

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

January 30, 2008

This quarterly update (the "AIS Update") is the third quarterly update to the Annual Information Statement of the State of New York, dated May 8, 2007 (the "AIS") and contains information only through January 30, 2008. This AIS Update should be read in its entirety, together with the AIS and the first and second quarterly updates to the AIS dated August 3, 2007 (the "First Quarterly Update") and November 15, 2007 (the "Mid-Year Update").

In this AIS Update, readers will find:

1. Extracts from the Governor's Executive Budget Financial Plan for 2008-09 (the "Current State Financial Plan") presented to the Legislature on January 22, 2008. The Current State Financial Plan includes estimates for the State's current fiscal year (2007-08) and detailed projections for fiscal years 2008-09 through 2011-12, which reflect the Executive Budget recommendations. The entire 2008-09 Executive Budget, including the Current State Financial Plan, a detailed forecast of the State's economy and revenues, and the proposed Capital Program and Financing Plan, is available on the Division of the Budget (DOB) website, www.budget.state.ny.us.
2. A discussion of special considerations related the Current State Financial Plan.
3. The status of significant litigation that has the potential to adversely affect the State's finances.

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

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

The State may issue AIS supplements or other disclosure notices to this AIS Update as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of this AIS Update in Official Statements or related disclosure documents for State or State-supported debt issuance. Readers may obtain informational copies of the AIS, updates and supplements by contacting Mr. Louis A. Raffaele, Chief Budget Examiner, New York State Division of the Budget, State Capitol, Albany, NY 12224, (518) 473-8705. The State has filed this AIS Update directly with Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and with the Central Post Office, Disclosure USA. The Municipal Advisory Council of Texas (Texas MAC) has established this internet-based disclosure filing system approved by the Securities and Exchange Commission to facilitate the transmission of disclosure-related information to the NRMSIRs. [An official copy of this AIS](#)

Update may be obtained from the Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705 or from any NRMSIR.

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Current State Financial Plan

Note: DOB issued the Current State Financial Plan, extracts of which are set forth below, on January 22, 2008. The Current State Financial Plan includes updated estimates for 2007-08 and projections for 2008-09 through 2011-12. As such, it contains estimates and projections of future results that should not be construed as statements of fact. These estimates and projections are based upon various assumptions that may be affected by numerous factors, including future economic conditions in the State and nation and potential litigation. There can be no assurance that actual results will not differ materially and adversely from the estimates and projections contained in the Current State Financial Plan.

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

In addition to the General Fund, the State reports spending and revenue activity by other broad measures, including State Operating Funds, which includes the General Fund and funds specified for dedicated purposes, but excludes capital project funds and Federal Funds; and All Governmental Funds ("All Funds"), which includes both State and Federal Funds and provides the most comprehensive view of the financial operations of the State.

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

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SUMMARY

The national and State economies have continued to perform below expectations in the second half of 2007. The slowdown in economic activity, which DOB expects to persist until at least the end of calendar year 2008, has begun to affect the State's revenue outlook. Since enactment of the Budget for 2007-08, DOB has reduced its General Fund revenue forecast by over \$500 million for the current year and by over \$700 million for 2008-09.

In the current year, the General Fund is kept in balance through offsetting reductions in spending, which reflect revised estimates for a number of programs based on actual results, as well as by the planned use of reserves to finance collective bargaining costs that have been added since budget enactment. The Financial Plan also includes a planned deposit of \$175 million to the State's new rainy day reserve, as authorized in the Enacted Budget. At this time, DOB believes that any deterioration from the Financial Plan forecast in the remaining months of the current year would likely be manageable without the use of additional reserves, based on the best available information on tax collections and spending through the first week of January 2008.

In 2008-09, the revenue shortfall has widened the current services budget gap (the imbalance between expected receipts and disbursements assuming no change in current law) to \$4.4 billion, up by roughly \$1.3 billion from the Enacted Budget forecast. The current services gap is the largest that must be closed by an Executive Budget since 2005-06. And, unlike 2005, when the direction of the economy was favorable, the current Budget proposal is presented in a volatile economic environment that poses substantial risks to State revenues.

2008-09 Executive Budget Recommendations

The Executive Budget for 2008-09 eliminates the entire potential imbalance for fiscal year 2008-09, responding to the current fiscal uncertainties with a plan that emphasizes recurring savings. If enacted as proposed, the Executive Budget would cut the gap that must be addressed in 2009-10 by nearly one-half and reduce the combined structural imbalance by nearly \$12 billion through 2011-12. The table below summarizes the multi-year impact of the Executive Budget recommendations.

General Fund Budget-Balancing Plan: 2008-09 Executive Budget				
(millions of dollars)				
	2008-09	2009-10	2010-11	2011-12
Current Services Gaps	(4,422)	(6,154)	(7,697)	(9,454)
Savings Plan:	4,838	3,741	3,507	4,071
Savings Actions	2,253	2,495	2,274	2,832
Revenue Initiatives	1,109	1,267	1,254	1,260
Non-recurring Actions	1,139	(21)	(21)	(21)
Use of Reserves for Labor Settlements	337	0	0	0
New Initiatives:	(416)	(874)	(1,497)	(1,438)
Executive Budget Gaps	0	(3,287)	(5,687)	(6,821)

The Budget proposals address the structural imbalance by restraining growth in health care, adjusting the phase-in of the School Tax Relief (STAR) program, realigning program financing with the governmental entities responsible for service delivery, and instituting broad controls on State operations spending.

Additional revenues would be raised through a combination of tax equity and audit initiatives, including the classification of for-profit health maintenance organizations as insurance companies for Tax Law purposes, an increase in audits and recoveries, the elimination of certain tax loopholes, and modifications to the Quick Draw lottery game.

The Budget relies on \$1.1 billion in resources that are not counted on to recur in future years, the largest of which are an expected payment for development rights at Belmont Park and a phased-in restoration of general aid to New York City. Non-recurring resources account for roughly one-quarter of the gap-closing plan. Consistent with the current year, the Financial Plan uses \$337 million in reserves, as planned, to finance certain labor settlements that have been, or are expected to be, ratified in 2007-08.

The Budget finances just over \$400 million in new initiatives in 2008-09, including aid for education; investments in health care, including rate increases for ambulatory care clinics and physicians; and extension through 2011-12 of the cost-of-living adjustment (COLA) for human service providers that is set to expire next year.

DOB projects the State will end the 2008-09 fiscal year with a General Fund balance of \$2.2 billion (3.9 percent of General Fund spending) if the Legislature enacts the Executive Budget recommendations in their entirety. The balance consists of \$1.2 billion in undesignated reserves and \$1.0 billion in reserves designated to finance existing or planned commitments, including potential new labor settlements. The projected closing balance is \$400 million below the level estimated for 2007-08, which reflects primarily the partial use of planned reserves set aside for existing collective bargaining agreements.

Discussion of the Current Services Forecast

The current services forecast for the General Fund formed the starting point for developing the 2008-09 Executive Budget, and therefore determined the scope of the recommendations that had to be advanced to achieve a balanced budget.

Since the Mid-Year Update, DOB has reviewed emerging data and trends and met with legislative fiscal committees in a public “Quick Start” process. As a result, DOB has revised its current services forecast for receipts and disbursements for 2008-09, 2009-10 and 2010-11 and calculated an estimate for 2011-12. The revised forecast reflects the impact of a slowing economy on State revenues, updated expenditure estimates for programs based on a review of actual operating results and trends, and the costs of tentative labor settlements with several of the large unions representing State employees.

Summary of Changes to General Fund Current Services Forecast Since the Mid-Year Update				
Savings/(Costs)				
(millions of dollars)				
	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12*</u>
Mid-Year Current Services Surplus/(Gap)	(4,265)	(6,178)	(7,931)	
Change Since Mid-Year	(157)	24	234	
Revenue Revisions	(381)	(322)	(337)	
Spending Revisions	224	346	571	
School Aid/Lottery	188	390	679	
Medicaid	228	399	484	
Welfare	65	(2)	(2)	
Collective Bargaining Costs	(337)	(510)	(756)	
All Other	80	69	166	
CURRENT BUDGET SURPLUS/(GAP) ESTIMATE	(4,422)	(6,154)	(7,697)	(9,454)

* The 2011-12 gap estimates are published for the first time in the 2008-09 Executive Budget.

DOB has decreased its estimate of General Fund revenues over the multi-year Financial Plan, based on actual results to date, and on slower than expected growth in the State economy and the financial services sector. Base receipts are now forecast to grow by 4.2 percent in 2008-09. Tax receipts are expected to be lower and account for most of the downward revision in estimated growth. The forecast for miscellaneous receipts has remained virtually unchanged.

Since the Mid-Year Update, DOB has decreased the General Fund current services spending forecast. The updated estimates include downward revisions to spending estimates in several areas including: School Aid, based on updated enrollment and other data reported by school districts to the State Education Department (SED) and revisions to estimated lottery revenues, which have been reduced by \$24 million in 2008-09, but increased in later years to reflect game-cycle innovations and marketing improvements; Medicaid, reflecting price and utilization trends and lower costs for the cap on local Medicaid costs, and welfare, based on public assistance claiming trends (\$65 million in 2008-09). Other significant changes include an updated spending estimate for the Judiciary, which submitted a budget request for 2008-09 that was \$18 million higher than planned, but had lower-than-expected costs in subsequent years, and adjustments to estimated cash disbursements for several other programs, including summer school special education and the aid and incentives program for local governments.

The updated current services forecast includes the estimated costs of tentative labor settlements with the Civil Service Employees Association, United University Professions, District Council 37, and comparable pay and benefits changes extended to Management/Confidential employees. The contracts provide for a 3 percent annual salary increase in 2007-08, 2008-09, and 2009-10, and a 4 percent increase in 2010-11. A full discussion of the status of labor settlements and the impact on the Financial Plan appears later in this section.

Sources of the 2008-09 General Fund Budget Gap ("Zero-Based" Perspective)

The State is projected to move from a balanced General Fund budget in 2007-08 to an imbalance of \$4.4 billion in 2008-09, prior to the impact of Executive Budget recommendations. Current services spending is projected to grow by \$5.3 billion over 2007-08 compared to estimated net revenue growth of \$1.3 billion. At this time, the State plans to use \$370 million less in reserves in 2008-09 than in 2007-08 to help balance the budget. The following chart provides a "zero-based" look at the sources of the 2008-09 General Fund budget gap, 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 “2008-09 Financial Plan” and “General Fund Financial Plan Out-Year Projections” herein.

2008-09 General Fund "Current Services" Annual Change	
Savings/(Costs)	
(millions of dollars)	
RECEIPTS	1,301
Base Tax Receipts - "Constant Law" Growth	2,584
Change in STAR	(388)
Change in Debt Service	(295)
Miscellaneous Receipts/Federal Grants	(406)
Non-tax Transfers from Other Funds (primarily non-recurring fund sweeps)	(255)
All Other	61
DISBURSEMENTS	(5,353)
Local Assistance	(4,033)
Medicaid	(1,736)
<i>Base Program Growth</i>	(1,370)
<i>Change in HCRA and Other Financing</i>	(366)
School Aid	(1,363)
Local Government Assistance	(358)
City University	(199)
Mental Hygiene	(202)
Children and Family Services	(182)
All Other Local Assistance	7
State Operations	(825)
Personal Service	(568)
<i>Collective Bargaining Settlement Costs</i>	(197)
<i>Judicial Salary Increase (in Judiciary's Budget Request)</i>	(143)
<i>All Other Salary Growth</i>	(228)
Non-personal Service	(257)
General State Charges	(281)
Health Insurance	(209)
Pensions	(71)
All Other	(1)
Transfers to Other Funds	(214)
Debt Service	(135)
Capital Projects	(341)
All Other	262
Change in Planned Use of Reserves (net)	(370)
CURRENT SERVICES BUDGET GAP FOR 2008-09	(4,422)

The forecast for 2008-09 is based on assumptions of economic performance, revenue collections, spending patterns, and the estimated costs to maintain programs and activities at the level required by current law. DOB believes the estimates of annual change in revenues and spending that create the 2008-09 current services gap forecast are based on reasonable assumptions and methodologies.

Explanation of the 2008-09 Gap-Closing Plan

The General Fund Executive Budget savings plan is valued at \$4.8 billion in 2008-09. The plan is sufficient to eliminate the current services gap of \$4.4 billion and finance new initiatives of just over \$400 million.

The gap-closing actions can be grouped into four categories: actions that reduce overall State current services spending on a recurring basis; actions that increase revenues on a recurring basis; transactions that increase revenues or lower spending in 2008-09, but that are not expected to recur; and the use of reserves. The section below provides details on the actions under each category that are recommended for 2008-09. It is followed by a discussion of the new initiatives and their impact on the General Fund Financial Plan. Additional information on the Budget recommendations for major programs and activities appears in the sections entitled "2008-09 Financial Plan" and "General Fund Financial Plan Outyear Projections" later in this AIS Update.

2008-09 Executive Budget -- General Fund Budget-Balancing Plan				
(millions of dollars)				
	2008-09	2009-10	2010-11	2011-12
Current Services Gaps	(4,422)	(6,154)	(7,697)	(9,454)
Savings Plan	4,838	3,741	3,507	4,071
Savings Actions	2,253	2,495	2,274	2,832
Health Care ¹	826	957	895	1,418
STAR	354	380	165	175
Welfare/TANF	204	204	204	204
Mental Hygiene	212	243	277	280
Criminal Justice	101	131	136	139
General State Charges	89	61	66	67
Higher Education	67	99	101	103
Other Education	66	73	76	79
Transportation/Transit	64	45	47	48
All Other	270	302	307	319
Revenue Actions	1,109	1,267	1,254	1,260
Improve Audit and Compliance Efforts	280	250	250	250
Conforming HMOs Taxation	215	250	250	250
LLC Minimum Partner Fees	75	75	75	75
Capital Base Rate Reduction/Cap Elimination	73	58	58	58
Modify Quick Draw Restrictions	36	60	60	60
All Other	430	574	561	567
Non-Recurring Actions	1,139	(21)	(21)	(21)
Belmont Development Rights	250	0	0	0
Phase in AIM Restoration for NYC	164	0	0	0
Bond Finance Certain Eligible Capital Costs	173	(21)	(21)	(21)
All Other	552	0	0	0
Use of Reserves to Finance Labor Settlements	337	0	0	0
New Initiatives:	416	874	1,497	1,438
School Aid	126	207	512	178
Health Care	120	281	373	443
Human Services COLA	0	88	180	278
All Other	170	298	432	539
Executive Budget Gaps	0	(3,287)	(5,687)	(6,821)

¹ Includes Medicaid, Health, and Aging. Excludes certain non-recurring resources and HCRA savings.

Recurring Savings (Spending)

Actions in this category total \$2.3 billion in 2008-09, comprising slightly less than 50 percent of the overall gap-closing plan. The savings plan recommends continuing efforts to restrain health care costs; slowing the phase-in of the basic middle-class STAR rebate program; realigning costs, where appropriate, to the level of government responsible for service delivery; and enhancing operational controls on State agencies.

Health Care

The 2008-09 savings plan marks another step in a multi-year plan to reform the State's health care system that began in 2007-08. Recommended State-financed savings, including savings in Medicaid, HCRA programs, and Aging, total \$980 million in 2008-09 from all sources, before accounting for reinvestments. In the General Fund, recurring savings total \$826 million in 2008-09 and grow to over \$1.4 billion by 2011-12. Proposals include intensifying audit activities to reduce fraud, expanding controls on pharmaceutical programs, adjusting reimbursement rates for prescription drugs, and enhancing management of high-cost beneficiaries. Other savings include a program to authorize the use of coordinated transportation services, a Diabetes Care Improvement Project in which Medicaid would reimburse for diabetes self-management education, and the implementation of payment auditing to deny ambulatory care claims submitted without the required procedure or diagnosis codes. Outside of Medicaid, health care savings include elimination of the planned COLA for Early Intervention (EI) providers and certain initiatives enacted in 2007-08.

School Tax Relief Program

The Executive Budget recommends a slower phase-in of the basic middle-class STAR rebate; a reduction in the STAR credit for New York City resident personal income taxpayers with incomes above \$250,000; a change in the adjustment that limits annual reductions in the STAR exemption amount from 5 percent to 10 percent; and authorization for the State to offset middle-class STAR rebates owed to individuals who are delinquent on their taxes, child support, or other legal debt obligations. After recommendations, the State will finance \$4.7 billion in total property tax relief in 2008-09 (nearly \$5 billion on a commitment basis), growing to \$6.2 billion over the next few years.

Welfare/Temporary Assistance for Needy Families

Savings in welfare take several forms. First, the level of the Temporary Assistance for Needy Families (TANF) resources available to offset the State's Earned Income Tax Credit (EITC) would be increased by proposed conversion of certain TANF-funded programs to a cash rather than commitment basis, a reduction of TANF funding to reflect 2004-05 program commitments that cost less than originally contemplated to complete, and elimination of several 2007-08 initiatives that are not essential to the agencies' core missions. The Budget also proposes altering the current financing shares for public assistance benefits, requiring local governments to finance more of the costs for certain categories of assistance.

Other Savings

These cover a broad range of State activities and agencies, including nearly \$300 million in recurring savings in State Operations in the General Fund, with reductions in both personal service and non-personal service spending. Operational savings include hiring controls, including not filling vacancies for non-essential positions; overtime management; and energy and other utility savings. Other significant recommendations include closing three under-utilized correctional camps (Pharsalia, Mt. McGregor, and Gabriels) and the medium-security facility at Hudson; assessing a security fee on nuclear power plant operators for State costs; auditing activities to eliminate ineligible dependents from receiving health insurance coverage from the State; and eliminating certain initiatives enacted in 2007-08.

Recurring Savings (Revenues)

The Executive Budget recommends several tax law and administrative reforms to promote equity and ensure compliance, which will generate \$1.1 billion in additional revenue in the General Fund. These include improving audit capabilities, reclassifying HMOs as insurance taxpayers, and other changes.

Non-Recurring Resources

The State typically uses some non-recurring resources each year to support its operations. The Executive Budget uses approximately \$1.1 billion of non-recurring resources to balance the General Fund Financial Plan and another \$337 million in labor reserves to finance expected collective bargaining costs. There are two significant non-recurring transactions in 2008-09. The first is a potential payment for the development rights at Belmont Park. The second is a partial restoration of an aid payment to New York City under the Aid and Incentives to Municipalities (AIM) program. The 2008-09 current services budget had included a full restoration of the payment that had been reduced to \$20 million in 2007-08. Other one-time actions consist of bonding certain capital projects originally planned to be cash financed, and sweeps of excess balances from other funds. A complete list of the items included in this category is provided later in this AIS Update under the "2008-09 Financial Plan" section.

Recommended Initiatives

The Executive Budget proposes new initiatives totaling over \$400 million in 2008-09, growing to \$1.4 billion in 2011-12. The initiatives include additional School Aid, the re-investment of health care savings in ambulatory and primary care, and extension of COLA for human service providers through 2011-12.

In School Aid, the Budget recommends increasing aid to New York City and maintaining the total funding level for High Tax Aid. Additional resources are also recommended for the Healthy Schools Act. As part of the overall aid package, adjustments are proposed to the minimum guaranteed aid increase under Foundation Aid and the timing of reimbursement for certain expense-based aids.

Health care investments total over \$100 million in 2008-09, annualizing to over \$400 million by 2011-12. The most significant proposals would reinvest hospital savings to improve health care, particularly in primary care and increased physicians fees. Additional funding is also recommended for an array of programs, including the creation of a State Enrollment Portal to authorize the State to directly enroll individuals in Medicaid, Family Health Plus, and Child Health Plus (CHP); a three-year extension of COLA which was set to expire in 2008-09; and tobacco control initiatives intended to minimize tobacco use.

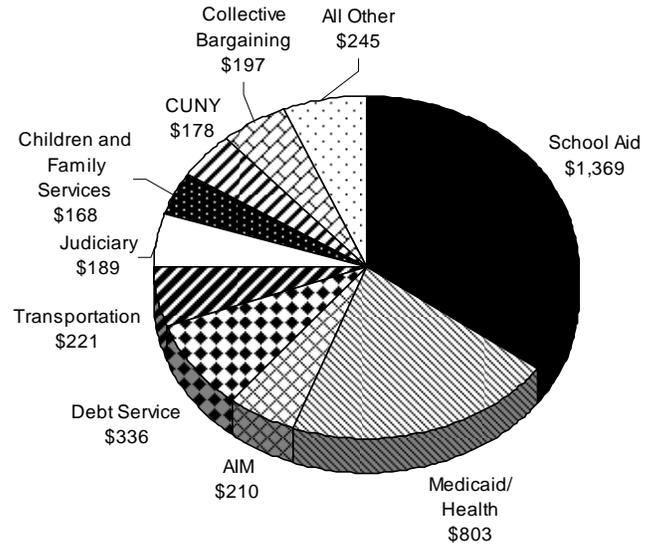
In social services, the Budget also recommends extending the COLA for human service providers through 2011-12. Other investments are made in economic development, Agriculture and Markets, Mental Hygiene, local government aid, and tax credits.

Executive Budget Impact on Spending Growth

In 2008-09, the Executive set a goal of holding State Operating Funds spending to less than the long-term growth rate in State personal income of 5.3 percent. Achieving a spending growth rate at or below the target rate is important because, in the long run, it should permit the State to increase reserves in economic expansions when State tax receipts tend to grow faster than personal income. In difficult years, when personal income and revenue growth is below the historical trend or even negative, sufficient reserves would be available to smooth the impact on spending and provide for a more stable long-term fiscal environment.

In 2008-09, the Executive Budget holds State Operating Funds spending to 5.0 percent, below the target rate of 5.3 percent. State Operating Funds spending, which excludes Federal operating aid and capital spending, is projected to total \$81.8 billion in 2008-09, an increase of \$3.9 billion over the current-year forecast. This growth is for local aid to public schools, Medicaid costs, support for transportation, local government aid programs and debt service, as well as roughly \$800 million for agency operational costs (including fringe benefit costs).

**State Operating Funds Spending Growth
\$3.9 billion
(dollars in millions)**



Total Disbursements (millions of dollars)				
	2007-08 Current	2008-09 Proposed	Annual \$ Change	Annual % Change
State Operating Funds	77,909	81,825	3,916	5.0%
General Fund *	50,831	53,859	3,028	6.0%
Other State Funds	22,728	23,276	548	2.4%
Debt Service Funds	4,350	4,690	340	7.8%
All Governmental Funds	118,314	124,329	6,015	5.1%
State Operating Funds	77,909	81,825	3,916	5.0%
Capital Projects Funds	6,645	7,927	1,282	19.3%
Federal Operating Funds	33,760	34,577	817	2.4%

*Excludes transfers.

State Operating Funds spending growth in 2008-09 is the product of numerous budget choices. The following table shows that growth is concentrated in a relatively small number of major programs, most significantly in School Aid and Medicaid. Outside of these major agencies, growth in overall State programs is nearly flat in the aggregate.

Main Sources of State Operating Funds Growth						
State Fiscal Year Basis						
(millions of dollars)						
	2007-08 Revised	2008-09			Annual Change	
		Current Services	Chg from Curr. Serv.	Exec. Proposed	Dollar	Percent
STATE OPERATING FUNDS	77,909	83,830	(2,005)	81,825	3,916	5.0%
School Aid	19,025	20,269	125	20,394	1,369	7.2%
Medicaid (excluding Local Cap)*	15,139	16,235	(544)	15,691	552	3.6%
Medicaid: Takeover Initiatives	235	486	0	486	251	106.8%
Debt Service	4,292	4,657	(29)	4,628	336	7.8%
Transportation	2,932	3,133	20	3,153	221	7.5%
Judiciary	1,821	2,010	0	2,010	189	10.4%
Children and Families	1,871	2,095	(56)	2,039	168	9.0%
CUNY	1,134	1,334	(22)	1,312	178	15.7%
AIM	707	1,076	(159)	917	210	29.7%
Collective Bargaining	140	337	0	337	197	140.7%
All Other	30,613	32,198	(1,340)	30,858	245	0.8%

* Medicaid spending total is for all State agencies including those outside of the Department of Health. This total does not include local cap payments. See further discussion in section entitled "Medicaid Transparency" later in this report.

General Fund spending, which now accounts for roughly 65 percent of State-financed spending, is projected to grow at 6 percent (5.9 percent when transfers are included). The General Fund is important because it must, by law, be balanced, but it is not as comprehensive a view of spending paid for by State taxpayers as State Operating Funds.

Capital Projects Funds spending, which includes Federal and State support, is expected to increase by \$1.3 billion or 19.3 percent over the current 2007-08 forecast, which is in part a result of spending on various projects delayed from 2007-08, as well as recommended new initiatives for transportation, economic development, higher education and parks and recreation. This reflects spending reported in actual cash-basis reports. Additional information on capital spending is provided later in this AIS Update and in the 2008-09 Executive Budget Five-Year Capital Program and Financing Plan available on the DOB website.

All Governmental Funds¹ spending, which includes Federal aid, is estimated at \$124.3 billion in 2008-09, an increase of \$6.0 billion (5.1 percent) from 2007-08.

Risks to the Financial Plan

DOB believes the overall Financial Plan estimates and projected out-year budget gaps are based on reasonable assumptions. In any year, however, the Financial Plan is subject to risks that, if they were to materialize, could affect operating results. In DOB's judgment, the three most significant short-term risks, as measured by their potential fiscal impact and the probability that may occur, are that: (a) economic performance will fall below projected levels and perhaps even lapse into a recession at some point in calendar

¹ Hereafter "All Funds." Comprises the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds.

year 2008, which could have a potentially severe impact on State finances; (b) labor settlements will be reached with the remaining State employee unions, the costs of which have not been completely financed in the Financial Plan after 2008-09; and (c) specific transactions included as part of the Executive Budget may not occur as planned. Other risks include potential Federal disallowances arising from audits related to Medicaid claims under the School Supportive Health Services program and proposed Federal rule changes concerning Medicaid payments. See "Financial Plan Reserves and Risks," later in this AIS Update for additional information.

Labor Settlements

The State has reached tentative labor settlements with three labor unions, the Civil Service Employees Association, United University Professions (UUP), and District Council 37, and will extend similar changes in pay and benefits to "management/confidential" employees. Under terms of the tentative four-year contracts, which run from April 2, 2007 through April 1, 2011 (July 2, 2007 through July 1, 2011 for UUP), employees will receive pay increases of 3 percent annually in 2007-08, 2008-09, and 2009-10 and 4 percent in 2010-11. The Civil Service Employees Association ratified its contract on January 3, 2008. The UUP and District Council 37 are expected to vote on their contracts before the end of the current State fiscal year.

The State's Financial Plan funds the costs of these tentative contract agreements in 2007-08 and 2008-09 through the use of \$477 million of the \$1.18 billion in existing reserves set aside for this purpose. DOB estimates the General Fund costs of the tentative agreements at \$140 million in the current year, \$337 million in 2008-09, \$510 million in 2009-10, and \$756 million in both 2010-11 and 2011-12. The current Financial Plan includes these costs.

The unions representing uniformed officers (i.e., Police Benevolent Association, New York State Correctional Officers and Police Benevolent Association) and the Public Employees Federation have not reached settlements with the State at this time. The earliest any costs for these contracts could be paid would be in 2008-09. These costs are not included in the current Financial Plan spending forecast, but a reserve is set aside to partially fund them. The State currently has \$708 million in labor reserves remaining (i.e., not programmed in the Financial Plan) to help finance the costs of potential new settlements.

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2007-08 FINANCIAL PLAN UPDATE

The Executive Budget Financial Plan includes the third quarterly update to the 2007-08 Enacted Budget Financial Plan. The following describes the substantive revisions to Financial Plan estimates for the current year since the last update to the AIS in November 2007. Please refer to the AIS Updates issued in August 2007 and November 2007, which are available on-line, for detailed explanations of the earlier revisions.

Since the Mid-Year Update, DOB has revised its revenue and spending estimates based on operating results through the end of the 2007-08 fiscal year, and a review of factors affecting the long-term current services forecast. In addition, DOB has added costs for collective bargaining agreements reached with several of the State's major employee unions that have fiscal implications for 2007-08 and beyond. The revisions result in net General Fund costs in 2007-08 of \$137 million, which will be funded by existing reserves.

Despite the continued slowdown in economic growth reflected in the updated revenue forecast, DOB projects the General Fund will remain in balance in 2007-08. Lower-than-expected local aid payments and operational savings across all State agencies, along with the use of reserves as planned to finance labor settlements, are expected to be sufficient to cover the expected revenue decline. As summarized in the table below, since the beginning of the fiscal year, the roughly \$500 million decline in expected General Fund receipts has been almost entirely offset by a decline in projected growth in Medicaid spending, resulting in no material change (down \$17 million) in net operations.

2007-08 General Fund						
Quarterly Financial Plan Revisions From Enacted Budget						
Increase/(Decrease)						
(millions of dollars)						
	Enacted Estimate	Revisions			Current Estimate	Change From Enacted
		First Quarter	Mid-Year	Executive		
Opening Balance	3,045	0	0	0	3,045	0
Revenue Revisions	53,672	324	(609)	(218)	53,169	(503)
Spending Revisions	53,684	311	(326)	(81)	53,588	(96)
Medicaid	9,496	80	(555)	16	9,037	(459)
School Aid	16,170	0	60	8	16,238	68
Children and Families	1,787	70	7	0	1,864	77
Higher Education	3,706	10	(74)	1	3,643	(63)
Mental Hygiene	3,113	5	0	1	3,119	6
State	81	(28)	2	0	55	(26)
Legislature/Judiciary	1,834	0	3	(9)	1,828	(6)
Transportation	107	0	0	0	107	0
Debt Service	1,579	(1)	(27)	6	1,557	(22)
General State Charges	4,530	(6)	(29)	(8)	4,487	(43)
Transfers to Other Funds	2,375	204	3	(75)	2,507	132
Use of Debt Reduction Reserve	0	0	250	0	250	250
All Other	8,906	(23)	34	(21)	8,896	(10)
Planned Use of Reserves For Specified Purposes	0	0	250	140	390	390
Debt Reduction Reserve	0	0	250	0	250	250
Labor Reserve	0	0	0	140	140	140
Net Change from Operations	(12)	13	(33)	3	(29)	(17)
Projected Year-End Reserve Levels	3,033	13	(283)	(137)	2,626	(407)
General Reserves	1,203	12	(33)	(137)	1,045	(158)
Tax Stabilization Reserve	1,031	0	0	0	1,031	0
Rainy Day Reserve Fund (assumed deposit)	175	0	0	0	175	0
Community Projects Fund Reserve	353	1	0	0	354	1
Contingency Reserve	21	0	0	0	21	0
Debt Reduction Reserve	250	0	(250)	0	0	(250)

Since the Mid-Year Update, General Fund receipts, including transfers from other funds, have been revised downward by \$218 million. The slowdown in economic activity is the main reason for the revision. In addition, recent stresses on Wall Street suggest modest declines in bonus payouts over the remainder of the fiscal year.

General Fund disbursements, including transfers to other funds, are expected to total \$53.6 billion in 2007-08, \$81 million lower than the Mid-Year Update estimate. Lower General Fund spending in School Aid based on higher than expected lottery revenues, a reduction in the General Fund subsidy to the Dedicated Highway and Bridge Trust Fund, and adjustments to cash disbursements in other areas based on results to date are offset, in part, by expected spending for tentative labor contracts that will be financed from designated reserves (\$140 million).

2007-08 Closing Balance

General Fund Estimated Closing Balance (millions of dollars)			
	2007-08 Mid-Year Estimate	2007-08 Current Estimate	Change
Projected Year-End Fund Balance	2,763	2,626	(137)
<i>Undesignated Reserves</i>			
Tax Stabilization Reserve Fund	1,031	1,031	0
Rainy Day Reserve Fund	175	175	0
Contingency Reserve Fund	21	21	0
<i>Designated Reserves</i>			
Labor Settlement Reserve/Likely Risks	1,182	1,045	(137)
Community Projects Fund	354	354	0

DOB projects the State will end the 2007-08 fiscal year with a General Fund balance of \$2.6 billion, consisting of \$1.2 billion in undesignated reserves and \$1.4 billion in designated reserves. The projected closing balance is \$137 million lower than the balance projected at the time of the Mid-Year Update and is due primarily to the use of the labor reserve as planned.

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2007-08 OPERATING RESULTS THROUGH DECEMBER 2007

The table below compares actual results for the period from April 2007 through December 31, 2007 to the estimates included in the Mid-Year Update to the Financial Plan and the Enacted Budget Financial Plans, as well as actual results for the same nine-month period in 2006.

General Fund

2007-08 Fiscal Year-to-Date Results						
Actual Year-to-Date Results: April through December 2007						
General Fund Results vs. Projections; Year-to-Year Comparison						
(millions of dollars)						
	Enacted Budget	Mid-Year Update Projection	Actual Results	Actuals vs. Estimates Favorable/ (Unfavorable) vs. Plan		Increase/ (Decrease) from Prior Year
				Enacted Budget	Mid-Year Update Projection	
Opening Balance (April 1, 2007)	3,045	3,045	3,045	N/A	N/A	(212)
Receipts	36,041	35,616	35,513	(528)	(103)	448
Personal Income Tax	13,889	13,915	13,910	21	(5)	(695)
User Taxes and Fees	6,543	6,521	6,540	(3)	19	276
Business Taxes	4,589	4,378	4,086	(503)	(292)	(433)
All Other Taxes, Receipts & Grants	2,536	2,345	2,478	(58)	133	(109)
Transfers From Other Funds	8,484	8,457	8,499	15	42	1,409
Disbursements	36,637	36,897	36,881	(244)	16	926
Local Assistance	22,827	22,936	23,179	(352)	(243)	1,028
State Operations						
Personal Service	5,690	5,644	5,592	98	52	(78)
Non-Personal Service	1,986	1,995	2,011	(25)	(16)	206
General State Charges	3,829	3,605	3,569	260	36	(52)
Transfers To Other Funds	2,305	2,717	2,530	(225)	187	(178)
Change in Operations	(596)	(1,281)	(1,368)	(772)	(87)	(478)
Closing Balance (December 31, 2007)	2,449	1,764	1,677	N/A	N/A	(690)

The following describes the difference between estimates and actual results. All comparisons are for the nine-month period for April 1 through December 31, 2007 and, in discussions of annual change, for the comparable nine-month period in 2006.

General Fund Comparison to Mid-Year Update Projections

The General Fund ended December 2007 with a cash balance of \$1.7 billion, \$87 million lower than projected in the Mid-Year Update. Through December 2007, General Fund receipts, including transfers from other funds, totaled \$35.5 billion, \$103 million lower than the public forecast, mainly due to higher-than-expected refunds of personal income tax and lower-than-expected business tax collections, offset by higher-than-expected real estate transfer tax collections and miscellaneous receipts collections.

General Fund disbursements through December 2007 totaled \$36.9 billion, \$16 million lower than projected as described below. The relatively minor variance is the result of several offsetting factors:

- **School Aid (\$102 million higher than planned):** Largely attributable to the timing of general aid and categorical aid payments.
- **Public Health (\$69 million higher than planned):** Largely due to the timing of EI program payments.

- **Medicaid, including Administration (\$76 million higher than planned):** Largely reflects faster-than-anticipated administrative payments to local governments for the cost of administering Medicaid programs.
- **General State Charges (\$36 million lower than planned):** Primarily attributable to the timing of taxes paid on State-owned lands to certain municipalities and lower-than-projected Workers' Compensation payments.
- **Transfers to Other Funds (\$187 million lower than planned):** The decrease is due to the timing of the expected transfer from the General Fund to the Debt Reduction Reserve Fund, which was originally projected to occur in December 2007 and is now projected to be completed in March 2008.

General Fund Comparison to Enacted Budget Projections

General Fund receipts totaled \$35.5 billion, \$528 million lower than the Enacted Budget forecast. This variance is due in large part to lower-than-expected collections in the corporation franchise tax (\$388 million), which were below expectations due to the timing of large audit collections originally expected in December, and now expected in the last quarter of 2007-08.

General Fund disbursements totaled \$36.9 billion, \$244 million higher than projected in the Enacted Budget. The most significant spending variances include:

- **School Aid (\$188 million higher than planned):** Largely attributable to earlier-than-anticipated payments which are non-statutory and largely based on the execution of contracts and the submission of claims by school districts.
- **Other Education Aid (\$77 million higher than planned):** Attributable to earlier-than-anticipated payments for library aid, case services to individuals with disabilities, community projects funds, workforce education, and various other education programs.
- **Medicaid (\$146 million lower than planned):** Lower than projected Medicaid spending is driven largely by a moderation in caseload and the timing of certain payments and offsets, which has resulted in lower overall utilization of Medicaid services.
- **Children and Family Services (\$77 million higher than planned):** Due to variations from the anticipated spending patterns across all programs.
- **Special Education (\$96 million higher than planned):** Primarily attributable to earlier-than-projected claiming for preschool special education, following administrative accelerations.
- **General State Charges (\$260 million lower than planned):** Underspending was primarily driven by earlier than expected escrow payments which reduce General Fund costs, as well as various timing issues mostly related to Workers' Compensation Claims.
- **Transfers to Other Funds (\$225 million higher than planned):** Driven primarily by earlier than anticipated spending for economic development and higher education projects.

General Fund Annual Change

On a year-over-year basis, General Fund receipts through December 2007 were up \$448 million, or 1.3 percent, compared to the same period in 2006-07. Increases in transfers from other funds, user taxes and fees and miscellaneous receipts, slightly offset by declines in the personal income tax, business taxes, other taxes and Federal Grants, account for the growth.

General Fund spending was \$926 million higher than actual results through the same period for fiscal year 2006-07. Significant changes in spending levels from the same period last year include:

- **School Aid (\$674 million growth):** Reflects growth associated with increased tail payments for the final three months of the 2006-07 school year (\$239 million) and increased payments for the first six months of the 2007-08 school year as authorized in the Enacted Budget for 2007-08 (\$429 million).
- **Special Education (\$196 million growth):** Annual growth primarily reflects the accelerated submission of claims by counties and accelerated processing of claims by SED in 2007-08 compared to 2006-07.
- **Children and Family Services (\$200 million growth):** Higher spending is primarily attributable to growth in child welfare services (\$93 million), growth in Foster Care Block Grant payments (\$31 million) and payments made for residential education placements for children with needs that cannot be accommodated by public school districts (\$23 million).
- **Medicaid, including Administration (\$315 million decline):** Consistent with current year reestimates in Medicaid, the year-over-year decline is primarily due to a moderation in enrollment and the timing of certain payments and offsets, which has resulted in lower overall utilization of Medicaid services.
- **Public Health (\$112 million growth):** Higher spending is largely attributable to the timing of local public health program payments, as well as additional health care investments included in the 2007-08 Enacted Budget.
- **Local Government Aid (\$257 million decline):** Largely reflects a one-time reduction in New York City's unrestricted local government assistance in 2007-08.
- **Welfare (\$170 million growth):** Reflects a return to the traditional pattern of local district advances.
- **Non-Personal Service (\$206 million growth):** Reflects inflationary growth in non-personal service spending primarily in the State University of New York (SUNY) (\$77 million), Corrections (\$57 million), and the Judiciary (\$19 million).
- **Transfers to Other Funds (\$178 million decline):** Transfers to Capital Projects Funds increased by \$224 million, primarily due to increased spending for authority bonded economic development programs and General Obligation bonded transportation and environment programs, as well as the timing of authority bond receipts. The growth in transfers to Capital Project Funds was offset by a decline in transfers to Debt Service Funds (\$172 million), due mainly to the payment of debt service on certain SUNY construction bonds in March 2007 rather than April 2007, and the decline in transfers to other funds (\$230 million), due mainly to a delay in the expected transfer to the Debt Reduction Reserve Fund.

State Operating Funds

2007-08 Fiscal Year-to-Date Results						
Actual Year-to-Date Results: April through December 2007						
State Operating Funds Results vs. Projections; Year-to-Year Comparison						
(millions of dollars)						
	Enacted Budget	Mid-Year Update Projection	Actual Results	Actuals vs. Estimates		Increase/ (Decrease) from Prior Year
				Favorable/ (Unfavorable) vs. Plan		
				Enacted Budget	Mid-Year Update Projection	
Total Receipts	53,420	53,341	53,072	(348)	(269)	1,571
Personal Income Tax	24,825	24,859	24,855	30	(4)	1,500
User Taxes and Fees	9,896	9,806	9,816	(80)	10	367
Business Taxes	5,705	5,455	5,143	(562)	(312)	(466)
Other Taxes	1,378	1,427	1,446	68	19	(140)
Miscellaneous Receipts	11,571	11,721	11,738	167	17	372
Federal Grants	45	73	74	29	1	(62)
Total Disbursements	55,797	55,636	55,231	566	405	2,741
Local Assistance						
Medicaid, including admin	9,245	8,986	9,143	102	(157)	233
School Aid	11,095	11,101	11,162	(67)	(61)	960
STAR	4,730	4,730	4,622	108	108	989
Transportation	2,665	2,642	2,604	61	38	552
Temporary and Disability Assistance	1,203	1,231	1,249	(46)	(18)	142
Public Health	2,079	1,977	1,908	171	69	(179)
Higher Education	1,460	1,411	1,430	30	(19)	21
Children and Family Services	991	1,083	1,069	(78)	14	201
Mental Hygiene	1,165	1,202	1,215	(50)	(13)	169
All Other Education	1,005	1,202	1,185	(180)	17	243
All Other	1,449	1,320	1,288	161	32	(640)
State Operations	11,714	11,721	11,603	111	118	364
General State Charges	4,306	4,062	4,025	281	37	(35)
Capital Projects	3	4	6	(3)	(2)	(2)
Debt Service Funds	2,687	2,964	2,722	(35)	242	(277)

State Operating Funds Comparison to Second Quarterly Update Projections

State Operating Funds receipts totaled \$53.1 billion or \$269 million less than the last forecast. Tax receipts totaled \$41.3 billion, \$287 million below the Mid-Year Update estimate. The decrease is the result of lower-than-anticipated collections in business taxes, slightly offset by higher-than-anticipated collections in the other tax categories.

Disbursements totaled \$55.2 billion, \$405 million below the Second Quarterly Update forecast. The largest variances outside the General Fund include the timing of HCRA-supported public health spending, particularly in the HCRA Program Account and in CHP (\$158 million); and lower-than-projected STAR payments (\$108 million). These variances are believed to be timing related and are not expected to result in lower spending for the fiscal year.

State Operating Funds Comparison to Enacted Budget Projections

Through December 2007, State Operating Funds receipts totaled \$53.1 billion or \$348 million less than the Enacted Budget projection. Tax receipts totaled \$41.3 billion, \$544 million less than the Enacted Budget estimate. The variance is due in large part to lower-than-expected collections in the corporate franchise tax (\$456 million) reflecting a delayed audit settlement payment, slightly offset by higher than expected

collections in personal income tax (\$30 million) due to higher than expected receipts from withholding and estimated payments.

State Operating Funds disbursements totaled \$55.2 billion, \$566 million below the Enacted Budget. The largest variances outside the General Fund include the timing of HCRA-supported public health spending (\$122 million); lower-than-projected STAR payments (\$108 million), and lower than projected EPIC spending (\$86 million).

State Operating Funds Annual Change

Total taxes increased by \$1.3 billion, or 3.2 percent, compared to the same period in 2006-07. This increase is largely attributable to two factors. First, there were large one-time audit recoveries in business taxes in 2006. Second, the child credit enacted in 2006 significantly increased income tax refunds during the April-May period. Annual miscellaneous receipts growth is largely driven by lottery revenue growth (\$230 million).

Compared to the same period in 2006-07, State Operating Funds disbursements were \$2.7 billion higher in the current year. The largest increases were for School Aid, reflecting growth in payments of general aid (\$960 million); transportation programs, largely Mass Transportation Operating Assistance (\$552 million); STAR, driven by middle-class STAR property tax rebates (\$989 million); State Operations (\$364 million), largely reflecting salary increases, workforce growth and non-personal service inflation; and Welfare (\$142 million); Special Education (\$196 million); and Children and Family Services (\$201 million).

Capital Projects Funds

2007-08 Fiscal Year-to-Date Results						
Actual Year-to-Date Results: April through December 2007						
Capital Projects Funds Results vs. Projections; Year-to-Year Comparison						
(millions of dollars)						
	Enacted Budget	Mid-Year Update Projection	Actual Results	Actuals vs. Estimates Favorable/ (Unfavorable) vs. Plan		Increase/ (Decrease) from Prior Year
				Enacted Budget	Mid-Year Update Projection	
Total Receipts	4,540	4,326	4,288	(252)	(38)	178
Taxes	1,584	1,488	1,519	(65)	31	70
Miscellaneous Receipts	1,452	1,607	1,498	46	(109)	82
Federal Grants	1,504	1,231	1,271	(233)	40	26
Total Disbursements	5,105	4,548	4,507	598	41	399
Transportation	2,572	2,560	2,703	(131)	(143)	(55)
Economic Development	225	295	279	(54)	16	172
Public Protection	250	230	190	60	40	22
Mental Hygiene	163	155	158	5	(3)	28
Environment	400	380	371	29	9	64
Higher Education	490	462	454	36	8	(20)
All Other	1,005	466	352	653	114	188

Capital Projects Funds Comparison to Mid-Year Financial Plan Projections

Receipts totaled \$4.3 billion or \$38 million less than the Mid-Year Update forecast. Total tax receipts were \$31 million higher than anticipated. Lower-than-anticipated reimbursements for bond-financed programs resulted in lower-than-projected miscellaneous receipts. Federal grants exceeded the estimated forecast. Disbursements totaled \$4.5 billion, \$41 million below the Mid-Year projection, largely driven by lower-than-anticipated spending for economic development, health, and public protection projects offset by higher than anticipated spending for transportation projects.

Capital Projects Funds Comparison to Enacted Budget Projections

Through December 2007, Capital Projects Funds receipts totaled \$4.3 billion or \$252 million less than the Enacted Budget forecast. Higher than anticipated reimbursements for transportation projects resulted in higher than projected miscellaneous receipts. Federal grant reimbursements for spending lagged behind the estimated forecast, as did related disbursements.

Through December 2007, Capital Projects Funds disbursements totaled \$4.5 billion, \$598 million below the Enacted Budget projection, largely driven by slower than anticipated spending for environmental projects financed with general obligation bonds (\$29 million), and higher education, public protection, and health projects financed with authority bonds (\$276 million).

Capital Projects Funds Annual Change

Total taxes increased by \$70 million, or 4.8 percent, compared to the same period in 2006-07, driven by growth in other taxes and business taxes, offset slightly by declines in user taxes and fees. Annual miscellaneous receipts growth is largely driven by an increase in bond proceeds used to finance capital projects. Disbursements were \$399 million higher primarily driven by increased spending for economic development (\$172 million), environmental (\$64 million) and health (\$35 million) projects.

Federal Operating Funds

2007-08 Fiscal Year-to-Date Results						
Actual Year-to-Date Results: April through December 2007						
Federal Operating Fund Results vs. Projections; Year-to-Year Comparison						
(millions of dollars)						
	Enacted Budget	Mid-Year Update Projection	Actual Results	Actuals vs. Estimates		
				Favorable/ (Unfavorable) vs. Plan		
				Enacted Budget	Mid-Year Update Projection	Increase/ (Decrease) from Prior Year
Total Receipts	24,981	22,918	23,406	(1,575)	488	(670)
Miscellaneous Receipts	128	145	157	29	12	6
Federal Grants	24,853	22,773	23,249	(1,604)	476	(676)
Total Disbursements	24,902	23,727	23,315	1,587	412	(734)
Local Assistance						
Medicaid, Including admin	15,193	14,497	14,141	1,052	356	(669)
School Aid	1,693	1,558	1,508	185	50	(339)
Temporary and Disability Assistance	1,944	1,920	2,012	(68)	(92)	(63)
Children and Family Services	768	645	665	103	(20)	111
Public Health	823	823	758	65	65	55
All Other	2,415	2,331	2,274	141	57	115
State Operations	1,905	1,790	1,794	111	(4)	43
General State Charges	161	163	163	(2)	0	13

Federal Operating Funds Comparison to Mid-Year Financial Plan Projections

Federal Operating Funds receipts totaled \$23.4 billion or \$488 million more than the Mid-Year forecast due to Federal grants exceeding the estimated forecast. Disbursements totaled \$23.3 billion, \$412 million below the Mid-Year Update Budget projection largely attributable to lower Federal spending for Medicaid (\$356 million), lower-than-projected Federal School Aid payments (\$50 million), lower public health spending (\$65 million), and partially offset by higher-than-projected Federal spending for social services (\$112 million).

Federal Operating Funds Comparison to Enacted Budget Projections

Federal Operating Funds receipts totaled \$23.4 billion or \$1.6 billion less than the Mid-Year Update due to Federal grants falling below the Enacted Budget forecast. Disbursements totaled \$23.3 billion, \$1.6 billion below the Enacted Budget projection largely attributable to lower than anticipated Federal spending for Medicaid (\$1.0 billion), Children and Family Services (\$103 million), and School Aid (\$185 million).

Federal Operating Funds Annual Change

Total receipts decreased by \$670 million compared to the same period in 2006-07. The annual decline is driven by the timing of Federal aid. Total disbursements were \$734 million lower, due primarily to lower Federal Medicaid spending (\$669 million), the timing of the federally supported School Aid spending, including free and reduced-price meals (\$339 million), and partially offset by higher Federal spending for adoption and child care.

All Funds Summary

2007-08 Fiscal Year-to-Date Results						
Actual Year-to-Date Results: April through December 2007						
All Funds Results vs. Projections; Year-to-Year Comparison						
(millions of dollars)						
	Enacted Budget	Mid-Year Update Projection	Actual Results	Actuals vs. Estimates Favorable/ (Unfavorable) vs. Plan		
				Enacted Budget	Mid-Year Update Projection	Increase/ (Decrease) from Prior Year
Total Receipts	83,371	80,584	80,765	(2,606)	181	803
Personal Income Tax	24,825	24,859	24,855	30	(4)	1,341
User Taxes and Fees	10,823	10,674	10,694	(129)	20	323
Business Taxes	6,201	5,928	5,636	(565)	(292)	(421)
Other Taxes	1,514	1,574	1,594	80	20	(90)
Miscellaneous Receipts	13,631	13,472	13,392	(239)	(80)	363
Federal Grants	26,377	24,077	24,594	(1,783)	517	(713)
Total Disbursements	85,804	83,887	83,053	2,751	834	2,406
General Fund*	34,332	34,180	34,351	(19)	(171)	1,104
Special Revenue Funds	43,680	42,195	41,473	2,207	722	1,180
Capital Projects Funds	5,105	4,548	4,507	598	41	399
Debt Service Funds	2,687	2,964	2,722	(35)	242	(277)

* Excludes Transfers

2008-09 FINANCIAL PLAN

Introduction

This section describes (1) the economic forecast that served as the basis for developing the Executive Budget and (2) the State's Financial Plan projections for receipts and disbursements based on the 2008-09 Executive Budget recommendations. The receipts forecast describes estimates for the State's principal taxes, miscellaneous receipts, and transfers from other funds. The spending projections summarize the annual growth in current services spending and the impact of Executive Budget recommendations on each of the State's major categories of spending (Local Assistance, State Operations, General State Charges, Debt Service and Capital Projects).

Financial Plan projections are presented on an All Funds basis, which encompasses activity in the General Fund, State Operating Funds, Capital Projects Funds, and Federal Operating Funds, thus providing the most comprehensive view of the financial operations of the State.

Economic Outlook

The U.S. Economy

The U.S. economy has continued to lose momentum since the summer. Large declines in residential construction and reduced demand for autos and housing-related durable goods, combined with past energy price increases and credit market tightening, continue to generate a significant drag on economic growth. The uncertainty associated with the still unfolding subprime mortgage problem has substantially increased financial market volatility, reduced financial sector profits, and diminished the accessibility of credit to the nation's households and businesses. In addition, labor market growth has decelerated since the early part of 2007. In response to these developments, the Federal Reserve has lowered its short-term interest rate target 100 basis points to 4.25 percent since August 2007 and has intervened in credit markets to enhance liquidity several times.

On the positive side, robust global growth and a weak dollar have produced strong demand for U.S. exports. In addition, the Federal government, in concert with the banking community, is developing a plan under which subprime borrowers whose rates are due to reset at much higher levels over the next several years can arrange more favorable terms with their lenders. Some states and private lenders are offering their own initiatives to forestall a rising foreclosure rate. In combination with Federal Reserve actions, these interventions are expected to allow the economy to gradually rebound to its long-term trend growth rate over the course of 2008, after bottoming out below 2 percent in the fourth quarter of 2007 and first quarter of 2008. DOB projects growth of 2.2 percent for 2008, following growth of about the same magnitude for 2007. Though DOB is not forecasting a recession at this time, the risk of a recession is judged to have increased significantly since the fall.

The risks notwithstanding, there are good reasons to believe that the economy will experience a period of low growth, but elude recession. The global economy overall is strong and should be able to sustain solid growth even in the face of a U.S. slowdown. Moreover, a falling dollar increases U.S. competitiveness in the global marketplace. Though the labor market has slowed, initial unemployment insurance claims are still low by historical standards and employee earnings growth remains healthy. Though credit markets are tight, interest rates are also low by historical standards. Finally, government spending has been strong and, perhaps more importantly, both the Federal government and the Federal Reserve are playing active roles in trying to keep the economy out of recession. As a result of all of these factors, following two quarters of very low growth in the fourth quarter of 2007 and the first quarter of 2008, the national economy is expected to improve with each subsequent quarter, until reaching growth of 3.0 percent by the fourth quarter of 2008.

The New York State Economy

The national economic slowdown is having a significant impact on the New York State economy. Indeed, the New York State Leading Index is signaling a mild downturn in the State economy starting in early 2008. The impact of the current credit market crisis on State wages is projected to be greatest in the first quarter 2008, during the height of the financial sector bonus season. Indeed, the current credit crisis could have a more deleterious effect on the New York State economy than on the nation as a whole given New York City's status as an international financial center. Though State economic growth is expected to slow in 2008, conditions are not expected to approach those of a recession. The State's large education and health sectors are expected to continue exhibiting robust growth. In addition, tourism and trade are expected to continue to be bolstered by the weak dollar, particularly in New York City and those areas bordering Canada.

The credit crunch and expected decline in finance and insurance sector bonuses, combined with slowing job growth, will result in significantly lower wage growth in 2008. DOB projects total wage growth of 3.3 percent for 2008, following an estimated increase of 7.6 percent for 2007. Slower growth in both the wage and non-wage components of income will result in total personal income growth of 4.3 percent for 2008, following 7.4 percent growth for 2007. The low growth in 2008 is due largely to a projected decline in finance and insurance sector bonuses for the first quarter 2008 and generally weak bonus growth for the other sectors due to the overall economic slowdown.

Consistent with flat securities industry profits for 2007, DOB is projecting a decline in finance and insurance sector bonuses of 2.8 percent for the 2007-08 bonus season now in progress. However, there is considerable risk to this forecast. Though bonus payouts have historically been evenly split between cash and stock incentive payments, the split is expected to be more heavily weighted toward stocks for the current bonus season. This shift could have substantial implications for Federal, State, and local tax revenues since income derived from stock options is not taxed until the option is exercised.

Though there are parallels between State and national labor market trends, there are differences as well. As at the national level, State private sector job growth is expected to be greatest in education and health care and social assistance services, with healthy gains expected for leisure, hospitality, and other services and professional, scientific, and technical services. Similarly, both the State and the nation are projected to see large declines in the manufacturing and mining sector. However, trends appear to diverge dramatically for the construction sector. DOB projects national construction employment to decline for 2008, consistent with the national housing market contraction. However, State construction employment is projected to grow in 2008, albeit at a slower rate than in 2007. The continued strength of the New York City real estate market and the absence of a significant housing boom in much of upstate New York explain most of this difference. As for the nation, the State's average annual unemployment rate is expected to rise in 2008, from 4.4 percent for 2007 to 4.9 percent this year.

Receipts Forecast

Financial Plan receipts comprise a variety of taxes, fees, charges for State-provided services, Federal grants, and other miscellaneous receipts. The receipts estimates and projections have been prepared by DOB on a multi-year basis with the assistance of the Department of Taxation and Finance and other agencies responsible for the collection of State receipts. See the Executive Budget volume entitled, "Economic and Revenue Outlook" available at the DOB website for detailed information on the economic and receipts projections underlying the Executive Budget.

Overview of the Revenue Situation

- Base receipt growth over the period 2004-05 to 2006-07, supported by a strong financial services sector and real estate market, averaged over 11 percent. However, the current slowdown in

economic activity is estimated to negatively impact receipt growth for 2007-08 and 2008-09. As a result, base tax receipt growth (correcting for law changes) falls to 4.2 percent in 2008-09 from 6.5 percent in 2007-08.

- The negative impact of the subprime mortgage situation on the financial services industry is expected to result in declines in bonus payouts over the remainder of the current fiscal year (5.5 percent decline) and reduced growth in business tax receipts over the remaining years of the Financial Plan.
- The financial sector is expected to slowly recover in 2008 and bonus growth levels return to roughly 10 percent per year over the 2008-09 to 2010-11 period.
- The risks stemming from the volatile real estate and financial markets represent even greater risks to revenues due to the high concentration of taxable income among a relatively small segment of the taxpaying population.
- The slowdown in the residential housing market is projected to largely eliminate the recent surge in taxable capital gains realizations associated with real estate sales.
- The economy is expected to slow but not enter recession, and as a result, it is expected that personal income tax withholding (6.2 percent) and sales tax collections (2.7 percent) will continue to grow but at a more modest pace in 2008-09.
- The combined impact of slowing real estate and financial markets and weakening profitability in the financial sector projected for 2008 results in estimated personal income tax liability growth of only 3.9 percent in 2008, rebounding to 6.5 percent in 2009.
- The large audit settlements associated with financial service industry firms continued into 2007-08 but are expected to be largely concluded before 2008-09, and this loss of resources represents another negative to the receipts forecast.

All Funds receipts are projected to total \$123.1 billion, an increase of \$6.3 billion over 2007-08 projections. The following table summarizes the receipts projections for 2007-08 and 2008-09.

Total Receipts (millions of dollars)				
	2007-08 Current	2008-09 Proposed	Annual \$ Change	Annual % Change
State Operating Funds	75,692	80,040	4,348	5.7%
General Fund *	41,083	43,950	2,867	7.0%
Other State Funds	21,391	22,283	892	4.2%
Debt Service Funds	13,218	13,807	589	4.5%
All Governmental Funds	116,834	123,105	6,271	5.4%
State Operating Funds	75,692	80,040	4,348	5.7%
Capital Projects Funds	7,087	8,084	997	14.1%
Federal Operating Funds	34,055	34,981	926	2.7%

*Excludes transfers.

The following table provides historical and projected data on the growth of actual and base receipts compared to personal income.

Governmental Funds Actual and Base Tax Receipts Growth (percent growth)				
State Fiscal Year	Actual Receipts	Base Receipts	Personal Income Growth	
2000-01	7.9	10.1	6.1	
2001-02	(4.9)	(4.2)	(0.2)	
2002-03	(6.7)	(8.0)	0.2	
2003-04	8.2	5.8	4.2	
2004-05	13.4	11.4	6.5	
2005-06	10.2	9.5	8.7	
2006-07	9.6	12.9	7.2	
2007-08	3.7	6.5	5.6	
2008-09	6.5	4.2	4.6	
2009-10	6.0	6.1	4.9	
2010-11	4.8	5.2	5.2	
2011-12	5.5	5.5	5.1	
	Actual	Base	Inflation Adjusted	Personal
	Receipts	Receipts	Base Change	Income
Historical Average (87-88 to 06-07)	4.6	4.4	1.3	5.2
Forecast Average (07-08 to 11-12)	5.3	5.5	2.9	5.1
Recessions	1.5	(0.6)	(3.3)	2.6
Expansions	4.5	5.3	2.1	6.3

Base growth, adjusted for law changes, in tax receipts for fiscal year 2007-08 is estimated at 6.5 percent and 4.2 percent for 2008-09. Overall base growth in tax receipts is dependent on many factors. Over the past several fiscal years the most important factors explaining tax receipt growth have been related to:

- improvements in overall economic activity, especially in New York City and surrounding counties;

- continued profitability and compensation gains of financial services companies;
- continued growth in the downstate commercial real estate market; and
- continued positive impact of high-income taxpayers on personal income tax growth.

Each of these factors is expected to become a negative drag on receipts over the next fiscal year. The same factors that spurred economic and tax receipt growth in recent fiscal years are now expected to retard growth in 2007-08 and 2008-09.

Personal Income Tax

Personal Income Tax (millions of dollars)					
	2006-07	2007-08	Annual	2008-09	Annual
	<u>Actual</u>	<u>Estimated</u>	<u>Change</u>	<u>Projected</u>	<u>Change</u>
General Fund	22,940	22,735	(205)	24,391	1,656
Gross Collections	40,090	43,123	3,033	45,861	2,738
Refunds	(5,510)	(6,572)	(1,062)	(7,056)	(484)
STAR	(3,994)	(4,678)	(684)	(4,713)	(35)
RBTF	(7,646)	(9,138)	(1,492)	(9,701)	(563)
State/All Funds	34,580	36,551	1,971	38,805	2,254
Gross Collections	40,090	43,123	3,033	45,861	2,738
Refunds	(5,510)	(6,572)	(1,062)	(7,056)	(484)

All Funds personal income tax (PIT) receipts, which reflects the net of gross payments minus refunds, for 2007-08 are estimated at \$36.6 billion, an increase of nearly \$2.0 billion or 5.7 percent over the prior year. The increase is primarily attributable to moderately strong growth in withholding of \$1.6 billion, or 6 percent, and solid growth in estimated taxes for tax year 2007 liabilities of \$1.0 billion (13.2 percent). In addition, reflecting taxpayer uncertainty with the expiration of the temporary surcharge, final settlement payments for the 2006 tax year were mixed. The strongest component was a 12.3 percent (\$342 million) increase in extension payments. The \$64 million (3.3 percent) growth in payments accompanying final returns was relatively weak, and the 19.3 increase (roughly \$1.1 billion) in refunds reflected in large part some \$650 million of claims for the Empire State child credit effective in tax year 2006. The following table summarizes, by component, actual receipts for 2006-07 and forecast amounts through 2011-12.

Personal Income Tax Fiscal Year Collection Components						
All Funds						
(millions of dollars)						
	2006-07 (Actual)	2007-08 (Estimated)	2008-09 (Projected)	2009-10 (Projected)	2010-11 (Projected)	2011-12 (Projected)
Receipts						
Withholding	26,802	28,401	30,176	32,093	33,795	36,283
Estimated Payments	10,355	11,697	12,527	13,481	14,751	15,455
Current Year	7,572	8,572	9,152	9,726	10,576	11,030
Prior Year*	2,783	3,125	3,375	3,755	4,175	4,425
Final Returns	2,102	2,116	2,211	2,359	2,516	2,682
Current Year	194	145	180	180	180	180
Prior Year*	1,907	1,971	2,031	2,179	2,336	2,502
Delinquent Collections	831	909	947	986	1027	1065
Gross Receipts	40,090	43,123	45,861	48,919	52,089	55,485
Refunds						
Prior Year*	3,231	4,248	4,412	4415	4765	5163
Previous Years	257	315	290	310	330	330
Current Year*	1,500	1500	1,750	1,750	1,750	1,750
State-City Offset*	522	509	604	684	758	842
Total Refunds	5,510	6,572	7,056	7,159	7,603	8,085
Net Receipts	34,580	36,551	38,805	41,760	44,486	47,400

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

All Funds income tax receipts for 2008-09 of \$38.8 billion are projected to increase \$2.3 billion or 6.2 percent over the prior year. Gross receipts are projected to increase 6.3 percent and reflect projected withholding growth of 6.2 percent (\$1.8 billion), while the growth in estimated taxes for tax year 2008 liabilities is expected to reach 6.8 percent (\$580 million). Payments from extensions and final returns for tax year 2007 are projected to increase by 8.0 percent and 4.5 percent, respectively. Receipts from delinquencies are projected to increase \$38 million over the prior year. Growth in total refunds is estimated at \$484 million or 7.4 percent.

General Fund income tax receipts are net of deposits to the STAR Fund, which provides property tax relief, and the Revenue Bond Tax Fund (RBTF), which supports debt service payments on State Personal Income Tax Revenue bonds. General Fund income tax receipts for 2007-08 of \$22.7 billion are expected to decrease by \$205 million or 0.9 percent from the prior year. This decline reflects both a large increase in STAR deposits of \$685 million associated with the middle-class rebate program, and a \$1,492 million increase in deposits to the RBTF. The latter reflects Enacted Budget legislation that provides that deposits to the RBTF be calculated before the deposit of income tax receipts to the STAR Fund; in previous fiscal years this transfer was calculated after the STAR transfer, so the RBTF transfer was changed by 25 percent of the amount of the STAR deposit.

General Fund income tax receipts for 2008-09 of \$24.4 billion are projected to increase by \$1.7 billion or 7.3 percent over the prior year. The increase reflects a slight reduction in the STAR transfer which in turn is attributable to a one-time delay of a \$250 million payment to New York City until June 2009. Deposits to the RBTF are expected to increase by 6.2 percent, the same percentage increase as projected for net collections since the transfer equals 25 percent of net collections.

Personal Income Tax Change From Mid-Year Update Estimates & Projections (millions of dollars)								
	2007-08	2007-08	Change	Percent	2008-09	2008-09	Change	Percent
	Mid-Year	Executive		Change	Mid-Year	Executive		Change
	Update	Budget			Update	Budget		
General Fund	22,697	22,735	38	0.2	23,940	24,391	451	1.9
Gross Collections	42,933	43,123	190	0.4	45,896	45,861	(35)	(0.1)
Refunds	(6,363)	(6,572)	(209)	3.3	(6,832)	(7,056)	(224)	3.3
STAR	(4,730)	(4,678)	52	(1.1)	(5,358)	(4,713)	645	(12.0)
RBTF	(9,143)	(9,138)	5	(0.1)	(9,766)	(9,701)	65	(0.7)
State/All Funds	36,570	36,551	(19)	(0.1)	39,064	38,805	(259)	(0.7)
Gross Collections	42,933	43,123	190	0.4	45,896	45,861	(35)	(0.1)
Refunds	(6,363)	(6,572)	(209)	3.3	(6,832)	(7,056)	(224)	3.3

Compared to the Mid-Year Update, 2007-08 All Funds income tax receipts are revised down by \$19 million. The decrease reflects a modest decrease in withholding of \$100 million, and higher-than-projected estimated and final return payments for tax year 2007 of \$250 million and \$40 million, respectively, offset by higher-than-expected refunds of \$209 million (\$164 million for tax year 2006 and \$45 million for prior tax years).

Compared to the Mid-Year Update, 2008-09 All Funds income tax receipts are revised downward by \$259 million. This reflects lower withholding of \$200 million, additional estimated tax payments related to tax year 2008 of \$130 million, an increase in current return payments of \$35 million related to legislation proposed with this Budget, and a \$224 million increase in total refunds. The increase in refunds is the net of a \$500 million upward re-estimate for current tax year 2007 refunds, \$250 million of which is the one-time impact of increasing the January-March refund cap from \$1,500 million to \$1,750 million, a \$100 million downward revision in the State-city offset, and a \$176 million reduction in refunds due to legislation intended to promote improved tax compliance.

Personal Income Tax (millions of dollars)							
	2008-09	2009-10	Annual	2010-11	Annual	2011-12	Annual
	Projected	Projected	Change	Projected	Change	Projected	Change
General Fund	24,391	25,897	1,506	27,415	1,518	29,315	1,900
Gross Collections	45,861	48,919	3,058	52,089	3,170	55,485	3,396
Refunds	(7,056)	(7,159)	(103)	(7,603)	(444)	(8,085)	(482)
STAR	(4,713)	(5,423)	(710)	(5,949)	(526)	(6,235)	(286)
RBTF	(9,701)	(10,440)	(739)	(11,122)	(682)	(11,850)	(728)
State/All Funds	38,805	41,760	2,955	44,486	2,726	47,400	2,914
Gross Collections	45,861	48,919	3,058	52,089	3,170	55,485	3,396
Refunds	(7,056)	(7,159)	(103)	(7,603)	(444)	(8,085)	(482)

All Funds income tax receipts for 2009-10 of \$41.8 billion are projected to increase \$2.95 billion or 7.6 percent over the prior year. Gross receipts are projected to increase 6.7 percent and reflect withholding that is projected to grow by 6.4 percent (\$1.9 billion). Total estimated taxes on prior and current year liabilities reflect the expectation of continued growth in incomes of wealthy taxpayers and will increase by an estimated 7.6 percent (\$954 million). Payments from final returns are expected to increase 6.7 percent (\$148 million). Delinquencies are projected to increase \$39 million or 4.1 percent over the prior year. Growth in total refunds

is projected at \$103 million or 1.5 percent over the prior year. This low growth reflects the one-time \$250 million increase in 2008-09 refunds noted above.

General Fund income tax receipts for 2009-10 of \$25.9 billion are projected to increase by \$1.5 billion, or 6.2 percent. General Fund receipts for 2009-10 reflect an increase in STAR deposits of \$710 million due to the resumption of the middle-class rebate program as well as the fact that 2008-09 transfers were reduced by \$250 million for the New York City timing change noted above, and a \$739 million increase in deposits to the RBTF.

All Funds income tax receipts for 2010-11 and 2011-12 are projected to reach \$44.5 billion and \$47.4 billion, respectively. General Fund receipts are projected at \$27.4 billion and \$29.3 billion, respectively.

User Taxes and Fees

User Taxes and Fees (millions of dollars)					
	2006-07	2007-08	Annual	2008-09	Annual
	<u>Actual</u>	<u>Estimated</u>	<u>Change</u>	<u>Projected</u>	<u>Change</u>
General Fund	8,186	8,503	317	8,832	329
Sales Tax	7,539	7,865	326	8,080	215
Cigarette and Tobacco Taxes	411	407	(4)	437	30
Motor Vehicle Fees	(16)	(21)	(5)	47	68
Alcoholic Beverage Taxes	194	200	6	220	20
ABC License Fees	58	52	(6)	48	(4)
State/All Funds	13,456	13,903	447	14,217	314
Sales Tax	10,738	11,199	461	11,504	305
Cigarette and Tobacco Taxes	985	973	(12)	1,052	79
Motor Fuel	513	511	(2)	351	(160)
Motor Vehicle Fees	769	772	3	830	58
Highway Use Tax	153	148	(5)	162	14
Alcoholic Beverage Taxes	194	200	6	219	19
ABC License Fees	58	51	(7)	48	(3)
Auto Rental Tax	46	49	3	51	2

All Funds user taxes and fees receipts for 2007-08 are estimated to be \$13.9 billion, an increase of \$447 million or 3.3 percent from 2006-07. Sales tax receipts are expected to increase by \$461 million from the prior year due to a base growth of 3.5 percent before the impact of law changes. This is due largely to projected modest increases in employment, income and overall taxable consumption. Non-sales tax user taxes and fees are estimated to decrease by \$14 million from 2006-07 mainly due a decrease in cigarette tax and highway use tax collections.

General Fund user taxes and fees receipts are expected to total \$8.5 billion in 2007-08, an increase of \$317 million or 3.9 percent from 2006-07. The increase reflects an increase in sales tax receipts of \$326 million due to base growth.

All Funds user taxes and fees receipts for 2008-09 are projected to be \$14.2 billion, an increase of \$314 million, or 2.3 percent from 2007-08. General Fund user taxes and fees receipts are projected to total \$8.8 billion in 2008-09, an increase of \$329 million, or 3.9 percent from 2007-08. This increase largely reflects a projected increase in sales tax and motor vehicle fee receipts. Motor vehicle fee receipts are projected to increase due to a proposal to offer a "Western Hemisphere Travel Initiative" compliant driver's license in New York State. The large decline in motor fuel tax receipts reflects the proposal in this Budget to combine the motor fuel tax into the petroleum business tax.

User Taxes and Fees Change From Mid-Year Update Estimates & Projections (millions of dollars)								
	2007-08	2007-08	Change	Percent	2008-09	2008-09	Change	Percent
	Mid-Year Update	Executive Budget		Change	Change	Mid-Year Update		Executive Budget
General Fund	8,506	8,503	(3)	(0.0)	8,805	8,832	27	0.3
Sales Tax	7,865	7,865	0	0.0	8,103	8,080	(23)	(0.3)
Cigarette and Tobacco Taxes	407	407	0	0.0	436	437	1	0.2
Motor Vehicle Fees	(18)	(21)	(3)	16.7	13	47	34	261.5
Alcoholic Beverage Taxes	200	200	0	0.0	205	220	15	7.3
ABC License Fees	52	52	0	0.0	48	48	0	0.0
State/All Funds	13,906	13,903	(3)	(0.0)	14,369	14,217	(152)	(1.1)
Sales Tax	11,199	11,199	0	0.0	11,546	11,504	(42)	(0.4)
Cigarette and Tobacco Taxes	973	973	0	0.0	1,048	1,052	4	0.4
Motor Fuel	511	511	0	0.0	523	351	(172)	(32.9)
Motor Vehicle Fees	775	772	(3)	(0.4)	794	830	36	4.5
Highway Use Tax	148	148	0	0.0	154	162	8	5.2
Alcoholic Beverage Taxes	200	200	0	0.0	205	219	14	6.8
ABC License Fees	51	51	0	0.0	48	48	0	0.0
Auto Rental Tax	49	49	0	0.0	51	51	0	0.0

All Funds user taxes and fees in 2007-08 are revised down by \$3 million from the Mid-Year Update. All Funds user taxes and fees are revised down by \$152 million for 2008-09; this revision is mainly due to the proposed combination of the State sales tax on motor fuel and diesel motor fuel and the motor fuel tax with the petroleum business tax effective December 1, 2008. This will be offset by an increase in the petroleum business tax rate.

User Taxes and Fees (millions of dollars)							
	2008-09	2009-10	Annual	2010-11	Annual	2011-12	Annual
	Projected	Projected	Change	Projected	Change	Projected	Change
General Fund	8,832	8,912	80	9,251	339	9,620	369
Sales Tax	8,080	8,125	45	8,438	313	8,778	340
Cigarette and Tobacco Taxes	437	432	(5)	428	(4)	428	0
Motor Vehicle Fees	47	76	29	105	29	126	21
Alcoholic Beverage Taxes	220	227	7	232	5	236	4
ABC License Fees	48	52	4	48	(4)	52	4
State/All Funds	14,217	14,017	(200)	14,470	453	15,006	536
Sales Tax	11,504	11,597	93	12,044	447	12,527	483
Cigarette and Tobacco Taxes	1,052	1,040	(12)	1,027	(13)	1,025	(2)
Motor Fuel	351	0	(351)	0	0	0	0
Motor Vehicle Fees	830	870	40	883	13	919	36
Highway Use Tax	162	178	16	181	3	188	7
Alcoholic Beverage Taxes	219	227	8	232	5	236	4
ABC License Fees	48	52	4	48	(4)	53	5
Auto Rental Tax	51	53	2	55	2	58	3

All Funds user taxes and fees in 2009-10 are projected to decrease by \$200 million and then increase by \$453 million in 2010-11 and \$536 million in 2011-12. Again, the 2009-10 decrease reflects the proposed consolidation of the motor fuel tax, and sales tax on motor fuel and diesel motor fuel into the petroleum business tax.

Business Taxes

Business Taxes (millions of dollars)					
	2006-07	2007-08	Annual	2008-09	Annual
	<u>Actual</u>	<u>Estimated</u>	<u>Change</u>	<u>Projected</u>	<u>Change</u>
General Fund	6,468	6,300	(168)	7,254	954
Corporate Franchise Tax	3,676	3,575	(101)	4,138	563
Corporation & Utilities Tax	626	618	(8)	589	(29)
Insurance Tax	1,142	1,176	34	1,405	229
Bank Tax	1,024	931	(93)	942	11
Petroleum Business Tax	0	0	0	180	180
State/All Funds	8,606	8,437	(169)	9,721	1,284
Corporate Franchise Tax	4,228	4,106	(122)	4,745	639
Corporation & Utilities Tax	820	816	(4)	787	(29)
Insurance Tax	1,258	1,292	34	1,555	263
Bank Tax	1,210	1,094	(116)	1,096	2
Petroleum Business Tax	1,090	1,129	39	1,538	409

All Funds business tax receipts for 2007-08 are estimated at over \$8.4 billion, a decrease of \$169 million, or 2.0 percent from the prior year. The decrease is primarily due to decreases in corporate franchise tax receipts of 2.9 percent and bank tax receipts of 9.6 percent. The decrease in corporate franchise tax receipts is attributable to reduced audit and compliance payments and high refund payments, more than offsetting current-year receipts growth in the ongoing base. In addition, current year receipts were supplemented by the closing of several loopholes in the 2007-08 Enacted Budget. The change in current year bank tax receipts reflects a significant decrease in audit receipts and a modest increase in the payments on current year estimated liability. In addition, an overall 0.5 percent decrease in corporation and utilities taxes reflects growth of 4.6 percent in non-audit receipts and a decline of 40 percent in audit receipts from 2006-07 levels. Year-to-date trends suggest that increases in receipts from electric utilities will be offset by decreases in receipts from the telecommunications industry.

All Funds Business Tax Audit and Non Audit Receipts (millions of dollars)					
	2003-04	2004-05	2005-06	2006-07	2007-08
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>
Corporate Franchise Tax	1,701	2,110	3,053	4,228	4,106
Audit	232	397	653	1,133	1,020
Non-Audit	1,470	1,713	2,400	3,095	3,086
Corporation and Utilities Taxes	882	827	832	820	816
Audit	30	43	101	52	20
Non-Audit	852	784	731	768	796
Insurance Taxes	1,031	1,108	1,083	1,258	1,292
Audit	28	32	33	56	41
Non-Audit	1,003	1,076	1,050	1,202	1,251
Bank Tax	342	675	975	1,210	1,094
Audit	39	24	330	299	116
Non-Audit	303	651	645	911	978

The decreases in All Funds corporate franchise and bank tax receipts are partially offset by increases in the All Funds receipts from the insurance tax of 2.7 percent and the petroleum business tax of 3.6 percent. The overall increase in insurance tax receipts reflects modest growth in the ongoing base of insurance tax receipts of 4.1 percent over the prior year and a 27 percent decline in audit receipts from the prior year. The

increase in petroleum business tax receipts is primarily due to the increase of 5.0 percent in the petroleum business tax rate index effective January 1, 2007, offset by an expected 1.2 percent decrease in January 2008. The petroleum business tax increase also reflects the impact of proposed legislation to consolidate the motor fuel and petroleum business taxes.

All Funds business tax receipts for 2008-09 of \$9.7 billion are projected to increase by nearly \$1.3 billion, or 15.2 percent over the prior year. Proposed legislation that would reclassify receipts from the motor fuel tax and sales tax on motor fuel and diesel motor fuel as petroleum business tax receipts accounts for \$358 million of the increase. This increase will be offset by a comparable decrease in the sales tax and motor fuel tax receipts in the user taxes and fees category. (See “User Taxes and Fees” above.)

Non-audit business tax receipts before these Executive Budget initiatives are projected to increase by just 0.2 percent. The overall increase reflects a projected increase in the growth of non-audit corporate franchise tax receipts of 4.3 percent, a decrease of 16.0 percent in non-audit bank tax receipts, an increase in non-audit corporation and utilities taxes of 0.6 percent, and a 4.4 percent increase in the petroleum business tax receipts. Non-audit receipts from the insurance taxes are projected to decrease by 1.3 percent. Audit receipts related to All Funds business taxes are projected to increase by approximately 5.3 percent or roughly \$58 million from 2007-08.

General Fund business tax receipts for 2007-08 of \$6.3 billion are estimated to decrease by \$168 million, or 2.6 percent below 2006-07. Business tax receipts deposited to the General Fund reflect the All Funds trends discussed above.

General Fund business tax receipts for 2008-09 of nearly \$7.3 billion are projected to increase \$954 million, or 15 percent over the prior year. Business tax receipts deposited to the General Fund reflect the All Funds trends and the Executive Budget initiatives discussed above.

Business Taxes Change From Mid-Year Update Estimates & Projections (millions of dollars)								
	2007-08		Change	Percent Change	2008-09		Change	Percent Change
	Mid-Year Update	Executive Budget			Mid-Year Update	Executive Budget		
General Fund	6,500	6,300	(200)	(3.1)	6,669	7,254	585	8.8
Corporate Franchise Tax	3,675	3,575	(100)	(2.7)	3,966	4,138	172	4.3
Corporation & Utilities Tax	618	618	0	0.0	623	589	(34)	(5.5)
Insurance Tax	1,176	1,176	0	0.0	1,161	1,405	244	21.0
Bank Tax	1,031	931	(100)	(9.7)	919	942	23	2.5
Petroleum Business Tax	0	0	0	0.0	0	180	180	-
State/All Funds	8,652	8,437	(215)	(2.5)	8,881	9,721	840	9.5
Corporate Franchise Tax	4,206	4,106	(100)	(2.4)	4,531	4,745	214	4.7
Corporation & Utilities Tax	816	816	0	0.0	821	787	(34)	(4.1)
Insurance Tax	1,292	1,292	0	0.0	1,276	1,555	279	21.9
Bank Tax	1,209	1,094	(115)	(9.5)	1,073	1,096	23	2.1
Petroleum Business Tax	1,129	1,129	0	0.0	1,180	1,538	358	30.3

Compared to the Second Quarterly Update, 2007-08 All Funds business tax receipts are revised down by \$215 million, or 2.5 percent to \$8.4 billion. The decrease in the estimate reflects year-to-date results in the business taxes, which suggest lower growth in the corporate franchise tax receipts and bank tax receipts than anticipated.

All Funds business tax receipts for 2008-09 are revised up by \$840 million, or 9.5 percent from the Mid-Year Update. The increase reflects a downward revision in the base of \$235 million, more than offset by the first-year impact of initiatives proposed with the 2008-09 Executive Budget.

Business Taxes (millions of dollars)							
	2008-09	2009-10	Annual	2010-11	Annual	2011-12	Annual
	Projected	Projected	Change	Projected	Change	Projected	Change
General Fund	7,254	7,816	562	7,866	50	8,218	352
Corporate Franchise Tax	4,138	4,265	127	4,258	(7)	4,497	239
Corporation & Utilities Tax	589	599	10	608	9	612	4
Insurance Tax	1,405	1,466	61	1,505	39	1,549	44
Bank Tax	942	928	(14)	935	7	997	62
Petroleum Business Tax	180	558	378	560	2	563	3
State/All Funds	9,721	10,700	979	10,763	63	11,171	408
Corporate Franchise Tax	4,745	4,891	146	4,883	(8)	5,156	273
Corporation & Utilities Tax	787	797	10	807	10	812	5
Insurance Tax	1,555	1,625	70	1,668	43	1,716	48
Bank Tax	1,096	1,076	(20)	1,084	8	1,156	72
Petroleum Business Tax	1,538	2,311	773	2,321	10	2,331	10

All Funds business tax receipts for 2009-10, 2010-11 and 2011-12 reflect trend growth that is determined in part by the expected level of corporate profits, the projected increase in taxable insurance premiums, estimated increases in electric utility consumption prices and the consumption of telecommunications services. In addition, the fully effective impact of the Executive Budget initiatives supplements out-year growth. Business tax receipts will increase to \$10.7 billion (10.1 percent) in 2009-10, \$10.8 billion (0.6 percent) in 2010-11, and \$11.2 billion (3.8 percent) in 2011-12. Projected General Fund business tax receipts reflect the factors outlined above and the out-year impact of Executive Budget initiatives. General Fund business tax receipts over this period are expected to increase to \$7.8 billion (7.7 percent) in 2009-10, \$7.9 billion (0.6 percent) in 2010-11, and \$8.2 billion (4.5 percent) in 2011-12.

Other Taxes

Other Taxes (millions of dollars)					
	2006-07	2007-08	Annual	2008-09	Annual
	Actual	Estimated	Change	Projected	Change
General Fund	1,075	1,030	(45)	1,194	164
Estate Tax	1,063	1,006	(57)	1,170	164
Gift Tax	(10)	0	10	0	0
Real Property Gains Tax	0	0	0	0	0
Pari-mutuel Taxes	21	23	2	23	0
All Other Taxes	1	1	0	1	0
State/All Funds	2,097	2,036	(61)	2,169	133
Estate Tax	1,063	1,006	(57)	1,170	164
Gift Tax	(10)	0	10	0	0
Real Property Gains Tax	0	0	0	0	0
Real Estate Transfer Tax	1,022	1,006	(16)	975	(31)
Pari-mutuel Taxes	21	23	2	23	0
All Other Taxes	1	1	0	1	0

All Funds other tax receipts for 2007-08 are estimated to be more than \$2.0 billion, down \$61 million or 2.9 percent from 2006-07 receipts, reflecting declines in estate tax receipts and the real estate transfer tax. General Fund other tax receipts are expected to total \$1.0 billion in fiscal year 2007-08, a decrease of \$45 million.

All Funds other tax receipts in 2008-09 are projected to be nearly \$2.2 billion, up \$133 million or 6.5 percent from 2007-08, reflecting modest retrenchment in real estate transfer tax receipts as well as a return to a normal estate tax collection pace. General Fund receipts for 2008-09 are projected to total nearly \$1.2 billion, an increase of \$164 million.

Other Taxes Change From Mid-Year Update Estimates & Projections (millions of dollars)								
	2007-08	2007-08	Change	Percent	2008-09	2008-09	Change	Percent
	Mid-Year Update	Executive Budget		Change	Change	Mid-Year Update		Executive Budget
General Fund	1,102	1,030	(72)	(6.5)	1,211	1,194	(17)	(1.4)
Estate Tax	1,081	1,006	(75)	(6.9)	1,190	1,170	(20)	(1.7)
Gift Tax	0	0	0	0.0	0	0	0	0.0
Real Property Gains Tax	0	0	0	0.0	0	0	0	0.0
Pari-mutuel Taxes	20	23	3	15.0	20	23	3	15.0
All Other Taxes	1	1	0	0.0	1	1	0	0.0
State/All Funds	2,077	2,036	(41)	(2.0)	2,186	2,169	(17)	(0.8)
Estate Tax	1,081	1,006	(75)	(6.9)	1,190	1,170	(20)	(1.7)
Gift Tax	0	0	0	0.0	0	0	0	0.0
Real Property Gains Tax	0	0	0	0.0	0	0	0	0.0
Real Estate Transfer Tax	975	1,006	31	3.2	975	975	0	0.0
Pari-mutuel Taxes	20	23	3	15.0	20	23	3	15.0
All Other Taxes	1	1	0	0.0	1	1	0	0.0

All Funds other tax receipt estimates for 2007-08 have been revised down \$41 million from the Mid-Year Update estimate. Receipts estimates for the estate tax have been reduced reflecting the decline in collections from larger estates while the real estate transfer tax estimate has been increased modestly as the strength of the Downstate commercial real estate market continues.

Other Taxes (millions of dollars)							
	2008-09	2009-10	Annual	2010-11	Annual	2011-12	Annual
	Projected	Projected	Change	Projected	Change	Projected	Change
General Fund	1,194	1,325	131	1,408	83	1,498	90
Estate Tax	1,170	1,301	131	1,384	83	1,474	90
Gift Tax	0	0	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0	0	0
Pari-mutuel Taxes	23	23	0	23	0	23	0
All Other Taxes	1	1	0	1	0	1	0
State/All Funds	2,169	2,325	156	2,408	83	2,498	90
Estate Tax	1,170	1,301	131	1,384	83	1,474	90
Gift Tax	0	0	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0	0	0
Real Estate Transfer Tax	975	1,000	25	1,000	0	1,000	0
Pari-mutuel Taxes	23	23	0	23	0	23	0
All Other Taxes	1	1	0	1	0	1	0

General Fund other taxes receipts projections for 2008-09 are revised down by \$17 million from the Mid-Year Update, reflecting slightly slower growth in estate tax collections.

The 2009-10 All Funds receipts projection for other taxes is just over \$2.3 billion, up \$156 million or 7.2 percent from 2008-09 receipts. Growth in the estate tax is projected to follow expected increases in household net worth and receipts from the real estate transfer tax continue to reflect the slowdown in the housing market.

The 2010-11 All Funds receipts projection for other taxes is approximately \$2.4 billion, up \$83 million or 3.6 percent from 2009-10 receipts. The forecast reflects continued increases in household net worth as well as in the value of real property transfers.

The 2011-12 All Funds receipts projection for other taxes is nearly \$2.5 billion, up \$90 million (3.7 percent) from 2010-11 as continued moderate growth in estate tax collections is expected.

Miscellaneous Receipts and Federal Grants

Miscellaneous Receipts and Federal Grants					
(millions of dollars)					
	2006-07	2007-08	Annual	2008-09	Annual
	Actual	Estimated	Change	Projected	Change
General Fund	2,420	2,515	95	2,279	(236)
Miscellaneous Receipts	2,268	2,444	176	2,238	(206)
Federal Grants	152	71	(81)	41	(30)
State Funds	18,015	19,994	1,979	21,206	1,212
Miscellaneous Receipts	17,863	19,922	2,059	21,164	1,242
Federal Grants	152	72	(80)	42	(30)
All Funds	53,657	55,908	2,251	58,193	2,285
Miscellaneous Receipts	18,078	20,067	1,989	21,310	1,243
Federal Grants	35,579	35,841	262	36,883	1,042

All Funds miscellaneous receipts include moneys received from the Health Care Reform Act (HCRA) financing sources, SUNY tuition and patient income, lottery receipts for education, assessments on regulated industries, and a variety of fees and licenses. All Funds miscellaneous receipts are projected to total \$20.1 billion in 2007-08, an increase of \$2.0 billion from 2006-07 largely driven by growth in: HCRA surcharge revenues (\$689 million); lottery revenues, including video lottery terminals (VLTs) (\$256 million); and children and family services restructuring of the Youth Facility Per Diem Account (\$114 million.)

Federal grants help pay for State spending on Medicaid, temporary and disability assistance, mental hygiene, School Aid, public health, and other activities. Annual changes to Federal grants generally correspond to changes in federally-reimbursed spending. Accordingly, DOB typically plans that Federal reimbursement will be received in the State fiscal year in which spending occurs, but timing sometimes varies. All Funds Federal grants are projected to total \$35.8 billion in 2007-08, an increase of \$262 million from 2006-07. Federal spending is expected to increase for Public Health (\$315 million), mental hygiene (\$147 million), transportation (\$129 million), homeland security (\$141 million) and temporary and disability assistance (\$80 million). These increases are partially offset by a reduction in Federal Medicaid (\$593 million).

General Fund miscellaneous receipts collections are estimated to be approximately \$2.4 billion in 2007-08, up \$176 million from 2006-07 receipts. This increase is primarily due to a New York Power Authority payment, an ESDC property sale, a Driver's Responsibility Program portion dedicated to the General Fund

and the Hartford Financial Services Settlement. General Fund Federal grants are expected to decline by \$81 million from the prior-year, reflecting the loss of the Medicare Part D subsidy.

All Funds miscellaneous receipts are projected to total \$21.3 billion in 2008-09, an increase of more than \$1.2 billion from the current year, driven by: growth in programs financed with authority bond proceeds (\$706 million), including spending for economic development, environment, education and mental health; projected first year receipts for the proposal to redirect all unclaimed bottle deposits to support spending in the Environmental Protection Fund (\$25 million); growth in lottery revenues, including VLTs (\$340 million); SUNY revenue (\$68 million); and statewide Civil Legal Services funding (\$53 million.) All Funds Federal grants are projected to total \$36.9 billion in 2008-09, an increase of \$1.0 billion from the current year. Federal spending is expected to increase for Medicaid (\$471 million), social services (\$160 million), and homeland security (\$76 million). These increases would be slightly offset by a decrease of approximately \$14 million due to the potential loss of the Medicare Part D Subsidy should a conversion occur. Such a conversion would have no negative impact on retirees while potentially reducing State spending. In most cases, the grant levels reflect projected changes in State spending levels and a corresponding change in estimated Federal reimbursement, not changes in aid levels for New York authorized by Congress.

General Fund miscellaneous receipts collections in 2008-09 are projected to reach approximately \$2.2 billion, down \$206 million from 2007-08 estimates, due to the loss of revenue from the New York Power Authority, and decreases in indirect costs revenue and abandoned property transfers, partially offset by increases in receipts due to the Monroe County Medicaid sales tax intercept payments.

Miscellaneous Receipts & Federal Grants Change From Mid-Year Update Estimates & Projections								
(millions of dollars)								
	2007-08	2007-08			2008-09	2008-09		
	Mid-Year	Executive	Percent	Percent	Mid-Year	Executive	Change	Percent
	Update	Budget	Change	Change	Update	Budget		Change
General Fund	2,515	2,515	0	0.0	2,107	2,279	172	8.2
Miscellaneous Receipts	2,444	2,444	0	0.0	2,052	2,238	186	9.1
Federal Grants	71	71	0	0.0	55	41	(14)	(25.5)
State Funds	19,983	19,994	11	0.1	19,928	21,206	1,278	6.4
Miscellaneous Receipts	19,911	19,922	11	0.1	19,872	21,164	1,292	6.5
Federal Grants	72	72	0	0.0	56	42	(14)	(25.0)
All Funds	56,075	55,908	(167)	(0.3)	57,850	58,193	343	0.6
Miscellaneous Receipts	20,059	20,067	8	0.0	20,015	21,310	1,295	6.5
Federal Grants	36,016	35,841	(175)	(0.5)	37,835	36,883	(952)	(2.5)

All Funds miscellaneous receipts are projected to total \$20.1 billion in 2007-08, virtually unchanged from the Mid-Year Update. All Funds Federal grants are projected to total \$35.8 billion in 2007-08, a downward revision of \$175 million. This results from slower than expected spending against Federal homeland security grants and delayed implementation of the Federal Help Americans Vote Act mandate.

General Fund miscellaneous receipts and Federal grants in 2007-08 have not been revised from the Mid-Year Update.

All Funds Federal grants are projected to total \$36.9 billion in 2008-09, a downward revision of nearly \$1.0 billion from the Mid-Year Update. Federal aid is expected to decrease for Medicaid (\$620 million), homeland security (\$202 million) and elections (\$103 million).

General Fund miscellaneous receipts and Federal grants projections for 2008-09 are revised up by \$172 million from the Mid-Year Update, primarily due to a larger than expected payment from the State of New York Mortgage Agency and increases in investment income, abandoned property and bond issuance charges.

Miscellaneous Receipts and Federal Grants (millions of dollars)							
	2008-09 Projected	2009-10 Projected	Annual Change	2010-11 Projected	Annual Change	2011-12 Projected	Annual Change
General Fund	2,279	2,186	(93)	2,261	75	2,060	(201)
Miscellaneous Receipts	2,238	2,186	(52)	2,261	75	2,060	(201)
Federal Grants	41	0	(41)	0	0	0	0
State Funds	21,206	21,166	(40)	21,681	515	21,408	(273)
Miscellaneous Receipts	21,164	21,165	1	21,680	515	21,407	(273)
Federal Grants	42	1	(41)	1	0	1	0
All Funds	58,193	59,405	1,212	61,186	1,781	62,220	1,034
Miscellaneous Receipts	21,310	21,305	(5)	21,826	521	21,547	(279)
Federal Grants	36,883	38,100	1,217	39,360	1,260	40,673	1,313

In 2009-10, General Fund miscellaneous receipts and Federal grants are projected to be nearly \$2.2 billion, down \$52 million from 2008-09. This decrease primarily results from the loss of the SONYMA payment and reduced transfers from abandoned property and a possible conversion of a Medicare D (Prescription Drug) Plan for retirees to a contracted Medicare D plan.

General Fund miscellaneous receipts in 2010-11 are projected to be almost \$2.3 billion, up \$75 million from the prior year. This increase is primarily due to projected collections from other transactions.

In 2011-12, General Fund receipts are projected to be nearly \$2.1 billion, a decrease of approximately \$201 million from 2010-11. This decrease is almost solely due to reduced collections from other transactions.

Proposed Law Changes

The 2008-09 Budget contains no tax increases. Measures are included to ensure that taxpayers are properly reflecting New York taxable income and that unintended and anachronistic tax statutes are changed to eliminate tax loopholes. In addition, given the current fiscal stress caused by the slowdown in national economic activity, measures are proposed to delay certain already enacted STAR provisions. Other actions reform existing provisions of Tax Law to make them operate more effectively and equitably. This Budget proposes several modest tax reduction initiatives. The tax policy changes proposed with this Budget are reported in summary below and in detail in the tax-by-tax write-ups contained in the separate "Economic and Revenue Outlook" report provided with the Executive Budget.

All Funds Legislation (millions of dollars)				
	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Revenue Enhancements	1,519	1,588	1,350	1,365
Personal Income Tax	211	247	247	247
Amend Definitions of Temporary Stay	0	15	15	15
Amend Definition of Presence in New York	0	5	5	5
Tax Gain from Sale of Partnerships	0	10	10	10
Refund Offsets	1	1	1	1
Improve Audit and Compliance Efforts	175	175	175	175
LLC Minimum Partner Fees	35	35	35	35
Make Permanent Reporting of Tax Shelters	0	6	6	6
STAR	354	380	165	175
Increase STAR Exemption Floor from 5 percent to 10 percent	110	115	120	125
Delay Basic Middle Class Rebates	169	175	0	0
Authorize Tax Department to Offset Debts Against STAR Rebates	15	15	15	15
Restructure New York City STAR	60	75	30	35
User Taxes and Fees	192	200	177	182
Voluntary Disclosure and Compliance Program	30	0	0	0
Repeal Bad Debt Provisions	7	9	9	9
Limit Tax Exemptions for Sales by Non-Profits	8	15	15	15
Close Loophole on Tax Avoidance	4	6	6	6
Require Sales Tax Vendors to Re-register	12	37	12	4
Conform Tax Treatment of Little Cigars	4	5	5	5
Conform Tax Treatment of Flavored Malt Beverages	15	18	18	18
Require Tax Stamp on Illegal Drugs	13	17	17	17
Western Hemisphere Travel Initiative	53	20	10	10
Sales Tax Nexus	47	73	85	98
Business Taxes	762	761	761	761
Improve Audit and Compliance Efforts	55	75	75	75
Voluntary Disclosure and Compliance Program	20	0	0	0
LLC Minimum Partner Fees	40	40	40	40
Make Permanent Reporting of Tax Shelters	0	11	11	11
Credit Card Nexus	95	75	75	75
Conforming HMOs Taxation	247	288	288	288
Capital Base	98	70	70	70
Decoupling from Federal QPAI Regulations	56	56	56	56
Expiration of ITC for Financial Services	35	75	75	75
Simplify Taxation of Motor Fuel	13	56	56	56
License Reader Enforcement	8	15	15	15
Modify Pre-Payment Requirements	95	0	0	0
Tax Reductions	(24)	(23)	(23)	(20)
Encourage Alternative Fuel Production - Biofuel	0	(1)	(1)	(1)
Expand the New York State Film Credit	(5)	(10)	(15)	(15)
Low Income Housing Credit	(4)	(4)	(4)	(4)
Handicapped Accessible Taxis Credit	0	(3)	(3)	0
Power for Jobs Program	(15)	(5)	0	0
All Funds Legislation Change With STAR	1,495	1,565	1,327	1,345
All Funds Legislation Change Without STAR	1,141	1,185	1,162	1,170

School Tax Relief

- Postpone for one year scheduled increases in Basic Middle-Class STAR Rebates and New York City personal income tax credits.
- Increase the "floor" in STAR exemption amounts from 5 percent to 10 percent.
- Authorize the Tax Department to offset tax and other debts against STAR rebates.
- Eliminate the New York City STAR credit to taxpayers with income over \$250,000.

Personal Income Tax

- Create a tax credit for purchases of clean heating fuel ("bioheat") used for residential purposes.
- Restructure and reform the fees and minimum taxes imposed on limited liability companies, other partnerships, and corporations.
- Amend the definition of "presence in New York" for determining the residency of taxpayers.
- Require inclusion of the gain from the sale of partnership interests as NY-source income to non-resident taxpayers to the extent that these gain are from sales of real property located in New York.
- Require taxpayers to pay the fees charged by the Federal government and other states for offsetting refunds for New York State income tax debts owed by those taxpayers.
- Enact a tax enforcement and compliance reform program.
- Reform the Brownfields Tax Credit program.
- Make tax shelter reporting requirements permanent.
- Authorize the Department of Taxation and Finance to conduct a study of the taxation of nonresidents with limited work presence in New York (administrative).

Business Taxes

- Increase the aggregate amount of low-income housing tax credits that the Commissioner of Housing and Community Renewal may allocate.
- Continue to deter the use of tax shelters by making permanent the provisions allowing the Department of Taxation and Finance to require the reporting and disclosure of Federal and New York reportable and listed transactions that may be improper tax avoidance practices.
- Conform to the practices of 18 other states that have decoupled from the Federal deduction related to qualified production activities and require taxpayers to add back income from this deduction for New York tax purposes.
- Make statutory technical corrections and structural alterations necessary to eliminate real estate investment trust (REIT) and regulated investment company (RIC) loopholes that remained after legislation was enacted in 2007 to address REIT and RIC loopholes.
- Restructure and reform the fees and minimum taxes imposed on limited liability companies, other partnerships, and corporations.
- Reduce the corporation franchise tax capital base rate, eliminate the tax liability cap on this base for non-manufacturers, and conform the definition of "manufacturer" under the capital base to the definition under the entire net income base.

- Reclassify for-profit health maintenance organizations (HMOs) as insurance taxpayers so that these HMOs would be subject to the premiums tax of Tax Law section 1502-a instead of the business corporation tax of Article 9-A and would be treated like traditional health insurers for tax purposes.
- Classify credit card companies doing a specified level of business in the State as taxpayers under the Article 32 bank tax.
- Reform the Brownfields tax credit program.
- Extend MTA surcharges on business taxes by four years.
- Change the mandatory first estimated tax payment for all business taxes from 25 percent to 30 percent.
- Extend for two years the credit for taxicabs and livery service vehicles that are accessible by individuals with disabilities.
- Expand the New York State film credit.
- Extend the Power for Jobs program by one year, through June 30, 2009.
- Create a new personal income and corporate franchise tax credit for purchases of clean heating fuel ("bioheat") used for residential purposes.
- Enact a tax enforcement and compliance reform program.
- Combine the Petroleum Business Tax, the Motor Fuel Tax and the State sales tax on fuel into one Petroleum Business Tax.
- Allow the Commissioner of Taxation and Finance to use new technologies to help combat bootlegging of fuels into the State and provide a level playing field.

Other Actions

- Require non-profit tax-exempt organizations to collect sales tax on certain sales, rentals and leases.
- Narrow the sales tax exemption for commercial aircraft and the use tax exemption for motor vehicle, vessels, and aircraft in order to curtail certain abusive sales and use tax avoidance schemes.
- Institute a re-registration program that would be applicable to new registrations and re-registrations of vendors.
- Create an evidentiary presumption that certain sellers using New York State residents to solicit sales in the State are vendors required to collect sales and use tax.
- Institute a voluntary disclosure and compliance program.
- Extend the seven day liquor sales law.
- Eliminate the sunset of Quick Draw and remove the location restrictions.
- Reclassify little cigars as cigarettes.
- Modify the tax treatment of flavored malt beverages.
- Repeal the private label credit card provision.
- Require a tax stamp on illegal drugs.
- Authorize VLT facility at Belmont Park.

Disbursements Forecast

Total Disbursements (millions of dollars)				
	2007-08 Current	2008-09 Proposed	Annual \$ Change	Annual % Change
State Operating Funds	77,909	81,825	3,916	5.0%
General Fund *	50,831	53,859	3,028	6.0%
Other State Funds	22,728	23,276	548	2.4%
Debt Service Funds	4,350	4,690	340	7.8%
All Governmental Funds	118,314	124,329	6,015	5.1%
State Operating Funds	77,909	81,825	3,916	5.0%
Capital Projects Funds	6,645	7,927	1,282	19.3%
Federal Operating Funds	33,760	34,577	817	2.4%

*Excludes transfers.

State Operating Funds spending, which includes both the General Fund and spending from other operating funds supported by assessments, tuition, HCRA resources and other non-Federal revenues, is projected to total \$81.8 billion in 2008-09. All Funds spending, which includes capital spending and Federal aid in addition to State Operating Funds, is projected to total \$124.3 billion in 2008-09. The Financial Plan projections assume that the 2008-09 Executive Budget is enacted in its entirety.

The major sources of annual spending change between 2007-08 and 2008-09 (after Executive Budget recommendations) are summarized in the table below.

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Executive Budget Spending Projections -- After Executive Budget Recommendations						
Major Sources of Annual Change (millions of dollars)						
	General Fund *	Other State Funds**	Total State Operating Funds	Capital Projects Funds	Federal Operating Funds	Total All Funds
2007-08 Revised Estimate***	50,831	27,078	77,909	6,645	33,760	118,314
Major Functions						
<i>Public Health:</i>						
Medicaid	1,038	(207)	831	0	471	1,302
Public Health/Aging	(21)	22	1	63	(7)	57
<i>K-12 Education:</i>						
School Aid	1,203	166	1,369	0	11	1,380
All Other Education Aid	(42)	5	(37)	66	16	45
STAR	0	34	34	0	0	34
Higher Education	109	29	138	93	5	236
<i>Social Services:</i>						
Temporary and Disability Assistance	(246)	1	(245)	0	62	(183)
Children and Family Services	167	1	168	0	98	266
Mental Hygiene	84	30	114	83	56	253
Transportation	0	221	221	389	0	610
General State Charges	155	22	177	0	10	187
Debt Service	135	201	336	0	0	336
All Other Changes						
Economic Development	(27)	23	(4)	304	0	300
Judiciary	186	3	189	14	(1)	202
Local Government Aid	199	0	199	0	0	199
Collective Bargaining	197	0	197	0	0	197
Correctional Services	16	5	21	45	30	96
Empire State Stem Cell Trust Fund	0	85	85	0	0	85
Homeland Security	0	(1)	(1)	(7)	76	68
Parks and Recreation	(3)	(3)	(6)	69	0	63
State Equipment Financing	0	0	0	61	0	61
Elections	0	(7)	(7)	0	47	40
State Police	(41)	42	1	27	1	29
Interest on Lawyer Account	0	28	28	0	0	28
Department of State	(10)	7	(3)	(47)	0	(50)
Military and Naval Affairs	(65)	18	(47)	17	(72)	(102)
All Other	(6)	163	157	105	14	276
2008-09 Executive Budget Estimate	53,859	27,966	81,825	7,927	34,577	124,329
<i>Annual Dollar Change</i>	<i>3,028</i>	<i>888</i>	<i>3,916</i>	<i>1,282</i>	<i>817</i>	<i>6,015</i>
<i>Annual Percent Change</i>	<i>6.0%</i>	<i>3.3%</i>	<i>5.0%</i>	<i>19.3%</i>	<i>2.4%</i>	<i>5.1%</i>

*Excludes Transfers

**Includes State Special Revenue and Debt Service Funds

***Adjusted to reflect a Medicaid Transparency initiative described later.

The spending forecast for each of the State's major Financial Plan categories follows. In general, the forecasts are described in two parts: the current services estimate for each functional area or activity; and the Executive Budget recommendations and resulting annual change in spending.

Projected current services 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. 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 following tables.

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Forecast for Selected Program Measures Affecting Local Assistance						
(millions of dollars, where applicable)						
	Actual			Forecast		
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Medicaid						
Medicaid Enrollment	3,608,075	3,581,311	3,665,541	3,746,047	3,994,438	4,149,548
Family Health Plus Enrollment	514,058	525,596	545,996	563,084	605,390	605,390
Child Health Plus Enrollment	388,187	396,375	460,614	494,112	499,053	504,043
Medicaid Inflation	2.4%	2.0%	2.9%	3.0%	3.0%	3.0%
Medicaid Utilization	1.1%	-3.3%	1.6%	3.3%	3.7%	4.0%
State Takeover of County/NYC Costs (Total)	\$622	\$677	\$939	\$1,198	\$1,539	\$1,920
- Family Health Plus	\$424	\$442	\$453	\$467	\$484	\$484
- Medicaid*	\$198	\$235	\$486	\$731	\$1,055	\$1,436
Education						
School Aid (School Year)	\$17,800	\$19,600	\$21,000	\$23,100	\$25,600	\$27,200
K-12 Enrollment	2,783,153	2,758,856	2,758,856	2,758,856	2,758,856	2,758,856
Public Higher Education Enrollment (FTEs)	499,082	512,362	518,431	525,408	529,133	528,780
TAP Recipients	320,930	312,779	309,436	310,936	312,686	314,861
Welfare						
Family Assistance Caseload	402,348	348,901	339,686	344,328	331,340	329,517
Single Adult/No Children Caseload	158,513	158,576	166,597	172,876	179,708	186,053
Mental Hygiene						
Mental Hygiene Community Beds	81,737	85,058	87,731	90,520	92,614	95,332

*Includes the State's costs associated with Monroe County's Medicaid payments, which are offset by General Fund Revenue

Forecast of Selected Program Measures Affecting State Operations						
	Actual			Forecast		
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
State Operations						
Prison Population (Corrections)	63,577	62,800	62,200	61,800	61,600	61,400
Negotiated Salary Increases ⁽¹⁾	3.0%	3.0%	3.0%	3.0%	4.0%	0.0%
Personal Service Inflation	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
State Workforce	195,526	199,424	201,270	202,388	202,388	202,388

(1) Negotiated salary increases reflect recent labor settlements included in the Financial Plan estimates

Forecast of Selected Program Measures Affecting General State Charges						
	Actual			Forecast		
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
General State Charges						
Pension Contribution Rate as % of Salary	10.2%	9.7%	8.8%	9.0%	9.0%	9.3%
Employee/Retiree Health Insurance Growth Rates	10.3%	5.5%	5.5%	9.5%	9.5%	9.5%

Forecast of Selected Program Measures Affecting Debt Service						
	Actual			Forecast		
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
State Debt						
Interest on Variable Rate Debt	3.50%	3.55%	3.15%	3.20%	3.15%	2.80%
Interest on Fixed Rate 30-Year Bonds	4.55%	4.75%	4.75%	4.90%	5.10%	5.25%

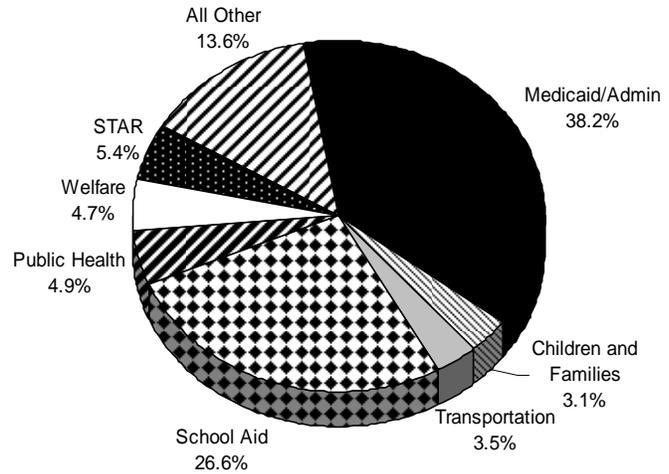
The following sections provide a summary of the 2008-09 Executive Budget by purpose of spending. The presentation summarizes the annual growth in current services spending and the impact of Executive Budget recommendations for each purpose on an All Funds basis, which encompasses activity in the General Fund, State Operating Funds, Capital Projects Funds, and Federal Operating Funds, thus providing the most comprehensive view of the financial operations of the State.

Grants to Local Governments

Grants to Local Governments (Local Assistance) include payments to local governments, school districts, healthcare providers, and other local entities, as well as certain financial assistance to, or on behalf of, individuals, families, and nonprofit organizations. Local Assistance comprises 70 percent of All Funds spending.

In 2008-09, All Funds spending for local assistance is expected to total \$87.4 billion. Total spending comprises State aid to medical assistance providers and public health programs (\$37.7 billion); State aid to school districts, universities, and tuition assistance (\$33.0 billion); temporary and disability assistance (\$4.1 billion); mental hygiene programs (\$3.7 billion); transportation (\$3.1 billion); children and family services (\$2.7 billion); and local government assistance (\$1.1 billion). Other local assistance programs include criminal justice, economic development, housing, parks and recreation, and environmental quality.

**2008-09 All Funds Local Assistance Spending
\$87.4 Billion**



The following chart highlights proposed local assistance annual spending changes from 2007-08 to 2008-09 by major program and/or agency.

Local Assistance Spending Projections (millions of dollars)						
	2007-08 Revised	Medicaid Transparency	2007-08 Adjusted	2008-09 Proposed	Annual Change	Percent Change
General Fund	36,667	2,753	39,420	41,860	2,440	6.2%
Other State Support	16,440	(1,971)	14,469	14,811	342	2.4%
State Operating Funds	53,107	782	53,889	56,671	2,782	5.2%
Capital Project Funds	603	0	603	615	12	2.0%
Federal Operating Funds	30,256	0	30,256	30,141	(115)	-0.4%
All Funds	83,966	782	84,748	87,427	2,679	3.2%

Local Assistance Spending Projections			
Major Sources of Annual Change			
(millions of dollars)			
	General Fund	State Operating Funds	All Governmental Funds
2007-08 Revised	36,667	53,107	83,966
Medicaid Transparency Adjustment	2,753	782	782
2007-08 Adjusted	39,420	53,889	84,748
School Aid	1,203	1,369	1,380
Medicaid (incl Admin)	1,038	830	1,301
Children and Families	152	153	252
Mental Hygiene	112	142	214
Transportation	(1)	213	213
Local Government Assistance	198	198	198
City University	178	178	178
Temporary and Disability Assistance	(226)	(226)	(192)
Economic Development	(133)	(134)	(153)
Other Education Aid	(36)	(36)	(26)
All Other	(46)	95	(686)
2008-09 Executive Budget	41,860	56,671	87,427
<i>Annual Dollar Change</i>	<i>2,440</i>	<i>2,782</i>	<i>2,679</i>
<i>Annual Percent Change</i>	<i>6.2%</i>	<i>5.2%</i>	<i>3.2%</i>

For 2008-09, All Funds local assistance spending is projected to total \$87.4 billion, an increase of \$3.5 billion (4.1 percent) over the current year. The growth is primarily driven by projected increases in School Aid (\$1.4 billion) and Medicaid (\$1.3 billion).

These annual changes in local assistance, as further categorized by current service requirements and Executive Budget savings and initiatives, are outlined in more detail below. For more information on specific local programs, see the narratives by function in the complete 2008-09 Executive Budget Financial Plan available on the DOB website.

Local Assistance Sources of Annual Spending Increase/(Decrease) (millions of dollars)						
	General Fund	Other State Funds	Total State Operating Funds	Capital Projects	Federal Funds	All Funds
2007-08 Revised	36,667	16,440	53,107	603	30,256	83,966
Medicaid Transparency Adjustment	2,753	(1,971)	782	0	0	782
2007-08 Adjusted	39,420	14,469	53,889	603	30,256	84,748
Current Services:	4,033	273	4,307	12	1,140	5,459
Medicaid (incl Admin)	1,735	(272)	1,463	0	1,072	2,535
School Aid	1,363	(120)	1,243	0	11	1,254
STAR	0	388	388	0	0	388
Local Government Assistance	358	0	358	0	0	358
Mental Hygiene	202	30	232	78	(5)	304
Children and Families	182	1	183	0	99	282
City University	200	0	200	0	0	200
Transportation	(1)	193	192	0	0	192
Public Health	45	68	113	24	6	143
Economic Development	(104)	(0)	(104)	(19)	0	(123)
Temporary and Disability Assistance	(16)	0	(16)	0	(100)	(116)
Other Education Aid	(24)	(0)	(24)	0	10	(14)
All Other	93	(14)	79	(70)	47	55
Recommended Savings:	(1,940)	22	(1,918)	0	(562)	(2,480)
Medicaid Actions	(787)	64	(723)	0	(691)	(1,414)
STAR	0	(354)	(354)	0	0	(354)
Local Government Assistance	(165)	0	(165)	0	0	(165)
Public Health	(93)	(36)	(129)	0	(12)	(141)
Mental Hygiene	(112)	0	(112)	0	0	(112)
Temporary and Disability Assistance	(216)	0	(216)	0	134	(82)
Other Education Aid	(68)	0	(68)	0	0	(68)
Economic Development	(53)	(1)	(54)	0	0	(54)
Higher Education Services	(35)	0	(35)	0	0	(35)
Criminal Justice/Parole	(39)	0	(39)	0	8	(31)
City University	(23)	0	(23)	0	0	(23)
Children and Families	(30)	0	(30)	0	0	(30)
Transportation	0	3	3	0	0	3
School Aid	(286)	286	0	0	0	0
All Other	(33)	60	27	0	(1)	26
New Initiatives:	346	47	393	0	89	482
Medicaid	89	0	89	0	89	178
School Aid	126	0	126	0	0	126
Other Education	56	0	56	0	0	56
Judiciary/IOLA	0	28	28	0	0	28
Economic Development	24	0	24	0	0	24
Mental Hygiene	22	0	22	0	0	22
Transportation	0	18	18	0	0	18
Public Health	8	1	9	0	0	9
Temporary and Disability Assistance	6	0	6	0	0	6
Local Government Assistance	5	0	5	0	0	5
City University	1	0	1	0	0	1
Children and Families	0	0	0	0	0	0
All Other	9	0	9	0	0	9
2008-09 Executive Budget	41,860	14,811	56,671	615	30,141	87,427
Total Annual Change	2,440	342	2,782	12	(115)	2,679

Current Services

For 2008-09, on an All Funds basis, current service requirements increase by \$5.5 billion above revised 2007-08 estimates. Most of this increase is concentrated in School Aid and Medicaid (\$3.8 billion). The annual decrease in economic development largely reflects a shift in spending categories, from local assistance to State operations, for State payments made pursuant to “Timothy’s Law” to reimburse employers for costs associated with providing mental health insurance coverage. The decrease in Temporary and Disability Assistance largely reflects a decrease in the level of Federal TANF disbursements. The program areas with the greatest growth in current services are described in more detail below.

- **Medicaid:** Medicaid spending is growing due to several factors, including the increasing cost of providing health care services, particularly nursing home services, a projected rise in the number of recipients, and increases in medical service utilization, particularly in managed care and home care programs. Other changes affecting growth include increases in managed care programs and escalating hospital and prescription drug costs. The number of Medicaid recipients is projected to reach over 3.6 million in 2008-09, an increase of 2.4 percent over the current fiscal year.
- **School Aid:** Growth reflects the balance of the 2007-08 school year increase and the level of spending growth which was already projected in the State’s current services plan. School aid commitments are made on a July 1 starting school-year basis, thus, each fiscal year, there is a “tail” of payments related to the prior school year increase (roughly 30 percent of the prior-year total).
- **STAR:** Reflects an increase in tax rebates to local property owners, and other school tax relief to taxpayers across New York.

Recommended Savings

More than half of the Executive Budget’s All Funds local assistance savings plan relies on Medicaid actions. Significant savings initiatives are described in more detail below.

- **Medicaid Actions:** Largely reflects pharmaceutical savings, savings from reduced Medicaid fraud, greater efficiencies in hospital and ambulatory care spending, and a reconfiguration in funding for nursing homes.
- **STAR:** The Executive Budget recommends a slower phase-in of the basic middle-class STAR rebate; a reduction in the STAR credit for New York City resident personal income taxpayers with incomes above \$250,000; a change in the adjustment that limits annual reductions in the STAR exemption amount from 5 percent to 10 percent; and authorization for the State to offset middle-class STAR rebates owed to individuals who are delinquent on their taxes, child support, or other legal debt obligations.
- **Local Government Assistance:** Reflects the partial restoration of New York City funding from the Aid and Incentives for Municipalities program (AIM).
- **Public Health:** Largely reflects savings associated with the Early Intervention program through the recovery of an overpayment made to New York City, and the elimination of the cost of living adjustment for Early Intervention providers authorized in the 2006-07 Enacted Budget.
- **Mental Hygiene:** Largely reflects proposed actions to implement various cash management and revenue maximization initiatives in several program areas, including for Intermediate Care Facility Day Services, Home and Community-Based Services Waiver, NY/NY III Supportive Housing agreement and Day Habilitation services.
- **Temporary and Disability Assistance:** Largely reflects the reprogramming of TANF funding.

New Initiatives

The largest areas of investment in local assistance are described below.

- **Medicaid:** Reflects investments in hospitals, including ambulatory surgery, emergency room services, and outpatient services.
- **School Aid:** Reflects increased aid to New York City schools.
- **Other Education:** Largely reflects additional resources for preschool special education and non-public schools.

State Operations

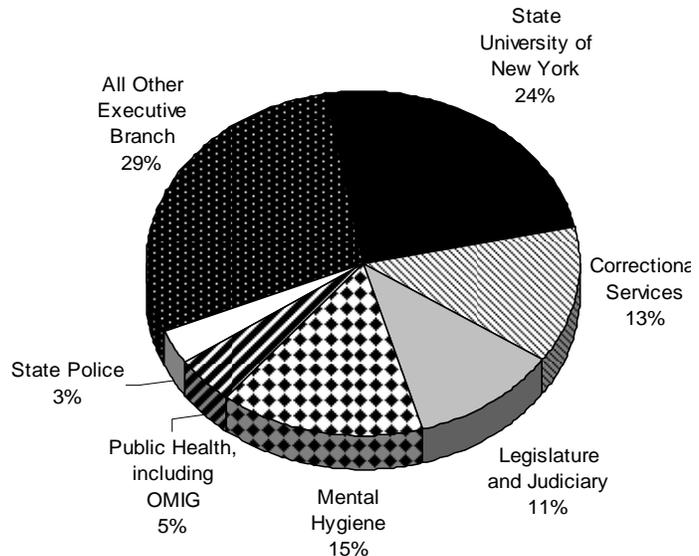
State Operations spending is for personal service and non-personal service costs. Personal service costs, which account for approximately two-thirds of State Operations spending, includes salaries of State employees of the Executive Branch, Legislature, and Judiciary, as well as overtime payments and costs for temporary employees. Non-personal service costs, which account for the remaining one-third of State Operations, represent other operating costs of State agencies, including real estate rental, utilities, contractual payments (i.e., consultants, information technology and professional business services), supplies and materials, equipment, telephone service and employee travel.

All Funds State Operations spending is projected at \$19.4 billion in 2008-09, which finances the costs of Executive agencies (\$17.3 billion) and the Legislature and Judiciary (\$2.1 billion). The largest agencies include SUNY (\$4.7 billion; 40,632 Full Time Equivalent Employees (FTEs)), Correctional Services (\$2.5 billion; 31,603 FTEs), Mental Hygiene (\$3.0 billion; 40,907 FTEs), Public Health, including Office of the Medicaid Inspector General (\$875 million; 6,793 FTEs), and State Police (\$637 million; 5,989 FTEs).

Approximately 93 percent of the State workforce is unionized. The largest unions include the Civil Service Employees Association, which primarily represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; the Public Employees Federation which primarily represents professional and technical personnel (i.e., attorneys, nurses, accountants, social workers, and institution teachers); United University Professions which represents faculty and non-teaching professional staff within the State University system; and the New York State Correctional Officers and Police Benevolent Association which represents security personnel (correction officers, safety and security officers).

The State workforce, which reflects full-time employees of the Executive branch, excluding the Legislature, Judiciary, and contractual labor, is projected to total 201,270 in 2008-09, an increase of 1,846 FTEs over 2007-08 levels. Increases are expected in Transportation (322 FTEs) primarily for bridge maintenance; Mental Hygiene agencies (335 FTEs) primarily due to staffing related to the Sex Offender

**2008-09 All Funds State Operations
Spending
\$19.4 Billion**



Management and Treatment Act and the NYS-CARES II program; Office of the Medicaid Inspector General (227 FTEs), reflecting staffing growth needed for Medicaid audit and fraud prevention activities; Motor Vehicles (114 FTEs) driven by the Federal Western Hemisphere Travel Initiative; and Health (256 FTEs), CUNY (140 FTEs) and Education (113 FTEs) reflecting authorized fill levels for 2008-09. Declines in Children and Family Services (243 FTEs) and Correctional Services (153 FTEs) are expected mainly through attrition as a result of facility closures.

State Operations Spending Projections (millions of dollars)						
	2007-08 Revised	Medicaid Transparency	2007-08 Adjusted	2008-09 Proposed	Annual Change	Percent Change
General Fund	9,677	(1,247)	8,430	8,863	433	5.1%
Other State Support	5,693	1,135	6,828	7,018	190	2.8%
State Operating Funds	15,370	(112)	15,258	15,881	623	4.1%
Capital Projects Funds	0	0	0	0	0	N/A
Federal Operating Funds	3,260	112	3,372	3,511	139	4.1%
Total All Funds	18,630	0	18,630	19,392	762	4.1%

All Funds State Operations spending is expected to total \$19.4 billion in 2008-09, comprising Personal Service (\$12.6 billion) and Non-Personal Service (\$6.8 billion). The majority of State Operations spending is for SUNY (\$4.7 billion), Correctional Services (\$2.5 billion), Judiciary (\$2.1 billion), OMRDD (\$1.5 billion) and OMH (\$1.4 billion).

State Operations spending by category, based upon historical spending trends, is allocated among employee base salaries (62 percent), overtime payments (3 percent), contractual services (24 percent), supplies and materials (6 percent), equipment (3 percent), employee travel (1 percent) and other operational costs (1 percent).

State Operations Spending Projections Major Sources of Annual Change -- State Operating Funds (millions of dollars)			
	Personal Service	Non-Personal Service	State Operations
2007-08 Revised	9,935	5,435	15,370
Medicaid Transparency Adjustment	(21)	(91)	(112)
2007-08 Adjusted	9,914	5,344	15,258
Collective Bargaining*	197	0	197
Judiciary	177	5	182
Insurance	1	109	110
Stem Cell Research	0	85	85
Correctional Services	(14)	35	21
Mental Health	(18)	35	17
Health, including OMIG	12	4	16
All Other	50	(55)	(5)
2008-09 Executive Budget	10,319	5,562	15,881
<i>Annual Dollar Change</i>	<i>405</i>	<i>218</i>	<i>623</i>
<i>Annual Percent Change</i>	<i>4.1%</i>	<i>4.1%</i>	<i>4.1%</i>

* Not allocated by agency at this time.

The All Funds State Operations spending increase of \$762 million (4.1 percent) is primarily driven by projected increases for collective bargaining agreements (\$197 million), the Judiciary (\$181 million),

Insurance (\$110 million), Stem Cell Research (\$85 million), Correctional Services (\$51 million), OMH (\$28 million), and Public Health (\$26 million). The annual changes are described in more detail below.

Personal Service

Personal Service Sources of Annual Spending Increase/(Decrease) from 2007-08 to 2008-09 (millions of dollars)						
	General Fund	Other State Funds	Total State Operating Funds	Capital Projects Funds	Federal Operating Funds	Total All Funds
2007-08 Revised	6,813	3,122	9,935	0	2,169	12,104
Medicaid Transparency Adjustment	(688)	667	(21)	0	0	(21)
2007-08 Adjusted	6,125	3,789	9,914	0	2,169	12,083
Current Services:	568	33	601	0	(22)	579
Current Collective Bargaining	197	0	197	0	0	197
Judiciary	175	1	176	0	0	176
Agency Salary Adjustments	93	31	124	0	22	146
Workforce Changes	45	1	46	0	14	60
Offsets	58	0	58	0	(58)	0
Recommended Savings:	(281)	60	(221)	0	121	(100)
Maximize Revenues	(136)	8	(128)	0	121	(7)
Auto Insurance Surcharge	(44)	44	0	0	0	0
Homeland Security	(17)	0	(17)	0	0	(17)
Mental Hygiene	(22)	0	(22)	0	0	(22)
DOCS Facility Closures	(9)	0	(9)	0	0	(9)
Youth Facility Closures	(2)	0	(2)	0	0	(2)
Power Plant Security	0	12	12	0	0	12
All Other	(51)	(4)	(55)	0	0	(55)
New Initiatives:	22	3	25	0	10	35
All Other	22	3	25	0	10	35
2008-09 Executive Budget	6,434	3,885	10,319	0	2,278	12,597
<i>Total Annual Change</i>	<i>309</i>	<i>96</i>	<i>405</i>	<i>0</i>	<i>109</i>	<i>514</i>

Current Services

Current Collective Bargaining: Reflects tentative labor settlements for the Civil Service Employees Association, United University Professions, District Council 37, and the extension of those increases to Management/Confidential State employees that provide a 3 percent salary increase each year beginning on April 1, 2007 and a 4 percent increase in the final year (2010-11).

Judiciary: Reflects the Judiciary's budget request for a salary increase (\$143 million), as well as the annualization of prior-year Judiciary actions, including increasing the number of full-time judges and adding Court of Claims and Family judges. The Governor must submit the Judiciary's budget request to the Legislature without modification.

Agency Salary Adjustments: Includes performance advances which systematically raise an employee's salary annually until the "job rate" is reached, longevity payments which increase salary for employees at their job rate for more than five years, merit awards and other promotional factors.

Workforce Changes: Reflects payroll increases driven by workforce changes.

Offsets: A reduction in Federal revenue available to offset General Fund costs, primarily resulting from the rate methodology change in the Medicaid Service Coordination program.

Recommended Savings

Maximize Revenues: Proposed Mental Hygiene Patient Income Account actions are expected to increase the amount of patient care revenues available to support State costs (\$121 million). In addition, an increase in Federal revenues earned in various OTDA programs and an increase in Federal funding for the State Criminal Alien Assistance Program lowers General Fund costs (\$8 million and \$5 million, respectively)

Auto Insurance Surcharge: Reflects an increase in the auto insurance surcharge from \$5 to \$10 in the portion of the fee used to support State Police highway and public safety activities.

Homeland Security: Recommendations include implementation of a security assessment on nuclear power plants to recover costs of National Guard activities at those sites (\$11.7 million) and consolidation of National Guard missions in the New York City area. In addition, a projected increase in Federal funds resulting from the State's use of all available Office of Homeland Security Federal funding will result in one-time General Fund savings of \$5 million.

Mental Hygiene: Primarily reflects adjusted estimates of Sex Offender Management and Treatment Act related costs, driven by assessment differences, procedural delays and a backlog in court reviews.

Correctional Services Facility Closures: Savings would be generated by the closure of three minimum security correctional camps at Pharsalia, Mt. McGregor, and Gabriels (\$5 million) and the Hudson medium security correctional facility (\$4 million).

Youth Facility Closures: Savings would be generated by the previously announced closure of seven underutilized youth facilities and the downsizing of one facility.

All Other: Primarily reflects reductions in workforce driven by attrition, consolidation of services and overtime savings.

New Initiatives

All Other: Includes additional funding for the Office of the Medicaid Inspector General staffing (\$1 million).

Non-Personal Service

Non-Personal Service Sources of Annual Spending Increase/(Decrease) from 2007-08 to 2008-09 (millions of dollars)						
	General Fund	Other State Funds	Total State Operating Funds	Capital Projects Funds	Federal Operating Funds	All Funds
2007-08 Revised	2,864	2,571	5,435	0	1,091	6,526
Medicaid Transparency Adjustment	(559)	468	(91)	0	112	21
2007-08 Adjusted	2,305	3,039	5,344	-	1,203	6,547
Current Services:	257	93	350	0	8	358
Correctional Services	52	1	53	0	(1)	52
Mental Hygiene	35	1	36	0	(5)	31
State University	(17)	28	11	0	5	16
Children and Family Services	27	0	27	0	7	34
Environmental Conservation	1	(23)	(22)	0	0	(22)
Insurance	92	4	96	0	0	96
Stem Cell Research	0	85	85	0	0	85
All Other	67	(3)	64	0	2	66
Recommended Savings:	(163)	(6)	(169)	0	10	(159)
Software Bonding	(43)	0	(43)	0	0	(43)
Education	(5)	0	(5)	0	0	(5)
General Services	(10)	0	(10)	0	0	(10)
Maximize Revenues	(9)	6	(3)	0	9	6
Medical Parole	(5)	0	(5)	0	0	(5)
Auto Insurance Surcharge	(4)	4	0	0	0	0
HESC Student Default Fee	0	(32)	(32)	0	0	(32)
Efficiencies	(87)	16	(71)	0	1	(70)
New Initiatives:	30	7	37	0	12	49
Economic Development	10	0	10	0	0	10
Public Health	10	1	11	0	1	12
OMIG	4	0	4	0	4	8
Cook Chill Expansion	0	5	5	0	0	5
HAVA	0	0	0	0	5	5
All Other	6	1	7	0	2	9
2008-09 Executive Budget	2,429	3,133	5,562	-	1,233	6,795
<i>Total Annual Change</i>	<i>124</i>	<i>94</i>	<i>218</i>	<i>0</i>	<i>30</i>	<i>248</i>

Current Services

Correctional Services: Growth is driven primarily by the escalating costs of food, fuel, utilities and providing health care services and prescription drugs to inmates.

Mental Hygiene: Primarily reflects overall inflationary increases, including assumed 4 percent increases for energy costs; roughly 10 percent for pharmacy costs driven by increased drug costs and higher utilization (\$29 million); and additional costs resulting from the Sex Offender Management and Treatment Act (\$3 million).

State University: Primarily reflects funding for inflationary increases.

Children and Family Services: Growth is driven by the exhaustion of prior-year Federal revenues supporting development costs of the child welfare computer system (\$5 million), the modernization of the child welfare computer system (\$17 million), general inflation (\$3 million), and projected Office for Technology rate increases for services provided to the agency (\$1 million).

Environmental Conservation: Primarily reflects non-recurring spending in the oil spill compensation program.

Insurance: Reflects payments to be made to insurance companies in accordance with Timothy's Law.

Stem Cell Research: Growth is from additional funding for stem cell research which was included in the 2007-08 Enacted Budget.

Recommended Savings

Software Bonding: Recommends bonding software development costs for CONNECTIONS (\$20 million), the Medicaid Management Information System (\$10 million), the statewide Welfare Management System (\$5 million), and the School Aid Management System (\$2 million).

Education: Reflects a reduction in planned growth associated with the implementation of SED accountability measures.

General Services: Proposals include shifting maintenance costs to capital (\$3 million), a planned reduction in energy consumption (\$1 million) and replacing certain contractors with State employees (\$1 million).

Maximize Revenues: Reflects a projected increase in Federal revenues earned in various OTDA programs which is used to lower General Fund costs, as well as the use of available Federal funding to support the New York Alert initiative.

Medical Parole: Establishes an expedited release process for inmates with terminal or incapacitating illnesses, leading to savings in pharmaceutical costs and outside hospital costs.

Auto Insurance Surcharge: Reflects an increase in the auto insurance surcharge from \$5 to \$10 in the portion of the fee used to support State Police highway and public safety activities.

Higher Education Services Corporation (HESC) Student Default Fees: HESC will discontinue coverage of the 1 percent default fee. The savings will be used to offset TAP expenses.

Efficiencies: Non-personal service spending efficiencies across nearly all State agencies including Mental Hygiene (\$19 million), DOCS (\$13 million) and SUNY (\$9 million) are expected to generate savings in energy, utilities, and travel costs.

New Initiatives

Economic Development: Increased funding for the "I Love New York" and international trade programs, and funding for a new business marketing program.

Public Health: Authorizes funding for the State to directly enroll individuals in Medicaid, CHP and FHP.

Office of Medicaid Inspector General: Reflects investment in equipment, including data mining tools and cardswipe terminals.

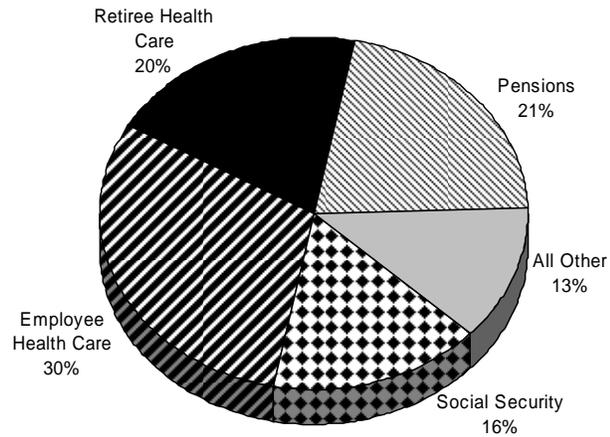
Cook/Chill Expansion: This proposal recommends increasing DOCS Cook-Chill food production to provide county jails outside of NYC with food for their inmates. These additional costs are expected to be offset by the revenue generated by the activity.

Help America Vote Act: Additional funding for the implementation of the Help America Vote Act to ensure compliant voting machines are available in the State.

General State Charges

General State Charges account for the costs of fringe benefits provided to State employees and retirees of the Executive, Legislative and Judicial branches, and certain fixed costs paid by the State. 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. Fixed costs include State taxes paid to local governments for certain State-owned lands, and payments related to lawsuits against the State and its public officers.

General State Charges
2008-09 All Funds Spending - \$5.6 billion



For most agencies, employee fringe benefit costs are paid centrally from appropriations made to General State Charges. These centrally-paid fringe benefit costs represent the majority of General State Charges spending. However, certain agencies, such as the Judiciary and the State University of New York, directly pay all or a portion of their employees' fringe benefit costs from their respective budgets. Employee fringe benefits paid through the General State Charges account are paid from the General Fund in the first instance and then partially reimbursed by revenue collected from fringe benefit assessments on Federal funds and other special revenue accounts. The funding source of fringe benefit costs directly paid by certain agencies is dependent on the respective agencies' funding sources. Fixed costs are paid in full by General Fund revenues from the General State Charges account.

General State Charges Spending Projections (millions of dollars)						
	2007-08 Revised	Medicaid Transparency*	2007-08 Adjusted	2008-09 Proposed	Annual Change	Percent Change
General Fund	4,487	(1,506)	2,981	3,136	155	5.2%
Other State Support	639	835	1,474	1,496	22	1.5%
State Operating Funds	5,126	(671)	4,455	4,632	177	4.0%
Federal Operating Funds	243	671	914	924	10	1.1%
Total All Funds	5,369	0	5,369	5,556	187	3.5%

* For detailed discussion please see the "Medicaid Transparency" discussion earlier.

All Funds spending on GSCs is expected to total \$5.6 billion in 2008-09, and includes health insurance spending for employees (\$1.7 billion) and retirees (\$1.0 billion), pensions (\$1.2 billion) and Social Security (\$889 million). The annual changes are described in more detail below.

General State Charges						
Sources of Annual Spending Increase/(Decrease)						
from 2007-08 to 2008-09						
(millions of dollars)						
	General Fund	Other State Funds	Total State Operating Funds	Capital Projects Funds	Federal Operating Funds	Total All Funds
2007-08 Revised Estimate	4,487	639	5,126	0	243	5,369
Medicaid Transparency Adjustment	(1,506)	835	(671)	0	671	0
2007-08 Adjusted Estimate	2,981	1,474	4,455	0	914	5,369
Current Services:	281	20	301	0	9	310
Employee and Retiree Health Care	209	0	209	0	0	209
Pension Contribution	71	0	71	0	0	71
All Other	1	20	21	0	9	30
Recommended Savings:	(126)	2	(124)	0	1	(123)
Audit Savings	(17)	0	(17)	0	0	(17)
Pensions	(24)	0	(24)	0	0	(24)
Health Dividends	(50)	0	(50)	0	0	(50)
Waiver Savings	(18)	0	(18)	0	0	(18)
All Other	(17)	2	(15)	0	1	(14)
2008-09 Proposed	3,136	1,496	4,632	0	924	5,556
Annual Change	155	22	177	0	10	187

Current Services

Employee/Retiree Health Care: Spending for the State health plan is projected to increase by 5.0 percent in 2008-09, or by a total of \$209 million for active employees and retirees.

Pension Contribution: Projected contributions to the New York State and Local Retirement Systems for fiscal year 2008-09 are based on estimated pension contribution rates provided by the State Comptroller. Baseline projections from the Comptroller show an employer pension contribution rate of 8.8 percent of payroll in 2008-09 compared to 9.7 percent in 2007-08. The increase of \$71 million (6 percent) in 2008-2009 reflects large reconciliation charges in 2008-09 associated with larger-than-expected salary growth in 2006-07.

All Other: General Fund spending increases in employee benefit programs are driven by additional costs incurred as a result of planned workforce growth, primarily for Social Security costs (\$16 million) and increases for taxes on public lands (\$12 million). These increases are partially offset by higher escrow payments made by State agencies that reduce General Fund spending (\$21 million).

Recommended Savings

Audit Savings: The Executive Budget recommends an eligibility audit to eliminate ineligible dependents from receiving health insurance coverage from the State (\$16 million), as well as increasing audit recoveries through the addition of five audit staff (\$1 million).

Pensions: Savings are derived from accelerating the State’s pension payment from September 1, 2008 to May 1, 2008, resulting in interest savings.

Health Insurance Dividends: One-time use of health insurance dividends to pay for health care spending in 2008-09.

Waiver Savings: Savings are expected from efforts to ensure all non-General Fund State programs are paying their appropriate share of fringe benefit costs. In 2008-09, approximately \$18 million in savings will be realized from the cessation of certain fringe benefit waivers which had previously been granted.

Debt Service

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

For a more complete discussion on State debt levels, debt service costs and debt management initiatives, please refer to the 2008-09 Executive Budget Five-Year Capital Program and Financing Plan available on the DOB website.

Debt Service Spending Projections (millions of dollars)				
	2007-08 Revised	2008-09 Proposed	Annual Change	Percent Change
General Fund	1,557	1,692	135	8.7%
Other State Support	2,735	2,936	201	7.3%
State Operating Funds	4,292	4,628	336	7.8%
Capital Projects Funds	0	0	0	0.0%
Total All Funds	4,292	4,628	336	7.8%

All Funds debt service is projected at \$4.6 billion in 2008-09, of which \$1.7 billion is paid from the General Fund through transfers and \$2.9 billion from other State funds. Debt service is paid on revenue credits supported by dedicated taxes and fees and patient income, including Personal Income Tax Revenue bonds, Dedicated Highway and Bridge Trust Fund bonds and Mental Health facilities bonds, as well as service contract bonds that are secured mainly by the General Fund.

Debt Service					
Sources of Annual Spending Increase/(Decrease)					
from 2007-08 to 2008-09					
(millions of dollars)					
	<u>General Fund</u>	<u>Other State Funds</u>	<u>Total State Operating Funds</u>	<u>Capital Projects Funds</u>	<u>Total All Funds</u>
2007-08 Revised Estimates	1,557	2,735	4,292	0	4,292
Current Services:	135	232	367	0	367
Recommended Savings:	0	(31)	(31)	0	(31)
2008-09 Proposed	1,692	2,936	4,628	0	4,628
Annual Change	135	201	336	0	336

Current Services

Underlying Growth: Primarily reflects increases in debt service costs to support ongoing capital spending. The increased spending is for education purposes (\$158 million, of which \$68 million is for EXCEL), transportation (\$112 million), health and mental hygiene (\$65 million), and economic development and housing (\$63 million), as offset by slightly reduced spending for State facilities and equipment (\$18 million) and the \$250 million Debt Reduction Reserve Fund spending in 2007-08. In addition, spending for SUNY educational facilities and the Local Government Assistance Corporation (LGAC) increased by \$222 million due to the timing of debt service payments made during 2006-07. Variable interest rates are projected at 3.15 percent for 2008-09, slightly lower than 2007-08 levels of 3.55 percent.

The State continues to implement measures to reduce growth in debt service costs, such as using highly rated personal income tax revenue bonds (in lieu of more costly service contract bonds) to finance a variety of capital programs.

Recommended Savings

Reflects \$31 million in savings from a variety of debt management actions, including continuing increased competitive processes for bond sales, maximizing savings opportunities through consolidated service contract refunding structures and more flexible personal income tax new money structures, and – if market conditions become more favorable – further diversifying the State’s debt portfolio with variable rate obligations and interest rate exchange agreements. The State will also continue to use less costly AAA-rated (by Standard and Poor’s) personal income tax bonds to reduce borrowing costs.

New Initiatives

A number of new capital initiatives are proposed to be bond-financed with the Executive Budget. These include increased capital programs for SUNY and CUNY (\$2.9 billion), over \$1 billion for various economic development initiatives and capital enhancements at State parks, \$75 million of bond-eligible capital spending from the Environmental Protection Fund (EPF), and \$65 million of software development costs.

The newly recommended bond-financed capital programs are expected to have a minimal impact on 2008-09 debt service spending, although they will produce higher costs in later years. The recommended additions are explained in detail in the 2008-09 Executive Budget Five-Year Capital Program and Financing Plan available on the DOB website.

Capital Projects

The following section briefly summarizes activity in Capital Projects Funds. A complete explanation of the State's capital programs is contained in the Five-Year Capital Program and Financing Plan.

Capital Projects account for spending across all functional areas to finance costs related to the acquisition, construction, repair or renovation of fixed assets. Spending from appropriations made from over 30 capital projects funds are financed from four sources: annual State taxes or dedicated miscellaneous receipts, grants from the Federal government, the proceeds of notes or bonds issued pursuant to General Obligation Bond Acts which are approved by the State voters, and the proceeds of notes or bonds issued by public authorities pursuant to legal authorization for State capital spending.

Capital Projects Spending Projections (millions of dollars)				
	2007-08 Revised	2008-09 Proposed	Annual Change	Percent Change
General Fund	93	366	272	291.7%
Other State Support	4,666	5,589	923	19.8%
State Funds	4,759	5,955	1,195	25.1%
Federal Funds	1,885	1,973	87	4.6%
All Funds	6,645	7,927	1,282	19.3%

All Funds capital spending is projected at \$6.6 billion in 2007-08 and \$7.9 billion in 2008-09. In fiscal year 2008-09, transportation spending, primarily for improvements and maintenance to the State's highways and bridges, continues to account for the largest share (51 percent) of this total. The balance of projected spending will support capital investments in the areas of economic development and government oversight (12 percent), education (10 percent), mental hygiene and public protection (9 percent), and parks and the environment (8 percent). The remainder of projected capital projects spending will be spread across health and social welfare, general government and other areas (10 percent).

Capital Projects				
Sources of Annual Spending Increase/(Decrease)				
(millions of dollars)				
	General Fund	State Funds	Federal Funds	All Funds
Current Services:	271	567	87	925
Transportation	118	119	106	343
Economic Development	112	88	0	200
Higher Education/Education	0	94	0	94
All Other Reestimates	41	266	(19)	288
Recommended Savings:	(3)	0	0	(3)
All Agencies	(3)	0	0	(3)
New Initiatives:	4	356	0	360
Economic Development	0	90	0	90
Environment	0	75	0	75
Transportation	0	74	0	74
Higher Education/Education	4	55	0	59
All Other Additions	0	62	0	62
Annual Change	272	923	87	1,282

Current Services

The projected \$200 million spending increase for economic development reflects the cumulative impacts of initiatives begun over the previous several years. They include projects at State University facilities and its Research Foundation and private universities; various local projects across the State; cultural facilities needs, and energy-related projects. The \$343 million increase for transportation reflects spending for ongoing commitments, including \$106 million in Federal grants and \$181 million for spending from the 2005 Rebuild and Renew New York General Obligation Bond Act, as those projects begin to spend more fully. The \$403 million increase for other spending is spread across all other program areas, including \$163 million for mental hygiene and public protection projects, \$86 million for higher education projects, and \$90 million for DOH projects (primarily HEAL-NY).

Recommended Savings

Approximately \$3 million has been identified as savings for shifting environmental spending to bond financing.

New Initiatives

Please see the 2008-09 Executive Budget Capital Program and Financing Plan for a complete discussion of Capital investments recommended in the Executive Budget.

Non-Recurring Resources

The State typically uses some non-recurring resources each year to support its operations. The Executive Budget uses approximately \$1.1 billion of non-recurring resources to balance the General Fund Financial Plan and another \$337 million in labor reserves to finance expected collective bargaining costs. The following table summarizes the non-recurring actions.

General Fund Non-Recurring Resources (millions of dollars)	
	2008-09
Belmont Development Rights	250
Partial Restoration of NYC AIM	164
Bonding Capital projects Originally Planned to be Cash Financed	110
Transfer SONYMA Excess Balances to the General Fund	100
Additional 5 Percent Tax Prepayment	95
Sweep Excess EPF Fund Balances to General Fund	80
Recovery of Early Intervention Overpayments to New York City	60
Bond Eligible Software Costs	63
Abandoned Property	50
Mental Hygiene: Federal PIA revenues/Cash Managemnt	66
Student Loan Default Fee	27
Interest Savings for Pension Bill Prepayment	24
Sweep Excess Motor Vehicle Fund Balances to General Fund	16
All other	34
Total One-Time Resources	1,139
Use of Reserves to Finance Labor Settlements	337
Total Non-Recurring Resources	1,476

There are two significant non-recurring transactions in 2008-09. The first is a potential payment for development rights at Belmont Park. The second is a partial restoration of an aid payment to New York City under the AIM program. The 2008-09 current services budget included a full restoration of the payment that had been reduced to \$20 million in 2007-08. Other one-time actions include:

- Bonding certain costs related to the Environmental Protection Fund, the Department of Education, the Office General Services, and software development capital projects originally planned to be cash financed;
- Recovering overpayments made to New York City for Early Intervention claims;
- Accelerating the payment of certain tax liabilities within the calendar year;
- Using one-time Federal revenues that are expected as a result of accelerated Disproportionate Share and Prepaid Mental Health Program claiming for services provided to mental hygiene consumers, revenue maximization in Day Habilitation services, increased Medicare enrollments, residential conversions, and measured bed development; and
- Assigning financial responsibility for the payment of a 1 percent student loan default fee from the State to the actual borrowers.

The remaining actions generally consist of routine sweeps and fund balances.

GENERAL FUND FINANCIAL PLAN OUT-YEAR PROJECTIONS (2009-10 Through 2011-12)

The State Constitution requires the Governor to submit an Executive Budget that is balanced on a cash basis in the General Fund - the fund that receives the majority of State taxes, and all income not earmarked for a particular program or activity. The following discussion of out-year projections focuses on the State's General Fund, since that is the fund that is required to be balanced.

Current Services Gaps

The current services gaps, which form the starting point for developing the Executive Budget projections, are calculated at \$6.2 billion in 2009-10, \$7.7 billion in 2010-11, and \$9.5 billion in 2011-12. Since the Mid-Year Update, DOB has revised its current services forecasts for receipts and disbursements for 2009-10 and 2010-11 and calculated an estimate of the 2011-12 gap.

Executive Budget Impact on the Out-Year Gaps

The recommendations set forth in the Budget result in a balanced General Fund Financial Plan in 2008-09 and reduce projected out-year budget gaps to \$3.3 billion in 2009-10, \$5.7 billion in 2010-11, and \$6.8 billion in 2011-12. The projections assume that the Legislature will enact the 2008-09 Executive Budget recommendations in their entirety.

The following tables summarize the impact of the 2008-09 Budget recommendations on the 2009-10 through 2011-12 budget gaps, as well as the annual changes in projected receipts, disbursements, and the use of reserves.

General Fund Budget-Balancing Plan: 2008-09 Executive Budget				
(millions of dollars)				
	2008-09	2009-10	2010-11	2011-12
Current Services Gaps	(4,422)	(6,154)	(7,697)	(9,454)
Savings Plan:	4,838	3,741	3,507	4,071
Savings Actions	2,253	2,495	2,274	2,832
Revenue Initiatives	1,109	1,267	1,254	1,260
Non-recurring Actions	1,139	(21)	(21)	(21)
Use of Reserves for Labor Settlements	337	0	0	0
New Initiatives:	(416)	(874)	(1,497)	(1,438)
Executive Budget Gaps	0	(3,287)	(5,687)	(6,821)

After recommendations, General Fund spending is projected to grow at an average annual rate of 8.0 percent. The spending is driven by School Aid investments, rising costs for education, public health care, the State-financed cap on local Medicaid spending, employee and retiree health benefits, local government aid and child welfare programs, and the recommended initiatives for health care and human services cost-of-living-adjustment. Over the same period, General Fund receipts are estimated to grow at approximately 5 percent a year, consistent with the DOB's forecast of moderating economic growth. The following table summarizes the General Fund projections by major tax and Financial Plan category.

General Fund Executive Budget Forecast				
(millions of dollars)				
	2008-09	2009-10	2010-11	2010-12
Receipts				
Taxes	41,671	43,951	45,940	48,651
Personal Income Tax	24,391	25,897	27,415	29,315
User Taxes and Fees	8,832	8,913	9,251	9,620
Business Taxes	7,254	7,816	7,866	8,218
Other Taxes	1,194	1,325	1,408	1,498
Miscellaneous Receipts	2,238	2,186	2,261	2,060
Federal Grants	41	0	0	0
Transfers from Other Funds	12,392	12,587	13,142	13,816
PIT in Excess of Revenue Bond Debt Service	8,769	9,199	9,647	10,154
Sales Tax in Excess of LGAC Debt Service	2,314	2,331	2,436	2,556
Real Estate Taxes in Excess of CW/CA Debt Service	615	596	599	608
All Other	694	461	460	498
Total Receipts	56,342	58,724	61,343	64,527
Disbursements				
Grants to Local Governments	41,860	45,919	49,833	53,013
State Operations	8,863	9,236	9,780	10,046
General State Charges	3,136	3,806	4,087	4,386
Transfers to Other Funds	2,883	3,112	3,481	3,982
Debt Service	1,692	1,680	1,706	1,673
Capital Projects	366	574	930	997
Other Purposes	825	858	845	1,312
Total Disbursements	56,742	62,073	67,181	71,427
Change in Reserves				
Prior Year Reserves	(337)	0	0	0
Community Projects Fund	(63)	(62)	(151)	(79)
Deposit to/(Use of) Reserves	(400)	(62)	(151)	(79)
Revised Budget Surplus/(Gap) Estimate	0	(3,287)	(5,687)	(6,821)

In evaluating the State's out-year operating forecast, it should be noted that the reliability of the estimates as a predictor of the State's future fiscal condition is likely to diminish as one moves further from the current year and budget year estimates. Accordingly, the 2008-09 forecast is perhaps the most relevant from a planning perspective, since any gap in that year must be closed with the next budget and the variability of the estimates is likely to be less than in later years. The State will provide quarterly revisions to its multi-year estimates.

The following chart provides a "zero-based" look at the causes of the 2009-10 General Fund budget gap, followed by a brief summary of the assumptions behind the projections. For a detailed explanation of the assumptions underlying the out-year revenue and spending projections, see "Out-year General Fund Receipt Projections" and "Out-year General Fund Disbursement Projections" later in this AIS Update.

2009-10 General Fund Annual Change Savings/(Costs) (millions of dollars)	
	2009-10
RECEIPTS	2,382
Constant Law Growth	3,394
Change in STAR Deposits	(710)
Change in Debt Service (RBTF/LGAC/CWCA)	(302)
DISBURSEMENTS	(5,331)
Local Assistance	(4,059)
Medicaid (incl. admin)	(1,488)
<i>Program Growth/Other</i>	(1,229)
<i>Medicaid Cap/Family Health Plus Takeover</i>	(259)
School Aid	(1,793)
Other Education Aid	(132)
Children and Family Services	(133)
Local Government Aid	(239)
All Other Local Assistance	(274)
State Operations	(373)
Personal Service	(246)
Non-personal Service	(127)
General State Charges	(670)
Health Insurance	(228)
Pensions	(71)
All Other	(371)
Transfers to Other Funds	(229)
Change in Reserves Used for Operations	(338)
"CURRENT SERVICES" BUDGET GAP FOR 2009-10	(3,287)

The forecast for 2009-10 is based on assumptions of economic performance, revenue collections, spending patterns, and projections for the current services costs of program activities, and assumes enactment of the Executive Budget in its entirety. DOB believes the estimates of annual change in revenues and spending that create the 2009-10 current services gap forecast are based on reasonable assumptions and methodologies. Significant assumptions that affect the forecast include:

- **The Executive Budget will be enacted without modification.** The estimates assume that any legislative changes to the 2008-09 Executive Budget would be matched with a corresponding amount of recurring resources.
- **Economic growth will continue during the forecast period.** DOB's forecast calls for moderate expansion in the economy. The momentum of the State's expansion appears to have peaked in 2005, and the forecast calls for positive, but below average, growth through calendar year 2008 and a return to trend growth in the out-years.
- **Revenues, adjusting for tax law changes, will grow in the range of 5.2 percent to 6.1 percent annually.** The growth rate is consistent with DOB's forecast for the economy but, as in any year,

is subject to significant volatility. Changes in the economic growth rate, Federal law, and taxpayer behavior all have a significant influence on receipts collections.

- **The Federal government will not make substantive funding changes** to major aid programs or make substantive regulatory changes that adversely affect the State.
- **The projections do not include any extra costs for unsettled labor settlements.** The Financial Plan projections do not include spending for unions that have not yet reached tentative labor settlements with the State. These include unions representing uniformed officers and the Public Employees Federation. DOB estimates that if all the unsettled unions were to agree to the same terms that have been ratified by the Civil Service Employees Association, it would result in added costs of \$144 million in 2007-08, \$303 million in 2008-09, \$444 million in 2009-10, and \$636 million in 2010-11. Financial Plan reserves set aside for this purpose are sufficient to cover all but \$183 million of these costs through 2009-10.
- **The projections do not assume the use of one-time resources.** In a typical year, however, the Financial Plan usually includes some such resources.

Changes to these or other assumptions have the potential to materially alter the size of the budget gaps for 2009-10 and beyond.

Out-Year General Fund Receipts Projections

General Fund Receipts Projections (millions of dollars)							
	2008-09	2009-10	Annual \$ Change	2010-11	Annual \$ Change	2011-12	Annual \$ Change
Receipts							
Personal Income Tax	24,391	25,897	1,506	27,415	1,518	29,315	1,900
User Taxes and Fees	8,832	8,913	81	9,251	338	9,620	369
Business Taxes	7,254	7,816	562	7,866	50	8,218	352
Other Taxes	1,194	1,325	131	1,408	83	1,498	90
Miscellaneous Receipts	2,238	2,186	(52)	2,261	75	2,060	(201)
Federal Grants	41	0	(41)	0	0	0	0
Transfers from Other Funds	12,392	12,587	195	13,142	555	13,816	674
PIT in Excess of Revenue Bond Debt Service	8,769	9,199	430	9,647	448	10,154	507
Sales Tax in Excess of LGAC Debt Service	2,314	2,331	17	2,436	105	2,556	120
Real Estate Taxes in Excess of CW/CA Debt Service	615	596	(19)	599	3	608	9
All Other	694	461	(233)	460	(1)	498	38
Total Receipts	56,342	58,724	2,382	61,343	2,619	64,527	3,184

Fiscal Years 2009-10, 2010-11 and 2011-12 Overview

Overall, tax receipts growth in the three fiscal years following 2008-09 is expected to remain in the range of 4.8 to 6.0 percent. This is consistent with a projected return to trend economic growth in the U.S. and New York economies in the second half of 2008. Receipt growth is supported by proposals contained with this Budget that eliminate unintended tax loopholes, reform and simplify the Tax Law, and supplement Department of Taxation and Finance efforts to find non-compliant and fraudulent taxpayers. These factors are expected to continue to enhance expected receipt growth through 2011-12.

- Total General Fund receipts are projected to reach nearly \$59 billion in 2009-10, over \$61 billion in 2010-11 and nearly \$65 billion in 2011-12.
- Total State Funds receipts are projected to be approximately \$85 billion in 2009-10, over \$88 billion in 2010-11 and nearly \$92 billion in 2011-12.

- Total All Funds receipts in 2009-10 are projected to reach over \$128 billion, an increase of \$5.0 billion, or 4.1 percent from 2008-09 estimates. All Funds receipts in 2010-11 are expected to increase by nearly \$5.1 billion (4.0 percent) over the prior year. In 2011-12, receipts are expected to increase by nearly \$5.0 billion (3.7 percent) over 2010-11 projections.
- All Funds tax receipts are expected to increase by 6.0 percent in 2009-10, 4.8 percent in 2010-11 and 5.5 percent in 2011-12. Again, the growth pattern is consistent with an economic forecast of continued, but slower, economic growth.

Out-Year General Fund Disbursement Projections

DOB forecasts General Fund spending of \$62.1 billion in 2009-10, an increase of \$5.3 billion (9.4 percent) over recommended 2008-09 levels. Growth in 2010-11 is projected at \$5.1 billion (8.2 percent) and in 2011-12 at \$4.2 billion (6.4 percent). The growth levels are based on current services projections, as modified by the recommendations contained in the 2008-09 Executive Budget. They do not incorporate any estimate of potential new actions to control spending, that would likely result from the constitutional requirement for the Governor to submit balanced budgets annually. The main sources of annual spending growth for 2009-10, 2010-11, and 2011-12 are itemized in the table below.

Grants to Local Governments

Out-year Disbursement Projections - General Fund (millions of dollars)							
	2008-09	2009-10	Annual \$ Change	2010-11	Annual \$ Change	2011-12	Annual \$ Change
Grants to Local Governments:	41,860	45,919	4,059	49,833	3,914	53,013	3,180
School Aid	17,441	19,234	1,793	21,273	2,039	22,789	1,516
Medicaid (including administration)	11,785	13,014	1,229	13,872	858	14,765	893
Medicaid: Takeover Initiatives	939	1,198	259	1,539	341	1,920	381
Mental Hygiene	2,057	2,115	58	2,320	205	2,496	176
Children and Family Services	1,760	1,893	133	2,065	172	2,213	148
Local Government Assistance	1,137	1,376	239	1,440	64	1,410	(30)
Higher Education	2,470	2,540	70	2,602	62	2,623	21
Public Health	644	747	103	796	49	817	21
Other Education Aid	1,702	1,834	132	1,936	102	2,043	107
Temporary and Disability Assistance	1,167	1,240	73	1,240	0	1,242	2
Transportation	105	105	0	105	0	105	0
All Other	653	623	(30)	645	22	590	(55)
State Operations:	8,863	9,236	373	9,780	544	10,046	266
Personal Service	6,434	6,680	246	7,114	434	7,293	179
Non-Personal Service	2,429	2,556	127	2,666	110	2,753	87
General State Charges	3,136	3,806	670	4,087	281	4,386	299
Pensions	1,216	1,287	71	1,285	(2)	1,342	57
Health Insurance (Active Employees)	1,652	1,790	138	1,950	160	2,127	177
Health Insurance (Retired Employees)	1,039	1,129	90	1,233	104	1,347	114
Medicaid Adjustment	(1,506)	(1,136)	370	(1,135)	1	(1,207)	(72)
All Other	735	736	1	754	18	777	23
Transfers to Other Funds:	2,883	3,112	229	3,481	369	3,982	501
Debt Service	1,692	1,680	(12)	1,706	26	1,673	(33)
Capital Projects	366	574	208	930	356	997	67
All Other	825	858	33	845	(13)	1,312	467
TOTAL DISBURSEMENTS	56,742	62,073	5,331	67,181	5,108	71,427	4,246

Annual growth in local assistance is driven primarily by School Aid, Medicaid, local government assistance, other education aid and children and family services. The following table summarizes some of the factors that affect the local assistance projections over the Financial Plan period.

Forecast for Selected Program Measures Affecting Local Assistance						
(millions of dollars, where applicable)						
	Actual	Forecast				
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Medicaid						
Medicaid Enrollment	3,608,075	3,581,311	3,665,541	3,746,047	3,994,438	4,149,548
Family Health Plus Enrollment	514,058	525,596	545,996	563,084	605,390	605,390
Child Health Plus Enrollment	388,187	396,375	460,614	494,112	499,053	504,043
Medicaid Inflation	2.4%	2.0%	2.9%	3.0%	3.0%	3.0%
Medicaid Utilization	1.1%	-3.3%	1.6%	3.3%	3.7%	4.0%
State Takeover of County/NYC Costs (Total)	\$622	\$677	\$939	\$1,198	\$1,539	\$1,920
- Family Health Plus	\$424	\$442	\$453	\$467	\$484	\$484
- Medicaid*	\$198	\$235	\$486	\$731	\$1,055	\$1,436
Education						
School Aid (School Year)	\$17,800	\$19,600	\$21,000	\$23,100	\$25,600	\$27,200
K-12 Enrollment	2,783,153	2,758,856	2,758,856	2,758,856	2,758,856	2,758,856
Public Higher Education Enrollment (FTEs)	499,082	512,362	518,431	525,408	529,133	528,780
TAP Recipients	320,930	312,779	309,436	310,936	312,686	314,861
Welfare						
Family Assistance Caseload	402,348	348,901	339,686	344,328	331,340	329,517
Single Adult/No Children Caseload	158,513	158,576	166,597	172,876	179,708	186,053
Mental Hygiene						
Mental Hygiene Community Beds	81,737	85,058	87,731	90,520	92,614	95,332

Medicaid

General Fund spending for Medicaid is expected to grow by \$1.5 billion in 2009-10, \$1.1 billion in 2010-11, and another \$1.3 billion in 2011-12.

Medicaid growth results, in part, from the combination of projected increases in recipients, service utilization, and medical care cost inflation that impact nearly all categories of service (i.e., hospitals, nursing homes, etc.). The State cap on local Medicaid costs and takeover of local FHP costs, which are included in base categories of service, are projected to increase spending by \$262 million in 2008-09, \$259 million in 2009-10, and \$341 million in 2010-11. In 2009-10, an extra weekly payment to providers adds \$300 million in base spending across all categories of service. The remaining growth is primarily attributed to the available resources in other State Funds which are used to lower General Fund costs, including certain nursing home delinquent payor assessment collections in 2007-08 that are not expected to recur in 2008-09, and lower levels of HCRA financing beginning in 2008-09.

The average number of Medicaid recipients is expected to grow to 3.7 million in 2008-09, an increase of 2.4 percent from the estimated 2007-08 caseload of more than 3.6 million. FHP enrollment is estimated to grow to approximately 546,000 individuals in 2008-09, an increase of 3.8 percent over projected 2007-08 enrollment of almost 526,000 individuals.

School Aid

Multi-Year School Aid Projection -- School-Year Basis (millions of dollars)									
	2007-08	2008-09	Annual \$ Change	2009-10	Annual \$ Change	2010-11	Annual \$ Change	2011-12	Annual \$ Change
Foundation Aid	13,644	14,543	899	16,000	1,457	17,900	1,900	18,800	900
Universal Pre-kindergarten	373	452	79	542	90	632	90	657	25
High Tax Aid	100	100	0	100	0	100	0	100	0
Supplemental Public Excess Cost	20	0	(20)	0	0	0	0	0	0
New York City Academic Achievement Grant	89	179	90	179	0	179	0	179	0
EXCEL Building Aid	70	135	65	179	44	191	12	191	0
Expense-Based Aids (Building, Transportation, High Cost and Private Excess Cost, BOCES)	4,634	4,961	327	5,400	439	5,800	400	6,300	500
Other Aid Categories/Initiatives	628	645	17	700	55	798	98	973	175
Total School Aid	19,558	21,015	1,457	23,100	2,085	25,600	2,500	27,200	1,600
<i>Cumulative Increase since 2006-07</i>	<i>1,723</i>		<i>3,180</i>		<i>5,265</i>		<i>7,765</i>		<i>9,365</i>

On a school-year basis, School Aid is projected at \$23.1 billion in 2009-10, \$25.6 billion in 2010-11, and \$27.2 billion in 2011-12. On a State fiscal-year basis, General Fund School Aid spending is projected to grow by \$1.8 billion in 2009-10, \$2.0 billion in 2010-11, and \$1.5 billion in 2011-12. Outside the General Fund, revenues from core lottery sales are projected to increase by \$161 million in 2009-10, \$74 million in 2010-11, and \$108 million in 2011-12 (totaling \$2.5 billion in 2011-12). Revenues from VLTs are projected to total \$764 million in 2008-09, then decrease by \$120 million in 2009-10 following the expected one-time receipt of \$250 million in revenues during 2008-09 for the sale of development rights. They are then projected to increase by \$243 million in 2010-11 and \$229 million in 2011-12. VLTs are expected to total \$1.1 billion in 2011-12. The VLT estimates assume the start of operations at Aqueduct in 2009-10 and Belmont in 2010-11.

Projected School Aid increases are primarily due to increases in Foundation Aid; Universal Pre-kindergarten expansion; and increases in expense-based aids such as building aid and transportation aid.

Mental Hygiene

Mental Hygiene spending is projected at \$2.1 billion in 2009-10, \$2.3 billion in 2010-11, and \$2.5 billion in 2011-12. Sources of growth include: increases in the projected State share of Medicaid costs; cost-of-living increases, including a proposed three-year extension of the human services COLA; and projected expansions of the various mental hygiene service systems including the OMH's children's services; increases in the NYS-CARES program and in the development of children's beds in OMRDD to bring children back from out-of-state placements; the NY/NY III Supportive Housing agreement and community bed expansion in OMH; and several new chemical dependence treatment and prevention initiatives in OASAS.

Children and Family Services

Children and Family Services local assistance spending is projected to grow by \$133 million in 2009-10, \$172 million in 2010-11 and \$148 million in 2011-12. The increases are driven primarily by expected growth in local child welfare claims, the implementation of the OCFS Medicaid waiver, and cost-of-living increases for human services providers through 2011-12.

Temporary and Disability Assistance

Spending is projected at \$1.2 billion in 2009-10, an increase of \$73 million from 2008-09, and is expected at the same level through 2011-12. Although public assistance caseload is projected to increase marginally between 2009-10 and 2011-12, this spending is countered by an increase in Federal offsets, which decrease the level of General Fund resources needed.

Other Local Assistance

All other local assistance programs total \$4.7 billion in 2009-10, an increase of \$444 million over 2008-09 levels. This growth in spending primarily reflects increases in local government assistance including a full restoration of unrestricted aid to New York City (\$164 million), and additional AIM funding (\$75 million), various public health program costs, and other education aid.

State Operations

Forecast of Selected Program Measures Affecting State Operations						
	Actual		Forecast			
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
State Operations						
Prison Population (Corrections)	63,577	62,800	62,200	61,800	61,600	61,400
Negotiated Salary Increases ⁽¹⁾	3.0%	3.0%	3.0%	3.0%	4.0%	0.0%
Personal Service Inflation	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
State Workforce	195,526	199,424	201,270	202,388	202,388	202,388

(1) Negotiated salary increases reflect recent labor settlements included in the Financial Plan estimates

State Operations spending is expected to total \$9.2 billion in 2009-10, an annual increase of \$373 million (4.2 percent). In 2010-11, spending is projected to grow by another \$544 million (5.9 percent) to a total of \$9.8 billion, followed by another \$266 million (2.7 percent) for a total of \$10.0 billion in 2011-12. The personal service portion of these increases reflects the impact of the settled labor contracts; salary adjustments for performance advances, longevity payments and promotions; and increased staffing levels, primarily in the Judiciary and Mental Hygiene. Inflationary increases for non-personal service costs result in higher spending in all years. Additional growth is driven by spending for ongoing initiatives, including the civil commitment program for sexual offenders, and medical and pharmacy costs in the areas of mental hygiene and corrections.

The agencies experiencing the most significant personal service and non-personal service growth are depicted in the charts below, followed by brief descriptions.

Personal Service

General Fund - Personal Service (millions of dollars)							
	2008-09	2009-10	Annual \$ Change	2010-11	Annual \$ Change	2011-12	Annual \$ Change
Total	6,434	6,680	246	7,114	434	7,293	179
Collective Bargaining	336	510	174	756	246	756	0
Correctional Services	1,804	1,821	17	1,847	26	1,866	19
Judiciary	1,498	1,511	13	1,640	129	1,777	137
Environmental Conservation	99	107	8	107	0	107	0
All Other	2,697	2,731	34	2,764	33	2,787	23

- Collective Bargaining:** Reflects the impact of settled labor negotiations which provide a 3 percent salary increase each year beginning in 2007-08 and a 4 percent increase in the final year (2010-11). The settled unions represent roughly one-half of total costs.

- **Correctional Services:** Growth is attributable primarily to the Sex Offender Management and Treatment Act and the restricted use of special housing units for mentally ill inmates, which are expected to result in an increased need for correction officers, thus driving higher workforce levels and costs.
- **Judiciary:** Reflects Office of Court Administration (OCA) projections for non-judicial OCA employees, as well as the annualization of prior-year Judiciary actions, including increasing the number of full-time judges and adding Court of Claims and Family Judges.
- **Environmental Conservation:** Out-year General Fund personal service increases stem from the continued impact of the Administrative Law Enforcement Settlement (ALES) and out-year impacts of 2008-09 Executive Budget recommendations.

Non-Personal Service

General Fund - Non-Personal Service (millions of dollars)							
	2008-09	2009-10	Annual \$ Change	2010-11	Annual \$ Change	2011-12	Annual \$ Change
Total	2,429	2,556	127	2,666	110	2,753	87
Correctional Services	627	660	33	698	38	741	43
State Police	56	78	22	77	(1)	77	0
Public Health	127	146	19	165	19	169	4
Temporary and Disability Assistance	37	55	18	56	1	59	3
State University	443	453	10	471	18	491	20
All Other	1,139	1,164	25	1,199	35	1,216	17

- **Correctional Services:** Growth is primarily driven by the escalating costs of food, fuel, utilities, and providing health care services and prescription drugs to inmates.
- **State Police:** Spending growth reflects costs previously supported by cellular surcharge revenues in other State funds that will be supported by General Fund revenues in 2009-10.
- **Public Health:** Growth is largely driven by the annualization in the Executive Budget recommendation providing funding for the State to directly enroll individuals into Medicaid, Child Health Plus and Family Health Plus.
- **Temporary and Disability Assistance:** Spending will increase in 2009-10 as one-time actions, including Federal revenue maximization and bonding of software development costs, do not recur.
- **State University:** Primarily reflects funding for inflationary increases in non-personal service at SUNY.

General State Charges

Forecast of Selected Program Measures Affecting General State Charges						
	Actual	Forecast				
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
General State Charges						
Pension Contribution Rate as % of Salary	10.2%	9.7%	8.8%	9.0%	9.0%	9.3%
Employee/Retiree Health Insurance Growth Rates	10.3%	5.5%	5.5%	9.5%	9.5%	9.5%

General State Charges are projected to total \$3.8 billion in 2009-10, \$4.1 billion in 2010-11 and \$4.4 billion in 2011-12. The annual increases are due mainly to anticipated cost increases in pensions and health insurance for State employees and retirees. Additional growth is projected in 2009-10 resulting from the Medicaid adjustment transaction described earlier.

The State's pension contribution rate to the New York State and Local Retirement System, which is 8.8 percent of payroll for 2008-09, is expected to increase to 9.0 percent for 2009-10 and 2010-11 and to 9.3 percent in 2011-12. Pension costs in 2009-10 are projected to total \$1.3 billion, an increase of \$71 million over 2008-09 due to projected growth in the salary base. In 2010-11, pension costs are expected to remain virtually unchanged. In 2011-12, they are expected to increase by \$57 million due to an anticipated increase in the State contribution rate.

Forecast of New York State Employee Health Insurance Costs (millions of dollars)			
Health Insurance			
Year	Active Employees	Retirees	Total State
2006-07	1,518	913	2,431
2007-08	1,572	992	2,564
2008-09	1,652	1,039	2,691
2009-10	1,790	1,129	2,919
2010-11	1,950	1,233	3,183
2011-12	2,127	1,347	3,474

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

Spending for employee and retiree health care costs is expected to increase by \$228 million in 2009-10, \$264 million in 2010-11, and another \$291 million in 2011-12 and assumes an average annual premium increase of roughly 9.5 percent. Health insurance is projected at \$2.9 billion in 2009-10 (\$1.8 billion for active employees and \$1.1 billion for retired employees), \$3.2 billion in 2010-11 (\$2.0 billion for active employees and \$1.2 billion for retired employees) and \$3.4 billion in 2011-12 (\$2.1 billion for active employees and \$1.3 billion for retired employees).

See discussion of the Governmental Accounting Standards Board (GASB) 45, later in this AIS Update under the "Special Considerations" section, for the valuation of future State health insurance costs for State employees.

Transfers to Other Funds

Out-Year Disbursement Projections - Transfers to Other Funds (millions of dollars)							
	2008-09	2009-10	Annual Change	2010-11	Annual Change	2011-12	Annual Change
Transfers to Other Funds:	2,883	3,112	229	3,481	369	3,982	501
Debt Service	1,692	1,680	(12)	1,706	26	1,673	(33)
Capital Projects	366	574	208	930	356	997	67
Dedicated Highway and Bridge Trust Fund	119	212	93	586	374	689	103
All Other Capital	247	362	115	344	(18)	308	(36)
All Other Transfers	825	858	33	845	(13)	1,312	467
Medicaid Payments for State Facility Patients	174	174	0	174	0	174	0
Judiciary Funds	156	167	11	177	10	184	7
HCRA	0	0	0	0	0	464	464
SUNY- Hospital Operations	141	159	18	167	8	167	0
Banking Services	63	63	0	63	0	63	0
Empire State Stem Cell Trust Fund	50	35	(15)	0	(35)	0	0
Statewide Financial System	6	25	19	30	5	25	(5)
All Other	235	235	0	234	(1)	235	1

In 2009-10, transfers to other funds are estimated at \$3.1 billion, an increase of \$229 million over 2008-09. This increase includes potential transfers to the Dedicated Highway and Bridge Trust Fund aimed at reducing fund gaps and an increase in other capital transfers of \$115 million.

All other transfers are expected to increase by \$33 million from 2008-09. The most significant changes include an increase in the State's SUNY subsidy to hospitals and a decline in General Fund transfers to support stem cell research, as support is transitioned from the General Fund to the Health Care Resources Fund beginning in 2009-10.

In 2010-11, transfers to other funds are expected to increase by \$369 million. This reflects expected growth in General Fund support to the Dedicated Highway and Bridge Trust Fund, partially offset by the shift in stem cell research support described above. In 2011-12 transfers are expected to increase by \$501 million, mainly to provide subsidies to HCRA and the Dedicated Highway and Bridge Trust Fund.

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FINANCIAL PLAN RESERVES AND RISKS

Reserves

In January 2007, the State created a new statutory Rainy Day Reserve that has an authorized balance of 3 percent of General Fund spending. The new Rainy Day Reserve may be used to respond to an economic downturn or catastrophic event. The State plans to make its first deposit of \$175 million by the end of 2007-08. When combined with the existing Tax Stabilization Reserve, which has an authorized balance of 2 percent of General Fund spending and can be used only to cover unforeseen year-end deficits, the State's rainy day reserve authorization now totals 5 percent of General Fund spending.

The State projects that General Fund reserves will total \$2.2 billion at the end of 2008-09, with \$1.2 billion in undesignated reserves available to deal with unforeseen contingencies and \$1.0 billion designated for subsequent use.

The \$1.2 billion of undesignated reserves includes a balance of \$1 billion in the Tax Stabilization Reserve, \$175 million in the new Rainy Day Reserve, and \$21 million in the Contingency Reserve Fund for litigation risks.

The designated reserves consist of \$708 million set aside for potential labor settlements (after the use of \$477 million for existing settlements) and \$291 million in the Community Projects Fund to finance existing initiatives.

Aside from the amounts noted above, the 2008-09 Financial Plan does not have specific reserves to cover potential costs that could materialize as a result of 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.

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

Risks to the Economic Forecast

At the national level, the DOB outlook calls for a slowdown in growth for much of 2008 but does not anticipate a recession at this time. However, there are a number of risks to the forecast. Larger financial sector write-downs associated with the subprime mortgage debacle could result in a more severe credit situation than anticipated and result in lower business investment in plant and equipment than projected. Should the housing market contraction be even deeper than reflected in the current forecast, residential investment could take even longer to recover. Moreover, if housing prices fall further than anticipated, the rate of foreclosure could jump even higher than expected, impacting both construction spending and household net worth, which in turn could result in less consumption spending than anticipated. A resurgence in the growth in energy and food prices could serve to disrupt inflation expectations and result in even higher inflation than expected. That risk could be compounded by lower productivity growth or a weaker dollar than

currently projected. Higher inflation, in turn, would further impinge upon the Federal Reserve's ability to stimulate the economy by lowering interest rates. Higher interest rates could result in weaker equity prices and further delay the recovery of the financial sector from the subprime mortgage problem. On the other hand, lower energy prices or stronger global growth than anticipated could result in stronger economic growth than is reflected in the forecast.

All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, the current credit tightening poses a particularly large degree of uncertainty for New York. Although the failure of a major Wall Street institution is not anticipated and the large volume of write-downs has been revealing, the full extent of the losses associated with the subprime mortgage problem remains to be seen. Higher losses than anticipated could result in even lower bonuses than projected, reducing household spending. Should the State's commercial real estate market cool more rapidly than anticipated, taxable capital gains realizations could be negatively affected. These effects could ripple through the economy, depressing both employment and wage growth. In contrast, should the national and world economies grow faster than expected, a stronger upturn in stock prices, along with even stronger activity in mergers and acquisitions and other Wall Street activities, could result in higher wage and bonuses growth than projected for 2008 and the 2008-09 bonus season.

Labor Settlements

The State has reached tentative labor settlements with three labor unions, the Civil Service Employees Association, United University Professions (UUP), and District Council 37, and will extend comparable changes in the pay and benefits to "management/confidential" employees. Under terms of the tentative four-year contracts, which run from April 2, 2007 through April 1, 2011 (July 2, 2007 through July 1, 2011 for UUP), employees will receive pay increases of 3 percent annually in 2007-08, 2008-09, and 2009-10 and 4 percent in 2010-11. The Civil Service Employees Association ratified its contract on January 3, 2008. The United University Professions and District Council 37 are expected to vote on their contracts before the end of the current State fiscal year.

The State's Financial Plan funds the costs of these tentative contract agreements in 2007-08 and 2008-09 through the use of \$476 million of the \$1.18 billion in existing reserves set aside for this purpose. DOB estimates the General Fund costs of the tentative agreements at \$140 million in the current year, \$336 million in 2008-09, \$510 million in 2009-10, and \$756 million in both 2010-11 and 2011-12. The current Financial Plan includes these costs.

The unions representing uniformed officers (i.e., Police Benevolent Association, New York State Correctional Officers and Police Benevolent Association) and the Public Employees Federation have not reached settlements with the State at this time. DOB estimates that if all the unsettled unions were to agree to the same terms that have been ratified by the Civil Service Employees Association, it would result in added costs of \$144 million in 2007-08, \$303 million in 2008-09, \$444 million in 2009-10, and \$636 million in both 2010-11 and 2011-12. The earliest any costs for these contracts could be paid would be in 2008-09. These costs are not included in the current Financial Plan spending forecast, but a reserve is set aside to partially fund them. The State currently has \$708 million in labor reserves remaining (i.e., not programmed in the Financial Plan) to help finance the costs of potential new settlements, which is sufficient to cover all costs of a Civil Service Employees Association-type settlement through 2008-09, and all but \$183 million of the \$444 million of potential costs in 2009-10.

School Supportive Health Services

The Office of the Inspector General (OIG) of the United States Department of Health and Human Services is conducting six audits of aspects of New York State's School Supportive Health Services program with regard to Medicaid reimbursement. The audits cover \$1.4 billion in claims submitted between 1990 and

2001. To date, OIG has issued four final audit reports, which cover claims submitted by upstate and New York City school districts for speech pathology and transportation services. The final audits recommend that the Centers for Medicare and Medicaid Services (CMS) disallow \$173 million of the \$362 million in claims for upstate speech pathology services, \$17 million of \$72 million for upstate transportation services, \$436 million of the \$551 million in claims submitted for New York City speech pathology services, and \$96 million of the \$123 million for New York City transportation services. New York State disagrees with the audit findings on several grounds and has requested that they be withdrawn. If the recommended disallowances are not withdrawn, the State expects to appeal.

While CMS has not taken any action with regard to the disallowances recommended by OIG, CMS is deferring 25 percent of New York City claims and 9.7 percent of claims submitted by the rest of the State, pending completion of the audits.

Proposed Federal Rule on Medicaid Funding

On May 25, 2007, CMS issued a final rule that, if implemented, would significantly curtail Federal Medicaid funding to public hospitals (including New York City's Health and Hospital Corporation (HHC)) and programs operated by both the State OMRDD and the State OMH.

The rule seeks to restrict State access to Federal Medicaid resources by changing the upper payment limit for certain rates to actual facility reported costs. It is estimated that this rule could result in a loss of \$350 million annually in Federal funds for HHC and potentially larger losses in aid for the State Mental Hygiene System.

On May 23, 2007, CMS issued another rule that would eliminate Medicaid funding for graduate medical education (GME). The proposed rule clarifies that costs and payments associated with GME programs are not expenditures of Medicaid for which Federal reimbursement is available. This rule could result in a Financial Plan impact of up to \$600 million since the State would be legally obligated to pay the lost non-Federal share.

The states affected by these regulations are challenging such adoption on the basis that CMS is overstepping its authority and ignoring the intent of Congress. As a result, Congress passed a one-year moratorium barring implementation of these proposed rule changes which expires on May 29, 2008.

CMS has proposed other regulations that could pose a risk to the State's Financial Plan beyond the moratorium. On May 23, 2007, CMS proposed changes to the rules that regulate State taxation of healthcare entities. It is anticipated that this rule could be finalized shortly. The proposal would essentially undo current authorized State flexibility and render a tax invalid if there is any "linkage" between the tax and a Medicaid payment. The State currently uses a substantial amount of provider tax receipts to finance various healthcare programs that serve the State's most vulnerable populations. While the State strongly believes that our imposed taxes are in full compliance, the vagueness of the new rules provides no assurance that these funding streams are adequately protected.

Further, CMS proposes to restrict Medicaid reimbursement for hospital outpatient services and restrict coverage to rehabilitative services, which could pose a risk to the Financial Plan and result in hundred of millions in lost Federal Share. However, the State argues that the proposed regulation regarding outpatient services is in direct violation of the current moratorium.

The State is actively lobbying the Federal government to be held harmless, either through an extension/modification of the current moratorium or through other administrative or statutory means. The State continues to believe that these risks will be minimized and not realized.

FUND BALANCES AND CASH FLOW FORECAST

General Fund

General Fund Estimated Closing Balance (millions of dollars)			
	2007-08	2008-09	Change
Projected Year-End Fund Balance	2,626	2,226	(400)
<u>Undesignated Reserves</u>	1,227	1,227	0
Tax Stabilization Reserve Fund	1,031	1,031	0
Rainy Day Reserve Fund	175	175	0
Contingency Reserve Fund	21	21	0
<u>Designated Reserves</u>	1,399	999	(400)
Labor Settlement Reserve/Likely Risks	1,045	708	(337)
Community Projects Fund	354	291	(63)

DOB projects the State will end the 2008-09 fiscal year with a General Fund balance of \$2.2 billion if the Legislature enacts the Executive Budget recommendations in their entirety. The balance consists of \$1.2 billion in undesignated reserves and \$1.0 billion in reserves designated to finance existing or planned commitments, including potential new labor settlements. The projected closing balance is \$400 million below the level estimated for 2007-08, which primarily reflects the partial use of planned reserves set aside for collective bargaining.

The undesignated reserves include \$1.0 billion in the State's Tax Stabilization Reserve, \$175 million in the new Rainy Day Reserve after an initial deposit planned in 2007-08, and \$21 million in the Contingency Reserve Fund for litigation risks. The new Rainy Day Reserve is authorized to have a maximum balance of 3 percent of General Fund spending and may be used to respond to an economic downturn or catastrophic event.

The designated reserves include \$291 million in the Community Projects Fund to finance existing legislative initiatives, and \$708 million remaining from prior-year reserves designated for potential collective bargaining agreements and Financial Plan risks.

State Operating Funds

State Operating Funds Estimated Closing Balance (millions of dollars)			
	<u>2007-08</u>	<u>2008-09</u>	<u>Change</u>
Projected Year-End Fund Balance	5,754	4,892	(862)
General Fund	2,626	2,226	(400)
Special Revenue Funds	2,850	2,359	(491)
Miscellaneous Special Revenue	898	639	(259)
<i>Industry Assessments</i>	152	138	(14)
<i>Health and Social Welfare</i>	241	134	(107)
<i>General Government</i>	244	165	(79)
<i>All Other</i>	261	202	(59)
State University Income	644	636	(8)
Mass Transportation Operating Assistance	407	199	(208)
Health Care Resources Fund	515	453	(62)
Lottery Fund	101	96	(5)
All Other	285	336	51
Debt Service Funds	278	307	29

The combined balances in State Operating Funds are projected to total \$4.9 billion in 2008-09, a decrease of \$864 million from the level estimated for 2007-08. The balances held in State Special Revenue Funds include moneys designated to finance existing or planned commitments, or funds that are restricted or dedicated for specified statutory purposes. The largest balances in the State Special Revenue Funds include moneys on hand to finance future costs for State University programs, operating assistance for transportation programs, various health care programs financed from the Health Care Resources Fund, and lottery revenues used for School Aid. The remaining fund balances are held in numerous funds, primarily the Miscellaneous Special Revenue Fund, and accounts that support a variety of programs including industry regulation, public health, general government, and public safety. See the Financial Plan tables for a comprehensive list of balances for All Governmental Funds and accounts.

Monthly Cash Flow Forecast

In 2008-09, the General Fund is projected to have quarterly-ending balances of \$2.8 billion in June 2008, \$3.9 billion in September 2008, \$1.4 billion in December 2008, and \$2.2 billion at the end of March 2009. The lowest projected month-end cash flow balance is \$893 million in November 2008. The 2008-09 General Fund cash flow estimates assume on time enactment of all Executive Budget recommendations.

The Office of the State Comptroller (OSC) invests General Fund moneys, bond proceeds, and other funds not immediately required to make payments through the Short-Term Investment Pool (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 short-term 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).

GAAP-BASIS FINANCIAL PLANS

In addition to the cash-basis Financial Plans, DOB prepares the General Fund and All Funds Financial Plans on a Generally Accepted Accounting Principles (GAAP)-basis in accordance with the Governmental Accounting Standards Board (GASB) regulations. Tables summarizing the GAAP Financial Plan and comparing the cash basis and GAAP basis General Fund Financial Plans are provided at the end of this AIS Update. The GAAP projections are based on the accounting principles applied by the State Comptroller in the financial statements issued for 2006-07.

In 2007-08, the General Fund GAAP Financial Plan reflects total revenues of \$44.0 billion, total expenditures of \$55.0 billion, and net other financing sources of \$9.9 billion, resulting in an operating deficit of roughly \$1.1 billion. The accumulated surplus at the end of 2007-08 is projected to total \$1.2 billion. The operating results primarily reflect the impact of enacted tax reductions and economic conditions on revenue accruals and a partial use of reserves to support 2007-08 operations.

In 2008-09, the General Fund GAAP Financial Plan shows total revenues of \$47.4 billion, total expenditures of \$60.8 billion, and net other financing sources of \$12.9 billion, resulting in an operating deficit of \$521 million and a projected accumulated surplus of \$712 million. These changes are due primarily to the use of a portion of reserves to support 2008-09 operations.

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SPECIAL CONSIDERATIONS

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. For a discussion of the DOB economic forecasts, see the section entitled "Economic Forecast" in this AIS Update. The Financial Plan also relies on estimates and assumptions concerning Federal aid, law changes, and audit activity. For a discussion of additional risks to the Financial Plan, including revenue and economic risks, see the sections entitled "Financial Plan Reserves and Risks" and "Litigation" in this AIS Update.

Financial Plan Update

The Governor is expected to submit amendments to his Executive Budget by February 12, 2008, as authorized by law. At that time, the DOB will issue a revised update to the Current Financial Plan that reflects the fiscal impact of any amendments, as well as updated economic, revenue, and spending forecasts through January 2008. DOB is currently evaluating the potential Financial Plan impact of recent financial market events, and the economic data, tax collection information, and other data that have become available. As a result, the DOB expects to issue a Supplement to this AIS Update in February 2008 that will reflect potential updated forecasts, as well as the fiscal impact of the Governor's amendments.

Recent Events in the Municipal Bond Market

The State is monitoring events in the municipal bond market related to the impact that actual and potential credit rating downgrades to certain bond insurers is having on variable rate debt, as well as changes in investor demand for auction rate securities (ARS) and variable rate demand bonds (VRDBs). The resulting volatility has affected interest rates and the spreads among different variable rate products and has been a concern to governmental issuers of bonds across the country.

At this time, DOB believes that current market events are not likely to have a material adverse effect on the State's Current Financial Plan. The State has entered into interest rate exchange agreements ("swaps") (based on an index equal to 65 percent of LIBOR) that have hedged \$6 billion of its approximately \$8 billion in variable rate debt into "synthetic" fixed rate debt. In October 2007, one of the State's swap counterparties was downgraded to below AA, a level that could trigger the counterparty to comply with enhanced collateral provisions (swap agreements and State law require that collateral be posted at 102 percent of the mark-to-market value if the State is due money upon termination). No collateral is currently required to be posted on the \$323 million of swaps with this counterparty since the State is not in a positive mark-to-market position. Plans are already underway to transition these swaps to an entity that is rated AAA, which is expected to be completed within the current fiscal year.

The State is, however, paying higher costs on certain variable rate products than it is receiving under its swap agreements on certain hedged variable rate debt, and for Auction Rate Securities (ARS) in general, due in part to the events concerning bond insurers. The State is unable to predict how long the higher costs will continue but it does not expect that the additional payments will, in the aggregate, be materially adverse to the State's Current Financial Plan. Currently, overall variable rate costs are slightly below current Financial Plan projections. DOB is evaluating a range of potential options that could be taken to reduce costs, including transitioning out of ARS products.

Davis v. Kentucky

On May 21, 2007, the United States Supreme Court agreed to review the decision of the Court of Appeals of Kentucky in *Davis v. Kentucky Dep't of Revenue of the Finance and Admin. Cabinet*, 197 S.W.^{3d} 557 (Ky. App. 2006) *cert. granted* 2007 U.S. Lexis 5914 (May 21, 2007), which held that the disparate state tax treatment of interest income on obligations issued by the State of Kentucky or its political subdivisions and obligations issued by other states or their political subdivisions violated the Commerce Clause of the United States Constitution. Currently, the vast majority of states employ a tax system that provides a preferential treatment that exempts the interest income earned on in-state municipal bonds from state taxation while subjecting the interest income earned on extraterritorially-issued bonds to state taxation.

If the Kentucky decision is affirmed by the United States Supreme Court, a state, including New York State, could be required to eliminate any disparity between the tax treatment of obligations issued by such state and its political subdivisions or instrumentalities and the tax treatment of obligations issued by other states and their respective political subdivisions or instrumentalities. The Supreme Court decision could result in an estimated potential impact of up to \$200 million in claims for tax refunds arising out of income tax payments made in prior years. The preliminary estimate of the financial impact on the State of New York of discontinuing the practice of subjecting extraterritorially-issued municipal bonds to state income taxation is approximately \$70 million of lost tax revenues annually.

On Monday, November 5, 2007, the Supreme Court heard oral arguments in the *Davis* case.

GASBS 45

The GAAP basis results for 2006-07 showed the State having total net assets of \$48.9 billion. The net positive asset condition is before the State reflects the impact of GASBS 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions." GASBS 45 requires State and local governments to reflect the value of post-employment benefits, predominantly health care, for current employees and retirees beginning with the financial statements for the 2008-09 fiscal year.

The State used an independent actuarial consulting firm to calculate retiree health care liabilities. Assuming there is no pre-funding of this liability, the analysis indicates that the present value of the actuarial accrued total liability for benefits to date would be roughly \$49.7 billion, using the level percentage of projected payroll approach under the Frozen Entry Age actuarial cost method. This is the actuarial methodology recommended to be used to implement GASBS 45 by the Office of the State Comptroller. The actuarial accrued liability was calculated using a 4.155 percent annual discount rate.

The State's total unfunded liability will be disclosed in the 2008-09 basic financial statements. While the total liability is substantial, GASB rules indicate it may be amortized over a 30-year period; therefore, only the annual amortized liability above the current pay-as-you-go costs would be recognized in the financial statements. Assuming no pre-funding, the 2008-09 liability would total roughly \$3.8 billion under the Frozen Entry Age actuarial cost method amortized based on a level percent of salary, or \$2.7 billion above the current pay-as-you-go retiree costs. This difference between the State's pay-as-you-go costs and the actuarially determined annual required contribution under GASBS 45 would reduce the State's currently positive net asset condition.

GASB does not require the additional costs to be funded on the State's budgetary basis, and no funding is assumed for this purpose in the Financial Plan. On a budgetary (cash) basis, the State continues to finance these costs, along with all other employee health care expenses, on a pay-as-you-go basis. Anticipated increases in these costs are reflected in the State's multi-year Financial Plan as detailed below.

History and Forecast of New York State Employee Health Insurance (millions of dollars)			
Health Insurance			
Year	Active Employees	Retirees	Total State
2002-03	1,023	634	1,657
2003-04	1,072	729	1,801
2004-05	1,216	838	2,054
2005-06	1,331	885	2,216
2006-07	1,518	913	2,431
2007-08	1,572	992	2,564
2008-09	1,652	1,039	2,691
2009-10	1,790	1,129	2,919
2010-11	1,950	1,233	3,183
2011-12	2,127	1,347	3,474

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

As noted, the Current Financial Plan does not assume pre-funding of the GASBS 45 liability. If such liability were pre-funded, the additional cost above the pay-as-you-go amounts would be \$2.7 billion in 2008-09. The State’s Health Insurance Council, which consists of the Governor’s Office of Employee Relations, Civil Service, and DOB will continue to review this matter, seek input from the State Comptroller, the legislative fiscal committees and outside parties, and provide options for consideration.

DOB’s detailed GAAP Financial Plans are provided in the tables at the end of this AIS Update.

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GAAP-Basis Results for Prior Fiscal Years

(Reprinted from August 3, 2007 Update to the AIS)

The Comptroller prepares Basic Financial Statements on a GAAP basis for governments as promulgated by GASB. The Basic Financial Statements, released in July each year, include the Statement of Net Assets and Activities, the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds, the Statements of Net Assets, Revenues, Expenses and Changes in Fund Net Assets and Cash Flows for the Enterprise Funds, the Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets and the Combining Statements of Net Assets and Activities for Discretely Presented Component Units. These statements are audited by independent certified public accountants. The Comptroller also prepares and issues a Comprehensive Annual Financial Report, which includes a financial overview, the Basic Financial Statements, other supplementary information which includes individual fund combining statements, and a statistical section. For information regarding the State's accounting and financial reporting requirements, see the section in the AIS dated May 8, 2007 entitled "State Organization—Accounting, Financial Reporting and Budgeting."

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

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

<u>Fiscal Year Ended</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>All Governmental Funds</u>	<u>Accum. General Fund Surplus/(Deficit)</u>
March 31, 2007	202	(840)	92	501	(45)	2,384
March 31, 2006	1,636	3,142	(664)	(265)	3,849	2,182
March 31, 2005	827	833	361	89	2,110	546

Beginning with the fiscal year ended March 31, 2003, statements have been prepared in accordance with GASBS 34. GASBS 34 has significantly affected the accounting and financial reporting for all state and local governments. The financial reporting model redefined the financial reporting model by changing its focus to major funds, rather than fund types, requiring a new section called management discussion and analysis (the "MD&A"), and containing new government-wide financial statements which includes all revenues and all costs of providing services each year. The new Basic Financial Statements and the MD&A are issued in place of the general purpose financial statements. The new statements also report on all current assets and liabilities and also long-term assets and liabilities, such as capital assets, including infrastructure (e.g., roads and bridges).

Summary of Net Assets (millions of dollars)

<u>Fiscal Year Ended</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
March 31, 2007	45,327	3,599	48,926
March 31, 2006	45,997	3,136	49,133
March 31, 2005	41,190	2,645	43,835

State Organization

(Reprinted from November 15, 2007 Update to the AIS)

State Retirement Systems

General

The New York State and Local Retirement Systems (the "Systems") provide coverage for public employees of the State and its localities (except employees of New York City and teachers, who are covered by separate plans). The Systems comprise the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The Comptroller is the administrative head of the Systems. State employees made up about 33 percent of the membership during the 2006-07 fiscal year. There were 3,009 other public employers participating in the Systems, including all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees) and a large number of local authorities of the State.

As of March 31, 2007, 662,633 persons were members and 350,066 pensioners or beneficiaries were receiving benefits. The State Constitution considers membership in any State pension or retirement system to be a contractual relationship, the benefits of which shall not be diminished or impaired. Members cannot be required to begin making contributions or make increased contributions beyond what was required when membership began.

Contributions

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

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

The State paid, in full, its employer contributions for the fiscal year ending March 31, 2008. The payment of \$1,032.7 million was paid on June 1, 2007. This amount included the Judiciary bill and the amortization payments for the 2005 and 2006 bills.

The State bill for the fiscal year ending March 31, 2009 is estimated to be \$1,087.8 million, assuming a payment date of September 1, 2008.

Assets and Liabilities

Assets are held exclusively for the benefit of members, pensioners and beneficiaries. Investments for the Systems are made by the Comptroller as trustee of the Common Retirement Fund, a pooled investment vehicle. OSC reports that the net assets available for benefits as of March 31, 2007 were \$156.6 billion (including \$2.7 billion in receivables), an increase of \$14.0 billion or 9.8 percent from the 2005-06 level of \$142.6 billion, reflecting, in large part, equity market performance. OSC reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased from \$153.7 billion on April 1, 2006 to \$163.1 billion (including \$61.9 billion for current retirees and beneficiaries) on April 1, 2007. The funding method used by the Systems anticipates that the net assets, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and

beneficiaries. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets differed from net assets on April 1, 2007 in that amortized cost was used instead of market value for bonds and mortgages and the non-fixed investments utilized a smoothing method which recognized 20 percent of unexpected gain for the 2007 fiscal year, 40 percent of the unexpected gain for the 2006 fiscal year and 60 percent of the unexpected gain for the 2005 fiscal year. Actuarial assets increased from \$132.1 billion on April 1, 2006 to \$142.6 billion on April 1, 2007. The funded ratio, as of April 1, 2006, using the entry age normal funding method, was 104%. The table that follows shows the actuarially determined contributions that have been made over the last nine years. See also "Contributions" above.

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

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

Sources: State and Local Retirement Systems.

(1) Includes relatively small amounts held under Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2007 includes approximately \$2.7 billion of receivables.

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

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

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

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

(2) Includes payments from Group Life Insurance Plan.

Authorities and Localities

(Reprinted from November 15, 2007 Update to the AIS)

Public Authorities

For the purposes of this disclosure, public authorities refer to certain of its public benefit corporations, created pursuant to State law. Public authorities are not subject to the constitutional restrictions on the incurrence of debt that apply to the State itself and may issue bonds and notes within the amounts and restrictions set forth in legislative authorization. The State's access to the public credit markets could be impaired and the market price of its outstanding debt may be materially and adversely affected if certain of its public authorities were to default on their respective obligations, particularly those using the financing techniques referred to as State-supported or State-related debt under the section entitled "Debt and Other Financing Activities" in this statement. As of December 31, 2006, each of the 19 public authorities below had outstanding debt of \$100 million or more, and the aggregate outstanding debt, including refunding bonds, of these public authorities was approximately \$129 billion, only a portion of which constitutes State-supported or State-related debt. The table below summarizes the outstanding debt of these public authorities.

Outstanding Debt of Certain Public Authorities (1) (2) (3)
As of December 31, 2006
(millions of dollars)

<u>Public Authority</u>	<u>State- Related Conduit (4)</u>	<u>Authority Revenue Bonding</u>	<u>Other Conduit Bonding</u>	<u>Total</u>
Dormitory Authority (5)	15,319	0	18,421	33,740
Metropolitan Transportation Authority	2,289	14,343	0	16,632
Port Authority of NY & NJ	0	12,330	0	12,330
Thruway Authority	8,942	1,861	0	10,803
Housing Finance Agency	1,365	6,485	0	7,850
Environmental Facilities Corporation	689	6,647	250	7,586
Triborough Bridge and Tunnel Authority	181	7,026	0	7,207
Long Island Power Authority (6)	0	7,117	0	7,117
UDC/ESDC	5,771	457	0	6,228
Local Government Assistance Corporation	4,204	0	0	4,204
Tobacco Settlement Financing Corporation	4,084	0	0	4,084
Energy Research and Development Authority (6)	9	0	3,655	3,664
State of New York Mortgage Agency	0	2,902	0	2,902
Power Authority	0	2,142	0	2,142
Battery Park City Authority	0	1,041	0	1,041
Convention Center Development Corporation	0	700	0	700
Municipal Bond Bank Agency	484	50	0	534
Niagara Frontier Transportation Authority	0	185	0	185
United Nations Development Corporation	0	128	0	128
TOTAL OUTSTANDING	43,337	63,414	22,326	129,077

Source: Office of the State Comptroller. Debt Classifications are estimated by Budget Division.

(1) Includes only certain of the public authorities which have more than \$100 million in outstanding debt.

(2) Reflects original par amounts for bonds and financing arrangements or original gross proceeds in the case of capital appreciation bonds. Amounts outstanding do not reflect accretion of capital appreciation bonds or premiums received.

(3) Includes short-term and long-term debt.

(4) Reflects debt for which the primary repayment source is from State appropriations or assigned revenues of the State.

(5) Includes debt previously issued by New York State Medical Care Facilities Finance Agency, which was consolidated with the Dormitory Authority on September 1, 1995.

(6) Includes \$155 million in bonds issued by the New York State Energy Research and Development Authority and included in amounts reported for both NYSERDA and LIPA.

The City of New York

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

**Debt of New York City
as of June 30 of each year
(millions of dollars)**

Year	General Obligation Bonds	Obligations of TFA (1)	Obligations of MAC	Obligations of STAR Corp. (2)	Obligations of TSASC, Inc.	HYIC (3)	Other(4) Obligations	Treasury Obligations	Total
1980	6,179	—	6,116	—	—	—	995	(295)	12,995
1990	13,499	—	7,122	—	—	—	1,077	(1,671)	20,027
1995	24,992	—	4,882	—	—	—	1,299	(1,243)	29,930
1996	26,627	—	4,724	—	—	—	1,394	(1,122)	31,623
1997	27,549	—	4,424	—	—	—	1,464	(391)	33,046
1998	27,310	2,150	4,066	—	—	—	1,529	(365)	34,690
1999	27,834	4,150	3,832	—	—	—	1,835	(299)	37,352
2000	27,245	6,438 (5)	3,532	—	709	—	2,065	(230)	39,759
2001	27,147	7,386	3,217	—	704	—	2,019	(168)	40,305
2002	28,465	10,489 (6)	2,880	—	740	—	2,463	(116)	44,921
2003	29,679	13,134 (7)	2,151	—	1,258	—	2,328	(64)	48,486
2004	31,378	13,364	1,758	—	1,256	—	2,561	(52)	50,265
2005	33,903	12,977	—	2,551	1,283	—	3,746	(39)	54,421
2006	35,844	12,233	—	2,470	1,334	—	3,500	—	55,381
2007	34,506	14,607	—	2,368	1,317	2,100	3,394	—	58,292

Source: Office of the State Comptroller.

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

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

(3) Includes a \$100 million obligation to the MTA.

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

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

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

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

The staffs of the Financial Control Board for the City of New York (FCB), the Office of the State Deputy Comptroller (OSDC), the City Comptroller and the Independent Budget Office, issue periodic reports on the City's financial plans. Copies of the most recent reports are available by contacting: FCB, 123 William Street, 23rd Floor, New York, NY 10038, Attention: Executive Director; OSDC, 59 Maiden Lane, 29th Floor, New York, NY 10038, Attention: Deputy Comptroller; City Comptroller, Municipal Building, 6th Floor, One Centre Street, New York, NY 10007-2341, Attention: Deputy Comptroller for Budget; and IBO, 110 William Street, 14th Floor, New York, NY 10038, Attention: Director.

Other Localities

Certain localities outside New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing has become more common in recent years. Between 2004 and 2007, the State Legislature authorized 14 bond issuances to finance local government operating deficits. The potential impact on the State of any future requests by localities for additional oversight or financial assistance is not included in the projections of the State's receipts and disbursements for the State's 2007-08 fiscal year or thereafter.

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Litigation

(Reprinted from November 15, 2007 Update to the AIS)

Real Property Claims

In *Oneida Indian Nation of New York v. State of New York*, 74-CV-187 (NDNY), the alleged successors-in-interest to the historic Oneida Indian Nation seek a declaration that they hold a current possessory interest in approximately 250,000 acres of lands that the tribe sold to the State in a series of transactions that took place beginning in 1795 and ending in 1846, and ejectment of the State and Madison and Oneida Counties from all publicly-held lands in the claim area. This case remained dormant while the Oneidas pursued an earlier action which sought limited relief relating to a single 1795 transaction and the parties engaged in intermittent, but unsuccessful, efforts to reach a settlement. In 1998, the United States filed a complaint in intervention in *Oneida Indian Nation of New York*. In December 1998, both the United States and the tribal plaintiffs moved for leave to amend their complaints to assert claims for 250,000 acres, including both monetary damages and ejectment, to add the State as a defendant, and to certify a class made up of all individuals who currently purport to hold title within the affected 250,000 acre area. On September 25, 2000, the District Court granted the motion to amend the complaint to the extent that it sought to add the State as a defendant and to assert money damages with respect to the 250,000 acres and denied the motion to certify a class of individual landowners and to seek the remedy of ejectment.

In a decision dated March 29, 2002, the District Court granted, in part, plaintiffs' motion to strike the State's defenses and counterclaims. The District Court also denied the State's motion to dismiss for failure to join indispensable parties.

Further efforts at settlement of this action failed to reach a successful outcome. While such discussions were underway, two significant decisions were rendered by the Supreme Court and the Second Circuit Court of Appeals which changed the legal landscape pertaining to ancient land claims: *City of Sherrill v. Oneida Indian Nation of New York*, 544 U.S. 197 (2005), and *Cayuga Indian Nation of New York v. Pataki*, 413 F.3d 266 (2d Cir. 2005), *cert. denied*, 126 S.Ct. 2021, 2022 (2006). Taken together, these cases have made clear that the equitable doctrines of laches, acquiescence, and impossibility can bar ancient land claims. These decisions prompted the District Court to reassess its 2002 decision, which in part had struck such defenses, and to permit the filing of a motion for summary judgment predicated on the *Sherrill* and *Cayuga* holdings. On August 11, 2006, the defendants moved for summary judgment dismissing the action, based on the defenses of laches, acquiescence, and impossibility. By order dated May 21, 2007, the District Court dismissed plaintiffs' claims to the extent that they asserted a possessory interest, but permitted plaintiffs to pursue a claim seeking the difference between the amount paid and the fair market value of the lands at the time of the transaction. The District Court certified the May 21, 2007 order for interlocutory appeal and, on July 13, 2007, the Second Circuit granted motions by both sides seeking leave to pursue interlocutory appeals of that order.

Other Indian land claims include *Cayuga Indian Nation of New York v. Cuomo, et al.*, and *Canadian St. Regis Band of Mohawk Indians, et al., v. State of New York, et al.*, both in the United States District Court for the Northern District of New York and *The Onondaga Nation v. The State of New York, et al.*

In the *Canadian St. Regis Band of Mohawk Indians* case, plaintiffs seek ejectment and monetary damages with respect to their claim that approximately 15,000 acres in Franklin and St. Lawrence Counties were illegally transferred from their predecessors-in-interest. By decision dated July 28, 2003, the District Court granted, in most respects, a motion by plaintiffs to strike defenses and dismiss counterclaims contained in defendants' answers. By decision dated October 20, 2003, the District Court denied the State's motion for

reconsideration of that portion of the July 28, 2003 decision which struck a counterclaim against the United States for contribution. On February 10, 2006, after renewed efforts at settlement failed to resolve this action, and recognizing the potential significance of the *Sherrill* and *Cayuga* appeals, the District Court stayed all further proceedings in this case until 45 days after the United States Supreme Court issued a final decision in the *Cayuga Indian Nation of New York* Case. On November 6, 2006, after certiorari was denied in *Cayuga*, the defendants moved for judgment on the pleadings.

In *The Onondaga Nation v. The State of New York, et al.*, plaintiff seeks a judgment declaring that certain lands allegedly constituting the aboriginal territory of the Onondaga Nation within the State are the property of the Onondaga Nation and the Haudenosaunee, or "Six Nations Iroquois Confederacy," and that conveyances of portions of that land pursuant to treaties during the period 1788 to 1822 are null and void. The "aboriginal territory" described in the complaint consists of an area or strip of land running generally north and south from the St. Lawrence River in the north, along the east side of Lake Ontario, and south as far as the Pennsylvania border, varying in width from about 10 miles to more than 40 miles, including the area constituting the City of Syracuse. On August 15, 2006, based on *Sherrill* and *Cayuga*, the defendants moved for an order dismissing this action, based on laches.

West Valley Litigation

In *State of New York, et al. v. The United States of America, et al.*, 06-CV-810 (WDNY), the State and the New York State Energy Research and Development Authority have filed suit seeking (1) a declaration that defendants are liable under CERCLA for the State's response costs and for damages to the State's natural resources resulting from releases from the site in Cattaraugus County, New York, and a judgment reimbursing the State for these costs and damages, (2) a declaration of defendants' responsibilities under the West Valley Demonstration Project Act to decontaminate and decommission the site and for future site monitoring and maintenance, and (3) a declaration that the defendants are responsible for paying the fees for disposal of solidified high level radioactive waste at the West Valley site. The parties have agreed to stay the litigation and submit the issues in (1) and (2) to non-binding arbitration and early neutral evaluation. The parties are currently engaged in mediation.

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

	<u>Mid-Year</u>	<u>Change</u>	<u>Executive</u>
Opening fund balance	<u>3,045</u>	<u>0</u>	<u>3,045</u>
Receipts:			
Taxes:			
Personal income tax	22,697	38	22,735
User taxes and fees	8,506	(3)	8,503
Business taxes	6,500	(200)	6,300
Other taxes	1,102	(72)	1,030
Miscellaneous receipts	2,444	0	2,444
Federal Grants	71	0	71
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,445	(4)	8,441
Sales tax in excess of LGAC debt service	2,305	0	2,305
Real estate taxes in excess of CW/CA debt service	636	31	667
All other	681	(8)	673
Total receipts	<u>53,387</u>	<u>(218)</u>	<u>53,169</u>
Disbursements:			
Grants to local governments	36,763	(96)	36,667
State operations	9,579	98	9,677
General State charges	4,496	(9)	4,487
Transfers to other funds:			
Debt service	1,551	6	1,557
Capital projects	112	(19)	93
Other purposes	1,168	(61)	1,107
Total disbursements	<u>53,669</u>	<u>(81)</u>	<u>53,588</u>
Change in fund balance	<u>(282)</u>	<u>(137)</u>	<u>(419)</u>
Closing fund balance	<u>2,763</u>	<u>(137)</u>	<u>2,626</u>
Reserves			
Tax Stabilization Reserve Fund	1,031	0	1,031
Statutory Rainy Day Reserve Fund	175	0	175
Contingency Reserve Fund	21	0	21
Community Projects Fund	354	0	354
Debt Reduction Reserve Fund	0	0	0
Labor Settlement Reserve/Other Risks	<u>1,182</u>	<u>(137)</u>	<u>1,045</u>
<i>Prior Year Reserves</i>	1,203	(140)	1,063
<i>Increase/(Decrease) From Current Year Operations</i>	(21)	3	(18)

Source: NYS DOB

**CASH FINANCIAL PLAN
GENERAL FUND
2008-2009
(millions of dollars)**

	<u>Mid-Year</u>	<u>Change</u>	<u>Executive</u>
Receipts:			
Taxes:			
Personal income tax	23,939	452	24,391
User taxes and fees	8,805	27	8,832
Business taxes	6,669	585	7,254
Other taxes	1,211	(17)	1,194
Miscellaneous receipts	2,052	186	2,238
Federal Grants	55	(14)	41
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,793	(24)	8,769
Sales tax in excess of LGAC debt service	2,327	(13)	2,314
Real estate taxes in excess of CW/CA debt service	614	1	615
All other	386	308	694
Total receipts	<u>54,851</u>	<u>1,491</u>	<u>56,342</u>
Disbursements:			
Grants to local governments	41,332	528	41,860
State operations	10,015	(1,152)	8,863
General State charges	4,808	(1,672)	3,136
Transfers to other funds:			
Debt service	1,687	5	1,692
Capital projects	452	(86)	366
Other purposes	885	(60)	825
Total disbursements	<u>59,179</u>	<u>(2,437)</u>	<u>56,742</u>
Deposit to/(use of) Community Projects Fund	<u>(63)</u>	<u>0</u>	<u>(63)</u>
Deposit to/(use of) Prior Year Reserves	<u>0</u>	<u>(337)</u>	<u>(337)</u>
Margin	<u>(4,265)</u>	<u>4,265</u>	<u>0</u>

Source: NYS DOB

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

	<u>Mid-Year</u>	<u>Change</u>	<u>Executive</u>
Receipts:			
Taxes:			
Personal income tax	25,463	434	25,897
User taxes and fees	9,150	(237)	8,913
Business taxes	6,854	962	7,816
Other taxes	1,342	(17)	1,325
Miscellaneous receipts	2,163	23	2,186
Federal Grants	55	(55)	0
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	9,152	47	9,199
Sales tax in excess of LGAC debt service	2,425	(94)	2,331
Real estate taxes in excess of CW/CA debt service	595	1	596
All other	358	103	461
Total receipts	<u>57,557</u>	<u>1,167</u>	<u>58,724</u>
Disbursements:			
Grants to local governments	45,156	763	45,919
State operations	10,415	(1,179)	9,236
General State charges	5,097	(1,291)	3,806
Transfers to other funds:			
Debt service	1,676	4	1,680
Capital projects	561	13	574
Other purposes	892	(34)	858
Total disbursements	<u>63,797</u>	<u>(1,724)</u>	<u>62,073</u>
Deposit to/(use of) Community Projects Fund	<u>(62)</u>	<u>0</u>	<u>(62)</u>
Margin	<u>(6,178)</u>	<u>2,891</u>	<u>(3,287)</u>

Source: NYS DOB

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

	<u>Mid-Year</u>	<u>Change</u>	<u>Executive</u>
Receipts:			
Taxes:			
Personal income tax	27,203	212	27,415
User taxes and fees	9,508	(257)	9,251
Business taxes	6,889	977	7,866
Other taxes	1,425	(17)	1,408
Miscellaneous receipts	2,233	28	2,261
Federal Grants	55	(55)	0
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	9,641	6	9,647
Sales tax in excess of LGAC debt service	2,534	(98)	2,436
Real estate taxes in excess of CW/CA debt service	598	1	599
All other	392	68	460
Total receipts	<u>60,478</u>	<u>865</u>	<u>61,343</u>
Disbursements:			
Grants to local governments	48,909	924	49,833
State operations	10,729	(949)	9,780
General State charges	5,386	(1,299)	4,087
Transfers to other funds:			
Debt service	1,703	3	1,706
Capital projects	966	(36)	930
Other purposes	867	(22)	845
Total disbursements	<u>68,560</u>	<u>(1,379)</u>	<u>67,181</u>
Deposit to/(use of) Community Projects Fund	<u>(151)</u>	<u>0</u>	<u>(151)</u>
Margin	<u>(7,931)</u>	<u>2,244</u>	<u>(5,687)</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
GENERAL FUND
2008-2009 through 2011-2012
(millions of dollars)**

	<u>2008-2009 Projected</u>	<u>2009-2010 Projected</u>	<u>2010-2011 Projected</u>	<u>2011-2012 Projected</u>
Receipts:				
Taxes:				
Personal income tax	24,391	25,897	27,415	29,315
User taxes and fees	8,832	8,913	9,251	9,620
Business taxes	7,254	7,816	7,866	8,218
Other taxes	1,194	1,325	1,408	1,498
Miscellaneous receipts	2,238	2,186	2,261	2,060
Federal grants	41	0	0	0
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	8,769	9,199	9,647	10,154
Sales tax in excess of LGAC debt service	2,314	2,331	2,436	2,556
Real estate taxes in excess of CW/CA debt service	615	596	599	608
All other transfers	694	461	460	498
Total receipts	<u>56,342</u>	<u>58,724</u>	<u>61,343</u>	<u>64,527</u>
Disbursements:				
Grants to local governments	41,860	45,919	49,833	53,013
State operations	8,863	9,236	9,780	10,046
General State charges	3,136	3,806	4,087	4,386
Transfers to other funds:				
Debt service	1,692	1,680	1,706	1,673
Capital projects	366	574	930	997
Other purposes	825	858	845	1,312
Total disbursements	<u>56,742</u>	<u>62,073</u>	<u>67,181</u>	<u>71,427</u>
Deposit to/(use of) Community Projects Fund	<u>(63)</u>	<u>(62)</u>	<u>(151)</u>	<u>(79)</u>
Deposit to/(use of) Prior Year Reserves	<u>(337)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Margin	<u>0</u>	<u>(3,287)</u>	<u>(5,687)</u>	<u>(6,821)</u>

Source: NYS DOB

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

	<u>2006-2007</u> <u>Actuals</u>	<u>2007-2008</u> <u>Current</u>	<u>Annual</u> <u>Change</u>
Opening fund balance	<u>3,257</u>	<u>3,045</u>	<u>(212)</u>
Receipts:			
Taxes:			
Personal income tax	22,939	22,735	(204)
User taxes and fees	8,186	8,503	317
Business taxes	6,468	6,300	(168)
Other taxes	1,075	1,030	(45)
Miscellaneous receipts	2,268	2,444	176
Federal Grants	151	71	(80)
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	7,136	8,441	1,305
Sales tax in excess of LGAC debt service	2,093	2,305	212
Real estate taxes in excess of CW/CA debt service	753	667	(86)
All other	310	673	363
Total receipts	<u>51,379</u>	<u>53,169</u>	<u>1,790</u>
Disbursements:			
Grants to local governments	34,302	36,667	2,365
State operations	9,319	9,677	358
General State charges	4,403	4,487	84
Transfers to other funds:			
Debt service	1,906	1,557	(349)
Capital projects	389	93	(296)
Other purposes	1,272	1,107	(165)
Total disbursements	<u>51,591</u>	<u>53,588</u>	<u>1,997</u>
Change in fund balance	<u>(212)</u>	<u>(419)</u>	<u>(207)</u>
Closing fund balance	<u>3,045</u>	<u>2,626</u>	<u>(419)</u>
Reserves			
Tax Stabilization Reserve Fund	1,031	1,031	0
Statutory Rainy Day Reserve Fund	0	175	175
Contingency Reserve Fund	21	21	0
Community Projects Fund	278	354	76
Debt Reduction Reserve Fund	0	0	0
Labor Settlement Reserve/Other Risks	<u>1,715</u>	<u>1,045</u>	<u>(670)</u>
<i>Prior Year Reserves</i>	1,715	1,063	(652)
<i>Increase/(Decrease) From Current Year Operations</i>	0	(18)	(18)

Source: NYS DOB

**CASH FINANCIAL PLAN
GENERAL FUND
2007-2008 and 2008-2009
(millions of dollars)**

	<u>2007-2008 Current</u>	<u>2008-2009 Recommended</u>	<u>Annual Change</u>
Opening fund balance	<u>3,045</u>	<u>2,626</u>	<u>(419)</u>
Receipts:			
Taxes:			
Personal income tax	22,735	24,391	1,656
User taxes and fees	8,503	8,832	329
Business taxes	6,300	7,254	954
Other taxes	1,030	1,194	164
Miscellaneous receipts	2,444	2,238	(206)
Federal grants	71	41	(30)
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,441	8,769	328
Sales tax in excess of LGAC debt service	2,305	2,314	9
Real estate taxes in excess of CW/CA debt service	667	615	(52)
All other transfers	673	694	21
Total receipts	<u>53,169</u>	<u>56,342</u>	<u>3,173</u>
Disbursements:			
Grants to local governments	36,667	41,860	5,193
State operations	9,677	8,863	(814)
General State charges	4,487	3,136	(1,351)
Transfers to other funds:			0
Debt service	1,557	1,692	135
Capital projects	93	366	273
Other purposes	1,107	825	(282)
Total disbursements	<u>53,588</u>	<u>56,742</u>	<u>3,154</u>
Change in fund balance	<u>(419)</u>	<u>(400)</u>	<u>19</u>
Closing fund balance	<u>2,626</u>	<u>2,226</u>	<u>(400)</u>
Reserves			
Tax Stabilization Reserve Fund	1,031	1,031	0
Statutory Rainy Day Reserve Fund	175	175	0
Contingency Reserve Fund	21	21	0
Community Projects Fund	354	291	(63)
Labor Settlement Reserve/Other Risks	1,045	708	(337)

Source: NYS DOB

**CURRENT STATE RECEIPTS
GENERAL FUND
2007-2008 and 2008-2009
(millions of dollars)**

	<u>2007-2008 Current</u>	<u>2008-2009 Recommended</u>	<u>Annual Change</u>
Personal income tax	22,735	24,391	1,656
User taxes and fees	8,503	8,832	329
Sales and use tax	7,865	8,080	215
Cigarette and tobacco taxes	407	437	30
Motor vehicle fees	(21)	47	68
Alcoholic beverages taxes	200	220	20
Alcoholic beverage control license fees	52	48	(4)
Business taxes	6,300	7,254	954
Corporation franchise tax	3,575	4,138	563
Corporation and utilities tax	618	589	(29)
Insurance taxes	1,176	1,405	229
Bank tax	931	942	11
Petroleum business tax	0	180	180
Other taxes	1,030	1,194	164
Estate tax	1,006	1,170	164
Gift tax	0	0	0
Real property gains tax	0	0	0
Pari-mutuel taxes	23	23	0
Other taxes	1	1	0
Total taxes	<u>38,568</u>	<u>41,671</u>	<u>3,103</u>
Miscellaneous receipts	<u>2,444</u>	<u>2,238</u>	<u>(206)</u>
Federal Grants	<u>71</u>	<u>41</u>	<u>(30)</u>
Total	<u><u>41,083</u></u>	<u><u>43,950</u></u>	<u><u>2,867</u></u>

Source: NYS DOB

**CASH RECEIPTS
GENERAL FUND
2008-2009 THROUGH 2011-2012
(millions of dollars)**

	2008-2009 Projected	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected
Personal income tax	<u>24,391</u>	<u>25,897</u>	<u>27,415</u>	<u>29,315</u>
User taxes and fees	<u>8,832</u>	<u>8,913</u>	<u>9,251</u>	<u>9,620</u>
Sales and use tax	8,080	8,125	8,438	8,778
Cigarette and tobacco taxes	437	433	428	428
Motor fuel tax	0	0	0	0
Motor vehicle fees	47	76	105	126
Alcoholic beverages taxes	220	227	232	236
Alcoholic beverage control license fees	48	52	48	52
Auto rental tax	0	0	0	0
Business taxes	<u>7,254</u>	<u>7,816</u>	<u>7,866</u>	<u>8,218</u>
Corporation franchise tax	4,138	4,265	4,258	4,497
Corporation and utilities tax	589	599	608	612
Insurance taxes	1,405	1,466	1,505	1,549
Bank tax	942	928	935	997
Petroleum business tax	180	558	560	563
Other taxes	<u>1,194</u>	<u>1,325</u>	<u>1,408</u>	<u>1,498</u>
Estate tax	1,170	1,301	1,384	1,474
Gift tax	0	0	0	0
Real property gains tax	0	0	0	0
Pari-mutuel taxes	23	23	23	23
Other taxes	1	1	1	1
Total Taxes	<u>41,671</u>	<u>43,951</u>	<u>45,940</u>	<u>48,651</u>
Miscellaneous receipts	<u>2,238</u>	<u>2,186</u>	<u>2,261</u>	<u>2,060</u>
Licenses, fees, etc.	538	537	549	551
Abandoned property	650	600	600	600
Reimbursements	172	170	170	170
Investment income	200	200	200	200
Other transactions	678	679	742	539
Federal Grants	<u>41</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>43,950</u></u>	<u><u>46,137</u></u>	<u><u>48,201</u></u>	<u><u>50,711</u></u>

Source: NYS DOB

**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	3,257	3,791	(450)	221	6,819
Receipts:					
Taxes	38,668	7,109	1,929	11,033	58,739
Miscellaneous receipts	2,268	12,502	2,246	848	17,864
Federal grants	151	1	0	0	152
Total receipts	<u>41,087</u>	<u>19,612</u>	<u>4,175</u>	<u>11,881</u>	<u>76,755</u>
Disbursements:					
Grants to local governments	34,302	15,216	359	0	49,877
State operations	9,319	5,151	0	44	14,514
General State charges	4,403	594	0	0	4,997
Debt service	0	0	0	4,451	4,451
Capital projects	0	9	3,463	0	3,472
Total disbursements	<u>48,024</u>	<u>20,970</u>	<u>3,822</u>	<u>4,495</u>	<u>77,311</u>
Other financing sources (uses):					
Transfers from other funds	10,292	1,587	454	5,600	17,933
Transfers to other funds	(3,567)	(349)	(766)	(12,974)	(17,656)
Bond and note proceeds	0	0	181	0	181
Net other financing sources (uses)	<u>6,725</u>	<u>1,238</u>	<u>(131)</u>	<u>(7,374)</u>	<u>458</u>
Change in fund balance	<u>(212)</u>	<u>(120)</u>	<u>222</u>	<u>12</u>	<u>(98)</u>
Closing fund balance	<u>3,045</u>	<u>3,671</u>	<u>(228)</u>	<u>233</u>	<u>6,721</u>

Source: NYS DOB

**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	3,045	3,671	(228)	233	6,721
Receipts:					
Taxes	38,568	7,794	2,017	12,547	60,926
Miscellaneous receipts	2,444	13,596	3,211	671	19,922
Federal grants	71	1	0	0	72
Total receipts	<u>41,083</u>	<u>21,391</u>	<u>5,228</u>	<u>13,218</u>	<u>80,920</u>
Disbursements:					
Grants to local governments	36,667	16,440	461	0	53,568
State operations	9,677	5,635	0	58	15,370
General State charges	4,487	639	0	0	5,126
Debt service	0	0	0	4,292	4,292
Capital projects	0	14	4,299	0	4,313
Total disbursements	<u>50,831</u>	<u>22,728</u>	<u>4,760</u>	<u>4,350</u>	<u>82,669</u>
Other financing sources (uses):					
Transfers from other funds	12,086	1,311	252	5,680	19,329
Transfers to other funds	(2,757)	(795)	(930)	(14,503)	(18,985)
Bond and note proceeds	0	0	298	0	298
Net other financing sources (uses)	<u>9,329</u>	<u>516</u>	<u>(380)</u>	<u>(8,823)</u>	<u>642</u>
Change in fund balance	<u>(419)</u>	<u>(821)</u>	<u>88</u>	<u>45</u>	<u>(1,107)</u>
Closing fund balance	<u>2,626</u>	<u>2,850</u>	<u>(140)</u>	<u>278</u>	<u>5,614</u>

Source: NYS DOB

**CASH FINANCIAL PLAN
STATE FUNDS
2008-2009
(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>2,626</u>	<u>2,850</u>	<u>(140)</u>	<u>278</u>	<u>5,614</u>
Receipts:					
Taxes	41,671	8,023	2,095	13,123	64,912
Miscellaneous receipts	2,238	14,259	3,979	684	21,160
Federal grants	41	1	0	0	42
Total receipts	<u>43,950</u>	<u>22,283</u>	<u>6,074</u>	<u>13,807</u>	<u>86,114</u>
Disbursements:					
Grants to local governments	41,860	14,811	449	0	57,120
State operations	8,863	6,956	0	62	15,881
General State charges	3,136	1,496	0	0	4,632
Debt service	0	0	0	4,628	4,628
Capital projects	0	13	5,505	0	5,518
Total disbursements	<u>53,859</u>	<u>23,276</u>	<u>5,954</u>	<u>4,690</u>	<u>87,779</u>
Other financing sources (uses):					
Transfers from other funds	12,392	1,292	607	5,764	20,055
Transfers to other funds	(2,883)	(790)	(1,195)	(14,852)	(19,720)
Bond and note proceeds	0	0	457	0	457
Net other financing sources (uses)	<u>9,509</u>	<u>502</u>	<u>(131)</u>	<u>(9,088)</u>	<u>792</u>
Deposit to/(use of) Community Projects Fund	<u>(63)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(63)</u>
Change in fund balance	<u>(337)</u>	<u>(491)</u>	<u>(11)</u>	<u>29</u>	<u>(810)</u>
Closing fund balance	<u>2,226</u>	<u>2,359</u>	<u>(151)</u>	<u>307</u>	<u>4,804</u>

Source: NYS DOB

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	0	2,359	(151)	307	2,515
Receipts:					
Taxes	43,951	8,797	2,199	13,855	68,802
Miscellaneous receipts	2,186	14,136	4,155	687	21,164
Federal grants	0	1	0	0	1
Total receipts	<u>46,137</u>	<u>22,934</u>	<u>6,354</u>	<u>14,542</u>	<u>89,967</u>
Disbursements:					
Grants to local governments	45,919	15,707	481	0	62,107
State operations	9,236	7,225	0	62	16,523
General State charges	3,806	1,116	0	0	4,922
Debt service	0	0	0	5,106	5,106
Capital projects	0	3	5,962	0	5,965
Total disbursements	<u>58,961</u>	<u>24,051</u>	<u>6,443</u>	<u>5,168</u>	<u>94,623</u>
Other financing sources (uses):					
Transfers from other funds	12,587	1,327	784	5,897	20,595
Transfers to other funds	(3,112)	(662)	(1,125)	(15,261)	(20,160)
Bond and note proceeds	0	0	608	0	608
Net other financing sources (uses)	<u>9,475</u>	<u>665</u>	<u>267</u>	<u>(9,364)</u>	<u>1,043</u>
Deposit to/(use of) Community Projects Fund	<u>(62)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(62)</u>
Change in fund balance	<u>(3,287)</u>	<u>(452)</u>	<u>178</u>	<u>10</u>	<u>(3,551)</u>
Closing fund balance	<u>(3,287)</u>	<u>1,907</u>	<u>27</u>	<u>317</u>	<u>(1,036)</u>

Source: NYS DOB

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	0	1,907	27	317	2,251
Receipts:					
Taxes	45,940	9,348	2,196	14,642	72,126
Miscellaneous receipts	2,261	14,651	4,087	687	21,686
Federal grants	0	1	0	0	1
Total receipts	<u>48,201</u>	<u>24,000</u>	<u>6,283</u>	<u>15,329</u>	<u>93,813</u>
Disbursements:					
Grants to local governments	49,833	16,496	452	0	66,781
State operations	9,780	7,311	0	62	17,153
General State charges	4,087	1,075	0	0	5,162
Debt service	0	0	0	5,737	5,737
Capital projects	0	2	6,065	0	6,067
Total disbursements	<u>63,700</u>	<u>24,884</u>	<u>6,517</u>	<u>5,799</u>	<u>100,900</u>
Other financing sources (uses):					
Transfers from other funds	13,142	1,309	1,219	6,327	21,997
Transfers to other funds	(3,481)	(749)	(1,465)	(15,861)	(21,556)
Bond and note proceeds	0	0	655	0	655
Net other financing sources (uses)	<u>9,661</u>	<u>560</u>	<u>409</u>	<u>(9,534)</u>	<u>1,096</u>
Deposit to/(use of) Community Projects Fund	<u>(151)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(151)</u>
Change in fund balance	<u>(5,687)</u>	<u>(324)</u>	<u>175</u>	<u>(4)</u>	<u>(5,840)</u>
Closing fund balance	<u>(5,687)</u>	<u>1,583</u>	<u>202</u>	<u>313</u>	<u>(3,589)</u>

Source: NYS DOB

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>1,583</u>	<u>202</u>	<u>313</u>	<u>2,098</u>
Receipts:					
Taxes	48,651	9,719	2,221	15,483	76,074
Miscellaneous receipts	2,060	14,964	3,695	686	21,405
Federal grants	0	1	0	0	1
Total receipts	<u>50,711</u>	<u>24,684</u>	<u>5,916</u>	<u>16,169</u>	<u>97,480</u>
Disbursements:					
Grants to local governments	53,013	17,392	472	0	70,877
State operations	10,046	7,376	0	62	17,484
General State charges	4,386	1,109	0	0	5,495
Debt service	0	0	0	6,064	6,064
Capital projects	0	2	5,488	0	5,490
Total disbursements	<u>67,445</u>	<u>25,879</u>	<u>5,960</u>	<u>6,126</u>	<u>105,410</u>
Other financing sources (uses):					
Transfers from other funds	13,816	1,767	1,245	6,428	23,256
Transfers to other funds	(3,982)	(759)	(1,549)	(16,511)	(22,801)
Bond and note proceeds	0	0	514	0	514
Net other financing sources (uses)	<u>9,834</u>	<u>1,008</u>	<u>210</u>	<u>(10,083)</u>	<u>969</u>
Deposit to/(use of) Community Projects Fund	<u>(79)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(79)</u>
Change in fund balance	<u>(6,821)</u>	<u>(187)</u>	<u>166</u>	<u>(40)</u>	<u>(6,882)</u>
Closing fund balance	<u>(6,821)</u>	<u>1,396</u>	<u>368</u>	<u>273</u>	<u>(4,784)</u>

Source: NYS DOB

**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	3,257	4,238	(648)	221	7,068
Receipts:					
Taxes	38,668	7,109	1,929	11,033	58,739
Miscellaneous receipts	2,268	12,715	2,247	848	18,078
Federal grants	151	33,690	1,738	0	35,579
Total receipts	<u>41,087</u>	<u>53,514</u>	<u>5,914</u>	<u>11,881</u>	<u>112,396</u>
Disbursements:					
Grants to local governments	34,302	45,693	730	0	80,725
State operations	9,319	8,164	0	44	17,527
General State charges	4,403	820	0	0	5,223
Debt service	0	0	0	4,451	4,451
Capital projects	0	9	4,829	0	4,838
Total disbursements	<u>48,024</u>	<u>54,686</u>	<u>5,559</u>	<u>4,495</u>	<u>112,764</u>
Other financing sources (uses):					
Transfers from other funds	10,292	3,857	454	5,600	20,203
Transfers to other funds	(3,567)	(2,916)	(774)	(12,974)	(20,231)
Bond and note proceeds	0	0	181	0	181
Net other financing sources (uses)	<u>6,725</u>	<u>941</u>	<u>(139)</u>	<u>(7,374)</u>	<u>153</u>
Change in fund balance	<u>(212)</u>	<u>(231)</u>	<u>216</u>	<u>12</u>	<u>(215)</u>
Closing fund balance	<u>3,045</u>	<u>4,007</u>	<u>(432)</u>	<u>233</u>	<u>6,853</u>

Source: NYS DOB

CASH RECEIPTS
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>Total</u>
Personal income tax	22,939	3,994	0	7,647	34,580
User taxes and fees	8,186	1,598	1,161	2,511	13,456
Sales and use tax	7,539	688	0	2,511	10,738
Cigarette and tobacco taxes	411	574	0	0	985
Motor fuel tax	0	108	406	0	514
Motor vehicle fees	(16)	228	557	0	769
Alcoholic beverages taxes	194	0	0	0	194
Highway Use tax	0	0	153	0	153
Alcoholic beverage control license fees	58	0	0	0	58
Auto rental tax	0	0	45	0	45
Business taxes	6,468	1,517	621	0	8,606
Corporation franchise tax	3,676	551	0	0	4,227
Corporation and utilities tax	626	178	17	0	821
Insurance taxes	1,142	116	0	0	1,258
Bank tax	1,024	186	0	0	1,210
Petroleum business tax	0	486	604	0	1,090
Other taxes	1,075	0	147	875	2,097
Estate tax	1,063	0	0	0	1,063
Gift tax	(10)	0	0	0	(10)
Real property gains tax	0	0	0	0	0
Real estate transfer tax	0	0	147	875	1,022
Pari-mutuel taxes	21	0	0	0	21
Other taxes	1	0	0	0	1
Total Taxes	38,668	7,109	1,929	11,033	58,739
Miscellaneous receipts	2,268	12,715	2,247	848	18,078
Federal grants	151	33,690	1,738	0	35,579
Total	41,087	53,514	5,914	11,881	112,396

Source: NYS DOB

**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	3,045	4,007	(432)	233	6,853
Receipts:					
Taxes	38,568	7,794	2,017	12,547	60,926
Miscellaneous receipts	2,444	13,741	3,211	671	20,067
Federal grants	71	33,911	1,859	0	35,841
Total receipts	<u>41,083</u>	<u>55,446</u>	<u>7,087</u>	<u>13,218</u>	<u>116,834</u>
Disbursements:					
Grants to local governments	36,667	46,696	603	0	83,966
State operations	9,677	8,895	0	58	18,630
General State charges	4,487	882	0	0	5,369
Debt service	0	0	0	4,292	4,292
Capital projects	0	15	6,042	0	6,057
Total disbursements	<u>50,831</u>	<u>56,488</u>	<u>6,645</u>	<u>4,350</u>	<u>118,314</u>
Other financing sources (uses):					
Transfers from other funds	12,086	3,804	252	5,680	21,822
Transfers to other funds	(2,757)	(3,653)	(943)	(14,503)	(21,856)
Bond and note proceeds	0	0	298	0	298
Net other financing sources (uses)	<u>9,329</u>	<u>151</u>	<u>(393)</u>	<u>(8,823)</u>	<u>264</u>
Change in fund balance	<u>(419)</u>	<u>(891)</u>	<u>49</u>	<u>45</u>	<u>(1,216)</u>
Closing fund balance	<u>2,626</u>	<u>3,116</u>	<u>(383)</u>	<u>278</u>	<u>5,637</u>

Source: NYS DOB

CASH RECEIPTS
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>Total</u>
Personal income tax	22,735	4,678	0	9,138	36,551
User taxes and fees	8,503	1,621	1,163	2,615	13,902
Sales and use tax	7,865	718	0	2,615	11,198
Cigarette and tobacco taxes	407	565	0	0	972
Motor fuel tax	0	107	405	0	512
Motor vehicle fees	(21)	231	562	0	772
Alcoholic beverages taxes	200	0	0	0	200
Highway Use tax	0	0	147	0	147
Alcoholic beverage control license fees	52	0	0	0	52
Auto rental tax	0	0	49	0	49
Business taxes	6,300	1,495	642	0	8,437
Corporation franchise tax	3,575	531	0	0	4,106
Corporation and utilities tax	618	181	17	0	816
Insurance taxes	1,176	116	0	0	1,292
Bank tax	931	163	0	0	1,094
Petroleum business tax	0	504	625	0	1,129
Other taxes	1,030	0	212	794	2,036
Estate tax	1,006	0	0	0	1,006
Gift tax	0	0	0	0	0
Real property gains tax	0	0	0	0	0
Real estate transfer tax	0	0	212	794	1,006
Pari-mutuel taxes	23	0	0	0	23
Other taxes	1	0	0	0	1
Total Taxes	38,568	7,794	2,017	12,547	60,926
Miscellaneous receipts	2,444	13,741	3,211	671	20,067
Federal grants	71	33,911	1,859	0	35,841
Total	41,083	55,446	7,087	13,218	116,834

Source: NYS DOB

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2008-2009
(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	2,626	3,116	(383)	278	5,637
Receipts:					
Taxes	41,671	8,023	2,095	13,123	64,912
Miscellaneous receipts	2,238	14,409	3,979	684	21,310
Federal grants	41	34,832	2,010	0	36,883
Total receipts	<u>43,950</u>	<u>57,264</u>	<u>8,084</u>	<u>13,807</u>	<u>123,105</u>
Disbursements:					
Grants to local governments	41,860	44,952	615	0	87,427
State operations	8,863	10,467	0	62	19,392
General State charges	3,136	2,420	0	0	5,556
Debt service	0	0	0	4,628	4,628
Capital projects	0	14	7,312	0	7,326
Total disbursements	<u>53,859</u>	<u>57,853</u>	<u>7,927</u>	<u>4,690</u>	<u>124,329</u>
Other financing sources (uses):					
Transfers from other funds	12,392	3,854	607	5,764	22,617
Transfers to other funds	(2,883)	(3,758)	(1,213)	(14,852)	(22,706)
Bond and note proceeds	0	0	457	0	457
Net other financing sources (uses)	<u>9,509</u>	<u>96</u>	<u>(149)</u>	<u>(9,088)</u>	<u>368</u>
Deposit to/(use of) Community Projects Fund	<u>(63)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(63)</u>
Deposit to/(use of) Prior Year Reserves	<u>(337)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(337)</u>
Change in fund balance	<u>0</u>	<u>(493)</u>	<u>8</u>	<u>29</u>	<u>(456)</u>
Closing fund balance	<u>2,226</u>	<u>2,623</u>	<u>(375)</u>	<u>307</u>	<u>5,181</u>

Source: NYS DOB

**CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
2008-2009
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>
Personal income tax	24,391	4,713	0	9,701	38,805
User taxes and fees	8,832	1,660	1,042	2,684	14,218
Sales and use tax	8,080	742	0	2,684	11,506
Cigarette and tobacco taxes	437	614	0	0	1,051
Motor fuel tax	0	74	277	0	351
Motor vehicle fees	47	230	553	0	830
Alcoholic beverages taxes	220	0	0	0	220
Highway Use tax	0	0	161	0	161
Alcoholic beverage control license fees	48	0	0	0	48
Auto rental tax	0	0	51	0	51
Business taxes	7,254	1,650	816	0	9,720
Corporation franchise tax	4,138	607	0	0	4,745
Corporation and utilities tax	589	181	17	0	787
Insurance taxes	1,405	150	0	0	1,555
Bank tax	942	154	0	0	1,096
Petroleum business tax	180	558	799	0	1,537
Other taxes	1,194	0	237	738	2,169
Estate tax	1,170	0	0	0	1,170
Gift tax	0	0	0	0	0
Real property gains tax	0	0	0	0	0
Real estate transfer tax	0	0	237	738	975
Pari-mutuel taxes	23	0	0	0	23
Other taxes	1	0	0	0	1
Total Taxes	41,671	8,023	2,095	13,123	64,912
Miscellaneous receipts	2,238	14,409	3,979	684	21,310
Federal grants	41	34,832	2,010	0	36,883
Total	<u>43,950</u>	<u>57,264</u>	<u>8,084</u>	<u>13,807</u>	<u>123,105</u>

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	<u>0</u>	<u>2,623</u>	<u>(375)</u>	<u>307</u>	<u>2,555</u>
Receipts:					
Taxes	43,951	8,797	2,199	13,855	68,802
Miscellaneous receipts	2,186	14,277	4,155	687	21,305
Federal grants	0	36,031	2,044	0	38,075
Total receipts	<u>46,137</u>	<u>59,105</u>	<u>8,398</u>	<u>14,542</u>	<u>128,182</u>
Disbursements:					
Grants to local governments	45,919	47,123	647	0	93,689
State operations	9,236	10,561	0	62	19,859
General State charges	3,806	2,067	0	0	5,873
Debt service	0	0	0	5,106	5,106
Capital projects	0	4	7,795	0	7,799
Total disbursements	<u>58,961</u>	<u>59,755</u>	<u>8,442</u>	<u>5,168</u>	<u>132,326</u>
Other financing sources (uses):					
Transfers from other funds	12,587	3,867	784	5,897	23,135
Transfers to other funds	(3,112)	(3,647)	(1,143)	(15,261)	(23,163)
Bond and note proceeds	0	0	608	0	608
Net other financing sources (uses)	<u>9,475</u>	<u>220</u>	<u>249</u>	<u>(9,364)</u>	<u>580</u>
Deposit to/(use of) Community Projects Fund	<u>(62)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(62)</u>
Change in fund balance	<u>(3,287)</u>	<u>(430)</u>	<u>205</u>	<u>10</u>	<u>(3,502)</u>
Closing fund balance	<u>(3,287)</u>	<u>2,193</u>	<u>(170)</u>	<u>317</u>	<u>(947)</u>

Source: NYS DOB

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
2009-2010
(millions of dollars)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>
Personal income tax	25,897	5,423	0	10,440	41,760
User taxes and fees	8,913	1,607	794	2,702	14,016
Sales and use tax	8,125	769	0	2,702	11,596
Cigarette and tobacco taxes	433	607	0	0	1,040
Motor fuel tax	0	0	0	0	0
Motor vehicle fees	76	231	563	0	870
Alcoholic beverages taxes	227	0	0	0	227
Highway Use tax	0	0	178	0	178
Alcoholic beverage control license fees	52	0	0	0	52
Auto rental tax	0	0	53	0	53
Business taxes	7,816	1,767	1,118	0	10,701
Corporation franchise tax	4,265	626	0	0	4,891
Corporation and utilities tax	599	181	17	0	797
Insurance taxes	1,466	159	0	0	1,625
Bank tax	928	148	0	0	1,076
Petroleum business tax	558	653	1,101	0	2,312
Other taxes	1,325	0	287	713	2,325
Estate tax	1,301	0	0	0	1,301
Gift tax	0	0	0	0	0
Real property gains tax	0	0	0	0	0
Real estate transfer tax	0	0	287	713	1,000
Pari-mutuel taxes	23	0	0	0	23
Other taxes	1	0	0	0	1
Total Taxes	43,951	8,797	2,199	13,855	68,802
Miscellaneous receipts	2,186	14,277	4,155	687	21,305
Federal grants	0	36,031	2,044	0	38,075
Total	46,137	59,105	8,398	14,542	128,182

Source: NYS DOB

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>2,193</u>	<u>(170)</u>	<u>317</u>	<u>2,340</u>
Receipts:					
Taxes	45,940	9,348	2,196	14,642	72,126
Miscellaneous receipts	2,261	14,791	4,087	687	21,826
Federal grants	0	37,347	1,989	0	39,336
Total receipts	<u>48,201</u>	<u>61,486</u>	<u>8,272</u>	<u>15,329</u>	<u>133,288</u>
Disbursements:					
Grants to local governments	49,833	49,034	618	0	99,485
State operations	9,780	10,756	0	62	20,598
General State charges	4,087	2,082	0	0	6,169
Debt service	0	0	0	5,737	5,737
Capital projects	0	3	7,830	0	7,833
Total disbursements	<u>63,700</u>	<u>61,875</u>	<u>8,448</u>	<u>5,799</u>	<u>139,822</u>
Other financing sources (uses):					
Transfers from other funds	13,142	3,895	1,219	6,327	24,583
Transfers to other funds	(3,481)	(3,795)	(1,479)	(15,861)	(24,616)
Bond and note proceeds	0	0	655	0	655
Net other financing sources (uses)	<u>9,661</u>	<u>100</u>	<u>395</u>	<u>(9,534)</u>	<u>622</u>
Deposit to/(use of) Community Projects Fund	<u>(151)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(151)</u>
Change in fund balance	<u>(5,687)</u>	<u>(289)</u>	<u>219</u>	<u>(4)</u>	<u>(5,761)</u>
Closing fund balance	<u>(5,687)</u>	<u>1,904</u>	<u>49</u>	<u>313</u>	<u>(3,421)</u>

Source: NYS DOB

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
2010-2011
(millions of dollars)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>
Personal income tax	27,415	5,949	0	11,122	44,486
User taxes and fees	9,251	1,625	786	2,807	14,469
Sales and use tax	8,438	798	0	2,807	12,043
Cigarette and tobacco taxes	428	599	0	0	1,027
Motor fuel tax	0	0	0	0	0
Motor vehicle fees	105	228	550	0	883
Alcoholic beverages taxes	232	0	0	0	232
Highway Use tax	0	0	181	0	181
Alcoholic beverage control license fees	48	0	0	0	48
Auto rental tax	0	0	55	0	55
Business taxes	7,866	1,774	1,123	0	10,763
Corporation franchise tax	4,258	625	0	0	4,883
Corporation and utilities tax	608	182	17	0	807
Insurance taxes	1,505	163	0	0	1,668
Bank tax	935	149	0	0	1,084
Petroleum business tax	560	655	1,106	0	2,321
Other taxes	1,408	0	287	713	2,408
Estate tax	1,384	0	0	0	1,384
Gift tax	0	0	0	0	0
Real property gains tax	0	0	0	0	0
Real estate transfer tax	0	0	287	713	1,000
Pari-mutuel taxes	23	0	0	0	23
Other taxes	1	0	0	0	1
Total Taxes	45,940	9,348	2,196	14,642	72,126
Miscellaneous receipts	2,261	14,791	4,087	687	21,826
Federal grants	0	37,347	1,989	0	39,336
Total	48,201	61,486	8,272	15,329	133,288

Source: NYS DOB

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	0	1,904	49	313	2,266
Receipts:					
Taxes	48,651	9,719	2,221	15,483	76,074
Miscellaneous receipts	2,060	15,106	3,695	686	21,547
Federal grants	0	38,703	1,945	0	40,648
Total receipts	<u>50,711</u>	<u>63,528</u>	<u>7,861</u>	<u>16,169</u>	<u>138,269</u>
Disbursements:					
Grants to local governments	53,013	51,204	638	0	104,855
State operations	10,046	10,858	0	62	20,966
General State charges	4,386	2,171	0	0	6,557
Debt service	0	0	0	6,064	6,064
Capital projects	0	3	7,216	0	7,219
Total disbursements	<u>67,445</u>	<u>64,236</u>	<u>7,854</u>	<u>6,126</u>	<u>145,661</u>
Other financing sources (uses):					
Transfers from other funds	13,816	4,375	1,245	6,428	25,864
Transfers to other funds	(3,982)	(3,819)	(1,563)	(16,511)	(25,875)
Bond and note proceeds	0	0	514	0	514
Net other financing sources (uses)	<u>9,834</u>	<u>556</u>	<u>196</u>	<u>(10,083)</u>	<u>503</u>
Deposit to/(use of) Community Projects Fund	<u>(79)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(79)</u>
Change in fund balance	<u>(6,821)</u>	<u>(152)</u>	<u>203</u>	<u>(40)</u>	<u>(6,810)</u>
Closing fund balance	<u>(6,821)</u>	<u>1,752</u>	<u>252</u>	<u>273</u>	<u>(4,544)</u>

Source: NYS DOB

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
2011-2012
(millions of dollars)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>
Personal income tax	29,315	6,235	0	11,850	47,400
User taxes and fees	9,620	1,658	807	2,920	15,005
Sales and use tax	8,778	829	0	2,920	12,527
Cigarette and tobacco taxes	428	598	0	0	1,026
Motor fuel tax	0	0	0	0	0
Motor vehicle fees	126	231	562	0	919
Alcoholic beverages taxes	236	0	0	0	236
Highway Use tax	0	0	188	0	188
Alcoholic beverage control license fees	52	0	0	0	52
Auto rental tax	0	0	57	0	57
Business taxes	8,218	1,826	1,127	0	11,171
Corporation franchise tax	4,497	659	0	0	5,156
Corporation and utilities tax	612	183	17	0	812
Insurance taxes	1,549	167	0	0	1,716
Bank tax	997	159	0	0	1,156
Petroleum business tax	563	658	1,110	0	2,331
Other taxes	1,498	0	287	713	2,498
Estate tax	1,474	0	0	0	1,474
Gift tax	0	0	0	0	0
Real property gains tax	0	0	0	0	0
Real estate transfer tax	0	0	287	713	1,000
Pari-mutuel taxes	23	0	0	0	23
Other taxes	1	0	0	0	1
Total Taxes	48,651	9,719	2,221	15,483	76,074
Miscellaneous receipts	2,060	15,106	3,695	686	21,547
Federal grants	0	38,703	1,945	0	40,648
Total	50,711	63,528	7,861	16,169	138,269

Source: NYS DOB

CASHFLOW
GENERAL FUND
2007-2008
(dollars in millions)

	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008									
	Actuals																										
OPENING BALANCE	3,045	6,903	3,136	2,881	3,448	2,854	4,142	2,836	1,320	1,678	6,782	6,438	3,045	6,903	3,136	2,881	3,448	2,854	4,142	2,836	1,320	1,678	6,782	6,438	3,045		
RECEIPTS:																											
Personal Income Tax	4,017	748	2,414	1,396	1,376	1,971	745	91	1,152	5,219	1,678	1,928	22,735	4,017	748	2,414	1,396	1,376	1,971	745	91	1,152	5,219	1,678	1,928	22,735	
User Taxes and Fees	679	623	877	671	645	872	632	673	868	648	547	768	8,503	679	623	877	671	645	872	632	673	868	648	547	768	8,503	
Business Taxes	58	146	1,103	98	139	1,209	123	82	1,145	378	173	1,665	6,300	58	146	1,103	98	139	1,209	123	82	1,145	378	173	1,665	6,300	
Other Taxes	81	80	107	100	64	81	80	82	118	79	79	79	1,030	81	80	107	100	64	81	80	82	118	79	79	79	1,030	
Total Taxes	4,835	1,597	4,501	2,265	2,224	4,133	1,580	909	3,283	6,324	2,477	4,440	38,568	4,835	1,597	4,501	2,265	2,224	4,133	1,580	909	3,283	6,324	2,477	4,440	38,568	
Licenses, fees, etc.	37	98	20	45	66	50	33	70	45	25	35	113	637	37	98	20	45	66	50	33	70	45	25	35	113	637	
Abandoned Property	5	0	0	19	9	33	22	135	25	71	53	312	684	5	0	0	19	9	33	22	135	25	71	53	312	684	
Reimbursement	6	7	25	11	10	20	14	6	22	10	16	53	200	6	7	25	11	10	20	14	6	22	10	16	53	200	
Investment income	70	7	25	22	(11)	6	53	15	3	14	(4)	0	200	70	7	25	22	(11)	6	53	15	3	14	(4)	0	200	
Other transactions	13	15	167	41	45	47	27	30	217	30	27	64	723	13	15	167	41	45	47	27	30	217	30	27	64	723	
Total Miscellaneous Receipts	131	127	237	138	119	156	149	256	312	150	127	542	2,444	131	127	237	138	119	156	149	256	312	150	127	542	2,444	
Federal Grants	0	12	22	1	5	0	10	10	0	5	6	0	71	0	12	22	1	5	0	10	10	0	5	6	0	71	
PIT in excess of Revenue Bond Debt Service	1,338	198	886	499	401	951	593	79	879	1,657	133	827	8,441	1,338	198	886	499	401	951	593	79	879	1,657	133	827	8,441	
Sales Tax in Excess of LGAC Debt Service	137	41	360	232	196	270	192	205	269	197	3	203	2,305	137	41	360	232	196	270	192	205	269	197	3	203	2,305	
Real Estate Taxes in Excess of CW/CA Debt Service	55	61	95	62	75	66	44	60	38	25	25	61	667	55	61	95	62	75	66	44	60	38	25	25	61	667	
All Other	3	1	120	29	8	1	19	1	35	0	0	456	673	3	1	120	29	8	1	19	1	35	0	0	456	673	
Total Transfers from Other Funds	1,533	301	1,461	822	680	1,288	848	345	1,221	1,879	161	1,547	12,086	1,533	301	1,461	822	680	1,288	848	345	1,221	1,879	161	1,547	12,086	
TOTAL RECEIPTS	6,499	2,037	6,221	3,226	3,028	5,577	2,587	1,520	4,816	8,358	2,771	6,529	53,169	6,499	2,037	6,221	3,226	3,028	5,577	2,587	1,520	4,816	8,358	2,771	6,529	53,169	
DISBURSEMENTS:																											
School Aid	236	2,143	1,512	17	504	1,284	511	961	1,365	581	494	6,631	16,239	236	2,143	1,512	17	504	1,284	511	961	1,365	581	494	6,631	16,239	
Higher Education	18	10	335	100	186	77	458	30	214	38	334	524	2,324	18	10	335	100	186	77	458	30	214	38	334	524	2,324	
All Other Education	26	124	345	161	72	112	175	21	137	110	143	312	1,738	26	124	345	161	72	112	175	21	137	110	143	312	1,738	
Medicaid - DOH	869	1,267	918	538	1,040	710	673	587	370	819	626	621	9,038	869	1,267	918	538	1,040	710	673	587	370	819	626	621	9,038	
Public Health	16	35	117	32	35	23	131	45	52	54	53	89	682	16	35	117	32	35	23	131	45	52	54	53	89	682	
Mental Hygiene	45	58	62	153	67	135	251	62	180	237	180	408	1,838	45	58	62	153	67	135	251	62	180	237	180	408	1,838	
Children and Families	5	130	91	223	98	125	73	72	252	99	90	350	1,608	5	130	91	223	98	125	73	72	252	99	90	350	1,608	
Temporary & Disability Assistance	55	252	248	150	152	184	140	(142)	207	10	138	(2)	1,392	55	252	248	150	152	184	140	(142)	207	10	138	(2)	1,392	
Transportation	0	14	45	1	13	1	0	15	7	0	8	2	106	0	14	45	1	13	1	0	15	7	0	8	2	106	
All Other	22	70	444	50	56	135	63	57	265	81	27	432	1,702	22	70	444	50	56	135	63	57	265	81	27	432	1,702	
Total Local Assistance Grants	1,292	4,103	4,117	1,425	2,223	2,786	2,475	1,708	3,049	2,029	2,093	9,367	36,667	1,292	4,103	4,117	1,425	2,223	2,786	2,475	1,708	3,049	2,029	2,093	9,367	36,667	
Personal Service	633	814	599	589	749	546	699	546	417	513	317	391	6,813	633	814	599	589	749	546	699	546	417	513	317	391	6,813	
Non-Personal Service	203	239	275	208	255	209	219	181	222	247	253	353	2,864	203	239	275	208	255	209	219	181	222	247	253	353	2,864	
Total State Operations	836	1,053	874	797	1,004	755	918	727	639	760	570	744	9,677	836	1,053	874	797	1,004	755	918	727	639	760	570	744	9,677	
General State Charges	262	430	1,218	258	269	268	285	319	260	389	235	294	4,487	262	430	1,218	258	269	268	285	319	260	389	235	294	4,487	
Debt Service	45	144	210	49	40	292	60	110	413	4	26	164	1,557	45	144	210	49	40	292	60	110	413	4	26	164	1,557	
Capital Projects	89	55	8	51	56	66	133	105	24	50	124	(688)	93	89	55	8	51	56	66	133	105	24	50	124	(688)	93	
Other Purposes	117	19	49	79	30	122	22	67	73	22	67	440	1,107	117	19	49	79	30	122	22	67	73	22	67	440	1,107	
Total Transfers to Other Funds	251	218	267	179	126	480	215	282	510	76	217	(64)	2,757	251	218	267	179	126	480	215	282	510	76	217	(64)	2,757	
TOTAL DISBURSEMENTS	2,641	5,804	6,476	2,659	3,622	4,289	3,893	3,036	4,458	3,254	3,115	10,341	53,588	2,641	5,804	6,476	2,659	3,622	4,289	3,893	3,036	4,458	3,254	3,115	10,341	53,588	
Excess/(Deficiency) of Receipts over Disbursements	3,858	(3,767)	(255)	567	(594)	1,288	(1,306)	(1,516)	358	5,104	(344)	(3,812)	(419)	3,858	(3,767)	(255)	567	(594)	1,288	(1,306)	(1,516)	358	5,104	(344)	(3,812)	(419)	
CLOSING BALANCE	6,903	3,136	2,881	3,448	2,854	4,142	2,836	1,320	1,678	6,782	6,438	3,045	6,903	6,903	3,136	2,881	3,448	2,854	4,142	2,836	1,320	1,678	6,782	6,438	3,045	6,903	

Source: NYS DOB

**CASHFLOW
GENERAL FUND
2008-2009
(dollars in millions)**

	2008		2009		2008		2009		2008		2009		2008		2009	
	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July
	Projected															
OPENING BALANCE	2,626	6,289	1,713	2,773	2,742	2,655	3,856	2,384	893	1,368	6,448	5,924	2,626			
RECEIPTS:																
Personal Income Tax	4,576	683	2,387	1,556	1,595	2,114	656	248	1,506	5,395	1,716	1,959	24,391			
User Taxes and Fees	672	647	908	694	665	905	658	702	901	667	559	854	8,832			
Business Taxes	266	50	1,214	185	151	1,260	223	77	1,427	232	204	1,965	7,254			
Other Taxes	99	99	100	100	101	101	99	99	99	99	99	99	1,194			
Total Taxes	5,613	1,479	4,609	2,535	2,512	4,380	1,636	1,126	3,933	6,393	2,578	4,877	41,671			
Licenses, fees, etc.	28	61	44	26	61	41	51	48	32	37	49	60	538			
Abandoned Property	20	0	18	12	8	53	9	167	34	41	39	249	650			
Reimbursement	4	11	24	5	14	22	13	10	23	7	12	27	172			
Investment income	60	7	25	22	(11)	6	53	15	3	14	0	6	200			
Other transactions	26	32	151	43	53	54	38	30	53	34	30	134	678			
Total Miscellaneous Receipts	138	111	262	108	125	176	164	270	145	133	130	476	2,238			
Federal Grants	0	11	4	0	4	0	9	9	0	4	0	0	41			
PI/T in excess of Revenue Bond Debt Service	1,525	157	925	539	366	966	622	136	926	1,593	160	854	8,769			
Sales Tax in Excess of LGAC Debt Service	196	24	448	207	200	212	197	211	273	200	2	144	2,314			
Real Estate Taxes in Excess of CW/CA Debt Service	65	57	45	49	59	59	55	40	53	55	41	37	615			
All Other	0	0	96	3	1	5	8	5	122	3	1	450	694			
Total Transfers from Other Funds	1,786	238	1,514	798	626	1,242	882	392	1,374	1,851	204	1,485	12,392			
TOTAL RECEIPTS	7,537	1,839	6,389	3,441	3,267	5,798	2,691	1,797	5,452	8,381	2,912	6,838	56,342			
DISBURSEMENTS:																
School Aid	175	2,320	1,670	135	430	1,790	675	763	1,251	463	635	7,134	17,441			
Higher Education	17	11	483	118	113	95	468	24	287	42	348	464	2,470			
All Other Education	86	100	92	189	141	143	127	66	79	223	141	315	1,702			
Medicaid - DOH	1,608	1,357	1,172	974	1,080	890	1,145	1,031	1,026	973	808	859	12,723			
Public Health	16	38	63	68	34	54	53	42	46	111	28	92	645			
Mental Hygiene	129	127	132	141	131	249	136	127	240	244	124	274	2,054			
Children and Families	79	85	98	291	87	127	79	86	307	83	83	356	1,761			
Temporary & Disability Assistance	157	157	258	157	157	176	157	(135)	176	(143)	106	(54)	1,169			
Transportation	0	11	45	0	14	0	0	17	10	0	8	0	105			
All Other	15	37	415	38	49	205	5	50	402	56	73	445	1,790			
Total Local Assistance Grants	2,282	4,243	4,428	2,111	2,236	3,529	2,845	2,071	3,824	2,052	2,354	9,885	41,860			
Personal Service	686	566	535	619	533	488	631	463	460	542	447	463	6,433			
Non-Personal Service	178	182	177	193	207	246	169	167	178	227	217	289	2,430			
Total State Operations	864	748	712	812	740	734	800	630	638	769	664	752	8,863			
General State Charges	339	1,215	(88)	452	261	(91)	402	265	(73)	324	217	(87)	3,136			
Debt Service	228	139	201	36	46	278	22	175	404	3	19	141	1,692			
Capital Projects	29	33	30	31	30	42	64	77	136	123	157	(386)	366			
Other Purposes	132	37	46	30	41	105	30	70	48	30	25	231	825			
Total Transfers to Other Funds	389	209	277	97	117	425	116	322	588	156	201	(14)	2,883			
TOTAL DISBURSEMENTS	3,874	6,415	5,929	3,472	3,354	4,597	4,163	3,288	4,977	3,301	3,436	10,536	56,742			
Excess/(Deficiency) of Receipts over Disbursements	3,663	(4,576)	1,060	(31)	(87)	1,201	(1,472)	(1,491)	475	5,080	(524)	(3,698)	(400)			
CLOSING BALANCE	6,289	1,713	2,773	2,742	2,655	3,856	2,384	893	1,368	6,448	5,924	2,626	2,626			

Source: NYS DOB

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

	2006-2007 Actuals	2007-2008 January	Medicaid Transparency	2007-2008 Adjusted	2008-2009 Recommended	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT								
Agriculture and Markets, Department of	94,987	103,857	0	103,857	131,524	99,241	99,843	100,618
Alcoholic Beverage Control	11,696	13,012	0	13,012	13,719	14,125	14,187	14,380
Banking Department	57,224	61,413	0	61,413	62,337	63,549	64,347	62,977
Consumer Protection Board	2,792	3,055	0	3,055	3,703	3,747	3,790	3,677
Economic Development Capital Programs	45,777	134,010	0	134,010	103,405	269,980	224,430	66,077
Economic Development, Department of	42,681	53,968	0	53,968	59,377	60,006	60,025	59,824
Empire State Development Corporation	169,786	471,955	0	471,955	811,885	676,285	456,545	376,869
Energy Research and Development Authority	28,865	28,623	0	28,623	29,413	29,597	29,795	29,997
Housing and Community Renewal, Division of	272,073	315,865	0	315,865	285,417	268,637	269,553	266,312
Insurance Department	145,590	250,421	0	250,421	262,999	263,604	264,748	264,748
Olympic Regional Development Authority	8,250	14,126	0	14,126	9,009	9,217	9,437	9,663
Public Service, Department of	50,931	56,484	0	56,484	59,887	61,572	63,363	65,212
Science, Technology and Innovation, Foundation for	52,263	52,576	0	52,576	44,232	40,800	41,312	37,187
Strategic Investment	4,840	28,000	0	28,000	10,000	14,000	14,000	10,376
Functional Total	987,735	1,587,365	0	1,587,365	1,886,907	1,874,360	1,615,375	1,367,917
PARKS AND THE ENVIRONMENT								
Adirondack Park Agency	4,599	5,740	0	5,740	5,935	5,935	5,942	5,942
Environmental Conservation, Department of	818,004	913,498	0	913,498	893,889	912,210	909,813	917,109
Environmental Facilities Corporation	8,416	16,160	0	16,160	11,815	6,760	6,760	6,760
Hudson River Park Trust	26,284	20,000	0	20,000	20,682	15,000	10,000	0
Parks, Recreation and Historic Preservation, Office of	257,877	256,888	0	256,888	319,996	289,627	256,158	254,800
Functional Total	1,115,180	1,212,286	0	1,212,286	1,252,311	1,229,532	1,186,673	1,184,611
TRANSPORTATION								
Motor Vehicles, Department of	257,839	285,613	0	285,613	316,215	305,133	311,759	319,602
Thruway Authority	1,775	1,734	0	1,734	1,734	1,804	1,876	1,951
Metropolitan Transportation Authority	0	93,700	0	93,700	188,550	258,700	278,922	262,600
Transportation, Department of	5,553,463	6,291,418	0	6,291,418	6,777,123	6,969,066	7,177,524	7,246,077
Functional Total	5,813,077	6,672,465	0	6,672,465	7,283,622	7,534,703	7,770,081	7,830,230
HEALTH AND SOCIAL WELFARE								
Aging, Office for the	197,862	229,194	0	229,194	240,097	245,042	253,378	257,524
Children and Family Services, Office of	2,711,049	2,910,937	0	2,910,937	3,175,967	3,318,432	3,498,975	3,651,761
OCFS	2,711,049	2,910,937	(33,505)	2,877,432	3,132,462	3,252,565	3,387,181	3,519,160
OCFS - Medicaid	0	0	33,505	33,505	43,505	65,867	111,794	132,601
Health, Department of	37,770,678	37,313,545	0	37,313,545	38,671,751	41,366,769	43,804,199	46,452,940
Medical Assistance	32,388,167	31,233,203	0	31,233,203	32,500,763	34,987,577	37,233,503	39,921,945
Medical Administration	745,408	820,000	0	820,000	853,000	887,000	922,500	959,250
DOH - Other	4,637,103	5,260,342	0	5,260,342	5,317,988	5,492,192	5,648,196	5,571,745
Human Rights, Division of	16,226	15,816	0	15,816	17,068	17,819	17,791	17,850
Labor, Department of	518,146	511,893	0	511,893	511,053	501,096	501,096	506,055
Medicaid Inspector General, Office of	34,842	74,017	0	74,017	91,803	94,148	95,267	95,942
Prevention of Domestic Violence, Office for	2,315	2,556	0	2,556	2,563	2,575	2,587	2,597
Stem Cell and Innovation	0	15,000	0	15,000	100,000	85,000	50,000	50,000

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

	2006-2007 Actuals	2007-2008 January	Medicaid Transparency	2007-2008 Adjusted	2008-2009 Recommended	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected
HEALTH AND SOCIAL WELFARE (Continued)								
Temporary and Disability Assistance, Office of Welfare Assistance	4,458,278	4,664,522	0	4,664,522	4,481,508	4,564,415	4,570,869	4,578,495
Welfare Administration	3,016,154	3,189,923	0	3,189,923	3,005,309	3,074,568	3,073,881	3,074,381
All Other	380,349	376,933	0	376,933	371,233	373,233	373,233	373,233
Welfare Inspector General, Office of	1,061,775	1,097,666	0	1,097,666	1,104,966	1,116,614	1,123,755	1,130,881
Workers' Compensation Board	1,074	1,181	0	1,181	1,243	1,261	1,279	1,297
Functional Total	45,858,747	45,900,907	0	45,900,907	47,445,881	50,351,501	52,952,640	55,771,660
MENTAL HEALTH								
Mental Health, Office of	2,335,339	2,543,085	478,586	3,021,671	2,644,468	2,865,799	2,998,123	3,087,952
OMH	2,335,339	2,543,085	(1,492,746)	1,050,339	1,139,723	1,403,358	1,541,682	1,631,511
OMH - Medicaid	0	0	1,971,332	1,971,332	1,504,745	1,456,441	1,456,441	1,456,441
Mental Hygiene, Department of	8,473	7,800	0	7,800	7,800	7,800	7,800	7,800
Mental Retardation and Developmental Disabilities, Office of	3,168,254	3,421,345	1,002,750	4,424,095	3,515,663	3,675,618	3,789,062	3,828,490
OMRDD	3,168,254	3,421,345	(2,550,379)	870,966	492,105	486,346	611,831	669,976
OMRDD - Medicaid	0	0	3,553,129	3,553,129	3,023,558	3,189,272	3,177,231	3,158,514
Alcoholism and Substance Abuse Services, Office of	521,906	592,931	24,423	617,354	649,878	732,923	722,331	758,665
OASAS	521,906	592,931	(46,580)	546,351	603,298	686,343	675,751	712,086
OASAS - Medicaid	0	0	71,003	71,003	46,580	46,580	46,580	46,580
Developmental Disabilities Planning Council	4,129	3,621	0	3,621	3,617	3,617	3,617	3,617
Quality of Care for the Mentally Disabled, Commission on	12,605	15,592	0	15,592	16,414	16,715	16,768	16,802
Functional Total	6,060,706	6,584,374	1,505,759	8,090,133	6,837,840	7,302,472	7,537,701	7,703,326
PUBLIC PROTECTION								
Capital Defenders Office	1,568	1,300	0	1,300	368	0	0	0
Correction, Commission of	2,621	2,629	0	2,629	2,753	2,784	2,814	2,846
Correctional Services, Department of	2,736,338	2,702,380	0	2,702,380	2,797,864	2,852,013	2,927,428	2,995,137
Crime Victims Board	60,073	62,709	0	62,709	62,483	62,537	62,591	62,647
Criminal Justice Services, Division of	267,326	248,655	0	248,655	259,754	249,809	245,474	237,867
Homeland Security	29,562	230,148	0	230,148	298,782	460,327	559,052	559,832
Investigation, Temporary State Commission of	3,551	3,929	0	3,929	4,076	0	0	0
Judicial Commissions	2,785	4,785	0	4,785	5,139	5,221	5,283	5,386
Military and Naval Affairs, Division of	401,627	462,207	0	462,207	360,263	150,619	171,438	186,481
Parole, Division of	194,729	206,318	0	206,318	208,482	221,011	237,792	242,593
Probation and Correctional Alternatives, Division of	72,752	74,649	0	74,649	78,931	81,157	81,196	80,886
State Police, Division of	644,506	613,303	0	613,303	641,595	643,161	636,979	627,256
Functional Total	4,417,428	4,613,012	0	4,613,012	4,720,490	4,728,639	4,930,047	5,000,931

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

	2006-2007 Actuals	2007-2008 January	Medicaid Transparency	2007-2008 Adjusted	2008-2009 Recommended	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected
EDUCATION								
Arts, Council on the	49,244	55,766	0	55,766	55,662	55,842	55,823	55,923
City University of New York	1,064,544	1,143,206	0	1,143,206	1,321,507	1,375,671	1,441,356	1,467,236
Education, Department of	26,657,044	29,344,857	0	29,344,857	30,763,488	33,440,853	36,459,421	38,681,129
<i>School Aid</i>	20,088,579	21,848,418	(80,000)	21,768,418	23,148,155	24,982,432	27,337,670	29,191,350
<i>School Aid - Medicaid Assistance</i>	0	0	80,000	80,000	80,000	80,000	80,000	80,000
<i>Special Education Categorical Programs</i>	1,620,800	1,719,600	0	1,719,600	1,752,690	1,863,590	1,946,590	2,052,090
<i>STAR Property Tax Relief</i>	3,993,970	4,678,570	0	4,678,570	4,712,899	5,423,170	5,949,569	6,235,582
<i>All Other</i>	953,695	1,098,269	0	1,098,269	1,069,744	1,091,661	1,145,592	1,122,107
Higher Education Services Corporation	956,737	954,454	0	954,454	914,493	932,715	932,239	931,795
Higher Education Capital grants	0	10,000	0	10,000	50,000	30,000	30,000	30,000
State University Construction Fund	13,157	12,478	0	12,478	13,680	13,822	13,966	14,112
State University of New York	5,447,926	5,774,221	0	5,774,221	5,872,410	6,011,760	6,161,001	6,210,428
Functional Total	34,188,652	37,294,982	0	37,294,982	38,991,240	41,860,663	45,093,806	47,390,623
GENERAL GOVERNMENT								
Audit and Control, Department of	244,078	251,534	0	251,534	258,612	261,688	265,560	267,913
Budget, Division of the	54,817	73,362	0	73,362	91,000	86,243	94,614	91,563
Civil Service, Department of	24,363	23,653	0	23,653	23,922	24,102	24,335	24,571
Elections, State Board of	13,037	29,119	0	29,119	68,917	184,442	9,716	9,833
Employee Relations, Office of	14,517	4,000	0	4,000	4,134	4,119	4,160	4,200
Executive Chamber	255,060	20,320	0	20,320	20,930	21,560	22,200	22,870
General Services, Office of	5,933	229,724	0	229,724	233,381	228,087	239,644	238,089
Inspector General, Office of	193,461	6,908	0	6,908	7,153	7,327	7,447	7,529
Law, Department of	360	205,763	0	205,763	229,081	232,610	235,554	240,536
Lieutenant Governor, Office of the	177,360	182,527	0	182,527	1,420	1,460	1,500	1,550
Lottery, Division of	0	0	0	0	180,147	184,318	188,393	188,393
Commission on Public Integrity	16,899	18,754	0	18,754	5,432	5,459	5,502	5,860
Racing and Wagering Board, State	47,620	51,651	0	51,651	18,178	18,622	18,803	18,803
Real Property Services, Office of	3,509	3,781	0	3,781	52,655	54,202	55,040	56,032
Regulatory Reform, Governor's Office of	3,376	4,077	0	4,077	3,480	3,526	3,550	3,550
Public Employment Relations Board	148,140	210,303	0	210,303	4,207	4,243	4,284	4,331
State, Department of	3,228	3,233	0	3,233	3,273	3,308	3,343	3,343
Tax Appeals, Division of	355,452	367,658	0	367,658	367,454	374,708	378,963	379,018
Taxation and Finance, Department of	19,258	28,309	0	28,309	94,073	144,605	239,775	156,264
Technology, Office for	2,338	0	0	0	0	0	0	(332)
Lobbying, Temporary State Commission on	14,117	15,568	0	15,568	17,820	16,844	16,508	16,071
Veterans Affairs, Division of	1,600,775	1,731,422	0	1,731,422	1,845,185	2,017,672	1,975,053	1,892,325
Functional Total	112,763,918	118,313,828	0	118,313,828	124,329,336	132,325,901	139,821,760	145,661,106
ALL OTHER CATEGORIES								
Legislature	213,118	220,319	0	220,319	226,879	229,531	229,574	229,574
Judiciary (excluding fringe benefits)	1,731,791	1,829,753	0	1,829,753	2,032,399	2,072,858	2,217,176	2,347,564
World Trade Center	37,020	50,000	0	50,000	70,000	70,000	35,000	32,500
Local Government Assistance	1,156,176	938,461	0	938,461	1,136,649	1,376,151	1,440,247	1,410,278
Long-Term Debt Service	4,450,737	4,291,999	0	4,291,999	4,628,094	5,106,458	5,737,221	6,063,808
General State Charges	5,222,834	5,368,881	(1,505,759)	3,863,122	5,555,509	5,873,099	6,168,791	6,556,793
Miscellaneous	(80,058)	17,602	0	17,602	416,330	698,262	930,375	878,966
Functional Total	12,731,618	12,717,015	(1,505,759)	11,211,256	14,065,860	15,426,359	16,758,384	17,519,483
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	112,763,918	118,313,828	0	118,313,828	124,329,336	132,325,901	139,821,760	145,661,106

Source: NYS DOB

**GAAP FINANCIAL PLAN
GENERAL FUND
2007-2008 and 2008-2009
(millions of dollars)**

	<u>2007-2008 Current</u>	<u>2008-09 Recommended</u>	<u>Annual Change</u>
Revenues:			
Taxes:			
Personal income tax	22,245	24,802	2,557
User taxes and fees	8,581	8,831	250
Business taxes	6,604	7,229	625
Other taxes	1,118	1,272	154
Miscellaneous revenues	5,357	5,262	(95)
Federal grants	71	41	(30)
Total revenues	<u>43,976</u>	<u>47,437</u>	<u>3,461</u>
Expenditures:			
Grants to local governments	38,998	43,986	4,988
State operations	12,139	12,888	749
General State charges	3,891	3,962	71
Debt service	0	0	0
Capital projects	10	11	1
Total expenditures	<u>55,038</u>	<u>60,847</u>	<u>5,809</u>
Other financing sources (uses):			
Transfers from other funds	15,085	18,295	3,210
Transfers to other funds	(5,504)	(5,736)	(232)
Proceeds from financing arrangements/ advance refundings	330	330	0
Net other financing sources (uses)	<u>9,911</u>	<u>12,889</u>	<u>2,978</u>
(Excess) deficiency of revenues and other financing sources over expenditures and other financing uses	<u>(1,151)</u>	<u>(521)</u>	<u>630</u>
Accumulated Surplus/(Deficit)	<u>1,233</u>	<u>712</u>	<u>(521)</u>

Source: NYS DOB

**GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
EXECUTIVE BUDGET
2007-2008
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	38,548	7,786	2,017	12,596	60,947
Patient fees	0	0	0	326	326
Miscellaneous revenues	5,357	5,119	312	24	10,812
Federal grants	71	36,416	1,859	0	38,346
Total revenues	43,976	49,321	4,188	12,946	110,431
Expenditures:					
Grants to local governments	38,998	46,602	602	0	86,202
State operations	12,139	1,802	0	58	13,999
General State charges	3,891	339	0	0	4,230
Debt service	0	0	0	3,606	3,606
Capital projects	10	5	7,455	0	7,470
Total expenditures	55,038	48,748	8,057	3,664	115,507
Other financing sources (uses):					
Transfers from other funds	15,085	2,865	217	5,680	23,847
Transfers to other funds	(5,504)	(3,872)	(960)	(14,861)	(25,197)
Proceeds of general obligation bonds	0	0	298	0	298
Proceeds from financing arrangements/ advance refundings	330	0	3,689	0	4,019
Net other financing sources (uses)	9,911	(1,007)	3,244	(9,181)	2,967
(Excess) deficiency of revenues and other financing sources over expenditures and other financing uses					
	(1,151)	(434)	(625)	101	(2,109)

Source: NYS DOB

**GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
EXECUTIVE BUDGET
2008-2009
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	42,134	8,023	2,095	13,123	65,375
Patient fees	0	0	0	330	330
Miscellaneous revenues	5,262	5,246	373	25	10,906
Federal grants	41	37,394	2,010	0	39,445
Total revenues	47,437	50,663	4,478	13,478	116,056
Expenditures:					
Grants to local governments	43,986	47,853	614	0	92,453
State operations	12,888	1,870	0	62	14,820
General State charges	3,962	347	0	0	4,309
Debt service	0	0	0	3,704	3,704
Capital projects	11	3	8,607	0	8,621
Total expenditures	60,847	50,073	9,221	3,766	123,907
Other financing sources (uses):					
Transfers from other funds	18,295	3,192	579	5,764	27,830
Transfers to other funds	(5,736)	(3,930)	(1,230)	(15,440)	(26,336)
Proceeds of general obligation bonds	0	0	457	0	457
Proceeds from financing arrangements/ advance refundings	330	0	4,570	0	4,900
Net other financing sources (uses)	12,889	(738)	4,376	(9,676)	6,851
(Excess) deficiency of revenues and other financing sources over expenditures and other financing uses					
	(521)	(148)	(367)	36	(1,000)

Source: NYS DOB

NOTES ON MEDICAID FINANCIAL PLAN PRESENTATION

Medicaid Transparency

The 2008-09 Financial Plan reflects a cost-neutral restructuring of the reporting of certain spending that is intended to improve transparency and assist in analysis of the State's largest program. Specifically, and as explained in detail below, the Financial Plan is adjusted to:

- Provide more budgeting transparency for the State's Medicaid Program such that the Financial Plan will clearly identify the total amount of Medicaid spending for every agency.
- Allocate employee fringe benefit costs to Mental Hygiene agencies, to provide a more accurate depiction of the total costs of providing services in these agencies.

Previously, the State's Medicaid appropriations and spending had been dispersed among various agencies, with the Federal share of Medicaid generally appropriated in DOH, and the State share of Medicaid appropriated through various agencies participating in the Medicaid program, including: the Office of Mental Health (OMH), the Office of Mental Retardation and Developmental Disabilities (OMRDD), the Office of Alcoholism and Substance Abuse Services (OASAS), the State Education Department (SED), and the Office of Children and Family Services (OCFS). For 2008-09, transparency is advanced by consolidating and recognizing for the first time in DOH's appropriations, the State share of Medicaid for OMRDD, OMH and OASAS State Operations.

As a result of these changes, for the first time ever, readers of the State's Financial Plan will be able to easily see the total costs of the State's Medicaid program (excluding the share provided by local governments) for each agency that provides Medicaid services. The following table summarizes this Medicaid information that is now provided in the Financial Plan tables.

2008-09 Statewide Medicaid Program				
Total Disbursements*				
(millions of dollars)				
	General Fund	Special Revenue	Federal Funds	All Government
DOH - Medicaid	12,724	475	20,156	33,355
Mental Hygiene - Medicaid	1,693	1,163	2,703	5,559
OCFS - Medicaid	43	0	0	43
SED - Medicaid	80	0	0	80
State and Federal Share Total	14,540	1,638	22,859	39,037
Local Share	0	0	0	7,221
Grand Total	14,540	1,638	22,859	46,258

*Includes Local Assistance, State Operations, and General State Charges

A second component of budgeting transparency and rationalizing reimbursement involves charging OMH, OMRDD and OASAS their appropriate share of employee fringe benefits as is currently the practice with other State agencies whose revenue is partially or totally derived from non-General Fund sources.

As summarized in the following tables, this results in appropriation restructurings and cost-neutral spending adjustments which generally reflect a roughly \$2.7 billion increase in General Fund State Medicaid share resources in DOH and a concomitant decrease in General Fund fringe benefits spending in the General State Charges (GSCs) budget and in the Mental Hygiene agencies. Corresponding adjustments are also made in State Funds and All Funds reporting. Accordingly, this initiative has no impact on the State's Financial Plan, but is recommended with the goal of achieving greater transparency in the budgeting of Medicaid and a more accurate reporting of fringe benefit responsibilities.

To facilitate comparable reporting of spending trends and annual growth, the Financial Plan tables for 2007-08 provide projections on an actual basis and on an adjusted basis (with details on each adjustment) by agency for each financial plan category of spending and by fund. The multi-year adjustments are summarized in the following tables.

General Fund Medicaid Transparency Increase/(Decrease) in Spending (millions of dollars)					
	<u>2007-08⁽¹⁾</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
DOH - Medicaid	2,649	2,649	2,636	2,646	2,656
OMH	(1,249)	(1,249)	(1,477)	(1,381)	(1,296)
OMRDD	377	377	277	184	178
OASAS	(271)	(271)	(300)	(314)	(331)
Central GSCs	<u>(1,506)</u>	<u>(1,506)</u>	<u>(1,136)</u>	<u>(1,135)</u>	<u>(1,207)</u>
Total	0	0	0	0	0

State Funds Medicaid Transparency Increase/(Decrease) in Spending (millions of dollars)					
	<u>2007-08⁽¹⁾</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
DOH - Medicaid	-	-	-	-	-
OMH	226	226	254	307	327
OMRDD	1,262	1,262	862	807	858
OASAS	18	18	20	21	22
Central GSCs	<u>(1,506)</u>	<u>(1,506)</u>	<u>(1,136)</u>	<u>(1,135)</u>	<u>(1,207)</u>
Total	0	0	0	0	0

All Funds Medicaid Transparency Increase/(Decrease) in Spending (millions of dollars)					
	<u>2007-08⁽¹⁾</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
DOH - Medicaid	-	-	-	-	-
OMH	479	479	503	568	602
OMRDD	1,003	1,003	607	540	576
OASAS	24	24	26	27	29
Central GSCs	<u>(1,506)</u>	<u>(1,506)</u>	<u>(1,136)</u>	<u>(1,135)</u>	<u>(1,207)</u>
Total	0	0	0	0	0

⁽¹⁾ For purposes of the 2007-08 adjustment, the 2008-09 amounts were used to ensure reports on annual spending growth were not impacted by the adjustment, and because actual 2007-08 adjusted results will not be reflected in the State's accounting system for this transaction.