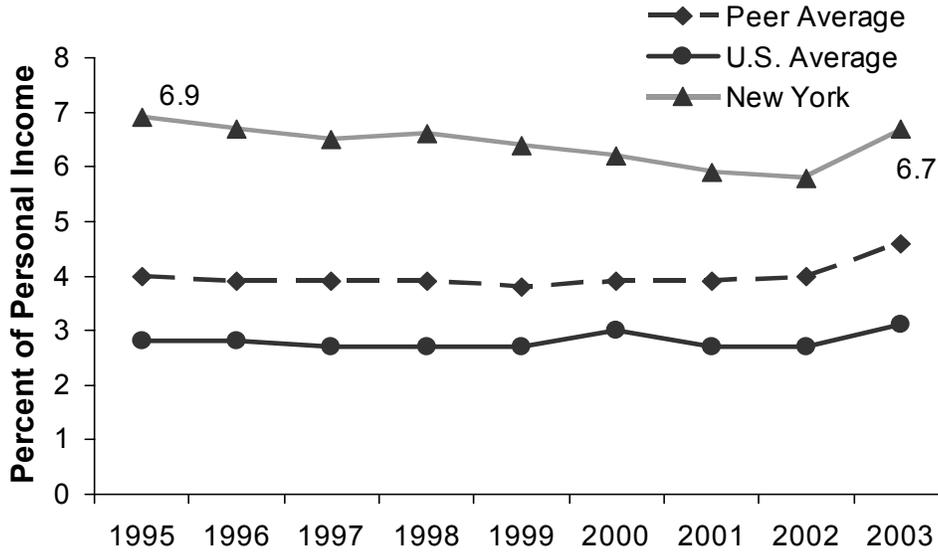
**Average Annual Change in Combined
State and Local Workforce: 1995-2002**



Source: U.S. Census Bureau.

Since 1995, New York's combined State and local workforce has increased by an average of 0.2 percent annually, the same rate as the U.S. average. New York's peer states, except Minnesota and Washington, have shown greater increases during this period.

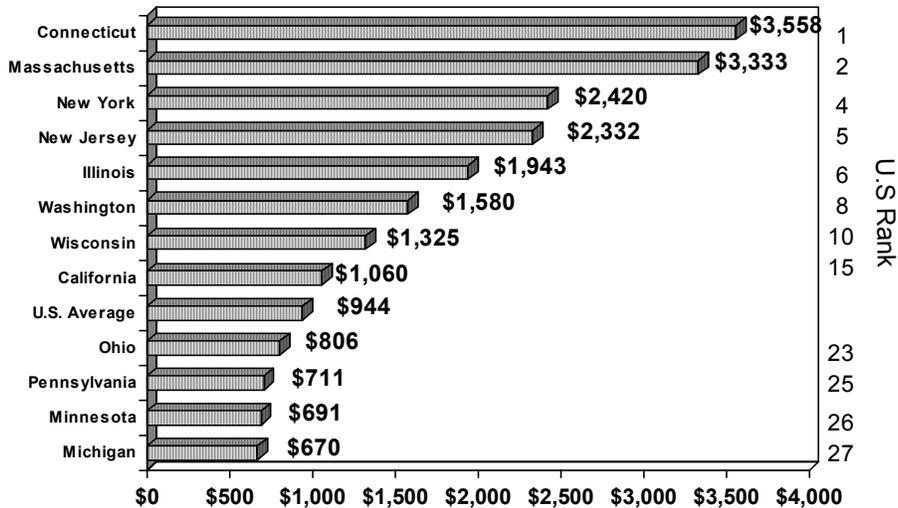
Debt as % of Personal Income



Note: Data points represent debt at the calendar year-end as a percent of the previous year's personal income.
 Source: Moody's Investors Service, Inc.

Between 1995 and 2002, New York's debt as a percent of personal income decreased from 6.9 percent to 5.8 percent. However, in the most recent year for which comparative data are available, New York's debt as a percent of personal income grew to 6.7 percent, an increase over previous years but lower than 1995. The 2003 experience in New York, which is primarily driven by the securitization of tobacco settlement proceeds, mirrors that of its peers and reflects a national trend toward increased debt in response to fiscal stress.

**2003 Total Per Capita State Debt
 New York and Peer State Rankings**

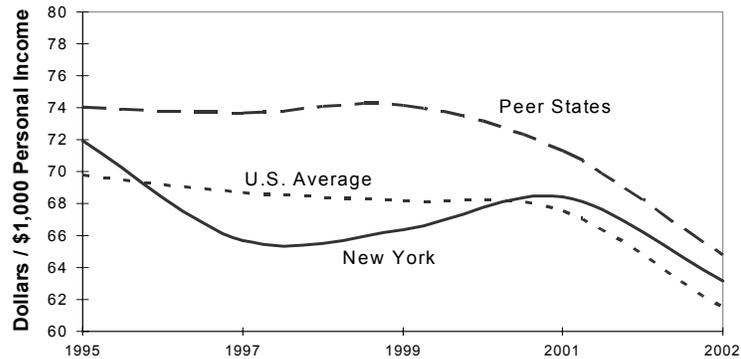


Source: Moody's Investors Service, Inc.

New York's debt per capita of \$2,420 ranks fourth highest in the nation. Connecticut, Massachusetts, and Hawaii have higher debt per capita ratios than New York.

FINANCIAL PLAN OVERVIEW

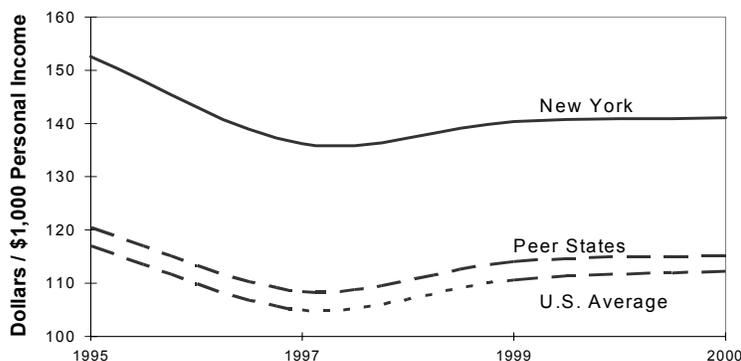
State Tax Collections per \$1,000 Personal Income



Note: Fiscal year 2002 is the most recent year for which comparative data are available.
Source: State of New York, Department of Tax and Finance, *New York State Tax Source Book*.

Since 1995, the New York State tax burden, as measured by tax collections per \$1,000 of personal income, decreased from \$72 to \$63, slightly higher than the U.S. average, but consistently lower than the average of its peer states. However, New York's moderate standing in state level taxes is counteracted by relatively high local government taxes as illustrated below. When comparing New York to other states on State and local tax collections per \$1,000 of personal income it is important to note that the structure of the State's economy permits it to collect more in taxes from non-residents, which has the effect of overstating tax collections as a share of personal income since non-resident income is not counted in the calculation. Equally important, national capital gains, of which New York receives a substantial fraction, are not included in the definition of personal income, even though New York State residents pay tax on capital gains realizations. These factors, when coupled with a strong national economy, add further upward bias in the tax-to-income ratio for New York. When the national economy weakened in 2002, state tax collections dropped accordingly.

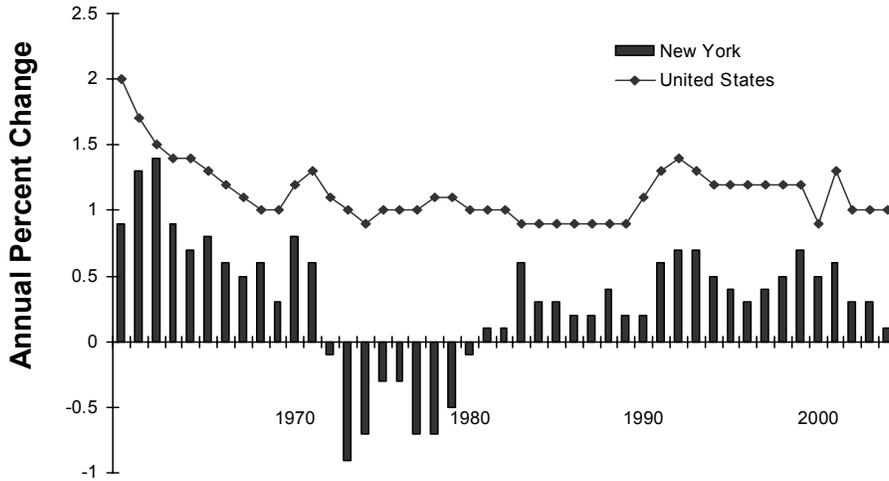
State and Local Tax Collections per \$1,000 Personal Income



Note: Fiscal year 2000 is the most recent year for which comparative data are available.
Source: State of New York, Department of Tax and Finance, *New York State Tax Source Book*.

Since 1995, the New York State and local tax burden decreased from 15.3 percent to 14.1 percent of personal income. Although the combined State and local tax burden has been reduced, it is still considerably higher than the national average. Some of this disparity is due to factors described above under the table "State Tax Collections per \$1,000 Personal Income." The peer states of Wisconsin and Minnesota raised \$129 and \$124 for every \$1,000 of personal income, respectively. Since data are available only through 2000, many of the New York State tax cuts of recent years are not yet fully reflected in these data.

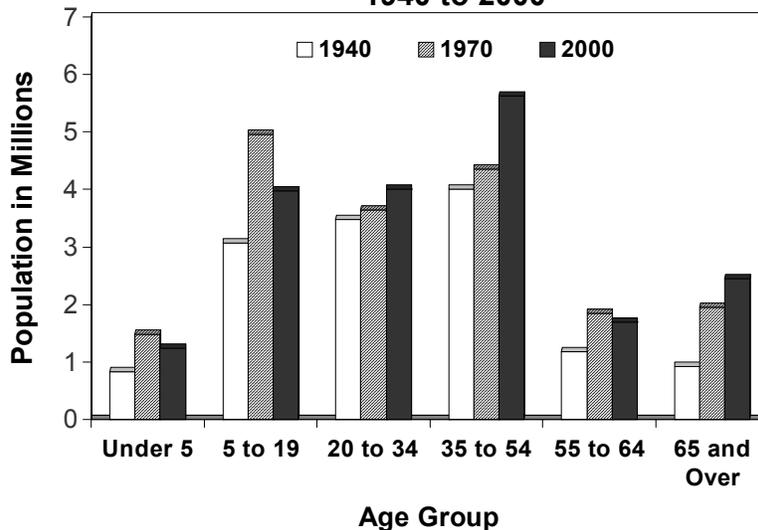
Annual Population Change Since 1960



Source: U.S Census Bureau.

Since the 1950s, New York's population has grown more slowly than the national population. The national population, for most of this time period, has grown by approximately 1.0 percent annually. New York, apart from experiencing some population decline during the 1970s, has grown at approximately 0.5 percent annually, sustained by immigration. After California, New York has the largest foreign-born population of any state, with one in five New Yorkers born abroad. Although New York is growing more slowly than the nation, it is still the third most populous state with approximately 19.2 million residents.

**New York State Population by Age
1940 to 2000**

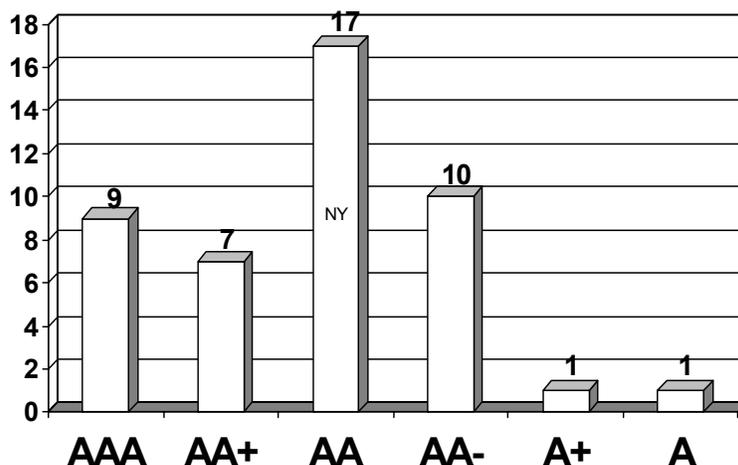


Source: U.S. Census Bureau

Between 1940 and 2000, the population of New York increased by 41 percent from 13.5 million to 19 million. New York's populations in each of the six age groups increased in size since 1940, although not at a similar pace. During this time period, the 65 years and over population increased by 166 percent while the 20 to 34 population increased by 15 percent.

FINANCIAL PLAN OVERVIEW

Standard & Poor's General Obligation Bond Ratings
Distribution of State Ratings



Source: Standard & Poor's.

New York is currently one of among 17 states that are rated AA by Standard & Poor's. The average state rating is AA and reflects the general creditworthiness of the state sector. Relative to New York, Standard & Poor's currently assigns a lower credit rating to twelve states (California, Massachusetts, New Jersey, Wisconsin, Oregon, Rhode Island, Kentucky, Hawaii, Montana, West Virginia, North Dakota, and Louisiana). In September 2004, New York's AA rating outlook was revised from negative to stable, reflecting the State's progress in addressing the fiscal pressures of the recession.

New York State General Obligation Rating History

Year	S&P	Fitch	Moody's
1990	Downgrade AA- to A		Downgrade A1 to A2
1991	A		A2
1992	Downgrade A to A-		A2
1993	A-		A2
1994	A-		A2
1995	A-		A2
1996	A-		A2
1997	Upgrade A- to A		A2
1998	A		A2
1999	Upgrade A to A+	A+	A2
2000	Upgrade A+ to AA	A+	A2
2001	AA	Upgrade A+ to AA	A2
2002	AA	AA	A2
2003	AA	Downgrade AA to AA-	A2
2004	AA	AA-	Upgrade A2 to A1

Standard & Poor's has upgraded New York three times since 1995, the most recent upgrade in 2000 by two notches from A+ to AA. Fitch currently assigns New York the AA- rating after downgrading the State in May 2003. Moody's recently upgraded New York's credit rating from A2 to A1, the first rating action Moody's has taken since 1990.

FINANCIAL PLAN TABLES

The following Financial Plan tables summarize projected General Fund, State Funds and All Funds receipts and disbursements for the 2004-05 through 2007-08 fiscal years.

The State accounts for all of its spending and receipts by the fund in which the activity takes place (i.e., General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Funds), and the broad category or purpose of that activity (such as State Operations or capital projects). The Financial Plan tables sort all State projections and results by fund and category.

The State Constitution requires the Governor to submit an Executive Budget that is balanced in the General Fund — the Fund that receives the majority of State taxes. State Funds include the General Fund and funds specified for dedicated purposes, with the exception of Federal Funds. All Funds, which includes State Funds and Federal Funds, comprises the four major fund types, and provides the most comprehensive view of the financial operations of the State. These are:

- The General Fund, which receives most of the State's tax revenue and accounts for spending on programs that are not supported directly by dedicated fees and revenues;
- SRFs, which receive Federal grants, certain dedicated taxes, fees and other revenues that are used for a specified purpose;
- CPFs, which account for costs incurred in the construction and reconstruction of roads, bridges, prisons, and other infrastructure projects; and
- DSFs, which pay principal, interest and related expenses on long-term bonds issued by the State and its public authorities.

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FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
GENERAL FUND
2004-2005
(millions of dollars)**

	Mid-Year	Change	January
Opening fund balance	1,077	0	1,077
Receipts:			
Taxes:			
Personal income tax	18,716	216	18,932
User taxes and fees	8,679	73	8,752
Business taxes	3,714	50	3,764
Other taxes	764	(34)	730
Miscellaneous receipts	2,347	(54)	2,293
Federal grants	6	2	8
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	5,713	129	5,842
Sales tax in excess of LGAC debt service	2,158	13	2,171
Real estate taxes in excess of CW/CA debt service	411	109	520
All other transfers	506	(2)	504
Total receipts	43,014	502	43,516
Disbursements:			
Grants to local governments	29,482	175	29,657
State operations	7,625	(18)	7,607
General State charges	3,615	50	3,665
Transfers to other funds:			
Debt service	1,733	(1)	1,732
Capital projects	194	4	198
Other purposes	539	9	548
Total disbursements	43,188	219	43,407
Fiscal Management Plan (1)	224	(224)	0
Change in fund balance	50	59	109
Closing fund balance	1,127	59	1,186
Tax Stabilization Reserve Fund	794	70	864
Contingency Reserve Fund	21	0	21
Community Project Fund	312	(11)	301

(1) A total of \$161 million in Fiscal Management Plan savings was achieved, and is reflected in the revised January spending estimates.

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
GENERAL FUND ADJUSTED
2004-2005
(millions of dollars)**

	<u>January</u>	<u>Adjusted</u>	<u>January Adjusted</u>
Opening fund balance	<u>1,077</u>	<u>0</u>	<u>1,077</u>
Receipts:			
Taxes:			
Personal income tax	18,932	0	18,932
User taxes and fees	8,752	0	8,752
Business taxes	3,764	0	3,764
Other taxes	730	0	730
Miscellaneous receipts	2,293	508	2,801
Federal grants	8	0	8
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	5,842	0	5,842
Sales tax in excess of LGAC debt service	2,171	0	2,171
Real estate taxes in excess of CW/CA debt service	520	0	520
All other	504	0	504
Total receipts	<u>43,516</u>	<u>508</u>	<u>44,024</u>
Disbursements:			
Grants to local governments	29,657	508	30,165
State operations	7,607	0	7,607
General State charges	3,665	0	3,665
Transfers to other funds:			
Debt service	1,732	0	1,732
Capital projects	198	0	198
Other purposes	548	0	548
Total disbursements	<u>43,407</u>	<u>508</u>	<u>43,915</u>
Fiscal Management Plan	<u>0</u>	<u>0</u>	<u>0</u>
Change in fund balance	<u>109</u>	<u>0</u>	<u>109</u>
Closing fund balance	<u>1,186</u>	<u>0</u>	<u>1,186</u>
Tax Stabilization Reserve Fund	864	0	864
Contingency Reserve Fund	21	0	21
Community Project Fund	301	0	301

To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted (\$508 million) for Medicaid spending to comply with Federal policy changes related to certain county shares adjustments.

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
GENERAL FUND
2004-2005 ADJUSTED AND 2005-2006
(millions of dollars)**

	2004-2005 January Adjusted	2005-2006 Recommended	Annual Adjusted Change
Opening fund balance	<u>1,077</u>	<u>1,186</u>	<u>109</u>
Receipts:			
Taxes:			
Personal income tax	18,932	19,844	912
User taxes and fees	8,752	8,622	(130)
Business taxes	3,764	4,066	302
Other taxes	730	778	48
Miscellaneous receipts	2,801	2,451	(350)
Federal grants	8	4	(4)
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	5,842	6,129	287
Sales tax in excess of LGAC debt service	2,171	2,300	129
Real estate taxes in excess of CW/CA debt service	520	510	(10)
All other	504	387	(117)
Total receipts	<u>44,024</u>	<u>45,091</u>	<u>1,067</u>
Disbursements:			
Grants to local governments	30,165	30,619	454
State operations	7,607	8,055	448
General State charges	3,665	3,889	224
Transfers to other funds:			
Debt service	1,732	1,666	(66)
Capital projects	198	219	21
Other purposes	548	627	79
Total disbursements	<u>43,915</u>	<u>45,075</u>	<u>1,160</u>
Change in fund balance	<u>109</u>	<u>16</u>	<u>(93)</u>
Closing fund balance	<u>1,186</u>	<u>1,202</u>	<u>16</u>
Tax Stabilization Reserve Fund	864	864	0
Contingency Reserve Fund	21	21	0
Community Project Fund	301	317	16

To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted (\$508 million) for Medicaid spending to comply with Federal policy changes related to certain county shares adjustments.

FINANCIAL PLAN OVERVIEW

GENERAL FUND 2004-2005 AND 2005-2006 (millions of dollars)

	<u>2004-2005</u> <u>January</u>	<u>2005-2006</u> <u>Recommended</u>	<u>Annual</u> <u>Change</u>
Opening fund balance	<u>1,077</u>	<u>1,186</u>	<u>109</u>
Receipts:			
Taxes:			
Personal income tax	18,932	19,844	912
User taxes and fees	8,752	8,622	(130)
Business taxes	3,764	4,066	302
Other taxes	730	778	48
Miscellaneous receipts	2,293	2,451	158
Federal grants	8	4	(4)
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	5,842	6,129	287
Sales tax in excess of LGAC debt service	2,171	2,300	129
Real estate taxes in excess of CW/CA debt service	520	510	(10)
All other	504	387	(117)
Total receipts	<u>43,516</u>	<u>45,091</u>	<u>1,575</u>
Disbursements:			
Grants to local governments	29,657	30,619	962
State operations	7,607	8,055	448
General State charges	3,665	3,889	224
Transfers to other funds:			
Debt service	1,732	1,666	(66)
Capital projects	198	219	21
Other purposes	548	627	79
Total disbursements	<u>43,407</u>	<u>45,075</u>	<u>1,668</u>
Change in fund balance	<u>109</u>	<u>16</u>	<u>(93)</u>
Closing fund balance	<u>1,186</u>	<u>1,202</u>	<u>16</u>
Tax Stabilization Reserve Fund	864	864	0
Contingency Reserve Fund	21	21	0
Community Project Fund	301	317	16

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
GENERAL FUND
2005-2006 THROUGH 2007-2008
(millions of dollars)**

	2005-2006 Recommended	2006-2007 Projected	2007-2008 Projected
Receipts:			
Taxes:			
Personal income tax	19,844	20,419	21,865
User taxes and fees	8,622	8,829	9,166
Business taxes	4,066	4,176	4,315
Other taxes	778	872	920
Miscellaneous receipts	2,451	2,504	4,560
Federal grants	4	4	4
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	6,129	6,208	6,515
Sales tax in excess of LGAC debt service	2,300	2,377	2,473
Real estate taxes in excess of CW/CA debt service	510	517	525
All other	387	223	217
Total receipts	45,091	46,129	50,560
Disbursements:			
Grants to local governments	30,619	32,995	36,921
State operations	8,055	8,809	9,250
General State charges	3,889	4,654	4,845
Transfers to other funds:			
Debt service	1,666	1,679	1,648
Capital projects	219	234	231
Other purposes	627	609	617
Total disbursements	45,075	48,980	53,512
Deposit to/(use of) Community Projects Fund	16	(150)	(167)
Margin	0	(2,701)	(2,785)

FINANCIAL PLAN OVERVIEW

**GENERAL FUND
PERSONAL INCOME TAX COMPONENTS
2003-2004 THROUGH 2005-2006
(millions of dollars)**

	<u>2003-2004 Actual</u>	<u>2004-2005 Estimated</u>	<u>2005-2006 Recommended</u>
Withholdings	21,986	23,032	24,174
Estimated Payments	5,159	7,008	7,511
Final Payments	1,313	1,610	1,947
Delinquencies	<u>631</u>	<u>600</u>	<u>675</u>
Gross Collections	29,089	32,250	34,307
State/City Offset	(261)	(343)	(300)
Refund Reserve	(597)	531	134
Refunds	<u>(4,181) (1)</u>	<u>(4,300) (2)</u>	<u>(4,525) (3)</u>
Reported Tax Collections	24,050	28,138	29,616
STAR	(2,819)	(3,072)	(3,202)
RBTF	<u>(5,457)</u>	<u>(6,134)</u>	<u>(6,570)</u>
General Fund	<u><u>15,774</u></u>	<u><u>18,932</u></u>	<u><u>19,844</u></u>

Net personal income tax collections are affected by transactions in the tax refund reserve account. The tax refund reserve account is used to hold moneys designated to pay tax refunds. The Comptroller deposits receipts into this account at the discretion of the Commissioner of Taxation and Finance. The deposit of moneys into the account during a fiscal year has the effect of reducing receipts for the fiscal year, and the withdrawal of moneys from the account has the effect of increasing receipts in the fiscal year of withdrawal. The tax refund reserve account also includes amounts made available as a result of the LGAC financing program. Beginning in 1998-99, a portion of personal income tax collections is deposited directly in the School Tax Reduction (STAR) fund and used to make payments to reimburse local governments for their revenue decreases due to the STAR program.

Note 1: Reflects the payment of the balance of refunds on 2002 liability and payment of \$960 million of calendar year 2003 refunds in the last quarter of the State's 2003-04 fiscal year and a balance in the Tax Refund Reserve Account of \$1,225 million.

Note 2: Reflects the payment of the balance of refunds on 2003 liability and the projected payment of \$960 million of calendar year 2004 refunds in the last quarter of the State's 2004-05 fiscal year and a projected balance in the Tax Refund Reserve Account of \$693 million.

Note 3: Reflects the payment of the balance of refunds on 2004 liability and the projected payment of \$960 million of calendar year 2005 refunds in the last quarter of the State's 2005-06 fiscal year and a projected balance in the Tax Refund Reserve Account of \$559 million.

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
STATE FUNDS
2003-2004
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	815	1,230	(558)	158	1,645
Receipts:					
Taxes	27,934	4,442	1,756	8,122	42,254
Miscellaneous receipts	5,917	10,372	2,162	810	19,261
Federal grants	654	0	0	0	654
Total receipts	<u>34,505</u>	<u>14,814</u>	<u>3,918</u>	<u>8,932</u>	<u>62,169</u>
Disbursements:					
Grants to local governments	29,246	10,399	290	0	39,935
State operations	7,093	4,497	0	9	11,599
General State charges	3,247	424	0	0	3,671
Debt service	0	0	0	3,351	3,351
Capital projects	0	3	2,774	0	2,777
Total disbursements	<u>39,586</u>	<u>15,323</u>	<u>3,064</u>	<u>3,360</u>	<u>61,333</u>
Other financing sources (uses):					
Transfers from other funds	7,822	994	254	4,794	13,864
Transfers to other funds	(2,479)	(12)	(1,026)	(10,350)	(13,867)
Bond and note proceeds	0	0	140	0	140
Net other financing sources (uses)	<u>5,343</u>	<u>982</u>	<u>(632)</u>	<u>(5,556)</u>	<u>137</u>
Change in fund balance	<u>262</u>	<u>473</u>	<u>222</u>	<u>16</u>	<u>973</u>
Closing fund balance	<u>1,077</u>	<u>1,703</u>	<u>(336)</u>	<u>174</u>	<u>2,618</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
STATE FUNDS
2004-2005 ADJUSTED
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	1,077	1,703	(336)	174	2,618
Receipts:					
Taxes	32,178	5,396	1,823	9,242	48,639
Miscellaneous receipts	2,801	11,253	1,677	647	16,378
Federal grants	8	1	0	0	9
Total receipts	<u>34,987</u>	<u>16,650</u>	<u>3,500</u>	<u>9,889</u>	<u>65,026</u>
Disbursements:					
Grants to local governments	30,165	11,882	988	0	43,035
State operations	7,607	5,032	0	22	12,661
General State charges	3,665	484	0	0	4,149
Debt service	0	0	0	3,808	3,808
Capital projects	0	1	1,916	0	1,917
Total disbursements	<u>41,437</u>	<u>17,399</u>	<u>2,904</u>	<u>3,830</u>	<u>65,570</u>
Other financing sources (uses):					
Transfers from other funds	9,037	762	233	5,221	15,253
Transfers to other funds	(2,478)	(400)	(1,038)	(11,286)	(15,202)
Bond and note proceeds	0	0	193	0	193
Net other financing sources (uses)	<u>6,559</u>	<u>362</u>	<u>(612)</u>	<u>(6,065)</u>	<u>244</u>
Change in fund balance	<u>109</u>	<u>(387)</u>	<u>(16)</u>	<u>(6)</u>	<u>(300)</u>
Closing fund balance	<u>1,186</u>	<u>1,316</u>	<u>(352)</u>	<u>168</u>	<u>2,318</u>

To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted for the inclusion of all HCRA funded programs on-budget and additional Medicaid spending to comply with Federal policy changes related to certain county shares adjustments. The 2004-05 adjustment for HCRA is \$925 million and Medicaid is \$508 million.

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
STATE FUNDS
2004-2005
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	1,077	1,703	(336)	174	2,618
Receipts:					
Taxes	32,178	4,835	1,823	9,242	48,078
Miscellaneous receipts	2,293	10,889	1,677	647	15,506
Federal grants	8	1	0	0	9
Total receipts	<u>34,479</u>	<u>15,725</u>	<u>3,500</u>	<u>9,889</u>	<u>63,593</u>
Disbursements:					
Grants to local governments	29,657	10,957	988	0	41,602
State operations	7,607	5,032	0	22	12,661
General State charges	3,665	484	0	0	4,149
Debt service	0	0	0	3,808	3,808
Capital projects	0	1	1,916	0	1,917
Total disbursements	<u>40,929</u>	<u>16,474</u>	<u>2,904</u>	<u>3,830</u>	<u>64,137</u>
Other financing sources (uses):					
Transfers from other funds	9,037	762	233	5,221	15,253
Transfers to other funds	(2,478)	(400)	(1,038)	(11,286)	(15,202)
Bond and note proceeds	0	0	193	0	193
Net other financing sources (uses)	<u>6,559</u>	<u>362</u>	<u>(612)</u>	<u>(6,065)</u>	<u>244</u>
Change in fund balance	<u>109</u>	<u>(387)</u>	<u>(16)</u>	<u>(6)</u>	<u>(300)</u>
Closing fund balance	<u>1,186</u>	<u>1,316</u>	<u>(352)</u>	<u>168</u>	<u>2,318</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
STATE FUNDS
2005-2006
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	1,186	1,316	(352)	168	2,318
Receipts:					
Taxes	33,310	5,659	1,855	9,833	50,657
Miscellaneous receipts	2,451	13,326	1,776	656	18,209
Federal grants	4	1	0	0	5
Total receipts	<u>35,765</u>	<u>18,986</u>	<u>3,631</u>	<u>10,489</u>	<u>68,871</u>
Disbursements:					
Grants to local governments	30,619	13,638	949	0	45,206
State operations	8,055	5,336	0	26	13,417
General State charges	3,889	558	0	0	4,447
Debt service	0	0	0	3,842	3,842
Capital projects	0	2	2,174	0	2,176
Total disbursements	<u>42,563</u>	<u>19,534</u>	<u>3,123</u>	<u>3,868</u>	<u>69,088</u>
Other financing sources (uses):					
Transfers from other funds	9,326	880	257	5,212	15,675
Transfers to other funds	(2,512)	(304)	(928)	(11,833)	(15,577)
Bond and note proceeds	0	0	185	0	185
Net other financing sources (uses)	<u>6,814</u>	<u>576</u>	<u>(486)</u>	<u>(6,621)</u>	<u>283</u>
Change in fund balance	<u>16</u>	<u>28</u>	<u>22</u>	<u>0</u>	<u>66</u>
Closing fund balance	<u>1,202</u>	<u>1,344</u>	<u>(330)</u>	<u>168</u>	<u>2,384</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
STATE FUNDS
2006-2007
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	0	1,344	(330)	168	1,182
Receipts:					
Taxes	34,296	5,971	2,008	10,203	52,478
Miscellaneous receipts	2,504	12,586	2,149	665	17,904
Federal grants	4	1	0	0	5
Total receipts	<u>36,804</u>	<u>18,558</u>	<u>4,157</u>	<u>10,868</u>	<u>70,387</u>
Disbursements:					
Grants to local governments	32,995	13,912	811	0	47,718
State operations	8,809	5,408	0	23	14,240
General State charges	4,654	596	0	0	5,250
Debt service	0	0	0	4,156	4,156
Capital projects	0	1	2,914	0	2,915
Total disbursements	<u>46,458</u>	<u>19,917</u>	<u>3,725</u>	<u>4,179</u>	<u>74,279</u>
Other financing sources (uses):					
Transfers from other funds	9,325	817	274	5,098	15,514
Transfers to other funds	(2,522)	(202)	(901)	(11,792)	(15,417)
Bond and note proceeds	0	0	161	0	161
Net other financing sources (uses)	<u>6,803</u>	<u>615</u>	<u>(466)</u>	<u>(6,694)</u>	<u>258</u>
Deposit to/(use of) Community Projects Fund	<u>(150)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(150)</u>
Change in fund balance	<u>(2,701)</u>	<u>(744)</u>	<u>(34)</u>	<u>(5)</u>	<u>(3,484)</u>
Closing fund balance	<u>(2,701)</u>	<u>600</u>	<u>(364)</u>	<u>163</u>	<u>(2,302)</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
STATE FUNDS
2007-2008
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	0	600	(364)	163	399
Receipts:					
Taxes	36,266	6,235	2,033	10,814	55,348
Miscellaneous receipts	4,560	13,279	2,584	671	21,094
Federal grants	4	1	0	0	5
Total receipts	<u>40,830</u>	<u>19,515</u>	<u>4,617</u>	<u>11,485</u>	<u>76,447</u>
Disbursements:					
Grants to local governments	36,921	15,025	743	0	52,689
State operations	9,250	5,478	0	23	14,751
General State charges	4,845	629	0	0	5,474
Debt service	0	0	0	4,443	4,443
Capital projects	0	1	3,335	0	3,336
Total disbursements	<u>51,016</u>	<u>21,133</u>	<u>4,078</u>	<u>4,466</u>	<u>80,693</u>
Other financing sources (uses):					
Transfers from other funds	9,730	829	273	5,167	15,999
Transfers to other funds	(2,496)	(203)	(1,007)	(12,185)	(15,891)
Bond and note proceeds	0	0	157	0	157
Net other financing sources (uses)	<u>7,234</u>	<u>626</u>	<u>(577)</u>	<u>(7,018)</u>	<u>265</u>
Deposit to/(use of) Community Projects Fund	<u>(167)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(167)</u>
Change in fund balance	<u>(2,785)</u>	<u>(992)</u>	<u>(38)</u>	<u>1</u>	<u>(3,814)</u>
Closing fund balance	<u>(2,785)</u>	<u>(392)</u>	<u>(402)</u>	<u>164</u>	<u>(3,415)</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2003-2004
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	815	1,039	(790)	158	1,222
Receipts:					
Taxes	27,934	4,442	1,756	8,122	42,254
Miscellaneous receipts	5,917	10,517	2,168	810	19,412
Federal grants	654	35,121	1,548	0	37,323
Total receipts	<u>34,505</u>	<u>50,080</u>	<u>5,472</u>	<u>8,932</u>	<u>98,989</u>
Disbursements:					
Grants to local governments	29,246	41,368	781	0	71,395
State operations	7,093	7,866	0	9	14,968
General State charges	3,247	601	0	0	3,848
Debt service	0	0	0	3,351	3,351
Capital projects	0	8	3,756	0	3,764
Total disbursements	<u>39,586</u>	<u>49,843</u>	<u>4,537</u>	<u>3,360</u>	<u>97,326</u>
Other financing sources (uses):					
Transfers from other funds	7,822	3,447	254	4,794	16,317
Transfers to other funds	(2,479)	(2,539)	(1,028)	(10,350)	(16,396)
Bond and note proceeds	0	0	140	0	140
Net other financing sources (uses)	<u>5,343</u>	<u>908</u>	<u>(634)</u>	<u>(5,556)</u>	<u>61</u>
Change in fund balance	<u>262</u>	<u>1,145</u>	<u>301</u>	<u>16</u>	<u>1,724</u>
Closing fund balance	<u>1,077</u>	<u>2,184</u>	<u>(489)</u>	<u>174</u>	<u>2,946</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2004-2005 ADJUSTED
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	1,077	2,184	(489)	174	2,946
Receipts:					
Taxes	32,178	5,396	1,823	9,242	48,639
Miscellaneous receipts	2,801	11,378	1,677	647	16,503
Federal grants	8	35,634	1,778	0	37,420
Total receipts	<u>34,987</u>	<u>52,408</u>	<u>5,278</u>	<u>9,889</u>	<u>102,562</u>
Disbursements:					
Grants to local governments	30,165	44,013	1,200	0	75,378
State operations	7,607	8,396	0	22	16,025
General State charges	3,665	688	0	0	4,353
Debt service	0	0	0	3,808	3,808
Capital projects	0	2	3,474	0	3,476
Total disbursements	<u>41,437</u>	<u>53,099</u>	<u>4,674</u>	<u>3,830</u>	<u>103,040</u>
Other financing sources (uses):					
Transfers from other funds	9,037	3,182	233	5,221	17,673
Transfers to other funds	(2,478)	(2,923)	(1,047)	(11,286)	(17,734)
Bond and note proceeds	0	0	193	0	193
Net other financing sources (uses)	<u>6,559</u>	<u>259</u>	<u>(621)</u>	<u>(6,065)</u>	<u>132</u>
Change in fund balance	<u>109</u>	<u>(432)</u>	<u>(17)</u>	<u>(6)</u>	<u>(346)</u>
Closing fund balance	<u>1,186</u>	<u>1,752</u>	<u>(506)</u>	<u>168</u>	<u>2,600</u>

To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted for the inclusion of all HCRA funded programs on-budget and additional Medicaid spending to comply with Federal policy changes related to certain county shares adjustments. The 2004-05 adjustment for HCRA is \$925 million and Medicaid is \$508 million.

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2004-2005
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	<u>1,077</u>	<u>2,184</u>	<u>(489)</u>	<u>174</u>	<u>2,946</u>
Receipts:					
Taxes	32,178	4,835	1,823	9,242	48,078
Miscellaneous receipts	2,293	11,014	1,677	647	15,631
Federal grants	8	35,634	1,778	0	37,420
Total receipts	<u>34,479</u>	<u>51,483</u>	<u>5,278</u>	<u>9,889</u>	<u>101,129</u>
Disbursements:					
Grants to local governments	29,657	43,088	1,200	0	73,945
State operations	7,607	8,396	0	22	16,025
General State charges	3,665	688	0	0	4,353
Debt service	0	0	0	3,808	3,808
Capital projects	0	2	3,474	0	3,476
Total disbursements	<u>40,929</u>	<u>52,174</u>	<u>4,674</u>	<u>3,830</u>	<u>101,607</u>
Other financing sources (uses):					
Transfers from other funds	9,037	3,182	233	5,221	17,673
Transfers to other funds	(2,478)	(2,923)	(1,047)	(11,286)	(17,734)
Bond and note proceeds	0	0	193	0	193
Net other financing sources (uses)	<u>6,559</u>	<u>259</u>	<u>(621)</u>	<u>(6,065)</u>	<u>132</u>
Change in fund balance	<u>109</u>	<u>(432)</u>	<u>(17)</u>	<u>(6)</u>	<u>(346)</u>
Closing fund balance	<u>1,186</u>	<u>1,752</u>	<u>(506)</u>	<u>168</u>	<u>2,600</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2005-2006
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	1,186	1,752	(506)	168	2,600
Receipts:					
Taxes	33,310	5,659	1,855	9,833	50,657
Miscellaneous receipts	2,451	13,420	1,776	656	18,303
Federal grants	4	34,728	1,828	0	36,560
Total receipts	<u>35,765</u>	<u>53,807</u>	<u>5,459</u>	<u>10,489</u>	<u>105,520</u>
Disbursements:					
Grants to local governments	30,619	44,855	1,160	0	76,634
State operations	8,055	8,513	0	26	16,594
General State charges	3,889	784	0	0	4,673
Debt service	0	0	0	3,842	3,842
Capital projects	0	2	3,782	0	3,784
Total disbursements	<u>42,563</u>	<u>54,154</u>	<u>4,942</u>	<u>3,868</u>	<u>105,527</u>
Other financing sources (uses):					
Transfers from other funds	9,326	3,433	257	5,212	18,228
Transfers to other funds	(2,512)	(3,004)	(937)	(11,833)	(18,286)
Bond and note proceeds	0	0	185	0	185
Net other financing sources (uses)	<u>6,814</u>	<u>429</u>	<u>(495)</u>	<u>(6,621)</u>	<u>127</u>
Change in fund balance	<u>16</u>	<u>82</u>	<u>22</u>	<u>0</u>	<u>120</u>
Closing fund balance	<u>1,202</u>	<u>1,834</u>	<u>(484)</u>	<u>168</u>	<u>2,720</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2006-2007
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>1,834</u>	<u>(484)</u>	<u>168</u>	<u>1,518</u>
Receipts:					
Taxes	34,296	5,971	2,008	10,203	52,478
Miscellaneous receipts	2,504	12,683	2,149	665	18,001
Federal grants	4	35,777	1,821	0	37,602
Total receipts	<u>36,804</u>	<u>54,431</u>	<u>5,978</u>	<u>10,868</u>	<u>108,081</u>
Disbursements:					
Grants to local governments	32,995	46,361	1,023	0	80,379
State operations	8,809	8,345	0	23	17,177
General State charges	4,654	834	0	0	5,488
Debt service	0	0	0	4,156	4,156
Capital projects	0	3	4,486	0	4,489
Total disbursements	<u>46,458</u>	<u>55,543</u>	<u>5,509</u>	<u>4,179</u>	<u>111,689</u>
Other financing sources (uses):					
Transfers from other funds	9,325	3,171	274	5,098	17,868
Transfers to other funds	(2,522)	(2,685)	(910)	(11,792)	(17,909)
Bond and note proceeds	0	0	161	0	161
Net other financing sources (uses)	<u>6,803</u>	<u>486</u>	<u>(475)</u>	<u>(6,694)</u>	<u>120</u>
Deposit to/(use of) Community Projects Fund	<u>(150)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(150)</u>
Change in fund balance	<u>(2,701)</u>	<u>(626)</u>	<u>(6)</u>	<u>(5)</u>	<u>(3,338)</u>
Closing fund balance	<u>(2,701)</u>	<u>1,208</u>	<u>(490)</u>	<u>163</u>	<u>(1,820)</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2007-2008
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>1,208</u>	<u>(490)</u>	<u>163</u>	<u>881</u>
Receipts:					
Taxes	36,266	6,235	2,033	10,814	55,348
Miscellaneous receipts	4,560	13,377	2,584	671	21,192
Federal grants	4	37,734	1,767	0	39,505
Total receipts	<u>40,830</u>	<u>57,346</u>	<u>6,384</u>	<u>11,485</u>	<u>116,045</u>
Disbursements:					
Grants to local governments	36,921	49,453	954	0	87,328
State operations	9,250	8,398	0	23	17,671
General State charges	4,845	873	0	0	5,718
Debt service	0	0	0	4,443	4,443
Capital projects	0	2	4,847	0	4,849
Total disbursements	<u>51,016</u>	<u>58,726</u>	<u>5,801</u>	<u>4,466</u>	<u>120,009</u>
Other financing sources (uses):					
Transfers from other funds	9,730	3,158	273	5,167	18,328
Transfers to other funds	(2,496)	(2,653)	(1,017)	(12,185)	(18,351)
Bond and note proceeds	0	0	157	0	157
Net other financing sources (uses)	<u>7,234</u>	<u>505</u>	<u>(587)</u>	<u>(7,018)</u>	<u>134</u>
Deposit to/(use of) Community Projects Fund	<u>(167)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(167)</u>
Change in fund balance	<u>(2,785)</u>	<u>(875)</u>	<u>(4)</u>	<u>1</u>	<u>(3,663)</u>
Closing fund balance	<u>(2,785)</u>	<u>333</u>	<u>(494)</u>	<u>164</u>	<u>(2,782)</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2003-2004
(millions of dollars)**

	State	Federal	Total
Opening fund balance	1,230	(191)	1,039
Receipts:			
Taxes	4,442	0	4,442
Miscellaneous receipts	10,372	145	10,517
Federal grants	0	35,121	35,121
Total receipts	14,814	35,266	50,080
Disbursements:			
Grants to local governments	10,399	30,969	41,368
State operations	4,497	3,369	7,866
General State charges	424	177	601
Debt service	0	0	0
Capital projects	3	5	8
Total disbursements	15,323	34,520	49,843
Other financing sources (uses):			
Transfers from other funds	994	2,453	3,447
Transfers to other funds	(12)	(2,527)	(2,539)
Bond and note proceeds	0	0	0
Net other financing sources (uses)	982	(74)	908
Change in fund balance	473	672	1,145
Closing fund balance	1,703	481	2,184

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2004-2005
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>1,703</u>	<u>481</u>	<u>2,184</u>
Receipts:			
Taxes	4,835	0	4,835
Miscellaneous receipts	10,889	125	11,014
Federal grants	1	35,633	35,634
Total receipts	<u>15,725</u>	<u>35,758</u>	<u>51,483</u>
Disbursements:			
Grants to local governments	10,957	32,131	43,088
State operations	5,032	3,364	8,396
General State charges	484	204	688
Debt service	0	0	0
Capital projects	1	1	2
Total disbursements	<u>16,474</u>	<u>35,700</u>	<u>52,174</u>
Other financing sources (uses):			
Transfers from other funds	762	2,420	3,182
Transfers to other funds	(400)	(2,523)	(2,923)
Bond and note proceeds	0	0	0
Net other financing sources (uses)	<u>362</u>	<u>(103)</u>	<u>259</u>
Change in fund balance	<u>(387)</u>	<u>(45)</u>	<u>(432)</u>
Closing fund balance	<u>1,316</u>	<u>436</u>	<u>1,752</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2005-2006
(millions of dollars)**

	State	Federal	Total
Opening fund balance	1,316	436	1,752
Receipts:			
Taxes	5,659	0	5,659
Miscellaneous receipts	13,326	94	13,420
Federal grants	1	34,727	34,728
Total receipts	18,986	34,821	53,807
Disbursements:			
Grants to local governments	13,638	31,217	44,855
State operations	5,336	3,177	8,513
General State charges	558	226	784
Debt service	0	0	0
Capital projects	2	0	2
Total disbursements	19,534	34,620	54,154
Other financing sources (uses):			
Transfers from other funds	880	2,553	3,433
Transfers to other funds	(304)	(2,700)	(3,004)
Bond and note proceeds	0	0	0
Net other financing sources (uses)	576	(147)	429
Change in fund balance	28	54	82
Closing fund balance	1,344	490	1,834

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2006-2007
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>1,344</u>	<u>490</u>	<u>1,834</u>
Receipts:			
Taxes	5,971	0	5,971
Miscellaneous receipts	12,586	97	12,683
Federal grants	1	35,776	35,777
Total receipts	<u>18,558</u>	<u>35,873</u>	<u>54,431</u>
Disbursements:			
Grants to local governments	13,912	32,449	46,361
State operations	5,408	2,937	8,345
General State charges	596	238	834
Debt service	0	0	0
Capital projects	1	2	3
Total disbursements	<u>19,917</u>	<u>35,626</u>	<u>55,543</u>
Other financing sources (uses):			
Transfers from other funds	817	2,354	3,171
Transfers to other funds	(202)	(2,483)	(2,685)
Bond and note proceeds	0	0	0
Net other financing sources (uses)	<u>615</u>	<u>(129)</u>	<u>486</u>
Change in fund balance	<u>(744)</u>	<u>118</u>	<u>(626)</u>
Closing fund balance	<u>600</u>	<u>608</u>	<u>1,208</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2007-2008
(millions of dollars)**

	State	Federal	Total
Opening fund balance	600	608	1,208
Receipts:			
Taxes	6,235	0	6,235
Miscellaneous receipts	13,279	98	13,377
Federal grants	1	37,733	37,734
Total receipts	19,515	37,831	57,346
Disbursements:			
Grants to local governments	15,025	34,428	49,453
State operations	5,478	2,920	8,398
General State charges	629	244	873
Debt service	0	0	0
Capital projects	1	1	2
Total disbursements	21,133	37,593	58,726
Other financing sources (uses):			
Transfers from other funds	829	2,329	3,158
Transfers to other funds	(203)	(2,450)	(2,653)
Bond and note proceeds	0	0	0
Net other financing sources (uses)	626	(121)	505
Change in fund balance	(992)	117	(875)
Closing fund balance	(392)	725	333

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2003-2004
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>(558)</u>	<u>(232)</u>	<u>(790)</u>
Receipts:			
Taxes	1,756	0	1,756
Miscellaneous receipts	2,162	6	2,168
Federal grants	0	1,548	1,548
Total receipts	<u>3,918</u>	<u>1,554</u>	<u>5,472</u>
Disbursements:			
Grants to local governments	290	491	781
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	2,774	982	3,756
Total disbursements	<u>3,064</u>	<u>1,473</u>	<u>4,537</u>
Other financing sources (uses):			
Transfers from other funds	254	0	254
Transfers to other funds	(1,026)	(2)	(1,028)
Bond and note proceeds	140	0	140
Net other financing sources (uses)	<u>(632)</u>	<u>(2)</u>	<u>(634)</u>
Change in fund balance	<u>222</u>	<u>79</u>	<u>301</u>
Closing fund balance	<u>(336)</u>	<u>(153)</u>	<u>(489)</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2004-2005
(millions of dollars)**

	State	Federal	Total
Opening fund balance	(336)	(153)	(489)
Receipts:			
Taxes	1,823	0	1,823
Miscellaneous receipts	1,677	0	1,677
Federal grants	0	1,778	1,778
Total receipts	3,500	1,778	5,278
Disbursements:			
Grants to local governments	988	212	1,200
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	1,916	1,558	3,474
Total disbursements	2,904	1,770	4,674
Other financing sources (uses):			
Transfers from other funds	233	0	233
Transfers to other funds	(1,038)	(9)	(1,047)
Bond and note proceeds	193	0	193
Net other financing sources (uses)	(612)	(9)	(621)
Change in fund balance	(16)	(1)	(17)
Closing fund balance	(352)	(154)	(506)

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2005-2006
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>(352)</u>	<u>(154)</u>	<u>(506)</u>
Receipts:			
Taxes	1,855	0	1,855
Miscellaneous receipts	1,776	0	1,776
Federal grants	0	1,828	1,828
Total receipts	<u>3,631</u>	<u>1,828</u>	<u>5,459</u>
Disbursements:			
Grants to local governments	949	211	1,160
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	2,174	1,608	3,782
Total disbursements	<u>3,123</u>	<u>1,819</u>	<u>4,942</u>
Other financing sources (uses):			
Transfers from other funds	257	0	257
Transfers to other funds	(928)	(9)	(937)
Bond and note proceeds	185	0	185
Net other financing sources (uses)	<u>(486)</u>	<u>(9)</u>	<u>(495)</u>
Change in fund balance	<u>22</u>	<u>0</u>	<u>22</u>
Closing fund balance	<u>(330)</u>	<u>(154)</u>	<u>(484)</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2006-2007
(millions of dollars)**

	State	Federal	Total
Opening fund balance	(330)	(154)	(484)
Receipts:			
Taxes	2,008	0	2,008
Miscellaneous receipts	2,149	0	2,149
Federal grants	0	1,821	1,821
Total receipts	4,157	1,821	5,978
Disbursements:			
Grants to local governments	811	212	1,023
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	2,914	1,572	4,486
Total disbursements	3,725	1,784	5,509
Other financing sources (uses):			
Transfers from other funds	274	0	274
Transfers to other funds	(901)	(9)	(910)
Bond and note proceeds	161	0	161
Net other financing sources (uses)	(466)	(9)	(475)
Change in fund balance	(34)	28	(6)
Closing fund balance	(364)	(126)	(490)

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2007-2008
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>(364)</u>	<u>(126)</u>	<u>(490)</u>
Receipts:			
Taxes	2,033	0	2,033
Miscellaneous receipts	2,584	0	2,584
Federal grants	0	1,767	1,767
Total receipts	<u>4,617</u>	<u>1,767</u>	<u>6,384</u>
Disbursements:			
Grants to local governments	743	211	954
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	3,335	1,512	4,847
Total disbursements	<u>4,078</u>	<u>1,723</u>	<u>5,801</u>
Other financing sources (uses):			
Transfers from other funds	273	0	273
Transfers to other funds	(1,007)	(10)	(1,017)
Bond and note proceeds	157	0	157
Net other financing sources (uses)	<u>(577)</u>	<u>(10)</u>	<u>(587)</u>
Change in fund balance	<u>(38)</u>	<u>34</u>	<u>(4)</u>
Closing fund balance	<u>(402)</u>	<u>(92)</u>	<u>(494)</u>

FINANCIAL PLAN OVERVIEW

**CASHFLOW
GENERAL FUND
2003-2004
(millions of dollars)**

	First Quarter (Actual)	Second Quarter (Actual)	Third Quarter (Actual)	Fourth Quarter (Actual)	Total (Actual)
Opening fund balance	<u>815</u>	<u>1,989</u>	<u>2,559</u>	<u>3,012</u>	<u>815</u>
Receipts:					
Taxes:					
Personal income tax	4,600	4,131	2,550	4,493	15,774
User taxes and fees	1,820	2,108	2,074	1,977	7,979
Business taxes	650	887	754	1,122	3,413
Other taxes	176	223	223	146	768
Miscellaneous receipts	2,440	360	2,605	512	5,917
Federal grants	325	2	325	2	654
Transfers from other funds					
PIT in excess of Revenue Bond debt service	1,314	1,333	782	1,815	5,244
Sales tax in excess of LGAC debt service	514	507	587	363	1,971
Real estate taxes in excess of CW/CA debt service	77	71	84	75	307
All Other	60	51	14	175	300
Total receipts	<u>11,976</u>	<u>9,673</u>	<u>9,998</u>	<u>10,680</u>	<u>42,327</u>
Disbursements:					
Grants to local governments					
School Aid	4,238	1,405	1,753	6,289	13,685
Medicaid	2,071	1,149	2,068	1,405	6,693
Welfare	(4)	548	426	497	1,467
All Other	1,187	2,157	2,143	1,914	7,401
State operations					
Personal Service	1,709	1,599	1,393	436	5,137
Non-Personal Service	481	486	409	580	1,956
General State charges	546	1,242	729	730	3,247
Transfers to other funds					
Debt service	377	360	447	290	1,474
Capital projects	5	53	104	66	228
Other purposes	192	104	73	408	777
Total disbursements	<u>10,802</u>	<u>9,103</u>	<u>9,545</u>	<u>12,615</u>	<u>42,065</u>
Change in fund balance	<u>1,174</u>	<u>570</u>	<u>453</u>	<u>(1,935)</u>	<u>262</u>
Closing fund balance	<u>1,989</u>	<u>2,559</u>	<u>3,012</u>	<u>1,077</u>	<u>1,077</u>

FINANCIAL PLAN OVERVIEW

**CASHFLOW
GENERAL FUND
2004-2005
(millions of dollars)**

	April through December 2004 (Actual)	January 2005 (Projected)	February 2005 (Projected)	March 2005 (Projected)	Total
Opening fund balance	1,077	2,536	5,864	6,561	1,077
Receipts:					
Taxes:					
Personal income tax	13,593	3,220	1,767	352	18,932
User taxes and fees	6,637	684	542	889	8,752
Business taxes	2,699	37	43	985	3,764
Other taxes	550	58	61	61	730
Miscellaneous receipts	1,686	172	168	267	2,293
Federal Grants	6	0	0	2	8
Transfers from other funds					
PIT in excess of Revenue Bond debt service	3,943	1,074	589	236	5,842
Sales tax in excess of LGAC debt service	1,789	186	3	193	2,171
Real estate taxes in excess of CW/CA debt service	425	31	26	38	520
All Other	271	46	1	186	504
Total receipts	<u>31,599</u>	<u>5,508</u>	<u>3,200</u>	<u>3,209</u>	<u>43,516</u>
Disbursements:					
Grants to local governments					
School Aid	6,242	297	544	5,824	12,907
Medicaid	5,917	359	640	518	7,434
Welfare	1,061	136	159	108	1,464
All Other	5,511	462	548	1,331	7,852
State operations					
Personal Service	4,836	481	219	79	5,615
Non-Personal Service	1,436	141	167	248	1,992
General State charges	2,951	266	145	303	3,665
Transfers to other funds					
Debt service	1,449	14	28	241	1,732
Capital projects	305	12	41	(160)	198
Other purposes	432	12	12	75	548
Total disbursements	<u>30,140</u>	<u>2,180</u>	<u>2,503</u>	<u>8,567</u>	<u>43,407</u>
Change in fund balance	<u>1,459</u>	<u>3,328</u>	<u>697</u>	<u>(5,358)</u>	<u>109</u>
Closing fund balance	<u>2,536</u>	<u>5,864</u>	<u>6,561</u>	<u>1,203</u>	<u>1,186</u>

FINANCIAL PLAN OVERVIEW

**CASH FLOW
GENERAL FUND
April 1 through December 31 (Actuals)
(millions of dollars)**

	<u>2003</u>	<u>2004</u>	<u>Change</u>
Opening fund balance	<u>815</u>	<u>1,077</u>	<u>262</u>
Receipts:			
Taxes:			
Personal income tax	11,281	13,593	2,312
User taxes and fees	6,002	6,637	635
Business taxes	2,291	2,699	408
Other taxes	622	550	(72)
Miscellaneous receipts	5,405	1,686	(3,719)
Federal grants	652	6	(646)
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	3,429	3,943	514
Sales tax in excess of LGAC debt service	1,608	1,789	181
Real estate taxes in excess of CW/CA debt service	232	425	193
All other	125	271	146
Total receipts	<u>31,647</u>	<u>31,599</u>	<u>(48)</u>
Disbursements:			
Grants to local governments :			
School Aid	6,084	6,242	158
Medicaid	5,206	5,917	711
Welfare	924	1,061	137
All Other	5,101	5,511	410
State operations:			
Personal Service	4,664	4,836	172
Non-Personal Service	1,376	1,436	60
General State charges	2,484	2,951	467
Transfers to other funds:			
Debt service	1,184	1,449	265
Capital projects	158	305	147
Other purposes	369	432	63
2002-03 Payment Deferrals	1,900	0	(1,900)
Total disbursements	<u>29,450</u>	<u>30,140</u>	<u>690</u>
Change in fund balance	<u>2,197</u>	<u>1,459</u>	<u>(738)</u>
Closing fund balance	<u>3,012</u>	<u>2,536</u>	<u>(476)</u>

FINANCIAL PLAN OVERVIEW

**CASH FLOW
GENERAL FUND
April 1, 2004 through December 31, 2004 (Mid-Year vs. Actuals)
(millions of dollars)**

	<u>Mid-Year</u>	<u>Actuals</u>	<u>Change</u>
Opening fund balance	<u>1,077</u>	<u>1,077</u>	<u>0</u>
Receipts:			
Taxes:			
Personal income tax	13,239	13,593	354
User taxes and fees	6,622	6,637	15
Business taxes	2,636	2,699	63
Other taxes	566	550	(16)
Miscellaneous receipts	1,711	1,686	(25)
Federal grants	6	6	0
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	3,819	3,943	124
Sales tax in excess of LGAC debt service	1,789	1,789	0
Real estate taxes in excess of CW/CA debt service	358	425	67
All other	259	271	12
Total receipts	<u>31,005</u>	<u>31,599</u>	<u>594</u>
Disbursements:			
Grants to local governments :			
School Aid	6,370	6,242	(128)
Medicaid	5,820	5,917	97
Welfare	1,068	1,061	(7)
All Other	5,582	5,511	(71)
State operations:			
Personal Service	4,870	4,836	(34)
Non-Personal Service	1,443	1,436	(7)
General State charges	2,938	2,951	13
Transfers to other funds:			
Debt service	1,447	1,449	2
Capital projects	315	305	(10)
Other purposes	435	432	(3)
Total disbursements	<u>30,288</u>	<u>30,140</u>	<u>(148)</u>
Fiscal Management Plan (1)	<u>40</u>	<u>0</u>	<u>(40)</u>
Change in fund balance	<u>757</u>	<u>1,459</u>	<u>702</u>
Closing fund balance	<u>1,834</u>	<u>2,536</u>	<u>702</u>

(1) Fiscal Management Plan savings are shown in the appropriate financial plan categories for actuals.

FINANCIAL PLAN OVERVIEW

**CASH FLOW
GENERAL FUND
April 1, 2004 through December 31, 2004 (Enacted vs. Actuals)
(millions of dollars)**

	<u>Enacted</u>	<u>Actuals</u>	<u>Change</u>
Opening fund balance	<u>1,077</u>	<u>1,077</u>	<u>0</u>
Receipts:			
Taxes:			
Personal income tax	13,032	13,593	561
User taxes and fees	6,668	6,637	(31)
Business taxes	2,579	2,699	120
Other taxes	567	550	(17)
Miscellaneous receipts	1,826	1,686	(140)
Federal grants	0	6	6
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	3,746	3,943	197
Sales tax in excess of LGAC debt service	1,798	1,789	(9)
Real estate taxes in excess of CW/CA debt service	246	425	179
All other	277	271	(6)
Total receipts	<u>30,739</u>	<u>31,599</u>	<u>860</u>
Disbursements:			
Grants to local governments :			
School Aid	6,319	6,242	(77)
Medicaid	5,925	5,917	(8)
Welfare	1,038	1,061	23
All Other	5,607	5,511	(96)
State operations:			
Personal Service	4,904	4,836	(68)
Non-Personal Service	1,496	1,436	(60)
General State charges	2,995	2,951	(44)
Transfers to other funds:			
Debt service	1,464	1,449	(15)
Capital projects	491	305	(186)
Other purposes	412	432	20
Total disbursements	<u>30,651</u>	<u>30,140</u>	<u>(511)</u>
Fiscal Management Plan (1)	<u>160</u>	<u>0</u>	<u>(160)</u>
Change in fund balance	<u>248</u>	<u>1,459</u>	<u>1,211</u>
Closing fund balance	<u>1,325</u>	<u>2,536</u>	<u>1,211</u>

(1) Fiscal Management Plan savings are shown in the appropriate financial plan categories for actuals.

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
GENERAL FUND
2004-2005
(millions of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>January</u>
Revenues:			
Taxes:			
Personal income tax	17,639	1,049	18,688
User taxes and fees	8,854	67	8,921
Business taxes	4,017	(161)	3,856
Other taxes	710	(32)	678
Miscellaneous revenues	4,637	(202)	4,435
Federal grants	0	8	8
Total revenues	35,857	729	36,586
Expenditures:			
Grants to local governments	31,697	604	32,301
State operations	10,196	209	10,405
General State charges	3,225	(39)	3,186
Debt service	25	(1)	24
Capital projects	0	0	0
Total expenditures	45,143	773	45,916
Other financing sources (uses):			
Transfers from other funds	11,971	547	12,518
Transfers to other funds	(4,608)	(20)	(4,628)
Proceeds from financing arrangements/ advance refundings	375	279	654
Net other financing sources (uses)	7,738	806	8,544
Fiscal Management Plan (1)	434	(434)	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,114)	328	(786)
Accumulated Deficit	(1,395)	47	(1,067)

(1) A total of \$161 million in Fiscal Management Plan savings was achieved, and is reflected in the revised January spending estimates.

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
GENERAL FUND
2004-2005 and 2005-2006
(millions of dollars)**

	<u>2004-2005 Estimate</u>	<u>2005-2006 Recommended</u>	<u>Change</u>
Revenues:			
Taxes:			
Personal income tax	18,688	19,946	1,258
User taxes and fees	8,921	8,646	(275)
Business taxes	3,856	4,083	227
Other taxes	678	798	120
Miscellaneous revenues	4,435	4,428	(7)
Federal grants	8	4	(4)
Total revenues	<u>36,586</u>	<u>37,905</u>	<u>1,319</u>
Expenditures:			
Grants to local governments	32,301	32,734	433
State operations	10,405	10,783	378
General State charges	3,186	3,282	96
Debt service	24	25	1
Capital projects	0	0	0
Total expenditures	<u>45,916</u>	<u>46,824</u>	<u>908</u>
Other financing sources (uses):			
Transfers from other funds	12,518	12,705	187
Transfers to other funds	(4,628)	(4,823)	(195)
Proceeds from financing arrangements/ advance refundings	654	914	260
Net other financing sources (uses)	<u>8,544</u>	<u>8,796</u>	<u>252</u>
(Excess) deficiency of revenues and other financing sources over expenditures and other financing uses	<u>(786)</u>	<u>(123)</u>	<u>663</u>
Accumulated Deficit	<u>(1,067)</u>	<u>(1,190)</u>	<u>(123)</u>

FINANCIAL PLAN OVERVIEW

**CONVERSION OF CASH FINANCIAL PLAN
TO GAAP FINANCIAL PLAN
GENERAL FUND
2004-2005
(millions of dollars)**

	Cash Financial Plan	Perspective Difference Special Revenue Funds	Entity Difference Other Funds	Cash Basis Subtotal	Changes In Accruals	Elimin- ations	Intrafund Eliminations	Reclass- ification	GAAP Financial Plan
Receipts/Revenues:									
Taxes:									
Personal income tax	18,932	0	0	18,932	(244)	0	0	0	18,688
User taxes and fees	8,752	0	0	8,752	169	0	0	0	8,921
Business taxes	3,764	0	0	3,764	92	0	0	0	3,856
Other taxes	730	1	0	731	(53)	0	0	0	678
Miscellaneous receipts	2,293	3,060	559	5,912	(213)	(78)	(498)	(688)	4,435
Federal Grants	8	0	0	8	0	0	0	0	8
Total receipts/revenues	34,479	3,061	559	38,099	(249)	(78)	(498)	(688)	36,586
Disbursements/expenditures:									
Grants to local governments	29,657	2,304	0	31,961	942	0	0	(602)	32,301
State operations	7,607	3,603	575	11,785	25	(253)	(498)	(654)	10,405
General State charges	3,665	257	45	3,967	184	(25)	0	(940)	3,186
Debt service	0	0	8	8	24	0	0	(8)	24
Capital projects	0	0	0	0	0	0	0	0	0
Total disbursements/expenditures	40,929	6,164	628	47,721	1,175	(278)	(498)	(2,204)	45,916
Other financing sources (uses):									
Transfers from other funds	9,037	3,245	91	12,373	0	(203)	(340)	688	12,518
Transfers to other funds	(2,478)	(253)	(31)	(2,762)	(5)	3	340	(2,204)	(4,628)
Proceeds from financing arrangements/ advance refundings	0	0	0	0	654	0	0	0	654
Net other financing sources (uses)	6,559	2,992	60	9,611	649	(200)	0	(1,516)	8,544
(Increase)/decrease in reserves	(109)	0	0	(109)	109	0	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	0	(111)	(9)	(120)	(666)	0	0	0	(786)

FINANCIAL PLAN OVERVIEW

**CONVERSION OF CASH FINANCIAL PLAN
TO GAAP FINANCIAL PLAN
GENERAL FUND
2005-2006
(millions of dollars)**

	Cash Financial Plan	Perspective Difference Special Revenue Funds	Entity Difference Other Funds	Cash Basis Subtotal	Changes In Accruals	Elimin- ations	Intrafund Eliminations	Reclass- ification	GAAP Financial Plan
Receipts/Revenues:									
Taxes:									
Personal income tax	19,844	0	0	19,844	102	0	0	0	19,946
User taxes and fees	8,622	0	0	8,622	24	0	0	0	8,646
Business taxes	4,066	0	0	4,066	17	0	0	0	4,083
Other taxes	778	0	0	778	20	0	0	0	798
Miscellaneous receipts	2,451	2,513	680	5,644	64	(86)	(613)	(581)	4,428
Federal Grants	4	0	0	4	0	0	0	0	4
Total receipts/revenues	35,765	2,513	680	38,958	227	(86)	(613)	(581)	37,905
Disbursements/expenditures:									
Grants to local governments	30,619	1,860	0	32,479	1,010	0	0	(755)	32,734
State operations	8,055	3,480	701	12,236	38	(263)	(613)	(615)	10,783
General State charges	3,889	281	51	4,221	67	(27)	0	(979)	3,282
Debt service	0	0	23	23	25	0	0	(23)	25
Capital projects	0	0	0	0	0	0	0	0	0
Total disbursements/expenditures	42,563	5,621	775	48,959	1,140	(290)	(613)	(2,372)	46,824
Other financing sources (uses):									
Transfers from other funds	9,326	3,243	88	12,657	0	(207)	(326)	581	12,705
Transfers to other funds	(2,512)	(234)	(29)	(2,775)	(5)	3	326	(2,372)	(4,823)
Proceeds from financing arrangements/ advance refundings	0	0	0	0	914	0	0	0	914
Net other financing sources (uses)	6,814	3,009	59	9,882	909	(204)	0	(1,791)	8,796
(Increase)/decrease in reserves	(16)	0	0	(16)	16	0	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	0	(99)	(36)	(135)	12	0	0	0	(123)

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
GENERAL FUND
2005-2006 THROUGH 2007-2008
(millions of dollars)**

	<u>2005-2006</u> <u>Recommended</u>	<u>2006-2007</u> <u>Projected</u>	<u>2007-2008</u> <u>Projected</u>
Revenues:			
Taxes:			
Personal income tax	19,946	20,695	22,017
User taxes and fees	8,646	8,846	9,184
Business taxes	4,083	4,152	4,315
Other taxes	798	904	920
Miscellaneous revenues	4,428	4,613	6,709
Federal grants	4	4	4
Total revenues	<u><u>37,905</u></u>	<u><u>39,214</u></u>	<u><u>43,149</u></u>
Expenditures:			
Grants to local governments	32,734	35,553	39,559
State operations	10,783	11,235	11,581
General State charges	3,282	4,002	4,110
Debt service	25	26	27
Capital projects	0	0	0
Total expenditures	<u><u>46,824</u></u>	<u><u>50,816</u></u>	<u><u>55,277</u></u>
Other financing sources (uses):			
Transfers from other funds	12,705	12,655	13,063
Transfers to other funds	(4,823)	(5,138)	(5,166)
Proceeds from financing arrangements/ advance refundings	914	991	1,026
Net other financing sources (uses)	<u><u>8,796</u></u>	<u><u>8,508</u></u>	<u><u>8,923</u></u>
(Excess) deficiency of revenues and other financing sources over expenditures and other financing uses			
	<u><u>(123)</u></u>	<u><u>(3,094)</u></u>	<u><u>(3,205)</u></u>

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2004-2005
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	32,143	4,830	1,827	9,287	48,087
Patient fees	0	0	0	326	326
Miscellaneous revenues	4,435	2,294	231	23	6,983
Federal grants	8	37,402	1,778	0	39,188
Total revenues	<u>36,586</u>	<u>44,526</u>	<u>3,836</u>	<u>9,636</u>	<u>94,584</u>
Expenditures:					
Grants to local governments	32,301	39,643	1,187	0	73,131
State operations	10,405	1,841	0	22	12,268
General State charges	3,186	251	0	0	3,437
Debt service	24	0	0	3,138	3,162
Capital projects	0	2	3,206	0	3,208
Total expenditures	<u>45,916</u>	<u>41,737</u>	<u>4,393</u>	<u>3,160</u>	<u>95,206</u>
Other financing sources (uses):					
Transfers from other funds	12,518	1,036	212	5,244	19,010
Transfers to other funds	(4,628)	(4,061)	(1,086)	(11,687)	(21,462)
Proceeds of general obligation bonds	0	0	193	0	193
Proceeds from financing arrangements/ advance refundings	654	0	1,232	0	1,886
Net other financing sources (uses)	<u>8,544</u>	<u>(3,025)</u>	<u>551</u>	<u>(6,443)</u>	<u>(373)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses					
	<u>(786)</u>	<u>(236)</u>	<u>(6)</u>	<u>33</u>	<u>(995)</u>

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2005-2006
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	33,473	5,656	1,854	9,841	50,824
Patient fees	0	0	0	326	326
Miscellaneous revenues	4,428	5,736	507	23	10,694
Federal grants	4	36,539	1,828	0	38,371
Total revenues	<u>37,905</u>	<u>47,931</u>	<u>4,189</u>	<u>10,190</u>	<u>100,215</u>
Expenditures:					
Grants to local governments	32,734	42,799	1,148	0	76,681
State operations	10,783	1,674	0	26	12,483
General State charges	3,282	305	0	0	3,587
Debt service	25	0	0	3,041	3,066
Capital projects	0	2	3,479	0	3,481
Total expenditures	<u>46,824</u>	<u>44,780</u>	<u>4,627</u>	<u>3,067</u>	<u>99,298</u>
Other financing sources (uses):					
Transfers from other funds	12,705	270	233	5,233	18,441
Transfers to other funds	(4,823)	(3,214)	(973)	(12,348)	(21,358)
Proceeds of general obligation bonds	0	0	185	0	185
Proceeds from financing arrangements/ advance refundings	914	0	1,001	0	1,915
Net other financing sources (uses)	<u>8,796</u>	<u>(2,944)</u>	<u>446</u>	<u>(7,115)</u>	<u>(817)</u>
(Excess) deficiency of revenues and other financing sources over expenditures and other financing uses					
	<u>(123)</u>	<u>207</u>	<u>8</u>	<u>8</u>	<u>100</u>

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2004-2005
(millions of dollars)**

	<u>Major Funds</u>			<u>Eliminations</u>	<u>Total</u>
	<u>General Fund</u>	<u>Federal Special Revenue</u>	<u>Other Governmental Funds</u>		
Revenues:					
Taxes:					
Personal income tax	18,688	0	9,210	0	27,898
User taxes and fees	8,921	0	4,268	0	13,189
Business taxes	3,856	0	1,712	0	5,568
Other taxes	678	0	754	0	1,432
Patient fees	0	0	326	0	326
Miscellaneous receipts	4,435	120	2,428	0	6,983
Federal grants	8	37,401	1,779	0	39,188
Total revenues	<u>36,586</u>	<u>37,521</u>	<u>20,477</u>	<u>0</u>	<u>94,584</u>
Expenditures:					
Grants to local governments	32,301	33,256	7,574	0	73,131
State operations	10,405	1,188	675	0	12,268
General State charges	3,186	182	69	0	3,437
Debt service	24	0	3,138	0	3,162
Capital projects	0	0	3,208	0	3,208
Total expenditures	<u>45,916</u>	<u>34,626</u>	<u>14,664</u>	<u>0</u>	<u>95,206</u>
Other financing sources (uses):					
Transfers from other funds	12,518	0	23,722	(17,230)	19,010
Transfers to other funds	(4,628)	(3,130)	(30,934)	17,230	(21,462)
Proceeds of General obligation bonds	0	0	193	0	193
Proceeds from financing arrangements/ advance refundings	654	0	1,232	0	1,886
Net other financing sources (uses)	<u>8,544</u>	<u>(3,130)</u>	<u>(5,787)</u>	<u>0</u>	<u>(373)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(786)</u>	<u>(235)</u>	<u>26</u>	<u>0</u>	<u>(995)</u>

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2005-2006
(millions of dollars)**

	<u>Major Funds</u>			<u>Eliminations</u>	<u>Total</u>
	<u>General Fund</u>	<u>Federal Special Revenue</u>	<u>Other Governmental Funds</u>		
Revenues:					
Taxes:					
Personal income tax	19,946	0	9,774	0	29,720
User taxes and fees	8,646	0	5,024	0	13,670
Business taxes	4,083	0	1,815	0	5,898
Other taxes	798	0	738	0	1,536
Patient fees	0	0	326	0	326
Miscellaneous receipts	4,428	89	6,177	0	10,694
Federal grants	4	36,539	1,828	0	38,371
Total revenues	<u>37,905</u>	<u>36,628</u>	<u>25,682</u>	<u>0</u>	<u>100,215</u>
Expenditures:					
Grants to local governments	32,734	32,118	11,829	0	76,681
State operations	10,783	1,204	496	0	12,483
General State charges	3,282	203	102	0	3,587
Debt service	25	0	3,041	0	3,066
Capital projects	0	1	3,480	0	3,481
Total expenditures	<u>46,824</u>	<u>33,526</u>	<u>18,948</u>	<u>0</u>	<u>99,298</u>
Other financing sources (uses):					
Transfers from other funds	12,705	0	23,536	(17,800)	18,441
Transfers to other funds	(4,823)	(3,174)	(31,161)	17,800	(21,358)
Proceeds of General obligation bonds	0	0	185	0	185
Proceeds from financing arrangements/ advance refundings	914	0	1,001	0	1,915
Net other financing sources (uses)	<u>8,796</u>	<u>(3,174)</u>	<u>(6,439)</u>	<u>0</u>	<u>(817)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(123)</u>	<u>(72)</u>	<u>295</u>	<u>0</u>	<u>100</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
HEALTH CARE REFORM ACT RESOURCES FUND
2004-2005 AND 2005-2006
(millions of dollars)**

	2004-2005 January	2005-2006 Recommended	Annual Change
Opening fund balance	<u>430</u>	<u>32</u>	<u>(398)</u>
Receipts:			
Cigarette taxes	567	561	(6)
Miscellaneous receipts	<u>3,159</u>	<u>5,126</u>	<u>1,967</u>
Total receipts	<u>3,726</u>	<u>5,687</u>	<u>1,961</u>
Disbursements:			
Hospital Indigent Care Fund	826	853	27
Professional Education/Graduate Medical Education	383	380	(3)
Elderly Pharmaceutical Insurance Coverage (EPIC)	491	560	69
Child Health Plus (CHP)	342	349	7
Family Health Plus (FHP)	390	314	(76)
Workforce Recruitment and Retention	330	352	22
Public Health	96	132	36
Mental Health	88	88	0
Roswell Park Cancer Institute	78	78	0
Physician Excess Medical Malpractice	55	49	(6)
Transfer To Medicaid:			
Pharmacy Costs	254	1,275	1,021
Physician Costs	85	85	0
Health Insurance Demonstration Project	30	69	39
Supplemental Medical Insurance	68	68	0
All Other Medicaid	247	266	19
All Other	<u>361</u>	<u>393</u>	<u>32</u>
Total disbursements	<u>4,124</u>	<u>5,311</u>	<u>1,187</u>
Change in fund balance	<u>(398)</u>	<u>376</u>	<u>774</u>
Closing fund balance	<u>32</u>	<u>408</u>	<u>376</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
HEALTH CARE REFORM ACT RESOURCES FUND
2005-2006 THROUGH JUNE 30, 2007
(millions of dollars)**

	2005-2006 Recommended	2006-2007 Projected	2007-2008 April Through June Projected
Opening fund balance	<u>32</u>	<u>408</u>	<u>60</u>
Receipts:			
Cigarette taxes	561	554	158
Miscellaneous receipts	5,126	3,484	656
Total receipts	<u>5,687</u>	<u>4,038</u>	<u>814</u>
Disbursements:			
Hospital Indigent Care Fund	853	853	276
Professional Education/Graduate Medical Education	380	380	135
Elderly Pharmaceutical Insurance Coverage (EPIC)	560	614	0
Child Health Plus (CHP)	349	369	97
Family Health Plus (FHP)	314	368	0
Workforce Recruitment and Retention	352	352	0
Public Health	132	131	28
Mental Health	88	87	22
Roswell Park Cancer Institute	78	78	20
Physician Excess Medical Malpractice	49	65	16
Transfer To Medicaid:			
Pharmacy Costs	1,275	159	0
Physician Costs	85	85	0
Health Insurance Demonstration Project	69	69	0
Supplemental Medical Insurance	68	68	0
All Other Medicaid	266	268	0
All Other	393	440	72
Total disbursements	<u>5,311</u>	<u>4,386</u>	<u>666</u>
Change in fund balance	<u>376</u>	<u>(348)</u>	<u>148</u>
Closing fund balance	<u>408</u>	<u>60</u>	<u>208</u>

FINANCIAL PLAN OVERVIEW

CASH FLOW
HEALTH CARE REFORM ACT RESOURCES FUND
2004-2005
(millions of dollars)

	<u>First Quarter (Actual)</u>	<u>Second Quarter (Actual)</u>	<u>Third Quarter (Projected)</u>	<u>Fourth Quarter (Projected)</u>	<u>Total (Projected)</u>
Opening fund balance	430	702	801	333	430
Receipts:					
Miscellaneous Receipts	774	622	1,052	711	3,159
Cigarette Taxes	154	150	136	127	567
Total receipts	<u>928</u>	<u>772</u>	<u>1,188</u>	<u>838</u>	<u>3,726</u>
Disbursements:					
Hospital Indigent Care Fund	238	196	216	176	826
Professional Education/Graduate Medical Education	85	112	97	89	383
Elderly Pharmaceutical Insurance Coverage (EPIC)	150	150	69	122	491
Child Health Plus (CHP)	72	56	130	84	342
Family Health Plus (FHP)	0	0	204	186	390
Workforce Recruitment and Retention	14	18	191	107	330
Public Health	18	40	15	23	96
Mental Health	33	28	27	0	88
Roswell Park Cancer Institute	0	25	25	28	78
Physician Excess Medical Malpractice	0	0	23	32	55
Transfer To Medicaid:					
Pharmacy Costs	0	0	227	27	254
Physician Costs	0	0	43	42	85
Health Insurance Demonstration Project	0	0	28	2	30
Supplemental Medical Insurance	0	0	17	51	68
All Other Medicaid	0	0	232	15	247
All Other	46	48	112	155	361
Total disbursements	<u>656</u>	<u>673</u>	<u>1,656</u>	<u>1,139</u>	<u>4,124</u>
Change in fund balance	<u>272</u>	<u>99</u>	<u>(468)</u>	<u>(301)</u>	<u>(398)</u>
Closing fund balance	<u>702</u>	<u>801</u>	<u>333</u>	<u>32</u>	<u>32</u>

FINANCIAL PLAN OVERVIEW

CASH FLOW
HEALTH CARE REFORM ACT RESOURCES FUND
2005-2006
(millions of dollars)

	<u>First Quarter (Projected)</u>	<u>Second Quarter (Projected)</u>	<u>Third Quarter (Projected)</u>	<u>Fourth Quarter (Projected)</u>	<u>Total (Projected)</u>
Opening fund balance	32	0	27	862	32
Receipts:					
Miscellaneous Receipts	551	689	2,570	1,316	5,126
Cigarette Taxes	147	141	141	132	561
Total receipts	<u>698</u>	<u>830</u>	<u>2,711</u>	<u>1,448</u>	<u>5,687</u>
Disbursements:					
Hospital Indigent Care Fund	285	212	214	142	853
Professional Education/Graduate Medical Education	134	71	95	80	380
Elderly Pharmaceutical Insurance Coverage (EPIC)	0	0	224	336	560
Child Health Plus (CHP)	116	44	110	79	349
Family Health Plus (FHP)	0	52	156	106	314
Workforce Recruitment and Retention	24	120	88	120	352
Public Health	38	10	40	44	132
Mental Health	29	0	29	30	88
Roswell Park Cancer Institute	26	0	24	28	78
Physician Excess Medical Malpractice	0	0	49	0	49
Transfer To Medicaid:					
Pharmacy Costs	0	173	447	655	1,275
Physician Costs	0	27	53	5	85
Health Insurance Demonstration Project	0	17	35	17	69
Supplemental Medical Insurance	0	0	34	34	68
All Other Medicaid	0	27	127	112	266
All Other	78	50	151	114	393
Total disbursements	<u>730</u>	<u>803</u>	<u>1,876</u>	<u>1,902</u>	<u>5,311</u>
Change in fund balance	<u>(32)</u>	<u>27</u>	<u>835</u>	<u>(454)</u>	<u>376</u>
Closing fund balance	<u>0</u>	<u>27</u>	<u>862</u>	<u>408</u>	<u>408</u>

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION GENERAL FUND ADJUSTED FOR COMPARABILITY (thousands of dollars)

	2004-2005 Estimated	Adjust	2004-2005 Adjusted	2005-2006 Recommended	Annual Adjusted \$ Change	Annual Adjusted % Change
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT						
Agriculture and Markets, Department of	41,967	0	41,967	37,426	(4,541)	-10.8%
Alcoholic Beverage Control	0	0	0	0	0	0.0%
Banking Department	0	0	0	0	0	0.0%
Consumer Protection Board	385	0	385	0	(385)	-100.0%
Economic Development, Department of	38,866	0	38,866	36,449	(2,417)	-6.2%
Empire State Development Corporation	14,975	0	14,975	67,000	52,025	347.4%
Energy Research and Development Authority	0	0	0	0	0	0.0%
Housing Finance Agency	0	0	0	0	0	0.0%
Housing and Community Renewal, Division of	67,915	0	67,915	66,599	(1,316)	-1.9%
Insurance Department	0	0	0	0	0	0.0%
Olympic Regional Development Authority	7,350	0	7,350	7,350	0	0.0%
Public Service, Department of	0	0	0	0	0	0.0%
Science, Technology and Academic Research, Office of	49,132	0	49,132	41,314	(7,818)	-15.9%
Functional Total	220,590	0	220,590	256,138	35,548	16.1%
PARKS AND THE ENVIRONMENT						
Adirondack Park Agency	4,314	0	4,314	4,408	94	2.2%
Environmental Conservation, Department of	114,805	0	114,805	107,394	(7,411)	-6.5%
Environmental Facilities Corporation	0	0	0	0	0	0.0%
Parks, Recreation and Historic Preservation, Office of	106,711	0	106,711	107,898	1,187	1.1%
Functional Total	225,830	0	225,830	219,700	(6,130)	-2.7%
TRANSPORTATION						
Motor Vehicles, Department of	4,660	0	4,660	0	(4,660)	-100.0%
Thruway Authority	0	0	0	0	0	0.0%
Transportation, Department of	112,866	0	112,866	103,140	(9,726)	-8.6%
Functional Total	117,526	0	117,526	103,140	(14,386)	-12.2%
HEALTH AND SOCIAL WELFARE						
Advocate for Persons with Disabilities, Office of	831	0	831	0	(831)	-100.0%
Aging, Office for the	66,040	0	66,040	76,263	10,223	15.5%
Children and Family Services, Office of	1,317,612	0	1,317,612	1,465,007	147,395	11.2%
Health, Department of	7,635,886	508,000	8,143,886	8,191,280	47,394	0.6%
<i>Medical Assistance</i>	6,810,759	508,000	7,318,759	7,312,601	(6,158)	-0.1%
<i>Medicaid Administration</i>	120,150	0	120,150	119,950	(200)	-0.2%
<i>All Other</i>	704,977	0	704,977	758,729	53,752	7.6%
Human Rights, Division of	13,706	0	13,706	13,142	(564)	-4.1%
Labor, Department of	10,913	0	10,913	4,278	(6,635)	-60.8%
Prevention of Domestic Violence, Office of	2,134	0	2,134	2,205	71	3.3%

To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted (\$508 million) for Medicaid spending to comply with Federal policy changes related to certain county shares adjustments.

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION GENERAL FUND ADJUSTED FOR COMPARABILITY (thousands of dollars)

	2004-2005 Estimated	Adjust	2004-2005 Adjusted	2005-2006 Recommended	Annual Adjusted \$ Change	Annual Adjusted % Change
HEALTH AND SOCIAL WELFARE (Continued)						
Temporary and Disability Assistance, Office of	1,539,754	0	1,539,754	1,471,219	(68,535)	-4.5%
<i>Welfare Assistance</i>	1,121,796	0	1,121,796	1,032,908	(88,888)	-7.9%
<i>Welfare Administration</i>	342,533	0	342,533	359,550	17,017	5.0%
<i>All Other</i>	75,425	0	75,425	78,761	3,336	4.4%
Welfare Inspector General, Office of	736	0	736	754	18	2.4%
Workers' Compensation Board	0	0	0	0	0	0.0%
Functional Total	10,587,612	508,000	11,095,612	11,224,148	128,536	1.2%
MENTAL HEALTH						
Mental Health, Office of	1,324,061	0	1,324,061	1,332,641	8,580	0.6%
Mental Hygiene, Department of	0	0	0	0	0	0.0%
Mental Retardation and Developmental Disabilities, Office of	841,810	0	841,810	835,907	(5,903)	0.0%
Alcohol and Substance Abuse Services, Office of	279,620	0	279,620	292,952	13,332	4.8%
Developmental Disabilities Planning Council	0	0	0	0	0	0.0%
Quality of Care for the Mentally Disabled, Commission on	3,019	0	3,019	4,263	1,244	41.2%
Functional Total	2,448,510	0	2,448,510	2,465,763	17,253	0.7%
PUBLIC PROTECTION						
Capital Defenders Office	12,694	0	12,694	10,916	(1,778)	-14.0%
Correction, Commission of	2,511	0	2,511	2,510	(1)	0.0%
Correctional Services, Department of	2,058,339	0	2,058,339	1,972,922	(85,417)	-4.1%
Crime Victims Board	2,908	0	2,908	3,314	406	14.0%
Criminal Justice Services, Division of	91,991	0	91,991	175,148	83,157	90.4%
Homeland Security	10,300	0	10,300	5,219	(5,081)	-49.3%
Investigation, Temporary State Commission of	3,326	0	3,326	3,463	137	4.1%
Judicial Commissions	2,604	0	2,604	2,703	99	3.8%
Military and Naval Affairs, Division of	26,083	0	26,083	23,817	(2,266)	-8.7%
Parole, Division of	178,855	0	178,855	181,052	2,197	1.2%
Probation and Correctional Alternatives, Division of	75,546	0	75,546	0	(75,546)	-100.0%
Public Security, Office of	0	0	0	0	0	0.0%
State Police, Division of	331,786	0	331,786	350,035	18,249	5.5%
Functional Total	2,796,943	0	2,796,943	2,731,099	(65,844)	-2.4%
EDUCATION						
Arts, Council on the	44,672	0	44,672	42,705	(1,967)	-4.4%
City University of New York	744,515	0	744,515	899,649	155,134	20.8%
Education, Department of	14,395,289	0	14,395,289	14,705,411	310,122	2.2%
<i>School Aid</i>	12,907,149	0	12,907,149	13,227,650	320,501	2.5%
<i>STAR Property Tax Relief</i>	0	0	0	0	0	0.0%
<i>Handicapped</i>	858,359	0	858,359	907,473	49,114	5.7%
<i>All Other</i>	629,781	0	629,781	570,288	(59,493)	-9.4%
Higher Education Services Corporation	926,532	0	926,532	828,937	(97,595)	-10.5%
State University Construction Fund	0	0	0	0	0	0.0%
State University of New York	1,293,028	0	1,293,028	1,261,673	(31,355)	-2.4%
Functional Total	17,404,036	0	17,404,036	17,738,375	334,339	1.9%

To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted (\$508 million) for Medicaid spending to comply with Federal policy changes related to certain county shares adjustments.

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION GENERAL FUND ADJUSTED FOR COMPARABILITY (thousands of dollars)

	2004-2005 Estimated	Adjust	2004-2005 Adjusted	2005-2006 Recommended	Annual Adjusted \$ Change	Annual Adjusted % Change
GENERAL GOVERNMENT						
Audit and Control, Department of	166,966	0	166,966	164,467	(2,499)	-1.5%
Budget, Division of the	28,500	0	28,500	28,185	(315)	-1.1%
Civil Service, Department of	21,241	0	21,241	24,199	2,958	13.9%
Elections, State Board of	3,711	0	3,711	3,594	(117)	-3.2%
Employee Relations, Office of	3,564	0	3,564	3,580	16	0.4%
Executive Chamber	15,629	0	15,629	15,480	(149)	-1.0%
General Services, Office of	119,891	0	119,891	144,686	24,795	20.7%
Inspector General, Office of	4,303	0	4,303	4,579	276	6.4%
Law, Department of	115,511	0	115,511	116,937	1,426	1.2%
Lieutenant Governor, Office of the	487	0	487	485	(2)	-0.4%
Lottery, Division of	0	0	0	0	0	0.0%
Racing and Wagering Board, State	0	0	0	108,000	108,000	0.0%
Real Property Services, Office of	25,716	0	25,716	21,197	(4,519)	0.0%
Regulatory Reform, Governor's Office of	3,472	0	3,472	3,554	82	2.4%
State Labor Relations Board	3,412	0	3,412	4,019	607	17.8%
State, Department of	19,120	0	19,120	14,922	(4,198)	-22.0%
Tax Appeals, Division of	2,812	0	2,812	2,994	182	6.5%
Taxation and Finance, Department of	309,599	0	309,599	306,876	(2,723)	-0.9%
Technology, Office for	20,197	0	20,197	20,076	(121)	-0.6%
TSC Lobbying	1,036	0	1,036	909	(127)	-12.3%
Veterans Affairs, Division of	10,973	0	10,973	11,404	431	3.9%
Functional Total	876,140	0	876,140	1,000,143	124,003	14.2%
ALL OTHER CATEGORIES						
Legislature	200,679	0	200,679	206,672	5,993	3.0%
Judiciary (excluding fringe benefits)	1,349,800	0	1,349,800	1,402,500	52,700	0.0%
World Trade Center	0	0	0	0	0	0.0%
Local Government Assistance	972,661	0	972,661	1,023,650	50,989	5.2%
Long-Term Debt Service	1,731,820	0	1,731,820	1,665,731	(66,089)	0.0%
Capital Projects	197,885	0	197,885	219,157	21,272	10.7%
General State Charges/Miscellaneous	4,276,943	0	4,276,943	4,818,934	541,991	12.7%
Functional Total	8,729,788	0	8,729,788	9,336,644	606,856	7.0%
TOTAL GENERAL FUND SPENDING	43,406,975	508,000	43,914,975	45,075,150	1,160,175	2.6%

To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted (\$508 million) for Medicaid spending to comply with Federal policy changes related to certain county shares adjustments.

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS ADJUSTED FOR COMPARABILITY (thousands of dollars)

	2004-2005 Estimated	Adjust	2004-2005 Adjusted	2005-2006 Recommended	Annual Adjusted \$ Change	Annual Adjusted % Change
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT						
Agriculture and Markets, Department of	70,761	0	70,761	66,422	(4,339)	-6.1%
Alcoholic Beverage Control	10,446	0	10,446	11,471	1,025	9.8%
Banking Department	59,923	0	59,923	80,331	20,408	34.1%
Consumer Protection Board	2,438	0	2,438	2,575	137	5.6%
Economic Development, Department of	207,639	0	207,639	328,769	121,130	58.3%
Empire State Development Corporation	36,975	0	36,975	264,200	227,225	614.5%
Energy Research and Development Authority	26,123	0	26,123	26,006	(117)	-0.4%
Housing Finance Agency	0	0	0	0	0	0.0%
Housing and Community Renewal, Division of	188,857	0	188,857	178,914	(9,943)	-5.3%
Insurance Department	137,349	0	137,349	151,444	14,095	10.3%
Olympic Regional Development Authority	7,750	0	7,750	7,750	0	0.0%
Public Service, Department of	54,719	0	54,719	55,395	676	1.2%
Science, Technology and Academic Research, Office of	66,620	0	66,620	59,014	(7,606)	-11.4%
Functional Total	869,600	0	869,600	1,232,291	362,691	41.7%
PARKS AND THE ENVIRONMENT						
Adirondack Park Agency	4,314	0	4,314	4,408	94	2.2%
Environmental Conservation, Department of	727,817	0	727,817	740,791	12,974	1.8%
Environmental Facilities Corporation	13,744	0	13,744	6,414	(7,330)	-53.3%
Parks, Recreation and Historic Preservation, Office of	225,026	0	225,026	223,903	(1,123)	-0.5%
Functional Total	970,901	0	970,901	975,516	4,615	0.5%
TRANSPORTATION						
Motor Vehicles, Department of	210,963	0	210,963	256,380	45,417	21.5%
Thruway Authority	4,000	0	4,000	4,000	0	0.0%
Transportation, Department of	3,681,077	0	3,681,077	3,907,598	226,521	6.2%
Functional Total	3,896,040	0	3,896,040	4,167,978	271,938	7.0%
HEALTH AND SOCIAL WELFARE						
Advocate for Persons with Disabilities, Office of	1,045	0	1,045	0	(1,045)	-100.0%
Aging, Office for the	66,051	0	66,051	76,274	10,223	15.5%
Children and Family Services, Office of	1,348,165	0	1,348,165	1,494,064	145,899	10.8%
Health, Department of	11,792,054	1,433,000	13,225,054	14,599,819	1,374,765	10.4%
<i>Medical Assistance</i>	9,487,659	508,000	9,995,659	11,273,801	1,278,142	12.8%
<i>Medicaid Administration</i>	120,150	0	120,150	119,950	(200)	-0.2%
<i>All Other</i>	2,184,245	925,000	3,109,245	3,206,068	96,823	3.1%
Human Rights, Division of	13,712	0	13,712	13,148	(564)	-4.1%
Labor, Department of	245,774	0	245,774	255,544	9,770	4.0%
Prevention of Domestic Violence, Office of	2,164	0	2,164	2,235	71	3.3%

To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted for the inclusion of all HCRA funded programs on-budget and additional Medicaid spending to comply with Federal policy changes related to certain county shares adjustments. The 2004-05 adjustment for HCRA is \$925 million and Medicaid is \$508 million.

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS ADJUSTED FOR COMPARABILITY (thousands of dollars)

	2004-2005 Estimated	Adjust	2004-2005 Adjusted	2005-2006 Recommended	Annual Adjusted \$ Change	Annual Adjusted % Change
HEALTH AND SOCIAL WELFARE (Continued)						
Temporary and Disability Assistance, Office of	1,629,717	0	1,629,717	1,584,251	(45,466)	-2.8%
<i>Welfare Assistance</i>	1,121,796	0	1,121,796	1,032,908	(88,888)	-7.9%
<i>Welfare Administration</i>	342,533	0	342,533	359,550	17,017	5.0%
<i>All Other</i>	165,388	0	165,388	191,793	26,405	16.0%
Welfare Inspector General, Office of	736	0	736	754	18	2.4%
Workers' Compensation Board	0	0	0	0	0	0.0%
Functional Total	15,099,418	1,433,000	16,532,418	18,026,089	1,493,671	9.0%
MENTAL HEALTH						
Mental Health, Office of	1,620,667	0	1,620,667	1,625,249	4,582	0.3%
Mental Hygiene, Department of	4,750	0	4,750	4,800	50	1.1%
Mental Retardation and Developmental Disabilities, Office of	939,490	0	939,490	951,637	12,147	1.3%
Alcohol and Substance Abuse Services, Office of	318,303	0	318,303	331,172	12,869	4.0%
Developmental Disabilities Planning Council	0	0	0	0	0	0.0%
Quality of Care for the Mentally Disabled, Commission on	3,091	0	3,091	4,565	1,474	47.7%
Functional Total	2,886,301	0	2,886,301	2,917,423	31,122	1.1%
PUBLIC PROTECTION						
			0			
Capital Defenders Office	12,694	0	12,694	10,916	(1,778)	-14.0%
Correction, Commission of	2,511	0	2,511	2,510	(1)	0.0%
Correctional Services, Department of	2,233,344	0	2,233,344	2,162,427	(70,917)	-3.2%
Crime Victims Board	30,480	0	30,480	30,890	410	1.3%
Criminal Justice Services, Division of	112,399	0	112,399	197,109	84,710	75.4%
Homeland Security	26,104	0	26,104	16,233	(9,871)	-37.8%
Investigation, Temporary State Commission of	3,513	0	3,513	3,652	139	4.0%
Judicial Commissions	2,604	0	2,604	2,703	99	3.8%
Military and Naval Affairs, Division of	43,143	0	43,143	40,383	(2,760)	-6.4%
Parole, Division of	178,955	0	178,955	181,152	2,197	1.2%
Probation and Correctional Alternatives, Division of	75,546	0	75,546	0	(75,546)	-100.0%
Public Security, Office of	0	0	0	0	0	0.0%
State Police, Division of	475,549	0	475,549	507,587	32,038	6.7%
Functional Total	3,196,842	0	3,196,842	3,155,562	(41,280)	-1.3%
EDUCATION						
Arts, Council on the	45,372	0	45,372	43,405	(1,967)	-4.3%
City University of New York	1,027,315	0	1,027,315	1,361,579	334,264	32.5%
Education, Department of	19,735,281	0	19,735,281	20,355,999	620,718	3.1%
<i>School Aid</i>	15,090,841	0	15,090,841	15,548,650	457,809	3.0%
<i>STAR Property Tax Relief</i>	3,072,000	0	3,072,000	3,202,000	130,000	4.2%
<i>Handicapped</i>	858,359	0	858,359	907,473	49,114	5.7%
<i>All Other</i>	714,081	0	714,081	697,876	(16,205)	-2.3%
Higher Education Services Corporation	1,006,240	0	1,006,240	917,351	(88,889)	-8.8%
State University Construction Fund	9,256	0	9,256	10,480	1,224	13.2%
State University of New York	4,657,656	0	4,657,656	4,807,213	149,557	3.2%
Functional Total	26,481,120	0	26,481,120	27,496,027	1,014,907	3.8%

To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted for the inclusion of all HCRA funded programs on-budget and additional Medicaid spending to comply with Federal policy changes related to certain county shares adjustments. The 2004-05 adjustment for HCRA is \$925 million and Medicaid is \$508 million.

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS ADJUSTED FOR COMPARABILITY (thousands of dollars)

	2004-2005 Estimated	Adjust	2004-2005 Adjusted	2005-2006 Recommended	Annual Adjusted \$ Change	Annual Adjusted % Change
GENERAL GOVERNMENT						
Audit and Control, Department of	182,508	0	182,508	240,088	57,580	31.5%
Budget, Division of the	43,714	0	43,714	43,399	(315)	-0.7%
Civil Service, Department of	22,241	0	22,241	25,199	2,958	13.3%
Elections, State Board of	3,711	0	3,711	3,594	(117)	-3.2%
Employee Relations, Office of	3,752	0	3,752	3,768	16	0.4%
Executive Chamber	15,729	0	15,729	15,580	(149)	-0.9%
General Services, Office of	213,960	0	213,960	238,013	24,053	11.2%
Inspector General, Office of	5,605	0	5,605	6,017	412	7.4%
Law, Department of	153,227	0	153,227	155,956	2,729	1.8%
Lieutenant Governor, Office of the	487	0	487	485	(2)	-0.4%
Lottery, Division of	174,220	0	174,220	177,264	3,044	1.7%
Racing and Wagering Board, State	16,770	0	16,770	125,902	109,132	0.0%
Real Property Services, Office of	52,790	0	52,790	51,299	(1,491)	-2.8%
Regulatory Reform, Governor's Office of	3,472	0	3,472	3,554	82	2.4%
State Labor Relations Board	3,669	0	3,669	4,605	936	25.5%
State, Department of	111,748	0	111,748	110,587	(1,161)	-1.0%
Tax Appeals, Division of	2,812	0	2,812	2,994	182	6.5%
Taxation and Finance, Department of	345,645	0	345,645	343,506	(2,139)	-0.6%
Technology, Office for	20,197	0	20,197	20,076	(121)	-0.6%
TSC Lobbying	1,336	0	1,336	1,376	40	3.0%
Veterans Affairs, Division of	10,973	0	10,973	11,404	431	3.9%
Functional Total	<u>1,388,566</u>	<u>0</u>	<u>1,388,566</u>	<u>1,584,666</u>	<u>196,100</u>	<u>14.1%</u>
ALL OTHER CATEGORIES						
Legislature	201,629	0	201,629	207,622	5,993	3.0%
Judiciary (excluding fringe benefits)	1,538,884	0	1,538,884	1,596,566	57,682	0.0%
World Trade Center	1,375	0	1,375	0	(1,375)	-100.0%
Local Government Assistance	972,661	0	972,661	1,023,650	50,989	5.2%
Long-Term Debt Service	3,807,373	0	3,807,373	3,841,998	34,625	0.9%
General State Charges/Miscellaneous	2,826,589	0	2,826,589	2,863,106	36,517	1.3%
Functional Total	<u>9,348,511</u>	<u>0</u>	<u>9,348,511</u>	<u>9,532,942</u>	<u>184,431</u>	<u>0.0%</u>
TOTAL STATE FUNDS SPENDING	<u>64,137,299</u>	<u>1,433,000</u>	<u>65,570,299</u>	<u>69,088,494</u>	<u>3,518,195</u>	<u>5.4%</u>

To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted for the inclusion of all HCRA funded programs on-budget and additional Medicaid spending to comply with Federal policy changes related to certain county shares adjustments. The 2004-05 adjustment for HCRA is \$925 million and Medicaid is \$508 million.

FINANCIAL PLAN OVERVIEW

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

	2004-2005 Estimated	Adjust	2004-2005 Adjusted	2005-2006 Recommended	Annual Adjusted \$ Change	Annual Adjusted % Change
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT						
Agriculture and Markets, Department of	86,302	0	86,302	81,962	(4,340)	-5.0%
Alcoholic Beverage Control	10,446	0	10,446	11,471	1,025	9.8%
Banking Department	59,923	0	59,923	80,331	20,408	34.1%
Consumer Protection Board	2,438	0	2,438	2,575	137	5.6%
Economic Development, Department of	207,978	0	207,978	329,114	121,136	58.2%
Empire State Development Corporation	36,975	0	36,975	264,200	227,225	614.5%
Energy Research and Development Authority	26,123	0	26,123	26,006	(117)	-0.4%
Housing Finance Agency	0	0	0	0	0	0.0%
Housing and Community Renewal, Division of	218,008	0	218,008	208,106	(9,902)	-4.5%
Insurance Department	137,349	0	137,349	151,444	14,095	10.3%
Olympic Regional Development Authority	7,750	0	7,750	7,750	0	0.0%
Public Service, Department of	56,259	0	56,259	56,800	541	1.0%
Science, Technology and Academic Research, Office of	72,245	0	72,245	64,639	(7,606)	-10.5%
Functional Total	921,796	0	921,796	1,284,398	362,602	39.3%
PARKS AND THE ENVIRONMENT						
Adirondack Park Agency	4,664	0	4,664	4,758	94	2.0%
Environmental Conservation, Department of	910,179	0	910,179	923,971	13,792	1.5%
Environmental Facilities Corporation	13,744	0	13,744	6,414	(7,330)	-53.3%
Parks, Recreation and Historic Preservation, Office of	230,253	0	230,253	229,175	(1,078)	-0.5%
Functional Total	1,158,840	0	1,158,840	1,164,318	5,478	0.5%
TRANSPORTATION						
Motor Vehicles, Department of	225,512	0	225,512	282,085	56,573	25.1%
Thruway Authority	4,000	0	4,000	4,000	0	0.0%
Transportation, Department of	5,223,558	0	5,223,558	5,470,221	246,663	4.7%
Functional Total	5,453,070	0	5,453,070	5,756,306	303,236	5.6%
HEALTH AND SOCIAL WELFARE						
Advocate for Persons with Disabilities, Office of	4,075	0	4,075	0	(4,075)	-100.0%
Aging, Office for the	175,592	0	175,592	179,963	4,371	2.5%
Children and Family Services, Office of	3,133,154	0	3,133,154	3,114,406	(18,748)	-0.6%
Health, Department of	33,449,683	1,433,000	34,882,683	36,056,490	1,173,807	3.4%
<i>Medical Assistance</i>	29,447,466	508,000	29,955,466	30,989,058	1,033,592	3.5%
<i>Medicaid Administration</i>	577,400	0	577,400	589,500	12,100	2.1%
<i>All Other</i>	3,424,817	925,000	4,349,817	4,477,932	128,115	2.9%
Human Rights, Division of	15,328	0	15,328	15,119	(209)	-1.4%
Labor, Department of	1,017,503	0	1,017,503	894,781	(122,722)	-12.1%
Prevention of Domestic Violence, Office of	2,164	0	2,164	2,235	71	3.3%

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FINANCIAL PLAN OVERVIEW

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

	2004-2005 Estimated	Adjust	2004-2005 Adjusted	2005-2006 Recommended	Annual Adjusted \$ Change	Annual Adjusted % Change
HEALTH AND SOCIAL WELFARE (Continued)						
Temporary and Disability Assistance, Office of	4,455,430	0	4,455,430	4,756,977	301,547	6.8%
<i>Welfare Assistance</i>	3,100,802	0	3,100,802	3,385,656	284,854	9.2%
<i>Welfare Administration</i>	342,533	0	342,533	359,550	17,017	5.0%
<i>All Other</i>	1,012,095	0	1,012,095	1,011,771	(324)	0.0%
Welfare Inspector General, Office of	1,106	0	1,106	1,124	18	1.6%
Workers' Compensation Board	755	0	755	766	766	0.0%
Functional Total	42,254,790	1,433,000	43,687,790	45,021,861	1,334,826	3.1%
MENTAL HEALTH						
Mental Health, Office of	2,191,254	0	2,191,254	2,236,667	45,413	2.1%
Mental Hygiene, Department of	4,750	0	4,750	4,800	50	1.1%
Mental Retardation and Developmental Disabilities, Office of	2,816,190	0	2,816,190	2,922,882	106,692	3.8%
Alcohol and Substance Abuse Services, Office of	467,249	0	467,249	481,507	14,258	3.1%
Developmental Disabilities Planning Council	3,739	0	3,739	3,679	(60)	-1.6%
Quality of Care for the Mentally Disabled, Commission on	11,376	0	11,376	13,492	2,116	18.6%
Functional Total	5,494,558	0	5,494,558	5,663,027	168,469	3.1%
PUBLIC PROTECTION						
			0			
Capital Defenders Office	12,694	0	12,694	10,916	(1,778)	-14.0%
Correction, Commission of	2,511	0	2,511	2,510	(1)	0.0%
Correctional Services, Department of	2,272,941	0	2,272,941	2,198,965	(73,976)	-3.3%
Crime Victims Board	62,059	0	62,059	62,478	419	0.7%
Criminal Justice Services, Division of	302,479	0	302,479	314,199	11,720	3.9%
Homeland Security	152,804	0	152,804	238,516	85,712	56.1%
Investigation, Temporary State Commission of	3,513	0	3,513	3,652	139	4.0%
Judicial Commissions	2,604	0	2,604	2,703	99	3.8%
Military and Naval Affairs, Division of	127,199	0	127,199	135,722	8,523	6.7%
Parole, Division of	181,667	0	181,667	182,352	685	0.4%
Probation and Correctional Alternatives, Division of	75,557	0	75,557	0	(75,557)	-100.0%
Public Security, Office of	0	0	0	0	0	0.0%
State Police, Division of	492,591	0	492,591	511,473	18,882	3.8%
Functional Total	3,688,619	0	3,688,619	3,663,486	(25,133)	-0.7%
EDUCATION						
Arts, Council on the	46,003	0	46,003	44,134	(1,869)	-4.1%
City University of New York	1,027,315	0	1,027,315	1,361,579	334,264	32.5%
Education, Department of	23,167,976	0	23,167,976	24,075,147	907,171	3.9%
<i>School Aid</i>	17,636,096	0	17,636,096	18,303,517	667,421	3.8%
<i>STAR Property Tax Relief</i>	3,072,000	0	3,072,000	3,202,000	130,000	4.2%
<i>Handicapped</i>	1,538,359	0	1,538,359	1,653,373	115,014	7.5%
<i>All Other</i>	921,521	0	921,521	916,257	(5,264)	-0.6%
Higher Education Services Corporation	1,016,445	0	1,016,445	927,845	(88,600)	-8.7%
State University Construction Fund	9,256	0	9,256	10,480	1,224	13.2%
State University of New York	4,834,556	0	4,834,556	4,989,413	154,857	3.2%
Functional Total	30,101,551	0	30,101,551	31,408,598	1,307,047	4.3%

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FINANCIAL PLAN OVERVIEW

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

	2004-2005 Estimated	Adjust	2004-2005 Adjusted	2005-2006 Recommended	Annual Adjusted \$ Change	Annual Adjusted % Change
GENERAL GOVERNMENT						
Audit and Control, Department of	182,508	0	182,508	240,088	57,580	31.5%
Budget, Division of the	43,714	0	43,714	43,399	(315)	-0.7%
Civil Service, Department of	22,241	0	22,241	25,199	2,958	13.3%
Elections, State Board of	3,711	0	3,711	151,525	147,814	3983.1%
Employee Relations, Office of	3,752	0	3,752	3,768	16	0.4%
Executive Chamber	15,729	0	15,729	15,580	(149)	-0.9%
General Services, Office of	218,353	0	218,353	242,479	24,126	11.0%
Inspector General, Office of	5,605	0	5,605	6,017	412	7.4%
Law, Department of	174,910	0	174,910	178,245	3,335	1.9%
Lieutenant Governor, Office of the	487	0	487	485	(2)	-0.4%
Lottery, Division of	174,220	0	174,220	177,264	3,044	1.7%
Racing and Wagering Board, State	16,770	0	16,770	125,902	109,132	650.8%
Real Property Services, Office of	52,790	0	52,790	51,299	(1,491)	-2.8%
Regulatory Reform, Governor's Office of	3,472	0	3,472	3,554	82	2.4%
State Labor Relations Board	3,669	0	3,669	4,605	936	25.5%
State, Department of	185,816	0	185,816	190,622	4,806	2.6%
Tax Appeals, Division of	2,812	0	2,812	2,994	182	6.5%
Taxation and Finance, Department of	345,923	0	345,923	343,784	(2,139)	-0.6%
Technology, Office for	20,197	0	20,197	20,076	(121)	-0.6%
TSC Lobbying	1,336	0	1,336	1,376	40	3.0%
Veterans Affairs, Division of	12,293	0	12,293	12,835	542	4.4%
Functional Total	1,490,308	0	1,490,308	1,841,096	350,788	23.5%
ALL OTHER CATEGORIES						
Legislature	201,629	0	201,629	207,622	5,993	3.0%
Judiciary (excluding fringe benefits)	1,543,984	0	1,543,984	1,604,166	60,182	0.0%
World Trade Center	1,688,125	0	1,688,125	149,000	(1,539,125)	-91.2%
Local Government Assistance	972,661	0	972,661	1,023,650	50,989	5.2%
Long-Term Debt Service	3,807,373	0	3,807,373	3,841,998	34,625	0.9%
General State Charges/Miscellaneous	2,829,997	0	2,829,997	2,897,621	67,624	2.4%
Functional Total	11,043,769	0	11,043,769	9,724,057	(1,319,712)	0.0%
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	101,607,301	1,433,000	103,040,301	105,527,147	2,487,601	2.4%

To provide a comparable basis for calculating annual change, the 2004-05 amounts have been adjusted for the inclusion of all HCRA funded programs on-budget and additional Medicaid spending to comply with Federal policy changes related to certain county shares adjustments. The 2004-05 adjustment for HCRA is \$925 million and Medicaid is \$508 million.

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION GENERAL FUND (thousands of dollars)

	2003-2004 Actual	2004-2005 Estimated	2005-2006 Recommended
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	39,806	41,967	37,426
Alcoholic Beverage Control	0	0	0
Banking Department	0	0	0
Consumer Protection Board	457	385	0
Economic Development, Department of	30,273	38,866	36,449
Empire State Development Corporation	31,810	14,975	67,000
Energy Research and Development Authority	0	0	0
Housing Finance Agency	0	0	0
Housing and Community Renewal, Division of	75,067	67,915	66,599
Insurance Department	0	0	0
Olympic Regional Development Authority	7,400	7,350	7,350
Public Service, Department of	0	0	0
Science, Technology and Academic Research, Office of	31,491	49,132	41,314
Functional Total	216,304	220,590	256,138
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	3,889	4,314	4,408
Environmental Conservation, Department of	97,757	114,805	107,394
Environmental Facilities Corporation	0	0	0
Parks, Recreation and Historic Preservation, Office of	102,502	106,711	107,898
Functional Total	204,148	225,830	219,700
TRANSPORTATION			
Motor Vehicles, Department of	1,025	4,660	0
Thruway Authority	0	0	0
Transportation, Department of	162,507	112,866	103,140
Functional Total	163,532	117,526	103,140
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	828	831	0
Aging, Office for the	68,334	66,040	76,263
Children and Family Services, Office of	1,293,612	1,317,612	1,465,007
Health, Department of	6,980,194	7,635,886	8,191,280
<i>Medical Assistance</i>	6,143,547	6,810,759	7,312,601
<i>Medicaid Administration</i>	124,311	120,150	119,950
<i>All Other</i>	712,336	704,977	758,729
Human Rights, Division of	13,540	13,706	13,142
Labor, Department of	50,219	10,913	4,278
Prevention of Domestic Violence, Office of	1,677	2,134	2,205

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION GENERAL FUND (thousands of dollars)

	2003-2004 <u>Actual</u>	2004-2005 <u>Estimated</u>	2005-2006 <u>Recommended</u>
HEALTH AND SOCIAL WELFARE (Continued)			
Temporary and Disability Assistance, Office of	1,557,967	1,539,754	1,471,219
<i>Welfare Assistance</i>	1,088,966	1,121,796	1,032,908
<i>Welfare Administration</i>	378,024	342,533	359,550
<i>All Other</i>	90,977	75,425	78,761
Welfare Inspector General, Office of	572	736	754
Workers' Compensation Board	0	0	0
Functional Total	<u>9,966,943</u>	<u>10,587,612</u>	<u>11,224,148</u>
MENTAL HEALTH			
Mental Health, Office of	1,150,498	1,324,061	1,332,641
Mental Hygiene, Department of	0	0	0
Mental Retardation and Developmental Disabilities, Office of	688,051	841,810	835,907
Alcohol and Substance Abuse Services, Office of	293,532	279,620	292,952
Developmental Disabilities Planning Council	0	0	0
Quality of Care for the Mentally Disabled, Commission on	2,800	3,019	4,263
Functional Total	<u>2,134,881</u>	<u>2,448,510</u>	<u>2,465,763</u>
PUBLIC PROTECTION			
Capital Defenders Office	12,519	12,694	10,916
Correction, Commission of	2,472	2,511	2,510
Correctional Services, Department of	1,911,860	2,058,339	1,972,922
Crime Victims Board	8,276	2,908	3,314
Criminal Justice Services, Division of	91,636	91,991	175,148
Homeland Security	4,717	10,300	5,219
Investigation, Temporary State Commission of	2,953	3,326	3,463
Judicial Commissions	2,298	2,604	2,703
Military and Naval Affairs, Division of	53,791	26,083	23,817
Parole, Division of	185,480	178,855	181,052
Probation and Correctional Alternatives, Division of	77,218	75,546	0
Public Security, Office of	0	0	0
State Police, Division of	367,771	331,786	350,035
Functional Total	<u>2,720,991</u>	<u>2,796,943</u>	<u>2,731,099</u>
EDUCATION			
Arts, Council on the	45,255	44,672	42,705
City University of New York	952,406	744,515	899,649
Education, Department of	15,042,113	14,395,289	14,705,411
<i>School Aid</i>	13,685,258	12,907,149	13,227,650
<i>STAR Property Tax Relief</i>	0	0	0
<i>Handicapped</i>	750,298	858,359	907,473
<i>All Other</i>	606,557	629,781	570,288
Higher Education Services Corporation	584,591	926,532	828,937
State University Construction Fund	0	0	0
State University of New York	1,232,735	1,293,028	1,261,673
Functional Total	<u>17,857,100</u>	<u>17,404,036</u>	<u>17,738,375</u>

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION GENERAL FUND (thousands of dollars)

	2003-2004 <u>Actual</u>	2004-2005 <u>Estimated</u>	2005-2006 <u>Recommended</u>
GENERAL GOVERNMENT			
Audit and Control, Department of	146,318	166,966	164,467
Budget, Division of the	23,011	28,500	28,185
Civil Service, Department of	19,399	21,241	24,199
Elections, State Board of	3,356	3,711	3,594
Employee Relations, Office of	3,276	3,564	3,580
Executive Chamber	12,451	15,629	15,480
General Services, Office of	114,351	119,891	144,686
Inspector General, Office of	4,404	4,303	4,579
Law, Department of	110,553	115,511	116,937
Lieutenant Governor, Office of the	358	487	485
Lottery, Division of	0	0	0
Racing and Wagering Board, State	0	0	108,000
Real Property Services, Office of	27,612	25,716	21,197
Regulatory Reform, Governor's Office of	3,227	3,472	3,554
State Labor Relations Board	3,229	3,412	4,019
State, Department of	19,418	19,120	14,922
Tax Appeals, Division of	2,676	2,812	2,994
Taxation and Finance, Department of	308,508	309,599	306,876
Technology, Office for	32,737	20,197	20,076
TSC Lobbying	929	1,036	909
Veterans Affairs, Division of	10,019	10,973	11,404
Functional Total	<u>845,832</u>	<u>876,140</u>	<u>1,000,143</u>
ALL OTHER CATEGORIES			
Legislature	200,752	200,679	206,672
Judiciary (excluding fringe benefits)	1,282,759	1,349,800	1,402,500
World Trade Center	0	0	0
Local Government Assistance	824,372	972,661	1,023,650
Long-Term Debt Service	1,473,720	1,731,820	1,665,731
Capital Projects	228,582	197,885	219,157
General State Charges/Miscellaneous	3,945,815	4,276,943	4,818,934
Functional Total	<u>7,956,000</u>	<u>8,729,788</u>	<u>9,336,644</u>
TOTAL GENERAL FUND SPENDING	<u><u>42,065,731</u></u>	<u><u>43,406,975</u></u>	<u><u>45,075,150</u></u>

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS (thousands of dollars)

	2003-2004	2004-2005	2005-2006
	Actual	Estimated	Recommended
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	58,397	70,761	66,422
Alcoholic Beverage Control	10,501	10,446	11,471
Banking Department	55,390	59,923	80,331
Consumer Protection Board	3,113	2,438	2,575
Economic Development, Department of	131,873	207,639	328,769
Empire State Development Corporation	52,074	36,975	264,200
Energy Research and Development Authority	29,557	26,123	26,006
Housing Finance Agency	0	0	0
Housing and Community Renewal, Division of	183,013	188,857	178,914
Insurance Department	105,913	137,349	151,444
Olympic Regional Development Authority	7,575	7,750	7,750
Public Service, Department of	46,086	54,719	55,395
Science, Technology and Academic Research, Office of	34,003	66,620	59,014
Functional Total	717,495	869,600	1,232,291
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	3,889	4,314	4,408
Environmental Conservation, Department of	602,399	727,817	740,791
Environmental Facilities Corporation	6,788	13,744	6,414
Parks, Recreation and Historic Preservation, Office of	191,295	225,026	223,903
Functional Total	804,371	970,901	975,516
TRANSPORTATION			
Motor Vehicles, Department of	188,994	210,963	256,380
Thruway Authority	2,865	4,000	4,000
Transportation, Department of	3,636,705	3,681,077	3,907,598
Functional Total	3,828,564	3,896,040	4,167,978
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	977	1,045	0
Aging, Office for the	68,338	66,051	76,274
Children and Family Services, Office of	1,317,515	1,348,165	1,494,064
Health, Department of	11,165,208	11,792,054	14,599,819
<i>Medical Assistance</i>	8,915,218	9,487,659	11,273,801
<i>Medicaid Administration</i>	124,311	120,150	119,950
<i>All Other</i>	2,125,679	2,184,245	3,206,068
Human Rights, Division of	13,540	13,712	13,148
Labor, Department of	80,675	245,774	255,544
Prevention of Domestic Violence, Office of	1,679	2,164	2,235

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS (thousands of dollars)

	<u>2003-2004</u> <u>Actual</u>	<u>2004-2005</u> <u>Estimated</u>	<u>2005-2006</u> <u>Recommended</u>
HEALTH AND SOCIAL WELFARE (Continued)			
Temporary and Disability Assistance, Office of	1,602,085	1,629,717	1,584,251
<i>Welfare Assistance</i>	1,088,966	1,121,796	1,032,908
<i>Welfare Administration</i>	378,024	342,533	359,550
<i>All Other</i>	135,095	165,388	191,793
Welfare Inspector General, Office of	572	736	754
Workers' Compensation Board	126,458	0	0
Functional Total	<u>14,377,047</u>	<u>15,099,418</u>	<u>18,026,089</u>
MENTAL HEALTH			
Mental Health, Office of	1,463,580	1,620,667	1,625,249
Mental Hygiene, Department of	0	4,750	4,800
Mental Retardation and Developmental Disabilities, Office of	767,467	939,490	951,637
Alcohol and Substance Abuse Services, Office of	315,877	318,303	331,172
Developmental Disabilities Planning Council	0	0	0
Quality of Care for the Mentally Disabled, Commission on	2,800	3,091	4,565
Functional Total	<u>2,549,724</u>	<u>2,886,301</u>	<u>2,917,423</u>
PUBLIC PROTECTION			
Capital Defenders Office	12,519	12,694	10,916
Correction, Commission of	2,472	2,511	2,510
Correctional Services, Department of	2,096,719	2,233,344	2,162,427
Crime Victims Board	28,677	30,480	30,890
Criminal Justice Services, Division of	97,473	112,399	197,109
Homeland Security	25,769	26,104	16,233
Investigation, Temporary State Commission of	3,071	3,513	3,652
Judicial Commissions	2,298	2,604	2,703
Military and Naval Affairs, Division of	69,721	43,143	40,383
Parole, Division of	185,510	178,955	181,152
Probation and Correctional Alternatives, Division of	77,218	75,546	0
Public Security, Office of	0	0	0
State Police, Division of	491,422	475,549	507,587
Functional Total	<u>3,092,869</u>	<u>3,196,842</u>	<u>3,155,562</u>
EDUCATION			
Arts, Council on the	45,355	45,372	43,405
City University of New York	1,220,761	1,027,315	1,361,579
Education, Department of	19,820,369	19,735,281	20,355,999
<i>School Aid</i>	15,561,534	15,090,841	15,548,650
<i>STAR Property Tax Relief</i>	2,819,455	3,072,000	3,202,000
<i>Handicapped</i>	750,298	858,359	907,473
<i>All Other</i>	689,082	714,081	697,876
Higher Education Services Corporation	653,797	1,006,240	917,351
State University Construction Fund	8,184	9,256	10,480
State University of New York	4,324,144	4,657,656	4,807,213
Functional Total	<u>26,072,610</u>	<u>26,481,120</u>	<u>27,496,027</u>

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS (thousands of dollars)

	<u>2003-2004 Actual</u>	<u>2004-2005 Estimated</u>	<u>2005-2006 Recommended</u>
GENERAL GOVERNMENT			
Audit and Control, Department of	148,963	182,508	240,088
Budget, Division of the	28,955	43,714	43,399
Civil Service, Department of	20,120	22,241	25,199
Elections, State Board of	3,356	3,711	3,594
Employee Relations, Office of	3,298	3,752	3,768
Executive Chamber	12,458	15,729	15,580
General Services, Office of	195,645	213,960	238,013
Inspector General, Office of	5,194	5,605	6,017
Law, Department of	131,137	153,227	155,956
Lieutenant Governor, Office of the	358	487	485
Lottery, Division of	159,224	174,220	177,264
Racing and Wagering Board, State	13,734	16,770	125,902
Real Property Services, Office of	46,108	52,790	51,299
Regulatory Reform, Governor's Office of	3,227	3,472	3,554
State Labor Relations Board	3,262	3,669	4,605
State, Department of	58,716	111,748	110,587
Tax Appeals, Division of	2,676	2,812	2,994
Taxation and Finance, Department of	343,892	345,645	343,506
Technology, Office for	32,737	20,197	20,076
TSC Lobbying	1,044	1,336	1,376
Veterans Affairs, Division of	10,019	10,973	11,404
Functional Total	<u>1,224,123</u>	<u>1,388,566</u>	<u>1,584,666</u>
ALL OTHER CATEGORIES			
Legislature	202,252	201,629	207,622
Judiciary (excluding fringe benefits)	1,426,526	1,538,884	1,596,566
World Trade Center	0	1,375	0
Local Government Assistance	824,372	972,661	1,023,650
Long-Term Debt Service	3,351,303	3,807,373	3,841,998
General State Charges/Miscellaneous	2,861,297	2,826,589	2,863,106
Functional Total	<u>8,665,750</u>	<u>9,348,511</u>	<u>9,532,942</u>
TOTAL STATE FUNDS SPENDING	<u><u>61,332,553</u></u>	<u><u>64,137,299</u></u>	<u><u>69,088,494</u></u>

FINANCIAL PLAN OVERVIEW

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

	<u>2003-2004</u> Actual	<u>2004-2005</u> Estimated	<u>2005-2006</u> Recommended
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	68,780	86,302	81,962
Alcoholic Beverage Control	10,558	10,446	11,471
Banking Department	55,868	59,923	80,331
Consumer Protection Board	3,113	2,438	2,575
Economic Development, Department of	131,877	207,978	329,114
Empire State Development Corporation	52,074	36,975	264,200
Energy Research and Development Authority	29,557	26,123	26,006
Housing Finance Agency	0	0	0
Housing and Community Renewal, Division of	250,348	218,008	208,106
Insurance Department	105,913	137,349	151,444
Olympic Regional Development Authority	7,575	7,750	7,750
Public Service, Department of	47,080	56,259	56,800
Science, Technology and Academic Research, Office of	39,304	72,245	64,639
Functional Total	<u>802,047</u>	<u>921,796</u>	<u>1,284,398</u>
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	4,207	4,664	4,758
Environmental Conservation, Department of	795,259	910,179	923,971
Environmental Facilities Corporation	6,788	13,744	6,414
Parks, Recreation and Historic Preservation, Office of	196,921	230,253	229,175
Functional Total	<u>1,003,175</u>	<u>1,158,840</u>	<u>1,164,318</u>
TRANSPORTATION			
Motor Vehicles, Department of	203,748	225,512	282,085
Thruway Authority	2,865	4,000	4,000
Transportation, Department of	4,923,094	5,223,558	5,470,221
Functional Total	<u>5,129,707</u>	<u>5,453,070</u>	<u>5,756,306</u>
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	1,213	4,075	0
Aging, Office for the	177,333	175,592	179,963
Children and Family Services, Office of	3,365,235	3,133,154	3,114,406
Health, Department of	31,567,174	33,449,683	36,056,490
<i>Medical Assistance</i>	27,643,723	29,447,466	30,989,058
<i>Medicaid Administration</i>	578,628	577,400	589,500
<i>All Other</i>	3,344,823	3,424,817	4,477,932
Human Rights, Division of	14,067	15,328	15,119
Labor, Department of	882,065	1,017,503	894,781
Prevention of Domestic Violence, Office of	2,063	2,164	2,235

FINANCIAL PLAN OVERVIEW

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

	<u>2003-2004</u> <u>Actual</u>	<u>2004-2005</u> <u>Estimated</u>	<u>2005-2006</u> <u>Recommended</u>
HEALTH AND SOCIAL WELFARE (Continued)			
Temporary and Disability Assistance, Office of	4,224,108	4,455,430	4,756,977
<i>Welfare Assistance</i>	2,876,620	3,100,802	3,385,656
<i>Welfare Administration</i>	378,024	342,533	359,550
<i>All Other</i>	969,464	1,012,095	1,011,771
Welfare Inspector General, Office of	892	1,106	1,124
Workers' Compensation Board	130,832	755	766
Functional Total	<u>40,364,982</u>	<u>42,254,790</u>	<u>45,021,861</u>
MENTAL HEALTH			
Mental Health, Office of	2,138,308	2,191,254	2,236,667
Mental Hygiene, Department of	1,654	4,750	4,800
Mental Retardation and Developmental Disabilities, Office of	2,623,994	2,816,190	2,922,882
Alcohol and Substance Abuse Services, Office of	474,930	467,249	481,507
Developmental Disabilities Planning Council	3,270	3,739	3,679
Quality of Care for the Mentally Disabled, Commission on	9,722	11,376	13,492
Functional Total	<u>5,251,878</u>	<u>5,494,558</u>	<u>5,663,027</u>
PUBLIC PROTECTION			
Capital Defenders Office	12,519	12,694	10,916
Correction, Commission of	2,503	2,511	2,510
Correctional Services, Department of	2,131,272	2,272,941	2,198,965
Crime Victims Board	63,192	62,059	62,478
Criminal Justice Services, Division of	309,208	302,479	314,199
Homeland Security	25,769	152,804	238,516
Investigation, Temporary State Commission of	3,071	3,513	3,652
Judicial Commissions	2,298	2,604	2,703
Military and Naval Affairs, Division of	1,639,924	127,199	135,722
Parole, Division of	188,005	181,667	182,352
Probation and Correctional Alternatives, Division of	80,814	75,557	0
Public Security, Office of	0	0	0
State Police, Division of	512,740	492,591	511,473
Functional Total	<u>4,971,315</u>	<u>3,688,619</u>	<u>3,663,486</u>
EDUCATION			
Arts, Council on the	45,949	46,003	44,134
City University of New York	1,220,761	1,027,315	1,361,579
Education, Department of	22,969,248	23,167,976	24,075,147
<i>School Aid</i>	15,561,534	17,636,096	18,303,517
<i>STAR Property Tax Relief</i>	2,819,455	3,072,000	3,202,000
<i>Handicapped</i>	1,344,140	1,538,359	1,653,373
<i>All Other</i>	3,244,119	921,521	916,257
Higher Education Services Corporation	881,988	1,016,445	927,845
State University Construction Fund	8,184	9,256	10,480
State University of New York	4,497,866	4,834,556	4,989,413
Functional Total	<u>29,623,996</u>	<u>30,101,551</u>	<u>31,408,598</u>

FINANCIAL PLAN OVERVIEW

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

	<u>2003-2004</u> <u>Actual</u>	<u>2004-2005</u> <u>Estimated</u>	<u>2005-2006</u> <u>Recommended</u>
GENERAL GOVERNMENT			
Audit and Control, Department of	148,963	182,508	240,088
Budget, Division of the	28,955	43,714	43,399
Civil Service, Department of	20,148	22,241	25,199
Elections, State Board of	3,356	3,711	151,525
Employee Relations, Office of	3,298	3,752	3,768
Executive Chamber	12,458	15,729	15,580
General Services, Office of	200,233	218,353	242,479
Inspector General, Office of	5,194	5,605	6,017
Law, Department of	149,095	174,910	178,245
Lieutenant Governor, Office of the	358	487	485
Lottery, Division of	159,224	174,220	177,264
Racing and Wagering Board, State	13,734	16,770	125,902
Real Property Services, Office of	46,108	52,790	51,299
Regulatory Reform, Governor's Office of	3,227	3,472	3,554
State Labor Relations Board	3,262	3,669	4,605
State, Department of	125,628	185,816	190,622
Tax Appeals, Division of	2,676	2,812	2,994
Taxation and Finance, Department of	344,957	345,923	343,784
Technology, Office for	32,737	20,197	20,076
TSC Lobbying	1,044	1,336	1,376
Veterans Affairs, Division of	10,953	12,293	12,835
Functional Total	<u>1,315,608</u>	<u>1,490,308</u>	<u>1,841,096</u>
ALL OTHER CATEGORIES			
Legislature	202,252	201,629	207,622
Judiciary (excluding fringe benefits)	1,431,275	1,543,984	1,604,166
World Trade Center	0	1,688,125	149,000
Local Government Assistance	824,372	972,661	1,023,650
Long-Term Debt Service	3,351,303	3,807,373	3,841,998
General State Charges/Miscellaneous	3,054,632	2,829,997	2,897,621
Functional Total	<u>8,863,834</u>	<u>11,043,769</u>	<u>9,724,057</u>
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	<u>97,326,542</u>	<u>101,607,301</u>	<u>105,527,147</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
PROPRIETARY AND FIDUCIARY FUNDS
2004-2005
(millions of dollars)**

	<u>Internal Service</u>	<u>Enterprise</u>	<u>Fiduciary</u>
Opening fund balance	<u>(56)</u>	<u>71</u>	<u>9</u>
Receipts:			
Unemployment taxes	0	2,700	0
Miscellaneous receipts	500	79	1
Federal grants	0	25	0
Total receipts	<u>500</u>	<u>2,804</u>	<u>1</u>
Disbursements:			
Grants to local governments	0	0	0
State operations	515	83	1
Unemployment benefits	0	3,800	0
General State charges	43	2	0
Debt service	8	0	0
Capital projects	0	0	0
Total disbursements	<u>566</u>	<u>3,885</u>	<u>1</u>
Other financing sources (uses):			
Transfers from other funds	91	0	0
Transfers to other funds	(30)	0	0
Bond & Note Proceeds	0	0	0
Net other financing sources (uses)	<u>61</u>	<u>0</u>	<u>0</u>
Change in fund balance	<u>(5)</u>	<u>(1,081)</u>	<u>0</u>
Closing fund balance	<u>(61)</u>	<u>(1,010)</u>	<u>9</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
 PROPRIETARY AND FIDUCIARY FUNDS
 2005-2006
 (millions of dollars)**

	<u>Internal Service</u>	<u>Enterprise</u>	<u>Fiduciary</u>
Opening fund balance	<u>(61)</u>	<u>(1,010)</u>	<u>9</u>
Receipts:			
Unemployment taxes	0	2,700	0
Miscellaneous receipts	639	78	1
Federal grants	0	25	0
Total receipts	<u>639</u>	<u>2,803</u>	<u>1</u>
Disbursements:			
Grants to local governments	0	0	0
State operations	650	78	1
Unemployment benefits	0	3,000	0
General State charges	54	2	0
Debt service	21	0	0
Capital Projects	0	0	0
Total disbursements	<u>725</u>	<u>3,080</u>	<u>1</u>
Other financing sources (uses):			
Transfers from other funds	88	0	0
Transfers to other funds	(46)	0	0
Bond & Note Proceeds	0	0	0
Net other financing sources (uses)	<u>42</u>	<u>0</u>	<u>0</u>
Change in fund balance	<u>(44)</u>	<u>(277)</u>	<u>0</u>
Closing fund balance	<u>(105)</u>	<u>(1,287)</u>	<u>9</u>

FINANCIAL PLAN OVERVIEW

WORKFORCE IMPACT SUMMARY REPORT ALL FUNDS 2003-2004 THROUGH 2005-2006

Major Agencies	2003-04 Actual (03/31/04)	2004-05 Estimate (03/31/05)	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	2005-06 Estimate (03/31/06)
Audit and Control	2,184	2,271	0	0	54	0	0	54	2,325
Children and Family Services	3,834	3,853	0	(99)	0	0	0	(99)	3,754
Correctional Services	30,599	31,045	0	(76)	0	0	0	(76)	30,969
Education	2,995	3,054	0	(20)	0	0	(1,150)	(1,170)	1,884
Environmental Conservation	3,256	3,345	0	(157)	164	0	0	7	3,352
General Services	1,646	1,633	0	0	76	0	0	76	1,709
Health	5,802	5,872	0	(469)	559	0	0	90	5,962
Labor	4,075	4,138	0	(9)	10	0	2,097	2,098	6,236
Law	1,697	1,735	0	0	0	0	0	0	1,735
Mental Health	16,297	16,107	0	(10)	38	0	0	28	16,135
Mental Health Memo (1)	16,297	16,707	0	(10)	38	0	0	28	16,735
Mental Retardation	21,364	21,598	0	0	61	0	0	61	21,659
Mental Retardation Memo (1)	21,364	22,798	0	0	61	0	0	61	22,859
Motor Vehicles	2,812	2,764	0	(2)	0	0	0	(2)	2,762
Parks, Recreation and Historic Preservation	1,578	1,557	0	0	9	0	0	9	1,566
Parole	2,072	2,089	0	(67)	0	0	0	(67)	2,022
State Police	5,448	5,718	0	(5)	0	0	0	(5)	5,713
Temporary and Disability Assistance	2,229	2,347	0	0	0	0	185	185	2,532
Taxation and Finance	4,875	4,766	0	0	0	0	0	0	4,766
Transportation	9,631	9,485	0	(12)	2	0	0	(10)	9,475
Workers' Compensation Board	1,518	1,544	0	(5)	0	0	(1,539)	(1,544)	0
	123,912	124,921	0	(931)	973	0	(407)	(365)	124,556
All Other Agencies (Minor)	11,437	11,942	0	(62)	154	0	407	499	12,441
TOTAL	135,349	136,863	0	(993)	1,127	0	0	134	136,997
Universities and Off-Budget Agencies									
City University	10,409	10,854	0	(107)	464	0	0	357	11,211
Industrial Exhibit Authority	43	46	0	0	0	0	0	0	46
Roswell Park Cancer Institute	1,996	2,280	0	0	0	0	0	0	2,280
State University Construction Fund	106	125	0	0	0	0	0	0	125
State Insurance Fund	2,637	2,665	0	0	0	0	0	0	2,665
State University	37,362	38,100	0	0	0	0	0	0	38,100
GRAND TOTAL	187,902	190,933	0	(1,100)	1,591	0	0	491	191,424

(1) Memo #'s are used to represent each agency's authorized fill, but are not counted in the total lines.

FINANCIAL PLAN OVERVIEW

WORKFORCE IMPACT SUMMARY REPORT ALL FUNDS 2003-2004 THROUGH 2005-2006

Minor Agencies	2003-04	2004-05	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net	2005-06
	Actual (03/31/04)	Estimate (03/31/05)							Estimate (03/31/06)
Adirondack Park	62	59	0	0	0	0	0	0	59
Advocate for Disabled	15	15	0	0	0	0	(15)	(15)	0
Aging	126	136	0	(1)	0	0	0	(1)	135
Agriculture and Markets	508	551	0	(27)	7	0	0	(20)	531
Alcoholism and Substance Abuse	916	958	0	(4)	2	0	0	(2)	956
Alcoholic Beverage Control	146	156	0	0	0	0	0	0	156
Arts Council	52	55	0	0	0	0	400	400	455
Banking	546	587	0	0	0	0	0	0	587
Budget	326	330	0	0	0	0	0	0	330
Capital Defender	59	59	0	0	0	0	0	0	59
Civil Service	571	575	0	0	0	0	0	0	575
Consumer Protection	26	29	0	0	0	0	0	0	29
Correction Commission	33	35	0	0	0	0	0	0	35
Quality of Care and Advocacy for Disabled	84	90	0	0	0	0	15	15	105
Criminal Justice Service	706	709	0	(17)	0	0	28	11	720
Crime Victims	98	103	0	0	0	0	0	0	103
Deferred Compensation	4	4	0	0	0	0	0	0	4
Economic Development	215	219	0	(4)	0	0	0	(4)	215
Elections	42	41	0	0	6	0	0	6	47
Employee Relations	70	72	0	0	0	0	0	0	72
Environmental Facilities Corporation	101	92	0	0	0	0	0	0	92
Executive Chamber	143	153	0	0	0	0	0	0	153
Financial Control Board	17	17	0	0	0	0	0	0	17
Higher Education Service	715	725	0	0	0	0	0	0	725
Homeland Security	54	76	0	0	10	0	0	10	86
Housing and Community Renewal	913	935	0	0	0	0	0	0	935
Hudson River Park Trust	4	5	0	0	0	0	0	0	5
Human Rights	180	203	0	0	0	0	0	0	203
Inspector General	66	68	0	0	0	0	0	0	68
Insurance	882	908	0	0	10	0	0	10	918
Interest On Lawyer Account	8	9	0	0	0	0	0	0	9
Judicial Commissions	27	28	0	0	0	0	0	0	28
Labor Management Committees	51	53	0	0	0	0	0	0	53
Lieutenant Governor	4	5	0	0	0	0	0	0	5
Lottery	316	337	0	0	4	0	0	4	341
Military and Naval Affairs	542	570	0	0	14	0	0	14	584
Northeastern Queens Nature and Historical	2	2	0	0	0	0	0	0	2
NYSTAR	29	30	0	0	0	0	0	0	30
Educational Accountability and Efficiency	0	0	0	0	20	0	0	20	20
Prevention of Domestic Violence	30	33	0	0	0	0	0	0	33
Probation and Correctional Alternatives	31	28	0	0	0	0	(28)	(28)	0
Public Service	530	545	0	0	0	0	0	0	545
Racing and Wagering	110	133	0	0	2	0	0	2	135
Real Property Services	398	401	0	0	0	0	0	0	401
Regulatory Reform	35	36	0	0	0	0	0	0	36
State Labor Relations Board	38	37	0	0	0	0	7	7	44
State	779	847	0	(9)	15	0	0	6	853
Tax Appeals	29	30	0	0	1	0	0	1	31
Technology	623	656	0	0	43	0	0	43	699
TSC Investigation	27	31	0	0	0	0	0	0	31
TSC Lobbying	18	18	0	0	0	0	0	0	18
Veteran Affairs	111	113	0	0	0	0	0	0	113
Welfare Inspector General	10	10	0	0	0	0	0	0	10
Wireless Network	9	25	0	0	20	0	0	20	45
SUBTOTAL - Minor Agencies	11,437	11,942	0	(62)	154	0	407	499	12,441

FINANCIAL PLAN OVERVIEW

WORKFORCE IMPACT SUMMARY REPORT GENERAL FUND 2003-2004 THROUGH 2005-2006

Major Agencies	2003-04	2004-05						2005-06	
	Actual (03/31/04)	Estimate (03/31/05)	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Estimate (03/31/06)
Audit and Control	1,342	1,380	0	0	54	0	0	54	1,434
Children and Family Services	3,254	3,222	0	(98)	0	(14)	0	(112)	3,110
Correctional Services	29,917	29,741	0	(76)	0	0	0	(76)	29,665
Education	408	402	0	(20)	0	(3)	(17)	(40)	362
Environmental Conservation	1,151	1,265	0	(121)	0	0	0	(121)	1,144
General Services	1,049	1,052	0	0	10	0	0	10	1,062
Health	2,086	2,058	0	(123)	138	0	0	15	2,073
Labor	11	16	0	(9)	0	0	(7)	(16)	0
Law	1,136	1,123	0	0	0	0	0	0	1,123
Mental Health	16,206	16,008	0	(10)	38	0	0	28	16,036
Mental Health Memo (1)	16,206	16,184	0	(10)	38	0	0	28	16,212
Mental Retardation	21,346	21,580	0	0	61	0	0	61	21,641
Mental Retardation Memo (1)	21,346	22,780	0	0	61	0	0	61	22,841
Motor Vehicles	11	31	0	0	0	(31)	0	(31)	0
Parks, Recreation and Historic Preservation	1,324	1,273	0	0	9	0	0	9	1,282
Parole	2,072	2,089	0	(67)	0	0	0	(67)	2,022
State Police	4,940	5,045	0	(5)	0	73	0	68	5,113
Temporary and Disability Assistance	932	935	0	0	0	0	0	0	935
Taxation and Finance	4,840	4,342	0	0	0	0	0	0	4,342
SUBTOTAL - Major Agencies	92,025	91,562	0	(529)	310	25	(24)	(218)	91,344
All Other Agencies (Minor)	4,902	4,865	0	(51)	40	(48)	24	(35)	4,830
TOTAL	96,927	96,427	0	(580)	350	(23)	0	(253)	96,174
Universities and Off-Budget Agencies									
State University	22,241	22,600	0	0	0	0	0	0	22,600
GRAND TOTAL	119,168	119,027	0	(580)	350	(23)	0	(253)	118,774

(1) Memo #'s are used to represent each agency's authorized fill, but are not counted in the total lines.

FINANCIAL PLAN OVERVIEW

WORKFORCE IMPACT SUMMARY REPORT GENERAL FUND 2003-2004 THROUGH 2005-2006

Minor Agencies	2003-04	2004-05						2005-06	
	Actual (03/31/04)	Estimate (03/31/05)	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Estimate (03/31/06)
Adirondack Park	62	59	0	0	0	0	0	0	59
Advocate for Disabled	12	12	0	0	0	0	(12)	(12)	0
Aging	28	29	0	(1)	0	0	0	(1)	28
Agriculture and Markets	367	387	0	(27)	0	0	0	(27)	360
Alcoholism and Substance Abuse	823	853	0	0	0	(3)	0	(3)	850
Arts Council	45	47	0	0	0	0	17	17	64
Budget	305	309	0	0	0	(12)	0	(12)	297
Capital Defender	59	59	0	0	0	0	0	0	59
Civil Service	338	345	0	0	0	(1)	0	(1)	344
Consumer Protection	8	5	0	0	0	(5)	0	(5)	0
Correction Commission	33	35	0	0	0	0	0	0	35
Quality of Care and Advocacy for Disabled	34	34	0	0	0	0	12	12	46
Criminal Justice Service	592	556	0	(10)	0	(7)	24	7	563
Crime Victims	62	64	0	0	0	0	0	0	64
Economic Development	207	205	0	(4)	0	0	0	(4)	201
Elections	42	41	0	0	0	(2)	0	(2)	39
Employee Relations	41	39	0	0	0	0	0	0	39
Executive Chamber	143	153	0	0	0	0	0	0	153
Higher Education Service	0	3	0	0	0	0	0	0	3
Homeland Security	23	32	0	0	10	0	0	10	42
Housing and Community Renewal	349	348	0	0	0	(15)	0	(15)	333
Hudson River Park Trust	4	5	0	0	0	0	0	0	5
Human Rights	180	203	0	0	0	0	0	0	203
Inspector General	54	51	0	0	0	0	0	0	51
Judicial Commissions	27	28	0	0	0	0	0	0	28
Labor Management Committees	51	53	0	0	0	0	0	0	53
Lieutenant Governor	4	5	0	0	0	0	0	0	5
Military and Naval Affairs	233	244	0	0	3	0	0	3	247
Northeastern Queens Nature and Historical	2	2	0	0	0	0	0	0	2
NYSTAR	29	30	0	0	0	0	0	0	30
Educational Accountability and Efficiency	0	0	0	0	20	0	0	20	20
Prevention of Domestic Violence	30	33	0	0	0	0	0	0	33
Probation and Correctional Alternatives	26	24	0	0	0	0	(24)	(24)	0
Real Property Services	147	0	0	0	0	0	0	0	0
Regulatory Reform	35	36	0	0	0	0	0	0	36
State Labor Relations Board	38	37	0	0	0	0	7	7	44
State	188	204	0	(9)	6	0	0	(3)	201
Tax Appeals	29	30	0	0	1	0	0	1	31
Technology	98	105	0	0	0	0	0	0	105
TSC Investigation	27	31	0	0	0	0	0	0	31
TSC Lobbying	18	18	0	0	0	(3)	0	(3)	15
Veteran Affairs	99	101	0	0	0	0	0	0	101
Welfare Inspector General	10	10	0	0	0	0	0	0	10
SUBTOTAL - Minor Agencies	4,902	4,865	0	(51)	40	(48)	24	(35)	4,830

FINANCIAL PLAN OVERVIEW

WORKFORCE IMPACT SUMMARY REPORT SPECIAL REVENUE OTHER FUNDS 2003-2004 THROUGH 2005-2006

Major Agencies	2003-04	2004-05	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net	2005-06
	Actual (03/31/04)	Estimate (03/31/05)							Estimate (03/31/06)
Audit and Control	34	34	0	0	0	0	0	0	34
Children and Family Services	128	132	0	0	0	2	0	2	134
Education	1,146	1,153	0	0	0	3	(292)	(289)	864
Environmental Conservation	1,306	1,281	0	(16)	7	0	0	(9)	1,272
General Services	71	68	0	0	5	0	0	5	73
Health	2,580	2,646	0	(279)	294	0	0	15	2,661
Labor	411	352	0	0	10	0	1,539	1,549	1,901
Law	238	397	0	0	0	0	0	0	397
Mental Health Memo (1)	424	424	0	0	0	0	0	0	424
Motor Vehicles	811	832	0	0	0	0	0	0	832
Parks, Recreation and Historic Preservation	110	143	0	0	0	0	0	0	143
State Police	417	497	0	0	0	0	0	0	497
Temporary and Disability Assistance	109	126	0	0	0	0	0	0	126
Taxation and Finance	31	416	0	0	0	0	0	0	416
Transportation	191	209	0	0	2	0	0	2	211
Workers' Compensation Board	1,514	1,544	0	(5)	0	0	(1,539)	(1,544)	0
SUBTOTAL - Major Agencies	9,097	9,830	0	(300)	318	5	(292)	(269)	9,561
All Other Agencies (Minor)	4,888	5,301	0	0	45	35	292	372	5,673
TOTAL	13,985	15,131	0	(300)	363	40	0	103	15,234
Universities and Off-Budget Agencies									
City University	145	154	0	0	0	0	0	0	154
Roswell Park Cancer Institute	1,996	2,280	0	0	0	0	0	0	2,280
State University Construction Fund	106	125	0	0	0	0	0	0	125
State University	15,116	15,495	0	0	0	0	0	0	15,495
GRAND TOTAL	31,348	33,185	0	(300)	363	40	0	103	33,288

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FINANCIAL PLAN OVERVIEW

WORKFORCE IMPACT SUMMARY REPORT SPECIAL REVENUE OTHER FUNDS 2003-2004 THROUGH 2005-2006

Minor Agencies	2003-04	2004-05						2005-06	
	Actual (03/31/04)	Estimate (03/31/05)	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Estimate (03/31/06)
Advocate for Disabled	1	1	0	0	0	0	(1)	(1)	0
Aging	1	1	0	0	0	0	0	0	1
Agriculture and Markets	121	134	0	0	0	0	0	0	134
Alcoholism and Substance Abuse	11	12	0	0	0	0	0	0	12
Alcoholic Beverage Control	146	156	0	0	0	0	0	0	156
Arts Council	0	0	0	0	0	0	292	292	292
Banking	546	587	0	0	0	0	0	0	587
Budget	21	21	0	0	0	12	0	12	33
Consumer Protection	18	24	0	0	0	5	0	5	29
Quality of Care and Advocacy for Disabled	27	30	0	0	0	0	1	1	31
Criminal Justice Service	3	7	0	0	0	0	0	0	7
Crime Victims	12	11	0	0	0	0	0	0	11
Deferred Compensation	4	4	0	0	0	0	0	0	4
Economic Development	8	14	0	0	0	0	0	0	14
Environmental Facilities Corporation	101	92	0	0	0	0	0	0	92
Financial Control Board	17	17	0	0	0	0	0	0	17
Higher Education Service	712	721	0	0	0	0	0	0	721
Homeland Security	31	40	0	0	0	0	0	0	40
Housing and Community Renewal	453	467	0	0	0	15	0	15	482
Inspector General	12	17	0	0	0	0	0	0	17
Insurance	882	908	0	0	10	0	0	10	918
Interest On Lawyer Account	8	9	0	0	0	0	0	0	9
Lottery	316	337	0	0	4	0	0	4	341
Military and Naval Affairs	17	21	0	0	0	0	0	0	21
Public Service	520	533	0	0	0	0	0	0	533
Racing and Wagering	110	133	0	0	2	0	0	2	135
Real Property Services	251	401	0	0	0	0	0	0	401
State	530	578	0	0	9	0	0	9	587
TSC Lobbying	0	0	0	0	0	3	0	3	3
Wireless Network	9	25	0	0	20	0	0	20	45
SUBTOTAL - Minor Agencies	4,888	5,301	0	0	45	35	292	372	5,673

FINANCIAL PLAN OVERVIEW

WORKFORCE IMPACT SUMMARY REPORT SPECIAL REVENUE FEDERAL FUNDS 2003-2004 THROUGH 2005-2006

Major Agencies	2003-04	2004-05	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	2005-06
	Actual (03/31/04)	Estimate (03/31/05)							Estimate (03/31/06)
Audit and Control	8	8	0	0	0	0	0	0	8
Children and Family Services	452	499	0	(1)	0	5	0	4	503
Correctional Services	116	725	0	0	0	0	0	0	725
Education	1,310	1,375	0	0	0	0	(818)	(818)	557
Environmental Conservation	486	480	0	0	81	0	0	81	561
Health	1,055	1,086	0	(65)	125	0	0	60	1,146
Labor	3,653	3,770	0	0	0	0	565	565	4,335
Law	217	208	0	0	0	0	0	0	208
Mental Health	0	14	0	0	0	0	0	0	14
Mental Health Memo (1)	0	14	0	0	0	0	0	0	14
Mental Retardation	17	18	0	0	0	0	0	0	18
Mental Retardation Memo (1)	17	18	0	0	0	0	0	0	18
Motor Vehicles	15	27	0	0	0	0	0	0	27
Parks, Recreation and Historic Preservation	21	21	0	0	0	0	0	0	21
State Police	91	176	0	0	0	(73)	0	(73)	103
Temporary and Disability Assistance	1,188	1,286	0	0	0	0	185	185	1,471
Taxation and Finance	4	8	0	0	0	0	0	0	8
Transportation	65	79	0	0	0	0	0	0	79
Workers' Compensation Board	4	0	0	0	0	0	0	0	0
SUBTOTAL - Major Agencies	8,702	9,780	0	(66)	206	(68)	(68)	4	9,784
All Other Agencies (Minor)	815	909	0	(11)	26	12	68	95	1,004
TOTAL	9,517	10,689	0	(77)	232	(56)	0	99	10,788
Universities and Off-Budget Agencies									
State University	5	5	0	0	0	0	0	0	5
GRAND TOTAL	9,522	10,694	0	(77)	232	(56)	0	99	10,793
Minor Agencies									
Advocate for Disabled	2	2	0	0	0	0	(2)	(2)	0
Aging	97	106	0	0	0	0	0	0	106
Agriculture and Markets	16	25	0	0	7	0	0	7	32
Alcoholism and Substance Abuse	75	85	0	(4)	2	3	0	1	86
Arts Council	7	8	0	0	0	0	68	68	76
Quality of Care and Advocacy for Disabled	23	26	0	0	0	0	2	2	28
Criminal Justice Service	111	146	0	(7)	0	7	4	4	150
Crime Victims	24	28	0	0	0	0	0	0	28
Elections	0	0	0	0	6	2	0	8	8
Higher Education Service	3	1	0	0	0	0	0	0	1
Homeland Security	0	4	0	0	0	0	0	0	4
Housing and Community Renewal	77	80	0	0	0	0	0	0	80
Military and Naval Affairs	292	305	0	0	11	0	0	11	316
Probation and Correctional Alternatives	5	4	0	0	0	0	(4)	(4)	0
Public Service	10	12	0	0	0	0	0	0	12
State	61	65	0	0	0	0	0	0	65
Veteran Affairs	12	12	0	0	0	0	0	0	12
SUBTOTAL - Minor Agencies	815	909	0	(11)	26	12	68	95	1,004

(1) Memo #'s are used to represent each agency's authorized fill, but are not counted in the total lines.

FINANCIAL PLAN OVERVIEW

WORKFORCE IMPACT SUMMARY REPORT CAPITAL PROJECTS OTHER FUNDS 2003-2004 THROUGH 2005-2006

Major Agencies	2003-04 Actual (03/31/04)	2004-05 Estimate (03/31/05)	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	2005-06 Estimate (03/31/06)
Children and Family Services	0	0	0	0	0	7	0	7	7
Correctional Services	26	32	0	0	0	0	0	0	32
Environmental Conservation	293	299	0	0	76	0	0	76	375
Health	67	68	0	0	0	0	0	0	68
Law	5	7	0	0	0	0	0	0	7
Mental Health	70	41	0	0	0	0	0	0	41
Mental Health Memo (1)	70	41	0	0	0	0	0	0	41
Motor Vehicles	1,975	1,874	0	(2)	0	31	0	29	1,903
Parks, Recreation and Historic Preservation	123	120	0	0	0	0	0	0	120
Transportation	9,345	9,197	0	(12)	0	0	0	(12)	9,185
SUBTOTAL - Major Agencies	11,904	11,638	0	(14)	76	38	0	100	11,738
Minor Agencies									
Alcoholism and Substance Abuse	7	8	0	0	0	0	0	0	8
GRAND TOTAL	11,911	11,646	0	(14)	76	38	0	100	11,746

WORKFORCE IMPACT SUMMARY REPORT CAPITAL PROJECTS FEDERAL FUNDS 2003-2004 THROUGH 2005-2006

Major Agencies	2003-04 Actual (03/31/04)	2004-05 Estimate (03/31/05)	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	2005-06 Estimate (03/31/06)
Major Agencies									
Environmental Conservation	20	20	0	(20)	0	0	0	(20)	0
Minor Agencies									
Housing and Community Renewal	34	40	0	0	0	0	0	0	40
GRAND TOTAL	54	60	0	(20)	0	0	0	(20)	40

(1) Memo #'s are used to represent each agency's authorized fill, but are not counted in the total lines.

FINANCIAL PLAN OVERVIEW

WORKFORCE IMPACT SUMMARY REPORT INTERNAL SERVICE FUNDS 2003-2004 THROUGH 2005-2006

Major Agencies	2003-04	2004-05	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	2005-06
	Actual (03/31/04)	Estimate (03/31/05)							Estimate (03/31/06)
Audit and Control	23	24	0	0	0	0	0	0	24
Correctional Services	467	468	0	0	0	0	0	0	468
Education	131	124	0	0	0	0	(23)	(23)	101
General Services	514	501	0	0	61	0	0	61	562
Law	101	0	0	0	0	0	0	0	0
Mental Health	17	24	0	0	0	0	0	0	24
Mental Health Memo (1)	17	24	0	0	0	0	0	0	24
Transportation	30	0	0	0	0	0	0	0	0
SUBTOTAL - Major Agencies	1,283	1,141	0	0	61	0	(23)	38	1,179
Minor Agencies									
Arts Council	0	0	0	0	0	0	23	23	23
Civil Service	233	230	0	0	0	1	0	1	231
Employee Relations	29	33	0	0	0	0	0	0	33
Technology	525	551	0	0	43	0	0	43	594
SUBTOTAL - Minor Agencies	787	814	0	0	43	1	23	67	881
GRAND TOTAL	2,070	1,955	0	0	104	1	0	105	2,060

WORKFORCE IMPACT SUMMARY REPORT ENTERPRISE FUNDS 2003-2004 THROUGH 2005-2006

Major Agencies	2003-04	2004-05	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	2005-06
	Actual (03/31/04)	Estimate (03/31/05)							Estimate (03/31/06)
Correctional Services	73	79	0	0	0	0	0	0	79
General Services	12	12	0	0	0	0	0	0	12
Health	14	14	0	(2)	2	0	0	0	14
Mental Health	4	20	0	0	0	0	0	0	20
Mental Health Memo (1)	4	20	0	0	0	0	0	0	20
Mental Retardation	1	0	0	0	0	0	0	0	0
Mental Retardation Memo (1)	1	0	0	0	0	0	0	0	0
SUBTOTAL - Major Agencies	104	125	0	(2)	2	0	0	0	125
Universities and Off-Budget Agencies									
Industrial Exhibit Authority	43	46	0	0	0	0	0	0	46
GRAND TOTAL	147	171	0	(2)	2	0	0	0	171

(1) Memo #'s are used to represent each agency's authorized fill, but are not counted in the total lines.

FINANCIAL PLAN OVERVIEW

**WORKFORCE IMPACT SUMMARY REPORT
PRIVATE PURPOSE TRUST FUND
2003-2004 THROUGH 2005-2006**

Minor Agencies	2003-04 Actual (03/31/04)	2004-05 Estimate (03/31/05)	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	2005-06 Estimate (03/31/06)
Agriculture and Markets	4	5	0	0	0	0	0	0	5
GRAND TOTAL	4	5	0	0	0	0	0	0	5

**WORKFORCE IMPACT SUMMARY REPORT
AGENCY FUNDS
2003-2004 THROUGH 2005-2006**

Universities and Off-Budget Agencies	2003-04 Actual (03/31/04)	2004-05 Estimate (03/31/05)	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	2005-06 Estimate (03/31/06)
City University	10,264	10,700	0	(107)	464	0	0	357	11,057
State Insurance Fund	2,637	2,665	0	0	0	0	0	0	2,665
GRAND TOTAL	12,901	13,365	0	(107)	464	0	0	357	13,722

**WORKFORCE IMPACT SUMMARY REPORT
PENSION TRUST FUND
2003-2004 THROUGH 2005-2006**

Major Agencies	2003-04 Actual (03/31/04)	2004-05 Estimate (03/31/05)	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	2005-06 Estimate (03/31/06)
Audit and Control	777	825	0	0	0	0	0	0	825
GRAND TOTAL	777	825	0	0	0	0	0	0	825