SUPPLEMENT DATED MARCH 26, 2009 TO THE

OFFICIAL STATEMENT DATED MARCH 5, 2009

RELATING TO

STATE OF NEW YORK

GENERAL OBLIGATION BONDS

Comprised of:

$415,970,000 Series 2009A Tax-Exempt Bonds
$38,765,000 Series 2009B Taxable Bonds

The following information supplements the information contained in the Official Statement dated March 5, 2009 (the "Official Statement") relating to the $415,970,000 Series 2009A Tax-Exempt State of New York General Obligation Bonds, (the "Series 2009A Bonds") and the $38,765,000 Series 2009B Taxable State of New York General Obligation Bonds, (the "Series 2009B Bonds").

Part II to the Official Statement entitled "INFORMATION CONCERNING THE STATE OF NEW YORK" is hereby supplemented by adding thereto the attached Supplement to the Third Quarterly Update to the 2008-09 Annual Information Statement (AIS) State of New York, dated March 24, 2009.

Supplement to the Third Quarterly Update to the 2008-09 Annual Information Statement (AIS) State of New York

March 24, 2009

In the Supplement to the AIS dated February 24, 2009, the Division of the Budget ("DOB") reported that the Governor and Legislature had reached a consensus forecast that, based on updated economic information and operating results through mid-February 2009, General Fund tax receipts for the two-year period from fiscal year 2008-09 to fiscal year 2009-10 were likely to be $1 billion lower than the levels forecast in the Executive Budget, as amended by the Governor on January 15, 2009. At the time, the DOB further noted that the State Financial Plan projections were subject to a number of risks, including risks related to the economic forecast and the execution of certain transactions assumed in the Financial Plan.

Based on a review of updated economic information since the consensus forecast was completed, the Governor and Legislature have agreed to further reduce projected General Fund receipts by approximately $300 million in the current fiscal year and $1.5 billion in 2009-10. In addition, the State has determined that it will not receive a planned payment of $370 million in the current fiscal year from a private operator for development rights related to a video lottery terminal (VLT) facility at Aqueduct Racetrack.

In the current fiscal year, the downward revision to the General Fund receipts forecast and loss of the VLT franchise payment are expected to be more than offset by the increase in Federal aid for Medicaid expenditures (which has the effect of reducing the State's General Fund Medicaid costs) and other savings. The DOB continues to expect that the State will end the 2008-09 fiscal year in balance and without the use of existing reserves.

The Executive and Legislature are negotiating the budget for the 2009-10 fiscal year, which begins on April 1, 2009 (all debt service appropriations for 2009-10 were enacted in their entirety on March 5, 2009). The DOB expects that the reduction in projected General Fund receipts described in this Supplement will be addressed as part of overall negotiations to enact a balanced budget for the 2009-10 fiscal year.

On March 24, 2009, the Executive announced that it would implement a Workforce Reduction Plan ("WRP"). The DOB expects that the WRP will result in a State workforce reduction equivalent to approximately 8,900 employees, and will generate savings of approximately $160 million in 2009-10 growing to $319 million in 2010-11. The savings from the WRP will be reflected in the Financial Plan for 2009-10.

NEW ISSUE

In the opinion of the Attorney General of the State of New York, under existing law and assuming compliance with the tax covenants described herein, interest on the Series 2009A Tax-Exempt Bonds is excludable from gross income for Federal income tax purposes and is not a specific preference item for purposes of the Federal alternative minimum tax; and, pursuant to the American Recovery and Reinvestment Act of 2009, which was signed into law on February 17, 2009, such interest is not included as an adjustment in calculating Federal corporate alternative minimum taxable income for purposes of determining a corporation's alternative minimum tax liability. The Attorney General is further of the opinion that, assuming compliance with the tax covenants described herein, interest on the Series 2009A Tax-Exempt Bonds is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers, as described more fully herein. See, however, "PART I – SECTION 4 – TAX MATTERS" herein regarding certain other tax considerations.

Interest on the Series 2009B Taxable Bonds will be subject to Federal income taxes and personal income taxes imposed by the State and any political subdivision thereof, including The City of New York and the City of Yonkers.

STATE OF NEW YORK
GENERAL OBLIGATION BONDS

$415,970,000 Series 2009A Tax-Exempt Bonds

$38,765,000 Series 2009B Taxable Bonds

Dated: Date of Delivery **Due: February 15, as shown on inside cover**

The Series 2009A Tax-Exempt Bonds and the Series 2009B Taxable Bonds (together, the "Bonds") will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interests in the Bonds purchased. Interest on the Bonds will be payable beginning August 15, 2009 and semi-annually thereafter on each February 15 and August 15 until maturity, except for certain Series 2009A Tax-Exempt Bonds maturing in 2019. Principal on the Bonds will be payable on February 15, 2010 and on each February 15 thereafter until maturity. See "PART I – SECTION 1 – DESCRIPTION OF THE BONDS – Book-Entry-Only System." The Series 2009A Tax-Exempt Bonds and the Series 2009B Taxable Bonds will be subject to redemption prior to maturity as set forth herein.

The Bonds will be general obligations of the State of New York, and the full faith and credit of the State of New York will be pledged to the payment of the principal of and interest on the Bonds.

Under State law, the Bonds are legal investments for State-chartered banks and trust companies, savings banks, insurance companies, fiduciaries and investment companies and may be accepted by the State Comptroller, the State Superintendent of Insurance and the State Superintendent of Banks where the deposit of obligations is required by law.

The Bonds are offered when, as and if issued and subject to receipt of an opinion by the Attorney General of the State of New York that the Bonds are valid and enforceable obligations of the State. See Exhibit B to Part I of this Official Statement.

Public Resources Advisory Group, New York, New York, is acting as financial advisor to the State in connection with the issuance of the Bonds. The Bonds will be available for delivery through the facilities of DTC on or about March 19, 2009.

J.P. Morgan

Barclays Capital	**Citi**	**Morgan Stanley**
Banc of America Securities LLC	**DEPFA First Albany Securities LLC**	**Goldman, Sachs & Co.**
Merrill Lynch & Co.	**Ramirez & Co., Inc.**	**Raymond James & Associates, Inc.**
RBC Capital Markets	**Siebert Brandford Shank & Co., LLC**	**Wachovia Bank, National Association**

Dated: March 5, 2009

STATE OF NEW YORK GENERAL OBLIGATION BONDS

AMOUNTS, MATURITIES, INTEREST RATES, AND YIELDS OR PRICES

$415,970,000 Series 2009A Tax-Exempt Bonds
(Base CUSIP Number†: 649787)

Amount	Maturity (February 15)	Interest Rate	Yield	CUSIP #†	Amount	Maturity (February 15)	Interest Rate	Yield	CUSIP #†
$12,760,000	2010	2.000%	0.64%	6W3	$ 7,220,000	2019	5.000%	3.87%	7Q5
$ 7,045,000	2011	3.000%	1.82%	6X1	$ 6,500,000	2019	0.000%	4.20%	7R3
$ 7,300,000	2011	4.000%	1.82%	6Y9	$11,715,000	2020	4.000%	4.10%	7S1
$ 6,125,000	2012	3.000%	2.14%	6Z6	$12,175,000	2021	4.250%	4.28%	7T9
$ 8,730,000	2012	4.000%	2.14%	7A0	$ 7,700,000	2022	4.375%	4.45%	7U6
$ 6,050,000	2013	3.000%	2.59%	7B8	$ 5,000,000	2022	5.000%	4.45%*	7V4
$ 9,335,000	2013	5.000%	2.59%	7C6	$10,285,000	2023	4.500%	4.60%	7W2
$ 4,300,000	2014	4.000%	2.95%	7D4	$ 3,000,000	2023	5.000%	4.60%*	7X0
$11,740,000	2014	5.000%	2.95%	7E2	$10,895,000	2024	4.750%	4.76%	7Y8
$ 4,505,000	2015	3.500%	3.13%	7F9	$ 3,000,000	2024	5.000%	4.76%*	7Z5
$12,290,000	2015	5.000%	3.13%	7G7	$ 9,565,000	2025	4.750%	4.86%	8A9
$ 2,380,000	2016	4.000%	3.31%	7H5	$ 5,000,000	2025	5.000%	4.86%*	8B7
$15,190,000	2016	5.000%	3.31%	7J1	$ 4,570,000	2026	4.875%	4.93%	8C5
$ 7,075,000	2017	4.000%	3.48%	7K8	$10,700,000	2026	5.000%	4.93%*	8D3
$11,340,000	2017	5.000%	3.48%	7L6	$11,025,000	2027	4.875%	4.99%	8E1
$ 4,845,000	2018	4.000%	3.65%	7M4	$ 5,000,000	2027	5.000%	4.99%*	8F8
$14,425,000	2018	5.000%	3.65%	7N2	$16,810,000	2028	5.000%	5.05%	8G6
$ 6,470,000	2019	4.000%	3.87%	7P7	$17,650,000	2029	5.000%	5.10%	8H4

$46,685,000 5.000% Term Bonds due February 15, 2034, priced to yield 5.21%
CUSIP Number†: 6497878J0

$59,570,000 5.000% Term Bonds due February 15, 2039, priced to yield 5.24%
CUSIP Number†: 6497878K7

$38,765,000 Series 2009B Taxable Bonds
(Base CUSIP Number†: 649787)

Amount	Maturity (February 15)	Interest Rate	Price	CUSIP #†	Amount	Maturity (February 15)	Interest Rate	Price	CUSIP #†
$2,940,000	2010	2.813%	100%	8L5	$2,885,000	2014	3.994%	100%	8Q4
$2,885,000	2011	2.975%	100%	8M3	$2,765,000	2015	4.274%	100%	8R2
$2,915,000	2012	3.407%	100%	8N1	$1,215,000	2016	4.700%	100%	8S0
$2,925,000	2013	3.666%	100%	8P6					

$20,235,000 6.024% Term Bonds due February 15, 2019, price 100%
CUSIP Number†: 6497878T8

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* Priced at the stated yield to the February 15, 2019 optional redemption date at a redemption price of 100%.

No dealer, broker, salesperson or other person has been authorized by the State of New York or any underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been so authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds or any other securities of the State of New York by any person or in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information herein has been furnished solely by the State of New York and by other sources that are believed by the State to be reliable, but it is not guaranteed as to its accuracy or completeness. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the Federal securities law as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

OF

THE STATE OF NEW YORK

RELATING TO THE ISSUE AND SALE OF

GENERAL OBLIGATION BONDS

$415,970,000 Series 2009A Tax-Exempt Bonds

$38,765,000 Series 2009B Taxable Bonds

INTRODUCTION

This Official Statement of the State of New York (the "State"), including the cover page, inside cover page and exhibits, is provided for the purpose of setting forth information in connection with the sale of $415,970,000 aggregate principal amount of its Series 2009A Tax-Exempt Bonds and $38,765,000 aggregate principal amount of its Series 2009B Taxable Bonds (together with the Series 2009A Tax-Exempt Bonds, the "Bonds"), which are general obligations of the State, for the purposes, in the principal amounts and with maturities as set forth below. The proceeds of the Bonds will be allocated to such purposes as set forth below.

$415,970,000 Series 2009A Tax-Exempt Bonds

Purpose	Amount	Maturing February 15
Pure Waters	$ 1,469,438	2010-2039
Environmental Quality 1972		
Land	156,563	2010-2029
Land	579,346	2010-2019
Rebuild and Renew New York Transportation 2005		
Highway Facilities	6,645,817	2010-2039
Highway Facilities	107,369,957	2010-2029
Highway Facilities	17,715,280	2010-2019
Rails & Ports	27,286,670	2010-2039
DOT – Mass Transit	8,345,660	2010-2019
MTA – Mass Transit	163,180,815	2010-2039
MTA – Mass Transit	35,077,371	2010-2019
Aviation	9,834,431	2010-2039
Aviation	3,923,577	2010-2019
Canals	6,832,817	2010-2019
Clean Water/Clean Air		
Clean Water	6,050,866	2010-2039
Clean Water	17,098,883	2010-2029
Solid Waste	71,962	2010-2039
Solid Waste	320,950	2010-2019
Environmental Restoration	4,009,597	2010-2029
	$ 415,970,000	

$38,765,000 Series 2009B Taxable Bonds

Purpose	Amount	Maturing February 15
Environmental Quality 1972		
Water	$ 349,379	2010-2019
Clean Water/Clean Air		
Environmental Restoration	26,853,433	2010-2019
Rebuild and Renew New York Transportation 2005		
Aviation	2,412,978	2010-2019
Canals	904,867	2010-2019
Rails & Ports	8,244,343	2010-2019
	$38,765,000	

The Bonds bear interest at the respective interest rates set forth on the inside cover of this Official Statement.

This Official Statement consists of three parts, Part I (including Exhibits A and B), Part II and Part III.

Part I sets forth information concerning the Bonds – the rights of Bondholders, the payment and redemption provisions of the Bonds, the use of proceeds of the Bonds, and certain other information relating to the Bonds.

Part II sets forth or incorporates by reference information concerning the State of New York, including information relating to the State's current fiscal year, prior fiscal years, economic background, financing activities, State organization and procedures, the State's public authorities and localities and litigation involving the State in the form of the Annual Information Statement of the State of New York (the "AIS") dated May 12, 2008, the most recent update to the AIS dated January 28, 2009 (the "Update"), as supplemented by a Supplement to the AIS dated February 24, 2009 (the "Supplement"). The AIS, the Update and the Supplement contain information only through their respective dated dates. Part II sets forth the Supplement, the Update and the section of the AIS entitled "Current Fiscal Year." The remaining sections of the AIS set out under the headings "Prior Fiscal Years," "Economics and Demographics," "Debt and Other Financing Activities," "State Organization," "Authorities and Localities," "Litigation," and "Exhibits" are included by cross reference. The entire AIS, the Update and the Supplement were filed with each Nationally Recognized Municipal Securities Information Repository.

Part III includes by reference the Comprehensive Annual Financial Report of the State for the fiscal year ended March 31, 2008 (FY 2008 CAFR) prepared by the State Comptroller. The Basic Financial Statements and Other Supplementary Information of the State for the fiscal year ended March 31, 2008 have been filed with each Nationally Recognized Municipal Securities Information Repository. The State's Basic Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and are independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

This Official Statement should be read in its entirety, including the Exhibits hereto. Parts II and III contain important information about the State, which has been provided by the State and from sources believed by the State to be reliable.

The State Division of the Budget ("DOB") has assisted the Office of the State Comptroller ("OSC") in assembling the information contained herein. Quotations, summaries and explanations of laws of the State contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof.

PART I: INFORMATION CONCERNING THE BONDS BEING OFFERED

SECTION 1 – DESCRIPTION OF THE BONDS

General

The Bonds will constitute general obligations of the State to which its full faith and credit will be pledged. The Series 2009A Tax-Exempt Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The Series 2009B Taxable Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature.

The Bonds will be dated the date of delivery. Principal on the Bonds will be payable on February 15, 2010 and on each February 15 thereafter until maturity. Interest on the Bonds will be payable August 15, 2009 and semi-annually thereafter on February 15 and August 15 until maturity, except for certain Series 2009A Tax-Exempt Bonds maturing in 2019.

Rights of the Bondholders

The State Constitution requires that the Legislature shall annually provide by appropriation for the payment of interest on and installments of principal of all State bonds as the same shall fall due, including contributions to all sinking funds for such bonds, and further provides that, if at any time the Legislature shall fail to make any such appropriation, the Comptroller shall set apart from the first revenues thereafter received applicable to the General Fund of the State a sum sufficient to pay such interest, installments of principal or contributions to such sinking funds, as the case may be, and shall so apply the moneys thus set apart. In such circumstances, the Comptroller may be required to set aside and so apply such revenues at the suit of any holder of such bonds. The State has always made payments of interest on and installments of principal of all State bonds when due. Under the State Constitution, in the event of the defeasance of the Bonds, the holders of the Bonds shall have no further rights against the State for payment of the Bonds or any interest thereon.

The State Constitution does not provide for the contingency where an appropriation for debt service on bonds has been made but moneys are unavailable on the payment date. If the above-described set-aside provisions of the State Constitution were inapplicable in that situation, the holder of any bond could recover a judgment against the State in the State Court of Claims for principal and interest due, and the State Comptroller would be required to pay the judgment, after audit, upon presentation to him of a certified copy of the judgment. Judgments against the State may not be enforced by levy and execution against property of the State, and such enforcement is limited to the amount of moneys appropriated by the Legislature and legally available for such purpose. Because the State has never defaulted on the payment of principal of or interest on its obligations, there has never been any occasion to test a bondholder's remedies in this circumstance.

State law provides for the impoundment of State taxes and revenues in advance of the maturity of tax and revenue anticipation notes ("TRANs") issued during any fiscal year and for the deposit of such impounded moneys in a special account for the benefit of the holders of such notes. If, in any fiscal year in which such impoundment legislation is in effect, the Legislature shall have appropriated a sufficient amount to pay debt service on outstanding bonds but there shall be insufficient moneys free of such impoundment to pay such debt service when due, the holder of such TRANs may have a claim to taxes and revenues deposited or to be deposited in such special account superior to that of bondholders, including holders of the Bonds. There is no judicial decision determining the relative rights of holders of notes and bonds of the State in this or any similar circumstance.

Optional Redemption Prior to Maturity

The Comptroller reserves to the State the privilege of redeeming on and after February 15, 2019 the Series 2009A Tax-Exempt Bonds maturing on or after February 15, 2020 and then outstanding, at any time, priority among maturities to be directed by the State, and by lot, to be chosen by DTC or any successor and its Participants, within a maturity at par plus accrued interest to the date fixed for redemption. The State will give notice of any such redemption to the registered owners of the Series 2009A Tax-Exempt Bonds to be redeemed at their addresses as they appear in the registration books of the State or its fiscal agent not less than thirty nor more than sixty days prior to the redemption. So long as all of the Series 2009A Tax-Exempt Bonds remain immobilized in the custody of DTC, any such notice of redemption of any Series 2009A Tax-Exempt Bonds will be delivered only to DTC. DTC is responsible for notifying DTC Participants of such redemption and DTC Participants and Indirect Participants are responsible for notifying Beneficial Owners of such redemption. The State is not responsible for sending notices to Beneficial Owners. Interest shall cease to accrue on the Series 2009A Tax-Exempt Bonds called for redemption from and after the date fixed for redemption thereof.

The Series 2009B Taxable Bonds are not subject to optional redemption prior to maturity.

Mandatory Redemption

The Series 2009A Tax-Exempt Bonds that mature on February 15, 2034 and February 15, 2039 (the "2034 Term Bonds" and the "2039 Term Bonds") are subject to mandatory redemption, in part, by lot, on February 15 in the years shown below, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, in an amount equal to the Sinking Fund Installment for such Bonds for such date:

SERIES 2009A TAX-EXEMPT BONDS

2034 Term Bonds		2039 Term Bonds	
February 15	Sinking Fund Installments	February 15	Sinking Fund Installments
2030	$ 8,450,000	2035	$10,780,000
2031	$ 8,870,000	2036	$11,320,000
2032	$ 9,315,000	2037	$11,885,000
2033	$ 9,780,000	2038	$12,480,000
2034*	$10,270,000	2039*	$13,105,000

*Stated maturity.

The Series 2009B Taxable Bonds that mature on February 15, 2019 (the "2019 Term Bonds") are subject to mandatory redemption, *pro rata*, on February 15 in the years shown below at a redemption price equal to 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, as shown below:

SERIES 2009B TAXABLE BONDS

2019 Term Bonds

February 15	Sinking Fund Installments	February 15	Sinking Fund Installments
2010	$100,000	2015	$1,120,000
2011	$445,000	2016	$2,860,000
2012	$530,000	2017	$4,300,000
2013	$650,000	2018	$4,560,000
2014	$835,000	2019*	$4,835,000

*Stated maturity.

"Pro rata" means in connection with any mandatory redemption in part, the amount that results from applying a fraction, the numerator of which is equal to the amount of the 2009B Taxable Bonds held by the holder of such 2009B Taxable Bonds and the denominator of which is equal to the total amount of the 2009B Taxable Bonds then outstanding.

Book-Entry-Only System

Beneficial ownership interests in each series of the Bonds will be available in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers of beneficial ownership interests in the Bonds will not receive certificates representing their interests in the Bonds purchased.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other nominee as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchasers may own beneficial ownership interests in the Series 2009A Tax-Exempt Bonds through DTC. Purchasers may own beneficial ownership interests in the Series 2009B Taxable Bonds in the United States through DTC and in Europe through Clearstream Banking, société anonyme ("Clearstream"), or the Euroclear System ("Euroclear").

DTC. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfer and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bond certificates representing their ownership interests in the Bonds, except in the event that the use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a series within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent (The Bank of New York Mellon), or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Fiscal Agent (The Bank of New York Mellon), disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The State and the Fiscal Agent (The Bank of New York Mellon) may treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, giving any notice permitted or required to be given to registered owners, registering the transfer of the Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The State and the Fiscal Agent (The Bank of New York Mellon) shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person that is not shown on the registration books of the State (kept by the Fiscal Agent (The Bank of New York Mellon)) as a registered owner, with respect to: the accuracy of any records maintained by DTC or any Participant; the payment or timeliness of payments by DTC or any Participant of any amount in respect of the principal of, or premium, if any, or interest on the Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the State; the selection by DTC or any Participant or Indirect Participant of any beneficial owners to receive payment in the event of a partial redemption of the Bonds; or other action taken by DTC as a registered owner. Interest and principal will be paid by the Fiscal Agent (The Bank of New York Mellon) to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

SO LONG AS CEDE & CO. (OR SUCH OTHER NOMINEE AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF ALL THE BONDS, REFERENCES HEREIN TO THE OWNERS, HOLDERS OR BONDHOLDERS OF THE BONDS (OTHER THAN UNDER "SECTION 4 – TAX MATTERS" AND "SECTION 10 – CONTINUING DISCLOSURE UNDER SEC RULE 15C2-12" HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

For every transfer and exchange of beneficial ownership of the Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the State and discharging its responsibilities with respect thereto under applicable law, or the State may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event the State may retain another securities depository for the Bonds or may direct the Fiscal Agent (The Bank of New York Mellon) to deliver bond certificates in accordance with instructions from DTC or its successor. If the State directs the Fiscal Agent (The Bank of New York Mellon) to deliver such bond certificates, such Bonds may thereafter be exchanged for an equal aggregate principal amount of Bonds of the applicable series in other authorized denominations and of the same maturity as set forth on the cover page hereof, upon surrender thereof at the principal corporate trust office of the Fiscal Agent (The Bank of New York Mellon), who will then be responsible for maintaining the registration books of the State.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments with respect to the Bonds to Direct Participants, Indirect Participants and Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Participants, as the case may be.

GLOBAL CLEARANCE PROCEDURES

The Bonds initially will be registered in the name of Cede & Co. as registered owner and nominee for DTC, which will act as securities depository for the Bonds. Purchases of the Bonds will be in book-entry form only. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of their respective U.S. Depositories, which, in turn, hold such positions in customers' securities accounts in the U.S. Depositories' names on the books of DTC. Citibank, N.A. acts as the U.S. Depository for Clearstream and JPMorgan Chase Bank acts as the U.S. Depository for Euroclear.

Clearstream. Clearstream Banking, société anonyme, 42 Avenue J.F. Kennedy, L-1855 Luxembourg ("Clearstream, Luxembourg"), was incorporated in 1970 as "Cedel S.A.", a company with limited liability under Luxembourg law (a société anonyme). Cedel S.A. subsequently changed its name to Cedelbank. On 10 January 2000, Cedelbank's parent company, Cedel International, société anonyme ("CI") merged its clearing, settlement and custody business with that of Deutsche Börse AG ("DBAG"). The merger involved the transfer by CI of substantially all of its assets and liabilities (including its shares in Cedelbank), and the transfer by DBAG of its shares in Deutsche Börse Clearing (DBC), to a new Luxembourg company, which with effect 14 January 2000 was renamed Clearstream International, société anonyme, and was then 50% owned by CI and 50% owned by DBAG. Following this merger, the subsidiaries of Clearstream International were also renamed to give them a cohesive brand name. On 18 January 2000, Cedelbank was renamed "Clearstream Banking, société anonyme", and Cedel Global Services was renamed "Clearstream Services, société anonyme". On 17 January 2000, Deutsche Börse Clearing AG was renamed "Clearstream Banking AG". Today Clearstream International is 100% owned by DBAG. The shareholders of DBAG are comprised of mainly banks, securities dealers and financial institutions.

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of 36 currencies, including United States Dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships.

Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier, "CSSF", and the Banque Centrale du Luxembourg ("BCL") which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream, Luxembourg's U.S. customers are limited to securities brokers and dealers and banks. Currently, Clearstream, Luxembourg has approximately 2,000 customers located in over 80 countries, including all major European countries, Canada, and the United States. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank S.A./N.V. as the Operator of the Euroclear System (the "Euroclear Operator") in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Euroclear. Euroclear Bank S.A./N.V. ("Euroclear Bank") holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and Participants of certain other securities intermediaries through electronic book-entry changes in accounts of such Participants or other securities intermediaries. Euroclear Bank provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear Participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations. Certain of the managers or underwriters for this offering, or other financial entities involved in this offering, may be Euroclear Participants. Non-Participants in the Euroclear System may hold and transfer book-entry interests in the securities through accounts with a Participant in the Euroclear System or any other securities intermediary that holds a book-entry interest in the securities through one or more securities intermediaries standing between such other securities intermediary and Euroclear Bank.

Although Euroclear Bank has agreed to the procedures provided below in order to facilitate transfers of securities among Participants in the Euroclear System, and between Euroclear Participants and Participants of other intermediaries, it is under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time.

Investors electing to acquire securities through an account with Euroclear Bank or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of new issues of securities. Securities to be acquired against payment through an account with Euroclear Bank will be credited to the securities clearance accounts of the respective Euroclear Participants in the securities processing cycle for the business day following the settlement date for value as of the settlement date, if against payment.

Investors electing to acquire, hold or transfer securities through an account with Euroclear Bank or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of secondary market transactions in securities. Euroclear Bank will not monitor or enforce any transfer restrictions with respect to the securities offered herein.

Investors who are Participants in the Euroclear System may acquire, hold or transfer interests in the securities by book-entry to accounts with Euroclear Bank. Investors who are not Participants in the Euroclear System may acquire, hold or transfer interests in the securities by book-entry to accounts with a securities intermediary who holds a book-entry interest in the securities through accounts with Euroclear Bank.

Investors that acquire, hold and transfer interests in the securities by book-entry through accounts with Euroclear Bank or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the individual securities.

Euroclear Bank has advised as follows:

Under Belgian law, investors that are credited with securities on the records of Euroclear Bank have a co-property right in the fungible pool of interests in securities on deposit with Euroclear Bank in an amount equal to the amount of interests in securities credited to their accounts. In the event of the insolvency of Euroclear Bank, Euroclear Participants would have a right under Belgian law to the return of the amount and type of interests in securities credited to their accounts with Euroclear Bank. If Euroclear Bank did not have a sufficient amount of interests in securities on deposit of a particular type to cover the claims of all Participants credited with such interests in securities on Euroclear Bank's records, all Participants having an amount of interests in securities of such type credited to their accounts with Euroclear Bank would have the right under Belgian law to the return of their pro-rata share of the amount of interests in securities actually on deposit.

Under Belgian law, Euroclear Bank is required to pass on the benefits of ownership in any interests in securities on deposit with it (such as dividends, voting rights and other entitlements) to any person credited with such interests in securities on its records. Holders of the Bonds may hold their Bonds through DTC (in the United States) or Clearstream or Euroclear (in Europe) if they are participants of such systems, or directly through organizations that are participants in such systems.

Investors electing to hold their Bonds through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional EuroBonds in registered form. Securities will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Distributions with respect to the Bonds held beneficially through Clearstream will be credited to the cash accounts of Clearstream customers in accordance with its rules and procedures, to the extent received by its U.S. Depository. Distributions with respect to the Bonds held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by its U.S. Depository. Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations.

Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by an owner of the Bonds on behalf of a Clearstream customer or Euroclear Participant only in accordance with the relevant rules and procedures and subject to the U.S. Depository's ability to effect such actions on its behalf through DTC.

Although DTC, Clearstream and Euroclear have agreed to these procedures in order to facilitate transfers of securities among DTC and its Participants, Clearstream and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued and may be changed at any time by any of them.

THE STATE AND FISCAL AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE STATE AND FISCAL AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR, EUROCLEAR PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE INDENTURE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC, CLEARSTREAM AND EUROCLEAR AND THEIR BOOK-ENTRY SYSTEMS HAS BEEN OBTAINED FROM DTC, CLEARSTREAM AND EUROCLEAR, RESPECTIVELY, AND THE STATE MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

SECTION 2 – APPLICATION OF PROCEEDS

The net proceeds ("Net Proceeds") of the Series 2009A Tax-Exempt Bonds will be used to finance capital expenditures made or anticipated to be made, during prior, current or subsequent State fiscal years for Clean Water/Clean Air, Pure Waters, Environmental Quality 1972 and Rebuild and Renew New York Transportation purposes.

The Net Proceeds of the Series 2009B Taxable Bonds will be used to finance capital expenditures made or anticipated to be made, during prior, current or subsequent State fiscal years for Environmental Quality 1972, Rebuild and Renew New York Transportation and Clean Water/Clean Air purposes.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the sources and uses of funds with respect to the Bonds:

Sources	**Series 2009A**	**Series 2009B**
Principal Amount	$415,970,000	$38,765,000
Net Original Issue Premium	4,035,287	--
Payment from the State for Costs of Issuance	162,903	15,544
Total Sources	$420,168,190	$38,780,544
Uses		
Deposit to Bond Proceeds Funds	$417,955,564	$38,557,692
Costs of Issuance	162,903	15,544
Underwriters' Discount	2,049,723	207,308
Total Uses	$420,168,190	$38,780,544

SECTION 3 – LEGAL INVESTMENT

Under existing State law, the Bonds are legal investments for the State (except for State money set aside to repay any State TRANs) and for municipalities, school districts, fire districts, State chartered banks and trust companies, savings banks, savings and loan associations, credit unions and insurance companies organized under the laws of the State subject to applicable statutory requirements. There are no State statutory restrictions on the purchase of the Bonds by investment companies.

The Bonds may be accepted by the Comptroller and by State agencies and localities in situations where a supplier or contractor is required to deposit securities to secure performance of a contract. The Bonds may also be accepted by the Comptroller, the State Superintendent of Insurance and the State Superintendent of Banks where State law requires the deposit of securities.

With a few exceptions and subject to any contrary provisions in any agreement with noteholders or bondholders or other contract, the Bonds are legal investments for public authorities in the State. The Bonds may be accepted by public authorities where the deposit of obligations is required to secure performance of contractors.

SECTION 4 – TAX MATTERS

The following is a summary of certain of the United States Federal income tax consequences of the ownership of the Bonds as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States Federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

Series 2009A Tax-Exempt Bonds

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements that must be met after the Series 2009A Tax-Exempt Bonds have been validly issued and delivered in order that interest on the Series 2009A Tax-Exempt Bonds will be and will remain excludable from gross income pursuant to Section 103 of the Code. Such requirements may include the rebating of certain amounts earned from the investment of the proceeds of the Series 2009A Tax-Exempt Bonds. Rebates of any such amounts are subject to future appropriation by the State Legislature. The Arbitrage and Use of Proceeds Certificate to be prepared and executed by the Comptroller and dated as of the date of delivery of the Series 2009A Tax-Exempt Bonds (the "Certificate"), which will be delivered concurrently with the delivery of the Series 2009A Tax-Exempt Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Comptroller, in executing the Certificate, will certify that he expects to be able to and will comply with the provisions and procedures set forth therein. The Comptroller will also certify in the Certificate that, to the extent authorized by law, he will do and perform all acts and things necessary or desirable to assure that interest paid on the Series 2009A Tax-Exempt Bonds is excludable from gross income under Section 103 of the Code. By the time the Series 2009A Tax-Exempt Bonds have been delivered, the Comptroller will also have received certificates from other governmental officers and entities relating to the use of the proceeds of the Series 2009A Tax-Exempt Bonds.

Assuming compliance with the provisions and procedures set forth in the Certificate and subsequent rebating and other requirements, the Attorney General is of the opinion that, under the Code and other existing statutes, regulations, administrative rulings, and court decisions, interest on the Series 2009A Tax-Exempt Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes pursuant to Section 103 of the Code and that such interest will not be treated as a specific preference item in calculating the alternative minimum tax that may be imposed under the Code with respect to individuals and corporations. In addition, pursuant to the American Recovery and Reinvestment Act of 2009, which was signed into law on February 17, 2009, such interest is not included as an adjustment in calculating Federal corporate alternative minimum taxable income for purposes of determining a corporation's alternative minimum tax liability. Assuming compliance with the provisions and procedures set forth in the Certificate and subsequent rebating and other requirements, it is further the opinion of the Attorney General that such interest is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York and the City of Yonkers.

The Attorney General expresses no opinion regarding any other federal, state or local tax consequences with respect to the Series 2009A Tax-Exempt Bonds. The Attorney General renders its opinion under existing law as of the date of issue, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. The Attorney General expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2009A Tax-Exempt Bonds, or under state and local law.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2009A Tax-Exempt Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Series 2009A Tax-Exempt Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2009A Tax-Exempt Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. The Attorney General is further of the opinion that, for any Series 2009A Tax-Exempt Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2009A Tax-Exempt Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Tax-Exempt Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of OID for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2009A Tax-Exempt Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2009A Tax-Exempt Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2009A Tax-Exempt Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences

Ownership of tax-exempt obligations may result in tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty and life insurance companies, corporations subject to the environmental tax, certain foreign corporations doing business in the United States, certain S Corporations, individuals who otherwise qualify for the earned income credit or who are recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2009A Tax-Exempt Bonds should consult their tax advisors as to applicability of any such consequences.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the Federal or the state level, may adversely affect the tax-exempt status of interest on the Series 2009A Tax-Exempt Bonds under Federal or state law and could affect the market price or marketability of the Series 2009A Tax-Exempt Bonds.

Prospective purchasers of the Series 2009A Tax-Exempt Bonds should consult their own tax advisers regarding the foregoing matters.

Legislation

Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Series 2009A Tax-Exempt Bonds will not have an adverse effect on the tax-exempt status or market price of the Series 2009A Tax-Exempt Bonds.

Series 2009B Taxable Bonds

Tax Status of the Series 2009B Taxable Bonds

The following discussion is a summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of the Series 2009B Taxable Bonds by purchasers who are U.S. Holders. As used herein, the term "U.S. Holder" means a beneficial owner of a Series 2009B Taxable Bond that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

The Series 2009B Taxable Bonds will be treated, for Federal and State and local income tax purposes, as a debt instrument. Accordingly, interest will be included in the income of the holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest. Interest on the Series 2009B Taxable Bonds will be subject to Federal income taxes and personal income taxes imposed by the State and any political subdivision thereof, including The City of New York and the City of Yonkers.

Although the Series 2009B Taxable Bonds are expected to trade "flat," that is, without a specific allocation to accrued interest, for Federal income tax purposes, a portion of the amount realized on a sale attributed to Series 2009B Taxable Bonds will be treated as accrued interest and thus will be taxed as ordinary income to the seller (and will not be subject to tax in the hands of the buyer).

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2009B Taxable Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Series 2009B Taxable Bond of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2009B

Taxable Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement.

A holder of a Series 2009B Taxable Bond will be required to include OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Series 2009B Taxable Bond. Thus, the holders of such Series 2009B Taxable Bonds will be required to include OID in income as it accrues, prior to the receipt of cash attributable to such income. U.S. holders, however, would be entitled to claim a loss upon maturity or other disposition of such Bonds with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss.

The amount of OID that such holder of a Series 2009B Taxable Bond must include in gross income with respect to a Series 2009B Taxable Bond acquired at a premium as described below will be reduced in proportion that such premium bears to the OID remaining to be accrued as of the acquisition of the Series 2009B Taxable Bond.

Bond Premium

Holders of the Series 2009B Taxable Bonds that allocate a basis in the Series 2009B Taxable Bonds that is greater than the principal amount of the Series 2009B Taxable Bonds or its adjusted issue price if issued with OID (generally its accreted value) should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Market Discount

If a holder purchases the Series 2009B Taxable Bonds subsequent to its initial issuance for an amount that is less than the principal amount of the Series 2009B Taxable Bonds or its adjusted issue price if issued with OID (generally its accreted value), and such difference is not considered to be de minimis, then such discount will represent market discount that ultimately will constitute ordinary income (and not capital gain). Further, absent an election to accrue market discount currently, upon a sale or exchange of a Series 2009B Taxable Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year, will be deferred.

Backup Withholding

Purchasers of the Series 2009B Taxable Bonds who are U.S. holders and who are neither a corporation or other exempt recipient of payments of principal, interest or accrued OID or sale proceeds upon disposition prior to maturity of the Series 2009B Taxable Bonds, nor a holder who provides a correct taxpayer identification number may be subject to backup withholding requirements under Section 3406 of the Code.

Defeasance of Series 2009B Taxable Bonds

Defeasance of any Series 2009B Taxable Bond may result in a deemed reissuance thereof for Federal income tax purposes, meaning that such Series 2009B Taxable Bond will be treated as having been sold or exchanged as of the date of such defeasance for a new obligation which is represented by such defeased Series 2009B Taxable Bond. In such event a holder of a defeased Series 2009B Taxable Bond will recognize taxable gain or loss equal to the difference between the amount realized from such deemed sale or exchange (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted tax basis in such Series 2009B Taxable Bond.

Foreign Investors

This summary of tax considerations generally does not address the tax consequences to an investor who is not a U.S. Holder. Distributions on the Series 2009B Taxable Bonds to a non-U.S. Holder that has no connection with the United States other than holding its Series 2009B Taxable Bonds generally will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements. Prospective purchasers of the Series 2009B Taxable Bonds who are not U.S. Holders should consult their tax advisors regarding the federal, state and local, and foreign tax consequences of purchasing and holding the Series 2009B Taxable Bonds.

IRS Circular 230 Taxable Disclosure

The advice under the caption, "Series 2009B Taxable Bonds", concerning certain income tax consequences of the acquisition, ownership and disposition of the Series 2009B Taxable Bonds, was written to support the marketing of the Series 2009B Taxable Bonds. To ensure compliance with requirements imposed by the Internal Revenue Service Circular 230, the Attorney General informs you that (i) any federal tax advice contained in this Official Statement (including any attachments) or in writings furnished by Attorney General is not intended to be used, and cannot be used by any holder of the Series 2009B Taxable Bonds, for the purpose of avoiding penalties that may be imposed on the such holder under the Code, and (ii) holders of the Series 2009B Taxable Bonds should seek advice based on the their particular circumstances from their own independent tax advisor.

SECTION 5 – RATINGS

Moody's Investors Service, Inc. ("Moody's") has given the Bonds a rating of "Aa3", Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P") has given the Bonds a rating of "AA" and Fitch Ratings ("Fitch") has given the Bonds a rating of "AA-".

Ratings reflect only the respective views of such organizations, and an explanation of the significance of such ratings must be obtained from the rating agency furnishing the same. There is no assurance that a particular rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. A downward revision or withdrawal of such ratings, or either of them, may have an effect on the market price of the Bonds.

SECTION 6 – UNDERWRITING

The underwriters whose names are set forth on the cover page (the "Underwriters"), acting through J.P. Morgan Securities Inc., as Representative, have jointly and severally agreed, subject to the terms of the Purchase Contract, to purchase the Bonds from the State. The Underwriters propose initially to offer the Bonds at the initial offering prices, which are the prices providing the respective yields set forth on the inside cover page of this Official Statement. The Underwriters may offer and sell the Bonds to certain dealers, institutional purchasers and others at prices lower than such initial offering prices. The Purchase Contract provides, in part, that the Underwriters, subject to certain conditions, will purchase from the State aggregate principal amount of Bonds at an aggregate Underwriters' discount from such initial offering price equal to $2,257,031.55. After the initial public offering, the offering price may be changed from time to time by the Underwriters.

The following two sentences have been provided by J.P. Morgan Securities Inc., the Representative of the Underwriters for the Bonds. J.P. Morgan Securities Inc. has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. ("UBS") for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Bonds with UBS.

SECTION 7 – OPINION OF ATTORNEY GENERAL

The Attorney General will deliver a legal opinion to the Comptroller on the date of delivery of the Bonds, in substantially the form attached as Exhibit B to Part I of this Official Statement, as to the validity and binding effect of the Bonds, and the extent to which interest on the Series 2009A Tax-Exempt Bonds is exempt from Federal and State income taxes.

SECTION 8 – LITIGATION

Except as described below, no litigation is pending or, to the knowledge of the Attorney General, threatened against or affecting the State seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds.

Litigation is pending in which the State is a party. For a description of certain litigation affecting the State, see the sections entitled "Litigation" in Part II of this Official Statement.

SECTION 9 – CLOSING CERTIFICATE

Concurrently with the delivery of the Bonds, the State will furnish: (i) a certificate signed by the Comptroller of the State of New York and dated as of the date of the delivery of and payment for the Bonds certifying with respect to Parts I and III of the Official Statement, but not with respect to Part II of the Official Statement, that as of the date of the Official Statement furnished by the State in relation to the sale of the Bonds, Parts I and III of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Parts I and III of the Official Statement obtained from sources other than the State is not certified as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading; and (ii) a certificate signed by the Director of the Budget of the State of New York and dated as of the date of the delivery of and payment for the Bonds certifying with respect to Part II of the Official Statement, but not with respect to Parts I and III of the Official Statement, that as of the date of the Official Statement furnished by the State in relation to the sale of the Bonds and as of the date of delivery of the Bonds, Part II of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Part II of the Official Statement obtained from sources other than the State is not certified as to accuracy, completeness or fairness, she has no reason to believe and does not believe that such information is materially inaccurate or misleading, and subject to the further condition that with regard to the statements and information in Part II under the caption "Litigation" such statements and information as to legal matters are given to the best of her information and belief, having made such inquiries as she deems appropriate with the Department of Law of the State of New York, without further independent investigation.

SECTION 10 – CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

In order to assist the purchasers in complying with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the State will undertake in a written agreement for the benefit of the holders of the Bonds (the "Agreement") to provide to each Nationally Recognized Municipal Securities Information Repository (each a "Repository"), and if and when one is established, the New York State Information Depository (the "State Information Depository"), on an annual basis on or before 120 days after the end of each State fiscal year, commencing the fiscal year ending March 31, 2009, financial and operating data concerning the State of the type included in this Official Statement, referred to herein as "Annual Information" and described in more detail below. The Comptroller is required by existing law to issue audited annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) of the State within 120 days after the close of the State fiscal year, and the State will undertake to provide the State's annual financial statements prepared in accordance with GAAP and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, if and when such statements are available. In addition, the State will undertake, for the benefit of the holders of the Bonds, to provide to each such Repository or to the Municipal Securities Rulemaking Board (the "MSRB"), and to the State Information Depository, if any, in a timely manner, the notices described below.

The Annual Information shall consist of (a) financial and operating data of the type included in the Annual Information Statement of the State set forth in Part II, hereto, under the headings or sub-headings "Prior Fiscal Years," "Debt and Other Financing Activities," "State Government Employment," "State Retirement Systems," and "Authorities and Localities," including, more specifically, information consisting of (1) for prior fiscal years, an analysis of cash-basis results for the State's three most recent fiscal years, and a presentation of the State's results in accordance with GAAP for at least the two most recent fiscal years for which that information is currently available; (2) for debt and other financing activities, a description of the types of financings the State is authorized to undertake, a presentation of the outstanding debt issued by the State and certain public authorities, as well as information concerning the debt service requirements on that debt; (3) for authorities and localities, information on certain public authorities and local entities whose financial status may have a material impact on the financial status of the State; and (4) material information regarding State government employment and retirement systems; together with (b) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the State and in judging the financial information about the State.

The notices that the State will undertake to provide as described above, include notices of any of the following eleven events with respect to the Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the security; (7) modifications to the rights of security holders; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the securities; and (11) rating changes. In addition, the State will undertake, for the benefit of the holders of the Bonds, to provide to each Repository or the MSRB, and to the State Information Depository, if any, in a timely manner, notice of any failure by the State to provide the Annual Information and annual financial statements by the date required in the State's undertaking described above.

The sole and exclusive remedy for breach or default under the Agreement described above is an action to compel specific performance of the undertakings of the State, and no person, including a holder of the Bonds, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. As a result, the parties to the Agreement do not anticipate that it often will be necessary to amend the informational undertakings. The Agreement, however, may be amended or modified under certain circumstances set forth therein.

The Securities and Exchange Commission recently adopted certain amendments to Rule 15c2-12, which amendments become effective July 1, 2009. Pursuant to such amendments, it is expected that all information of the type previously required under the Agreement to have been submitted to the Repositories shall now be submitted to the MSRB through its Electronic Municipal Market Access System (EMMA).

Copies of the Agreement when executed by the parties thereto on the date of the initial delivery of the Bonds will be on file at the Office of the State Comptroller.

STATE OF NEW YORK
Thomas P. DiNapoli
State Comptroller

By: /s/ Margaret N. Becker
Margaret N. Becker
Deputy Comptroller

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PART I - EXHIBIT A

BOND AUTHORIZATIONS

The following is a listing of all purposes for which the voters of the State, at general elections in November, have authorized the issuance of general obligation bonds, as required by Article VII, Section 11 of the State Constitution, and the respective dates of authorization. The purposes and amounts for which the Bonds are being issued are listed in the Introduction to this Official Statement. The total amount of general obligation debt authorized, authorized but unissued, and outstanding as of March 31, 2008 by purpose is set forth in the table of State General Obligation Debt in Part II of this Official Statement in the section entitled "Financing Activities – Outstanding Debt of the State and Certain Authorities." The total amount of debt for each purpose listed below, for which the Bonds are being issued is set forth in the table ("Table of Issuance") following the description of all purposes listed below. The table includes the amount of debt: (i) authorized but unissued prior to the issuance of the Bonds, (ii) to be issued as part of the issue of the Bonds, and (iii) remaining authorized but unissued after the issuance of the Bonds.

Accelerated Capacity and Transportation Improvements of the Nineties Bonds

The Accelerated Capacity and Transportation Improvements of the Nineties Bond Act (Chapter 261, Section 50, of the Laws of 1988) authorized the creation of a State debt in an aggregate amount not exceeding $3.0 billion to provide moneys to be used for preserving, enhancing, restoring and improving the quality of the State's highway and bridge infrastructure system by the construction, reconstruction, capacity improvement, replacement, reconditioning and preservation of State highways and parkways, and bridges thereon, and municipal bridges not on the State highway system.

Clean Water/Clean Air Bonds

The Clean Water/Clean Air Bond Act of 1996 (Chapter 412 of the Laws of 1996) authorized the creation of a State debt in an aggregate amount not exceeding $1.750 billion for the single purpose of preserving, enhancing, restoring and improving the quality of the State's environment by the accomplishment of projects and the funding of activities by State agencies, public authorities and public benefit corporations, municipalities and other governmental entities and not-for-profit corporations for and related to protecting, improving, and enhancing the quality of drinking water and the enhancement of water bodies; by providing funds to open space, and for parks, historic preservation, and heritage area improvements; by providing funds for solid waste projects; by providing funds for the restoration of contaminated properties, and by providing funds for air quality projects. Such programs and their respective maximum debt authorizations are as follows: (1) for the creation of a State safe drinking water program ($355 million), (2) for preserving, enhancing, restoring and improving the quality of water ($790 million), (3) for solid waste projects ($175 million), (4) for restoring and improving contaminated areas and returning them to productive use ($200 million), and (5) for preserving, enhancing, restoring and maintaining the quality of the air ($230 million).

Energy Conservation Through Improved Transportation Bonds

The Energy Conservation Through Improved Transportation Bond Act (Chapter 369 of the Laws of 1979) authorized the creation of a State debt in an aggregate amount not exceeding $500 million to provide moneys to be used for the preservation and improvement of highways, local streets and rail transportation facilities and equipment needed to assure the availability of safe, economical and energy efficient local streets and highways and urban, commuter and intercity rail passenger and rapid transit systems and rail freight services. Such programs and their respective maximum debt authorizations are as follows: (1) for the acquisition, construction, reconstruction, establishment, improvement and rehabilitation of urban, commuter and intercity rail passenger and rapid transit systems and rail freight capital facilities, for the acquisition of real property and interests in real property required or expected to be required therefore, and for any capital equipment to be used in connection therewith, by the State or any county, city, town, village, special transportation district, public benefit corporation or other public corporation or two or more of the foregoing acting jointly ($400 million); and (2) for the reconstruction, improvement, reconditioning and preservation of highways and bridges of the State highway systems, for the acquisition of real property and interests in real property required or expected to be required therefore, by any county, city, town or village, or two or more of the foregoing acting jointly ($100 million).

Environmental Quality 1972 Bonds

The Environmental Quality Bond Act (Chapter 658 of the Laws of 1972) authorized the creation of a State debt in an aggregate amount not exceeding $1.150 billion for the purpose of preserving, enhancing, restoring and improving the quality of the State's environment for three basic programs, each of which contains its own maximum debt authorization. Such programs and their respective limitations on the use of proceeds are as follows: (1) for the preservation, enhancement, restoration and improvement of the quality of water ($650 million); (2) for the preservation, enhancement, restoration and improvement of the quality of air ($150 million); and (3) for the preservation, enhancement, restoration and improvement of the quality of land ($350 million).

Environmental Quality 1986 Bonds

The Environmental Quality Bond Act of 1986 (Chapter 511 of the Laws of 1986) authorized the creation of a State debt in an aggregate amount not exceeding $1.450 billion to provide moneys to be used for preservation, enhancement, restoration and improvement of the quality of the State's environment by the remediation of sites containing hazardous wastes; by the closure of municipal landfills; by the acquisition of land or interests in land within the Adirondack and Catskill parks; by the acquisition of environmentally sensitive areas, including areas of aquifer recharge, exceptional scenic beauty, exceptional forest character, open space, pine barrens, public access, trailways, unique character, wetlands and wildlife habitat; and by the improvement, restoration and rehabilitation of State and municipal historic sites, the acquisition, development and improvement of municipal park and recreation facilities and the development of urban cultural parks; and by the acquisition, improvement, restoration and rehabilitation of historic properties owned or to be acquired by not-for-profit corporations. The programs authorized and their respective debt authorizations are as follows: (1) for hazardous waste site remediation and municipal non-hazardous waste landfill closure ($1.2 billion), of which up to $100 million shall be available to municipalities to assist in the closure of municipal landfills; and (2) for acquisition of forest preserve and environmentally sensitive lands, and for the acquisition, development, improvement and restoration of real property for conservation, recreation, and historic preservation purposes ($250 million).

Housing Bonds and Urban Renewal Bonds

Article XVIII, Section 3 of the State Constitution, which took effect January 1, 1939, authorized the creation of a State debt in an aggregate amount not exceeding $300 million for the purpose of making loans to any city, town, village, public corporation or limited profit housing corporation for the construction of low rent housing for persons of low income as defined by law and for the clearance, replanning, reconstruction and rehabilitation of substandard and unsanitary areas, and for recreational and other facilities incidental or appurtenant thereto. Subsequently, in each of the years 1947, 1949, 1954, 1956 and 1958, the voters approved the creation of additional housing debt in the amounts of $135 million, $300 million, $200 million, $100 million and $200 million, respectively. The $300 million of original authorization was not segregated by type of housing project. Subsequent authorizations, however, were designated for low income housing, middle income housing or urban renewal.

Outdoor Recreation Development Bonds

The Outdoor Recreation Development Bond Act (Chapter 558 of the Laws of 1965) authorized the creation of a State debt in an aggregate amount not exceeding $200 million to provide moneys to be used, in such manner and upon such terms and conditions as the Legislature may prescribe, for development and acquisition of lands for outdoor recreation purposes, including parks, forest recreation areas, marine facilities and historic sites.

Park and Recreation Land Acquisition Bonds

The Park and Recreation Land Acquisition Bond Act (Chapter 522 of the Laws of 1960) and the Park and Recreation Land Acquisition Bond Act of 1962 (Chapter 443 of the Laws of 1962) authorized the creation of a State debt in an aggregate amount not exceeding $100 million to provide moneys to be used for the purpose of temporarily financing the acquisition of predominately open or natural lands, for conservation and outdoor recreation development particularly in and near rapidly growing urban and suburban areas to meet future needs of an expanding population, for the acquisition of additional State park lands, and for State grants to cities, counties, towns and villages and to cities, counties, towns and villages on behalf of improvements districts in acquiring similar lands for municipal parks for matching Federal funds which may from time to time be made available by Congress for such purposes.

Pure Waters Bonds

The Pure Waters Bond Act (Chapter 176 of the Laws of 1965) authorized the creation of a State debt in an aggregate amount not exceeding $1.0 billion to provide moneys to be used for the non-local share of the costs of construction, reconstruction and improvement by a political subdivision or a public benefit corporation of the State of facilities for the purpose of treating, neutralizing, or stabilizing sewage, including treatment or disposal plants and for other necessary facilities to ensure pure waters for the State. The non-local share to be financed by the State may not exceed 60% of the total cost.

Rebuild New York Through Transportation Infrastructure Renewal Bonds

The Rebuild New York Through Transportation Infrastructure Renewal Bond Act (Chapter 836 of the Laws of 1983) authorized the creation of a State debt in an aggregate amount not exceeding $1.250 billion to provide moneys to be used for the preservation, enhancement, restoration and improvement of the quality of the State's transportation infrastructure system by the construction, reconstruction, improvement, reconditioning and preservation of State highways, bridges and parkways and highways and bridges not on the State highway system, including the improvement and/or elimination of highway-railroad grade crossings on or off State highways and the improvement or construction of commuter rail parking facilities, ports, marine terminals, canals, waterways, rail freight, rail passenger, rail rapid transit, commuter rail, omnibus systems and facilities and airport and aviation capital facilities. Such programs and their respective maximum debt authorizations are as follows: (1) highways, bridges, parkways, grade-crossings and commuter rail parking ($1.005 billion); (2) ports, marine terminals, canals and waterways ($75 million); and (3) rail freight, rail passenger, rapid transit, commuter rail, omnibus and airport and aviation facilities ($170 million). In each of the above categories the Legislature may increase the maximum debt authorization provided that such increase is simultaneously offset by appropriate decreases in one or more categories. Such action has been taken and the maximum amount authorized to be issued for each purpose as of the date of this Official Statement is $1,064.0 million, $49.36 million and $136.64 million for the purposes (1), (2), and (3), respectively.

Transportation Capital Facilities Bonds

The Transportation Capital Facilities Bond Act (Chapter 715 of the Laws of 1967) authorized the creation of a State debt in an aggregate amount not exceeding $2.5 billion to provide moneys to be used for the acquisition, construction, reconstruction and improvement of transportation capital facilities and equipment, including real property required therefore, for three basic programs each of which contains its own maximum authorization. Such programs and their respective maximum debt authorizations are as follows: (1) State highways and parkways and related facilities and structures thereon, including bridges ($1.250 billion); (2) mass transportation capital facilities, including rapid transit, railroad, omnibus or marine transportation facilities and any capital equipment used in connection therewith ($1.0 billion); and (3) airport or aviation capital facilities and any capital equipment used in connection therewith ($250 million).

Rebuild and Renew New York Transportation Bonds

The Rebuild and Renew New York Transportation Bond Act of 2005 (Chapter 60 of the Laws of 2005) authorized the creation of a State debt in an aggregate amount not exceeding $2.9 billion to provide monies for the single purpose of improving, enhancing, preserving and restoring the quality of the state's transportation infrastructure. The limitations on the use of proceeds are as follows: (a) $1.45 billion for the planning and design, construction, reconstruction, replacement, improvement, reconditioning, rehabilitation and preservation of State highways, bridges and parkways; highways and bridges off the State highway system if the project is necessary or incidental to the canal system; border crossing enhancements; the improvement and/or elimination of highway-railroad grade crossings; pedestrian and/or bicycle trails, pathways and bridges; the canal system and moveable bridges that cross over the canal system; certain airports or aviation facilities and equipment, ports and marine terminals; omnibus, mass transit and rapid transit facilities and equipment excluding those operated or acquired by or under the jurisdiction of the metropolitan transportation authority and its subsidiaries and the Triborough Bridge and Tunnel Authority; certain urban, commuter and intercity passenger rail, freight rail, and intermodal passenger and freight facilities and equipment and (b) $1.45 billion for the planning and design, construction, reconstruction, replacement, improvement, reconditioning, rehabilitation and preservation in connection with urban and commuter passenger and freight rail, omnibus, mass transit and rapid transit systems, facilities and equipment including acquisition, operated or acquired by or under the jurisdiction of the metropolitan transportation authority and its subsidiaries and the New York City Transit Authority and its subsidiaries.

GENERAL OBLIGATION BONDS

TABLE OF ISSUANCE

Dated:

March 5, 2009

(Dollars in Thousands)

Purpose	Authorized but Unissued Prior to Issuance of the Bonds	Amount of Issue of the Bonds (Net Proceeds)	Remaining Authorized but Unissued
Clean Water/Clean Air			
Clean Water	$ 195,986,928.75	$ 23,335,000.00	$ 172,651,928.75
Environmental Restoration	$ 134,842,365.33	$ 30,782,192.12	$ 104,060,173.21
Solid Waste	$ 11,471,018.18	$ 404,500.00	$ 11,066,518.18
Environmental Quality 1972			
Land	$ 11,155,000.00	$ 761,000.00	$ 10,394,000.00
Water	$ 6,700,000.00	$ 347,500.00	$ 6,352,500.00
Pure Waters	$ 27,225,663.18	$ 1,449,800.00	$ 25,775,863.18
Rebuild & Renew New York			
Transportation Bonds			
Highway Facilities, Rails & Ports, DOT-Mass Transit, Aviation and Canals	$1,234,396,361.76	$201,984,263.58	$1,032,412,098.18
MTA - Mass Transit	$1,315,000,000.00	$197,449,000.00	$1,117,551,000.00

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PART I - EXHIBIT B

FORM OF ATTORNEY GENERAL'S OPINION

[Closing Date]

Honorable Thomas P. DiNapoli
State Comptroller
110 State Street
Albany, New York 12236

Dear Sir:

You have requested my opinion regarding the validity of General Obligation Bonds of the State of New York, $415,970,000 Series 2009A Tax-Exempt Bonds (the "Series 2009A Tax-Exempt Bonds") and $38,765,000 Series 2009B Taxable Bonds (the "Series 2009B Taxable Bonds") (the Series 2009A Tax-Exempt Bonds and the Series 2009B Taxable Bonds being collectively referred to as the "Bonds") which are being issued on the date hereof.

You advise that the Bonds are being issued for the purposes and in the amounts set forth below.

$415,970,000 Series 2009A Tax-Exempt Bonds

Purpose	Amount	Maturing February 15
Pure Waters	$ 1,469,438	2010-2039
Environmental Quality 1972		
Land	156,563	2010-2029
Land	579,346	2010-2019
Rebuild and Renew New York Transportation 2005		
Highway Facilities	6,645,817	2010-2039
Highway Facilities	107,369,957	2010-2029
Highway Facilities	17,715,280	2010-2019
Rails & Ports	27,286,670	2010-2039
DOT – Mass Transit	8,345,660	2010-2019
MTA – Mass Transit	163,180,815	2010-2039
MTA – Mass Transit	35,077,371	2010-2019
Aviation	9,834,431	2010-2039
Aviation	3,923,577	2010-2019
Canals	6,832,817	2010-2019
Clean Water/Clean Air		
Clean Water	6,050,866	2010-2039
Clean Water	17,098,883	2010-2029
Solid Waste	71,962	2010-2039
Solid Waste	320,950	2010-2019
Environmental Restoration	4,009,597	2010-2029
	$ 415,970,000	

$38,765,000 Series 2009B Taxable Bonds

Purpose	Amount	Maturing February 15
Environmental Quality 1972		
Water	$ 349,379	2010-2019
Clean Water/Clean Air		
Environmental Restoration	26,853,433	2010-2019
Rebuild and Renew New York Transportation 2005		
Aviation	2,412,978	2010-2019
Canals	904,867	2010-2019
Rails & Ports	8,244,343	2010-2019
	$38,765,000	

You further advise the following with respect to the Bonds. The Bonds will be dated the date of delivery and will mature or be subject to mandatory redemption on February 15 in each of the years set forth above. The Bonds will be issued as registered bonds, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interests in the Bonds purchased. Beneficial ownership interests in each series of the Bonds in the amount of $5,000 or any integral multiple thereof may be purchased by or through DTC Participants. Interest on the Bonds will be payable semi-annually, beginning August 15, 2009, and on each February 15 and August 15 thereafter until maturity, except for certain Series 2009A Tax-Exempt Bonds maturing in 2019.

The Series 2009A Tax-Exempt Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The Series 2009B Taxable Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature.

The transcript of the proceedings and the form of the Bonds enclosed with your request have been examined by members of my staff. You are advised that after consideration of the provisions of the State Constitution, the pertinent sections of the State Finance Law and the statutes above referred to, it is my opinion, based upon such inquiry as members of my staff have deemed appropriate, that the Bonds are legally issued in accordance with such Constitution and laws and that the Bonds constitute valid and legally binding general obligations of the State of New York to which its full faith and credit are pledged.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements that must be met after the Series 2009A Tax-Exempt Bonds have been validly issued and delivered in order that interest on the Series 2009A Tax-Exempt Bonds will be and will remain excludable from gross income pursuant to Section 103 of the Code. Such requirements may include the rebating of certain amounts earned from the investment of the proceeds of the Series 2009A Tax-Exempt Bonds. Rebates of any such amounts are subject to future appropriations by the State Legislature. You have provided me with an Arbitrage and Use of Proceeds Certificate prepared and executed by you, dated the date hereof (the "Certificate"), which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Certificate, you have certified to the effect that you expect to be able to and will comply with the provisions and procedures set forth therein, including any attachments thereto, and that to the extent authorized by law you will do and perform all acts and things necessary or desirable to assure that interest paid on the Series 2009A Tax-Exempt Bonds is excludable from gross income under Section 103 of the Code. You have also provided me with executed certificates of other governmental officers and entities relating to the use of the proceeds of the Series 2009A Tax-Exempt Bonds. No matters have come to my personal attention which would lead me to believe that your Certificate or such other certificates are incorrect or unreasonable.

Based on the contents of the Certificate and such other certificates, assuming compliance therewith and with subsequent rebating and other requirements, it is my opinion, based upon such inquiry as members of my staff have deemed appropriate, that, under the Code and other existing statutes, regulations, administrative rulings, and court decisions, interest on the Series 2009A Tax-Exempt Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes pursuant to Section 103 of the Code and that such interest will not be treated as a specific preference item in calculating the alternative minimum tax that may be imposed under the Code with respect to individuals and corporations. In addition, pursuant to the American Recovery and Reinvestment Act of 2009, which was signed into law on February 17, 2009, such interest is not included as an adjustment in calculating Federal corporate alternative minimum taxable income for purposes of determining a corporation's alternative minimum tax liability. Based on the contents of such Certificate, and assuming compliance therewith and with subsequent rebating and other requirements, it is my further opinion that interest on the Series 2009A Tax-Exempt Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York and the City of Yonkers.

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2009A Tax-Exempt Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity (in general, the "issue price" of a maturity means the first price at which a substantial amount of those Series 2009A Tax-Exempt Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers)). For any Series 2009A Tax-Exempt Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2009A Tax-Exempt Bonds.

Except as stated in the two preceding paragraphs, I express no opinion as to any Federal, state or local tax consequences arising with respect to the Series 2009A Tax-Exempt Bonds or the ownership or disposition thereof. This opinion is based on existing law as of the date hereof and I assume no obligation to update this opinion after the date hereof to reflect any future action, fact or circumstance, or change in law. Furthermore, I express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than myself on the exclusion from gross income for Federal income tax purposes of interest on the Series 2009A Tax-Exempt Bonds, or under state and local law.

Ownership of the Bonds may have other collateral tax consequences, not discussed herein, concerning which no opinion is expressed.

I further advise you that this letter contains my only opinion as to the validity and binding effect of the Bonds.

Very truly yours,

ANDREW M. CUOMO
Attorney General

PART II

INFORMATION CONCERNING THE STATE OF NEW YORK

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PART II

INFORMATION CONCERNING THE STATE OF NEW YORK

Part II contains the Annual Information Statement of the State of New York ("Annual Information Statement" or "AIS"), as updated or supplemented to the date specified therein. The State intends to update and supplement that Annual Information Statement as described therein. It has been supplied by the State to provide information about the financial condition of the State.

The AIS set forth in this Part II is dated May 12, 2008. It was updated on January 28, 2009 and supplemented on February 24, 2009 and contains information only through that date. Part II sets forth the section of the AIS entitled “Current Fiscal Year”. The remaining sections of the AIS set out under the headings “Prior Fiscal Years”, “Economics and Demographics”, “Debt and Other Financing Activities”, “State Organization”, “Authorities and Localities”, “Litigation”, and “Exhibits” are hereby included by cross reference. The AIS was also filed with each Nationally Recognized Municipal Securities Information Repository (NRMSIR). An official copy of the AIS may be obtained by contacting a NRMSIR, or the Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705. An informational copy of the AIS is available on the Internet at http://www.budget.state.ny.us.

The Basic Financial Statements and Other Supplementary Information for the State fiscal year ended March 31, 2008 were prepared by the State Comptroller in accordance with accounting principles generally accepted in the United States of America and independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information were issued on July 25, 2008 and have been referred to or set forth thereafter in appendices of information concerning the State in Preliminary Official Statements and Official Statements of the State and certain of the State’s public authorities. The Basic Financial Statements and Other Supplementary Information, which are included in the Comprehensive Annual Financial Report, for the State fiscal year ended March 31, 2008 may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 Tel: (518) 474-4015.

The Annual Information Statement of the State of New York (including any and all updates and supplements thereto) may not be included in an Official Statement or included by reference in an Official Statement without the express written authorization of the State of New York, Division of the Budget, State Capitol, Albany, NY 12224.

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Supplement to the Third Quarterly Update to the 2008-09 Annual Information Statement (AIS) of the State of New York

February 24, 2009

Recent Financial Plan Developments

This Supplement summarizes several developments concerning the State Financial Plan that have occurred since the release of the Third Quarterly Update to the AIS on January 28, 2009.

The Executive Budget, as amended, projected a General Fund budget gap of $1.6 billion in the current fiscal year and $13.8 billion in fiscal year 2009-10. The Governor and Legislature approved a deficit reduction plan ("DRP") for the current fiscal year on February 6, 2009. The DRP is expected to provide $1.6 billion in savings in fiscal year 2008-09 and approximately $800 million in savings in fiscal year 2009-10. The DRP included, among other things, an increased assessment on the insurance industry, a tuition increase for the State University, spending reductions in a range of programs, the transfer of certain assets from the New York Power Authority, strict controls on State-wide spending for agency operations, and the use of existing fund balances. The Legislature continues to deliberate on the 2009-10 Executive Budget proposal submitted by the Governor.

President Obama signed into law the American Recovery and Reinvestment Act of 2009 (the "ARRA") on February 17, 2009. Based on the Division of the Budget's ("DOB") preliminary analysis, New York State and localities will receive approximately $24.6 billion under ARRA during the current fiscal year and over the course of the next two fiscal years (2009-10 and 2010-11). In the current fiscal year and fiscal year 2009-10, the State itself (as distinct from local governments and school districts) is expected to receive approximately $6.5 billion in direct federal aid, of which approximately $5.3 billion is unrestricted aid to the State and approximately $1.2 billion (on a school year basis) is, based on DOB's review of the ARRA, restricted to financing education and higher education programs that would have otherwise been reduced based upon recommendations in the Executive Budget.

On February 24, 2009, the Governor and Legislature reached a consensus that, based on updated economic information and operating results through mid-February 2009, General Fund tax receipts over the two-year period from fiscal year 2008-09 to fiscal year 2009-10 are likely to be $1 billion lower than the levels forecast in the Executive Budget, as amended by the Governor on January 15, 2009. The consensus forecast notes that, "all parties agreed that the greatest risk to the consensus forecast is the current state of financial markets . . . [and] find virtually no upside potential to the consensus forecast." The DOB also estimates that a delay in budget enactment from March 1, 2009 to April 1, 2009 (the start of the State fiscal year) would result in approximately $250 million to $300 million in potential lost savings in fiscal year 2009-10, mainly due to later implementation of proposed health care cost containment. The DOB further notes that the State Financial Plan projections are subject to a number of risks, including risks related to (a) the economic forecast, (b) the execution of certain transactions counted on in the Financial Plan, and (c) legislative action on the Executive Budget, as proposed (please see the Third Quarterly Update to the AIS for a discussion of such risks).

On balance, DOB believes that the developments described above will permit the State to end the current fiscal year in balance without the use of existing reserves.

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

January 28, 2009

This quarterly update (the "AIS Update") is the third quarterly update to the Annual Information Statement of the State of New York, dated May 12, 2008 (the "AIS") and contains information only through January 28, 2009. 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 6, 2008 (the "First Quarterly Update") and October 28, 2008 (the "Second Quarterly Update") and the Supplement to the Second Quarterly Update released on December 23, 2008 which was based on the 2009-10 Executive Budget proposal. This AIS Update is based on the Supplement to the Second Quarterly Update and contains updates thereto based on the 2009-10 Executive Budget 30-day amendment process. Summary tables on pages 50-53 compare Financial Plan changes between the Executive Budget Financial Plan and the updated Financial Plan provided in conjunction with the 30-day amendments (the "Amended Financial Plan").

The Governor submitted the Executive Budget for 2009-10 (the "2009-10 Executive Budget"), on December 16, 2008, one month earlier than mandated by law. The 2009-10 Executive Budget Financial Plan (the "Executive Budget Financial Plan") included (1) a proposed Deficit Reduction Plan ("DRP") to eliminate a current-year budget gap estimated at $1.7 billion, and (2) a complete plan of savings proposals and new resources to eliminate a budget gap of $13.7 billion projected for the 2009-10 fiscal year. The budget gaps represent (a) the difference between the General Fund disbursements projected to be needed to maintain current service levels and specific commitments, and the projected level of resources to pay for them, plus (b) the projected operating deficit in HCRA.

On January 15, 2009, the Governor submitted amendments to the Executive Budget, as authorized by the State Constitution. In conjunction with the amendments, the Division of the Budget issued the Amended Financial Plan, reflecting minor revisions to the operating projections set forth in the Executive Budget Financial Plan based on updated economic data, operating results through December 2008, the programmatic and technical amendments submitted by the Governor, and other information.

In the Amended Financial Plan, DOB revised the estimate for General Fund receipts upward by $115 million in the current year, mainly reflecting the impact of certain litigation settlements reached by the State Attorney General. This reduced the estimated imbalance in the current year that must be closed by the DRP from $1.7 billion to $1.6 billion. In 2009-10 and beyond, DOB reduced projected General Fund tax receipts by $200 million annually, based in large part on updated economic information for December 2008. This estimated decline in tax receipts was partially offset by other forecast revisions, leaving a potential imbalance of $128 million in 2009-10 compared to the Executive Budget Financial Plan. To eliminate the budget imbalance in 2009-10, and maintain a balanced budget proposal, the Amended Financial Plan reflected adjustments that (a) deferred, until 2009-10, savings actions of $100 million that were originally included in the DRP for 2008-09 but are no longer expected to be needed and (b) new savings actions of $28 million. In addition to the changes described above, the Governor introduced several programmatic and technical amendments to the Executive Budget that have a minimal fiscal impact. The Amended Financial Plan projections assume that the Legislature will enact the Executive Budget, as amended on January 15, in its entirety.

The Executive Budget, as amended by the Governor, is structured to permit the Legislature to enact the DRP in advance of the budget for 2009-10. The Legislature convened for its new session on January 7, 2009. The Amended Financial Plan assumes the Legislature will take action on the DRP proposals by February 1, 2009 and on the Executive Budget proposals by March 1, 2009. Negotiations on the DRP have been held between the Executive and the Legislature. DOB believes that the level of Financial Plan savings that could be achieved would not be materially affected if the DRP were enacted later in the current fiscal year, and expects that any items not addressed as part of the DRP will be considered as part of the overall negotiations on the 2009-10 Budget.

As in any year, there can be no assurance that the Legislature will act on the assumed timetable, that it will adopt the DRP as proposed, or that it will not make material revisions to the 2009-10 Executive Budget, as amended and proposed.

In this AIS Update, readers will find:

1. Extracts from the Governor's Executive Budget Financial Plan for 2009-10 presented to the Legislature on December 16, 2008, updated to reflect the revisions captured in the Amended Financial Plan. The Amended Financial Plan includes:

    (a) estimates for the State's current fiscal year (2008-09) and detailed projections for fiscal years 2009-10 through 2012-13, which reflect the 2009-10 Executive Budget recommendations (including the Amended Financial Plan);

    (b) a summary of the recent events and changes to the Financial Plan made since the Second Quarterly Update;

    (c) an updated economic forecast;

    (d) operating results for the first nine months of fiscal year 2008-09;

    (e) the Generally Accepted Accounting Principles ("GAAP")-basis Financial Plan projections for 2008-09 and 2009-10; and

    The Executive Budget Financial Plan, the Amended Financial Plan, the proposed Capital Program and Financing Plan, and related budgetary information are available on the DOB website, www.budget.state.ny.us.

2. A discussion of special considerations related to the Amended Financial Plan.

3. Updated information regarding the State Retirement Systems.

4. The current status of significant litigation that has the potential to adversely affect the State's finances.

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

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

The State may issue AIS supplements or other disclosure notices to this AIS Update as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of this AIS Update in Official Statements or related disclosure documents for State or State-supported debt issuance. The State has filed this AIS Update directly with Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs") and with the Central Post Office, Disclosure USA, an internet-based disclosure filing system, approved by the Securities and Exchange Commission and established by the Municipal Advisory Council of Texas to facilitate the transmission of disclosure-related information to the NRMSIRs. An official copy of this AIS Update may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-8282 or from any NRMSIR.

Usage Notice

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

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

Neither this AIS Update nor any portion thereof may be (i) included in a Preliminary Official Statement, Official Statement, or other offering document, or incorporated by reference therein, unless DOB has expressly consented thereto following a written request to the State of New York, Division of the Budget, State Capitol, Albany, NY 12224 or (ii) considered to be continuing disclosure in connection with any offering unless a CDA relating to the series of bonds or notes has been executed by DOB. Any such use, or incorporation by reference, of this AIS Update or any portion thereof in a Preliminary Official Statement, Official Statement, or other offering document or continuing disclosure filing or incorporated by reference therein without such consent and agreement by DOB is unauthorized and the State expressly disclaims any responsibility with respect to the inclusion, intended use, and updating of this AIS Update if so misused.

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Amended Financial Plan

Note: *DOB issued the 2009-10 Executive Budget Financial Plan on December 16, 2008 and the Amended Financial Plan on January 15, 2009. The extracts set forth below are from the Executive Budget Financial Plan, as updated to reflect the Governor's amendments and revised projections of January 15, 2009 (the "Executive Budget"). The Financial Plans include estimates and proposals for 2008-09 and 2009-10, and projections for 2010-11 through 2012-13. As such, they contain 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 Amended 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 weighted toward the General Fund.

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

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

Please see the Glossary of Acronyms on Pages 46-49 of this AIS Update for the definitions of acronyms, defined terms and abbreviations that are used in this AIS Update.

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Amended Financial Plan

The outlook for State finances has continued to weaken since the budget for the current fiscal year was enacted in April 2008. In the First Quarterly Update to the AIS, DOB significantly lowered its projections for tax receipts to reflect the worsening outlook for the national and State economies, and the anticipated impact on tax collections.[1] A potential gap was identified for the current fiscal year (2008-09), which DOB expected to eliminate through a 7 percent reduction in State agency operations. At the time, DOB warned that the State's fiscal outlook could worsen further, noting "the nation's economic troubles are severe and widespread [and] important financial institutions face a crisis of confidence among investors and the general public."

In September and October 2008, a series of unprecedented financial sector shocks transformed the economic downturn that began in late 2007 into a global financial crisis. In New York, the crisis was expected to have grave consequences for the State's financial services sector, one of the principal sources of State tax receipts. In the Second Quarterly AIS Update, after evaluating the still-unfolding crisis, DOB reduced the General Fund receipts forecast by nearly $1.7 billion for the current year and by over $5.8 billion for 2009-10.[2] In addition, market conditions were expected to disrupt plans to convert GHI/HIP to a for-profit company and to sell certain surplus properties, reducing expected resources by an additional $384 million in the current year. As a result of these and other revisions, a combined General Fund and HCRA budget gap of $1.5 billion was projected for the current year, growing to $12.5 billion in 2009-10. The combined General Fund and HCRA four-year gap totaled $47 billion, an increase of $21 billion from the First Quarterly Update to the AIS.[3] At the Governor's request, the Legislature convened a special session on November 18, 2008 to consider options to close the current-year gap, but ultimately took no action.

Economic Discussion

U.S. Forecast Discussion

Since the end of October 2008, evidence has mounted that the U.S. recession that began in December 2007 has deepened and the advance toward global recession has accelerated. The deleveraging process in the housing and credit markets has destroyed trillions of dollars of wealth, resulting in what may become the most severe economic contraction since the early 1980s and possibly the Great Depression. In spite of a massive government effort to restore the domestic banking system, and similar efforts around the world, the global economy's downward momentum continues unabated.

Real U.S. GDP is projected to decline for four consecutive quarters starting with the third quarter of calendar year 2008. For estimating purposes, it is assumed that a stimulus package will be approved at the Federal level at $800 billion for two years. DOB projects the U.S. economy to contract by 1.4 percent in 2009, following growth of 1.2 percent in 2008.

The housing market has still failed to find a bottom, with housing starts falling to unprecedented post-war lows and home prices continuing to fall. Declining employment and wealth, combined with unfavorable credit market conditions, continue to put downward pressure on household spending. On the positive side, the recent decline in energy prices has increased the purchasing power of household incomes, while at the same time reducing inflation expectations and increasing the Federal Reserve's policy options. But this favorable trend is expected only to cushion the impact of a falling labor market and a slow-recovering financial system. Consequently, real consumption is projected to decline.

[1] Issued on August 6, 2008
[2] Issued October 28, 2008
[3] Covering fiscal years 2008-09 through 2011-12

With the accelerated loss of jobs projected for 2009, wage growth is also expected to fall. DOB projects that wages will actually fall in both the fourth quarter of 2008 and the first quarter of 2009, owing in part to weak bonus performance anticipated nationwide for these quarters. The substantial decline in wage growth is expected to reduce personal income growth from 3.8 percent in 2008 to 1.8 percent in 2009. DOB projects inflation as measured by growth in the Consumer Price Index of 0.1 percent for 2009, following 3.9 percent for 2008.

New York Forecast Discussion

With the financial markets at the center of the economic downturn, the New York State economy stands to be hit hard by the current recession. Financial industry consolidation is likely to have grave implications for financial sector employment, particularly in New York City. Layoffs from the State's financial services sector are now expected to total approximately 60,000 as strained financial institutions seek to cut costs and newly merged banks seek to reduce duplication of services. These projected losses are approximately double those that occurred in the wake of September 11th.

But the current downturn in the State economy is expected to extend far beyond Wall Street. A broad-based State recession is now projected to result in private sector job losses of about 180,000, with declines anticipated for all major industrial sectors except for health and education. The loss of manufacturing jobs is expected to accelerate going forward, particularly in auto-related industries. The State's real estate market will continue to weaken in 2009, with office vacancy rates expected to rise due to falling employment, tight credit market conditions, and completed construction coming online. In addition, a weak global economy and strong dollar are expected to negatively affect the State’s export-related and tourism industries. State employment is now expected to fall 1.9 percent for 2009, with private sector jobs projected to fall 2.2 percent, following growth of 0.3 percent for both total and private employment for 2008. DOB projects a decline in total State wages of 4.1 percent for 2009, largely driven by a decline of 48 percent in bonus payments of the finance and insurance industry, following an estimated increase of 1.1 percent for 2008. Declines in both the wage and non-wage components of income will result in a decline in total personal income of 1.6 percent for 2009, following 2.3 percent growth for 2008.

Financial Plan Revisions Reflect the Weakening Economic Outlook

In DOB’s view, the updated economic information that has become available since the Second Quarterly AIS Update, the continuing instability in the financial markets, and the uneven response to Federal government efforts to restore confidence combine to provide compelling evidence for further reducing the General Fund receipts forecast over the plan period. The impact of the recession on tax collections is expected to begin to register in the high-tax collection months that remain in the current fiscal year. DOB has lowered the estimate of General Fund tax receipts (excluding deposits to the STAR fund) by $492 million in the current year and $1.8 billion in 2009-10.[4] The reductions are in addition to the substantial downward revisions reflected in the Second Quarterly AIS Update.

In comparison to the Second Quarterly AIS Update, General Fund PIT receipts (excluding STAR), have been reduced by $253 million in 2008-09 and $1.27 billion in 2009-10. In 2008-09, the revisions reflect an expected decrease in estimated tax payments and withholding, offset in part by an expected increase in final returns. In 2009-10, the revisions reflect falling wage growth and lower withholding and estimated tax payments, consistent with the updated economic forecast. Lower expected spending in the STAR program, based on rebate requests and other indicators, offsets these downward revisions in PIT receipts. General Fund user taxes and fees have been lowered by $143 million in the current year, reflecting slower than expected growth in the sales tax base. Business tax estimates have been reduced by $87 million in 2009-10, which is consistent with the economic outlook. Real estate transfer tax receipts have been lowered by $50 million in

[4] The STAR program is financed by a deposit of PIT receipts from the General Fund to a special revenue fund.

2008-09 and $210 million in 2009-10, consistent with the expected weakness in the real estate and credit markets. The estate tax estimate has been lowered by $56 million in 2008-09 and $127 million in 2009-10, reflecting market conditions. DOB has also lowered its multi-year VLT forecast. Although a new facility at Aqueduct Racetrack is expected to begin operations in October 2010, plans for a temporary facility that would open earlier have not materialized.

The downward revisions to tax and VLT receipts are offset in part by lower expected costs in several areas, as compared to the forecast in the Second Quarterly AIS Update. These include: school aid, as a result of the November 2008 database update; the Judiciary, based on a review of operating results; and in other programs and agencies. In addition, DOB has revised downward its estimate concerning the cost of certain legislation enacted during the 2008 regular legislative session. DOB believes that pressure on entitlement spending is likely to build and may add additional costs over the plan period.

Fiscal Situation

In fiscal year 2008-09, the net impact of the revisions leaves a budget gap of $1.6 billion, an increase of $117 million from the Second Quarterly AIS Update. In 2009-10, the result is a budget gap of $13.8 billion, an increase of $1.3 billion from the Second Quarterly AIS Update. The table below summarizes the impact of the revisions to operating projections.

SUMMARY OF CHANGES TO GENERAL FUND/HCRA CURRENT SERVICES FORECAST
SAVINGS/(COSTS)
(millions of dollars)

	2008-09*	2009-10	2010-11	2011-12	2012-13**
Mid-Year Current Services Surplus/(Gap)	(1,475)	(12,518)	(15,752)	(17,234)	
Four-Year Total Gap (2008-09 through 2011-12)				*(46,979)*	
Revisions	(232)	(1,160)	(1,356)	(1,321)	
Tax Revenue	(492)	(1,618)	(1,700)	(1,796)	
VLT Operations	0	(96)	(148)	(149)	
STAR	159	300	378	406	
School Aid November Database Update	0	213	142	214	
All Other	101	41	(28)	4	
Executive Budget Current Services Surplus/(Gap) Estimate	(1,707)	(13,678)	(17,108)	(18,555)	(19,627)
Four-Year Total Gap (2008-09 through 2011-12)				*(51,048)*	
30-Day Amendment Forecast Revisions	115	(128)	(165)	*(164)*	(164)
Revised Current Services Surplus/(Gap) Estimate	(1,592)	(13,806)	(17,273)	(18,719)	(19,791)
Change in Current Services Surplus/(Gap) Estimate since Mid-Year	(117)	(1,288)	(1,521)	(1,485)	N/A
Four-Year Total Gap (2008-09 through 2011-12)				*(51,390)*	

** 2008-09 estimate, before reflecting impact of proposed Deficit Reduction Plan.*
*** The 2012-13 gap estimates are published for the first time in the 2009-10 Executive Budget.*

The combined four-year gap (excluding fiscal year 2012-13, which is included for the first time in the 2009-10 Executive Budget) totals $51 billion before recommendations, up by more than $4 billion compared to the Second Quarterly AIS Update.[5] The gap for 2009-10 is the largest ever faced by the State as measured in absolute dollars, and is roughly equivalent to the magnitude of the gap that needed to be closed in 2003-04 as a percentage of the total General Fund.

Since the Executive Budget was presented on December 16, 2008, DOB has revised the estimate for General Fund receipts upward by $115 million, mainly reflecting the impact of certain litigation settlements

[5] The estimates beyond 2009-10 are meant to provide only a general perspective on the State's long-term operating forecast, and will be revised with each quarterly update.

reached by the State Attorney General. In 2009-10 and beyond, DOB has reduced projected General Fund tax receipts by $200 million, based in large part on updated economic information for December 2008. The decline in tax receipts is partially offset by other forecast revisions, leaving a potential imbalance of $128 million compared to the Executive Budget Financial Plan.

Overview of Governor's 2009-10 Executive Budget Recommendations

The Executive Budget would make significant progress in bringing State finances into structural balance. The gap-closing plan proposes $15.4 billion in savings and new resources to balance the budgets in the 2008-09 and 2009-10 fiscal years.[6] The recommendations would, if approved by the Legislature in their entirety, fully balance the General Fund and HCRA in the current year and 2009-10, and leave a General Fund gap of $2.0 billion in 2010-11. The combined four-year gap (2008-09 through 2011-12) would be reduced from $51 billion to $6.2 billion, a decrease of $44.9 billion (88 percent). The Executive Budget gap-closing plan for 2009-10 is summarized in the following table.

COMBINED GENERAL FUND AND HCRA BUDGET-BALANCING PLAN: 2009-10 EXECUTIVE BUDGET
(millions of dollars)

	2008-09	2009-10	Shares of Plan	2010-11	2011-12	2012-13
Revised Current Services Gaps	**(1,592)**	**(13,806)**		**(17,273)**	**(18,719)**	**(19,791)**
Spending Restraint:	350	9,150	67%	11,166	11,416	11,142
Savings Actions	212	7,286	54%	9,006	9,194	8,852
School Tax Relief Program	93	1,668	12%	2,160	2,222	2,290
Elimination of Member Item Funding	45	196	1%	0	0	0
Revenue Actions	112	3,076	23%	3,630	3,503	3,024
Non-recurring Actions	1,157	1,137	8%	361	(434)	(34)
HCRA Revisions	88	315	2%	117	25	(14)
Revised Executive Budget Gaps	**115**	**(128)**		**(1,999)**	**(4,209)**	**(5,673)**
30-Day Amendments	(115)	128		14	14	12
30-Day Amendment Executive Budget Gaps*	**0**	**0**		**(1,985)**	**(4,195)**	**(5,661)**

**Assumes enactment of Deficit Reduction Plan (DRP) in current year at levels proposed.*

The Executive Budget holds 2009-10 spending flat in the General Fund and below inflation for nearly all budget measures. The State's rainy day reserves would remain intact at $1.2 billion, equal to approximately 2.2 percent of expected spending. Non-recurring resources would total just over $1.1 billion in 2009-10, or approximately 8 percent of the total gap-closing plan. The number of State employees is expected to decline by approximately 3,100 in 2009-10, the first annual reduction in headcount since 2004.[7] The gap-closing plan is balanced with actions that are under the State's control to enact and implement. It does not rely on the prospect of extraordinary Federal aid, which at this point remains speculative.

To address the two-year budget imbalance, the Executive Budget is presented as two distinct plans: (1) a Deficit Reduction Plan (DRP) to eliminate the current-year budget gap, and (2) a complete plan of savings

[6] The gap-closing plan refers to actions proposed to eliminate the combined General Fund and HCRA budget gaps. The gaps represent (a) the difference between the General Fund disbursements expected to be needed to maintain current service levels and specific commitments, and the expected level of resources to pay for them, plus (b) the operating deficit projected in HCRA.

[7] Employees measured as full-time equivalents.

proposals and new resources to balance the 2009-10 fiscal year. The Executive Budget is structured to permit the Legislature to enact the DRP in advance of the budget for 2009-10.

The Legislature convened for its new session on January 7, 2009. The Amended Financial Plan assumes the Legislature will take action on the DRP proposals by February 1, 2009 and on the Executive Budget proposals by March 1, 2009. Negotiations on the DRP have been held between the Executive and the Legislature. DOB believes that the level of Financial Plan savings that could be achieved would not be materially affected if the DRP were enacted later in the current fiscal year, and expects that any items not addressed as part of the DRP will be considered as part of the overall negotiations on the 2009-10 Budget.

To eliminate the entire current-year gap, the DRP for 2008-09 must achieve $1.6 billion in savings by March 31, 2009. The types of DRP actions that can be implemented in the final quarter of the fiscal year are limited by the time period and, therefore, were developed under separate guidelines from the Executive Budget for 2009-10. Accordingly, the discussion that follows concerns the 2009-10 Executive Budget recommendations. The DRP is discussed separately in the section herein entitled "2008-09 Deficit Reduction Plan".

2009-10 Executive Budget Actions

The 2009-10 gap-closing actions can be grouped into three general categories: (1) actions that reduce current services spending in the General Fund on a recurring basis ("Spending Restraint"); (2) actions that increase revenues on a recurring basis ("Revenue Actions"); and (3) transactions that increase revenues or lower spending in 2009-10, but that are not expected to recur ("Non-Recurring Resources"). The section below provides details on the actions under each category that are recommended for 2009-10.

Spending Restraint

The fallout from the global financial crisis has caused a dramatic decline in projected State receipts, driving the extraordinary increases in the State's budget gaps over the past two quarters. But the sustained growth in spending commitments during the last economic recovery has also contributed substantially to the State's long-term structural deficit. Since 2004, nearly all of the State's major aid programs and activities, including school aid, health care, and STAR, have grown faster than personal income and inflation. Left unaddressed, State spending in the General Fund next fiscal year would grow in the range of 12 percent, far greater than the rate of inflation[8] and more than twice the 5.3 percent long-term growth rate for State personal income. Growth rates in this range are not sustainable, based on either historical receipts patterns or current projections, especially in light of the extraordinary uncertainties in the economic outlook. It is important to note, however, that the high level and wide impact of proposed spending actions is a direct (and, in DOB's view, necessary) response to the severity of the budget gaps. It is expected that once the immediate fiscal demands have been resolved and the long-term operating outlook improves, the State may again be in a position to increase funding for high-priority programs, albeit at more sustainable levels.

Accordingly, the Executive Budget gap-closing plan for 2009-10 focuses foremost on actions that substantially reduce the growth in State spending on a recurring basis. Actions to restrain spending account for approximately two-thirds of the gap-closing plan and will affect most activities funded by the State. The following table summarizes the recurring spending actions in the General Fund by major function or activity.

[8] Projected at 0.5 percent in 2009-10.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 - SPENDING RESTRAINT (millions of dollars)				
	2009-10	2010-11	2011-12	2012-13
Spending Restraint	**9,150**	**11,166**	**11,416**	**11,142**
Medicaid/HCRA	2,626	2,506	2,624	2,678
School Aid/Lottery Aid	1,872	3,259	3,387	3,144
School Tax Relief Program	1,668	2,160	2,222	2,290
Local Government Aid	432	504	500	493
Mental Hygiene	423	451	450	416
Human Services/Labor/Housing	385	425	398	290
Higher Education	338	415	390	365
Other Education Aid	246	272	275	286
Public Safety	191	247	223	231
Transportation	177	305	381	444
Economic Development/Gaming/Regulatory	112	108	108	108
Health/Aging	106	288	287	287
State Workforce Wages	281	161	161	161
General State Charges (Fringe Benefits)	85	131	170	213
Convert Capital to PAYGO	0	(100)	(200)	(300)
Repeal Planned Member Item Deposits	196	0	0	0
All Other	12	34	40	36

The most significant actions recommended in the Executive Budget that reduce General Fund spending from the current services forecast include the following:

- Medicaid/HCRA ($2.6 billion) through cost-containment measures, including rate reductions, restructuring the base on which rates are calculated, re-establishing certain industry assessments, and financing a greater share of Medicaid spending through HCRA. In addition, the Executive Budget recommends savings actions to fully eliminate the HCRA operating deficit;

- School Aid ($1.9 billion on a State fiscal year basis) by maintaining selected aids at 2008-09 school year levels, extending the phase-in of Foundation Aid and the UPK program, instituting a Deficit Reduction Assessment, and authorizing certain changes to the lottery program that would increase projected resources available to education;

- STAR ($1.7 billion) by eliminating the Middle-class STAR program, reducing the PIT credit for New York City taxpayers, and adjusting the “hold harmless” floor;

- Local government aid ($432 million) by eliminating AIM payments to New York City, holding aid flat for other municipalities, reducing VLT aid, and other measures;

- Mental hygiene ($423 million) by eliminating a cost-of-living increase for providers, instituting programmatic reforms to: align reimbursement with actual costs; to close, consolidate, and restructure facility operations which reduce the planned workforce by 865 positions; to maximize available Federal aid; and other measures;

- Human Services ($385 million) by reducing the State supplement for SSI recipients living in community settings, increasing the level of Federal funding that local districts are required to spend on child welfare services, eliminating the human services COLA, discontinuing reimbursement for non-mandated, community-based preventive services funding, creating a block grant for youth programs funding, closing or downsizing underutilized facilities, and other measures;

- Higher education ($338 million) by tuition increases at public universities approved by the SUNY and CUNY Boards of Trustees, reducing aid to community colleges, and other measures;

- Other Education Aid ($246 million) by requiring school districts to assume a share of financial responsibility for pre-school special education ($143 million); eliminating certain attendance requirements at non-public schools; reducing library aid; and other measures;

- Public Safety ($191 million) by closing four prison camps and various annexes in correctional facilities; delaying expansion of mental health programs under the SHU Exclusion bill; improving parolee release and violation processes; eliminating farm operations at correctional facilities; reducing programs for inmates; and other operational changes;

- Transportation ($177 million) by reducing the subsidies to the DHBTF (which is made possible by an increase in certain fees) and transit systems, and lowering spending on DOT operations consistent with overall reduction in planned capital activities;

- Economic development, regulatory activities, and gaming ($112 million) by eliminating duplicative services and achieving staffing efficiencies through consolidations of existing agencies, reducing funding for the Centers for Advanced Technology program and "I Love New York" tourism marketing program, and financing, through industry assessments, assistance for small businesses in paying for the costs of Timothy's Law (mental health) coverage;

- Health and aging ($106 million) by discontinuing reimbursement for optional services in the General Public Health Works program, financing a portion of EI costs through insurance industry assessments, eliminating a planned Human Services COLA in 2009-10, and other targeted reductions; and

- Member item funding ($196 million) by eliminating all planned deposits into the fund that finances discretionary payments.

The Executive Budget also recommends a number of actions to reduce the costs of the State government workforce through wage, health benefit, and pension changes. To achieve immediate savings, the Executive Budget recommends elimination of the general salary increases scheduled in 2009-10 and the deferral of five days of salary in 2009-10 that would be payable upon separation from State service, or when fiscal conditions permit. It also advances proposals that would require current and retired employees to contribute toward Medicare Part B premiums and would adjust the State's contribution for future retirees' health insurance on a sliding scale basis that takes years of service into account. To reduce the State's long-term pension costs, the Budget proposes the creation of a new tier of pension benefits ("Tier 5"). This proposal includes, among other changes, raising the minimum retirement age from 55 to 62 and requiring all newly hired employees to contribute 3 percent annually to the pension system during all years of service. The Executive Branch workforce is expected to total 196,292 FTEs in 2009-10, a reduction of approximately 3,100 from the estimated total for 2008-09. The decline mainly reflects the impact of recommended closures of certain State correctional and youth facilities, agency consolidations, and the continuation of the statewide hiring freeze.

The Executive Budget proposes financing a larger share of economic development projects with ongoing resources rather than with long-term debt, starting in fiscal year 2010-11. By converting from debt financing, the State will increase capacity under its statutory debt cap and realize debt service savings in future years. The determination to allocate the "pay-as-you-go resources" to economic development takes into account that projects in this area typically have above-average financing costs.

The Executive Budget includes new initiatives in 2009-10, the costs of which are counted against the savings actions presented in the Amended Financial Plan. The most significant include additional funding for HEAL-NY and other health priorities; quality incentive pools for nursing homes and home care agencies; an increase in the basic public assistance grant of 10 percent annually over the next three years; and a new grant and loan program to be funded with savings from reforms to the existing Empire Zone program.

Revenue Actions

Balancing the budget exclusively through spending reductions in 2009-10 would require an extraordinary retrenchment in State services. Absent any actions to raise revenues, General Fund spending would have to be reduced by over $13 billion from the level required to meet existing commitments – and by over $6 billion, or 11 percent, from the current year – to achieve a balanced budget in 2009-10. Spending reductions of this magnitude in a recession could threaten to slow a future recovery, as well as raise potential health and public safety concerns.

Accordingly, the Executive Budget includes a package of tax increases and other revenue enhancements to help close the budget gap. The table below summarizes the actions.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 - REVENUE ACTIONS
(millions of dollars)

	2009-10	2010-11	2011-12	2012-13
Revenue Actions	**3,076**	**3,630**	**3,503**	**3,024**
Increase 18-A Utility Assessment	652	652	652	273
Eliminate Sales Tax Exemption on Clothing Under $110	462	660	660	660
Reform Empire Zones Program (net of successor program)	247	264	266	274
Enhanced "Bottle Bill"/EPF Financing	207	207	207	207
Limit Itemized Deductions for High Income Taxpayers	140	200	150	150
Impose Cable/Satellite Television Sales Tax	136	180	180	180
Limit Capital Improvement Exemption	120	160	160	160
Permit Sale of Wine in Grocery Stores	105	54	3	3
Repeal Motor Fuel Sales Tax Cap	90	120	120	120
Enhance Revenue Audit/Compliance Activities	85	85	85	85
Impose Personal Care Service Tax	78	104	104	104
Increase Beer/Wine Tax	63	63	63	63
Restructure Insurance Rates	62	50	50	50
Impose Tax on Hedge Fund Management Fees	60	60	60	60
Impose Sales Tax on Entertainment-related Activities	53	70	70	70
Install Work-Zone Cameras for Auto. Speed Enforcement	50	100	100	100
Impose Fee on Non-LLC Partnerships	50	50	50	50
Impose Sales Tax on Transportation-related Activities	45	60	60	60
All Other Revenue Actions	371	491	463	355

The largest actions include: increasing the gross receipts assessment on utilities from 1 percent to 2 percent; eliminating the sales tax exemption on clothing priced under $110 and replacing it with time-limited exemption periods on clothing priced under $500; broadening the State's sales tax base to cover certain services (i.e., cable/satellite television, entertainment-related and transportation-related activities); reforming the existing Empire Zone program to link benefits to performance; expanding the "bottle bill" to cover additional types of containers and directing unclaimed deposits to the EPF, which would allow real estate transfer tax revenues currently deposited into EPF to flow to the General Fund; limiting certain types of itemized deductions by high-income taxpayers, but maintaining the exemption for charitable contributions; and permitting the sale of wine in grocery stores.

Non-Recurring Resources

The Executive Budget relies on $1.1 billion in non-recurring resources in 2009-10. Non-recurring resources total less than the annual growth in savings from recurring actions from 2009-10 to 2010-11, which increase in value by over $2 billion. The practical effect is that non-recurring actions have no adverse impact on the 2010-11 gap because they are more than offset by the growth in savings. In fact, if the entire 2009-10 Executive Budget gap-closing plan consisted of recurring actions that did not grow in value (i.e., $13.7 billion), the current-services gap remaining in 2010-11 would total approximately $3.4 billon, instead of the $1.8 billion projected.

The largest non-recurring actions consist of delaying, by two years, an extra Medicaid cycle that would otherwise occur at the end of 2009-10, increasing the business tax prepayment to 40 percent, transferring available resources from the Battery Park City Authority to the State and New York City, transferring of assets from NYPA, and bond-financing certain capital costs. In 2010-11, the Amended Financial Plan assumes a one-time franchise payment from a VLT operator that would be selected for the Belmont VLT facility that is proposed with the 2009-10 Executive Budget. The following table itemizes the non-recurring actions in the Executive Budget.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 - NON-RECURRING RESOURCES
(millions of dollars)

	2009-10	2010-11	2011-12	2012-13
Non-Recurring Resources	**1,137**	**361**	**(434)**	**(34)**
Delay extra MA Cycle (two years)	400	0	(400)	0
Increase Business Tax Prepayment to 40 Percent	333	0	0	0
Battery Park City Authority Resources (State Share)	270	0	0	0
NYPA Payments	170	0	(25)	(25)
Equipment Financing	104	(4)	(4)	(4)
School Aid Overpayment Recoveries	80	0	0	0
ESDC "Lock-Box" Sweep	60	0	0	0
EPF Sweep/Capital Bonding	50	0	0	0
Medicaid Reimbursement of Education Costs	20	0	0	0
Recoup Overpayments to NYC (General Public Health Works)	15	0	0	0
Increase Pre-Paid Sales Tax on Cigarettes	14	0	0	0
Recoup Overpayments to NYC (Early Intervention)	9	0	0	0
Continue TADA software bonding	3	0	0	0
Belmont Franchise Payment	0	370	0	0
Finance CUNY Payments with Jan-Mar '09 MA Savings	(429)	0	0	0
Fund Sweeps/Other	38	(5)	(5)	(5)

Consistent with the Second Quarterly AIS Update, the Amended Financial Plan assumes that $145 million in existing reserves will be applied to finance labor settlements in 2009-10 with unions that have not yet reached agreements (assuming settlements are reached).

30-Day Amendments

To eliminate the budget imbalance, the Amended Financial Plan has been adjusted to (a) defer, until 2009-10, savings actions of $100 million that were originally included in the DRP for 2008-09 but are no longer expected to be needed and (b) new savings actions of $28 million. In addition to the changes described above, the Governor introduced several programmatic and technical amendments to the Executive Budget that have a minimal fiscal impact. The Amended Financial Plan projections assume that the Legislature will enact the Executive Budget, as amended, in its entirety.

2008-09 Deficit Reduction Plan

The DRP for 2008-09 is designed to achieve $1.6 billion in savings by March 31, 2009, which when combined with additional revenues from Attorney General litigation settlements ($125 million), will eliminate the current year deficit of $1.7 billion. As noted above, the types of DRP actions that can be implemented by the end of the fiscal year are limited by the time period and therefore were developed under separate guidelines from the Executive Budget for 2009-10. The DRP consists of actions that require legislative approval and actions that DOB expects to take administratively. Actions requiring legislative approval total $1.2 billion (77 percent of the $1.6 billion total). The following table summarizes the specific actions.

GENERAL FUND/HCRA OPERATING FORECAST FOR 2008-09 DRP SUMMARY SAVINGS/(COSTS) (millions of dollars)	
	2008-09
Current Budget Surplus/(Gap) Estimate	**(1,707)**
30-Day Revenue Forecast Revisions	115
Current Budget Surplus/(Gap) Estimate after Revisions	**(1,592)**
Debt Reduction Plan Savings	**1,592**
Legislative Actions:	**1,219**
Health Care Savings:	500
MA/HCRA Savings Attributable to Jan-Mar 2009	500
MA/HCRA Cash Savings Realized in 2009-10	(429)
CUNY Payment Deferral to Realize Current Year Savings	429
New York Power Authority Payments	306
Earned Administration Federal Funding	50
Attorney General Litigation Settlements	91
EPF Fund Sweeps/Capital Bonding	75
Higher Education (Tuition Increase/Reductions)	68
Repeal Planned Member Item Deposits	30
All Other	99
Administrative Actions:	**373**
Statewide Spending Controls	100
Existing Fund Balances	100
Timing of New York City STAR Payment	93
Manhattan District Attorney Balance	75
All Other	5
General/HCRA Surplus/(Gap) Estimate After Actions	**0**

In the case of health care savings, the DRP consists of cost containment measures that are applicable to the period from January 1, 2009 through March 31, 2009 (the fourth quarter of the 2008-09 fiscal year), but which will not generate actual cash savings until the first quarter of fiscal year 2009-10. The delay in savings is due to the lag between the assumed enactment of the proposals and their implementation. To realize the benefit of the savings from these cost containment measures in 2008-09, it is expected that payments to New York City related to the City University that are due in the first quarter of 2009-10 but that were budgeted in the current fiscal year will be made on their statutory due dates, not ahead of schedule.

Other legislative actions include: the transfer of assets from the Power Authority to the State under the terms of a memorandum of understanding negotiated between the Authority and the Executive; the transfer of earned Federal money related to reimbursement for the administration of child support enforcement activities; a reduction in spending for the EPF and a related transfer of excess balances; approval by the SUNY Board of Trustees of a tuition increase for SUNY; a reduction in community college base aid; elimination of a planned cash transfer to the Community Projects Fund; an across-the-board reduction to legislative initiatives authorized in the 2008-09 enacted budget; and a number of other actions to reduce planned spending.

Administrative actions include strict enforcement of the spending controls put in place in November 2008 over agency operational and capital spending, the use of existing fund balances that do not require prior legislative approval, an adjustment to the timing of the STAR payment to New York City (from December to June) on a permanent basis, and the elimination of a vacation "buy-back" program for management/confidential employees in State government.

Certain savings action originally included as part of the 2008-09 DRP have been deferred to 2009-10 to reflect the increase in expected resources in the current year and the downward revision to receipts in 2009-10. These actions include:

- **Earned Federal Administration Funding:** One half of the $100 million in earned Federal money related to reimbursement for the administration of child support enforcement activities is now recommended for use in 2009-10.

- **Workers Compensation Board Surplus Recapture:** The use of recaptured funds is now planned for 2009-10 instead of 2008-09.

- **Member Items**: Reflects a revision to the amount of money that can be made available to the General Fund based on spending trends.

Projected Closing Balances

DOB estimates the State will end 2008-09 with a General Fund balance of $1.5 billion, consisting of $1.2 billion in undesignated reserves and $287 million in designated reserves. The projected closing balance is $94 million lower than the balance projected at the time of the Second Quarterly Update to the AIS. This is due to the expected use of the Debt Reduction Reserve for debt service costs and elimination of a planned deposit to the Community Projects Fund.

The year-end balance in 2009-10 is expected to decline by $272 million to a total of $1.2 billion. This reflects the expected use of amounts reserved for labor settlements to finance a portion of new contracts that may be agreed to during the upcoming fiscal year. It also reflects the expected spend-down of existing balances in the Community Projects Fund to finance discretionary ("member item") spending. The DRP and Executive Budget recommend elimination of all planned deposits (totaling $226 million over two years) into the Community Projects Fund through 2009-10.

The closing balance estimates assume the successful implementation of the DRP and the enactment of the Executive Budget in its entirety.

GENERAL FUND ESTIMATED CLOSING BALANCE (millions of dollars)			
	2008-09	2009-10	Change
Projected Year-End Fund Balance	**1,514**	**1,242**	**(272)**
Undesignated Reserves	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
Designated Reserves	287	15	(272)
Reserved for Labor Settlements	145	0	(145)
Reserved for Debt Reduction	0	0	0
Community Projects Fund	142	15	(127)

2009-10 All Funds 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.

Overview of the Revenue Situation

- Base receipt growth over the period 2005-06 to 2007-08, supported by a strong financial services sector and real estate market, averaged over 9.5 percent. However, the current decline in economic activity is estimated to negatively impact receipt growth for 2008-09 and 2009-10. As a result, base tax receipts (correcting for law changes) are expected to fall 2.1 percent in 2008-09 and 2.9 percent in 2009-10.

- The negative impact of the sub-prime mortgage crisis and its aftermath on the State's economy in general and financial services industry in particular is expected to result in major declines in bonus payouts during the current fiscal year (down 46 percent from prior year) and reduced growth in business tax receipts over the remaining years of the Financial Plan.

- 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 decline in the residential housing market is projected to largely eliminate the surge in taxable capital gains realizations associated with real estate sales that characterized the last few years.

- The economy is expected to continue to decline, and as a result, 2009-10 growth in PIT withholding and sales tax collections will be weak absent the legislation included with this Budget.

- The combined impact of the declining real estate and financial markets and the deepening recession results in estimated declines in personal income tax liability of 8.9 percent in 2008, and 7.3 percent in 2009.

- The large audit settlements associated with financial service industry firms continued into 2008-09 but are expected to be largely concluded before 2009-10, and this loss of resources must be compensated for by other tax compliance actions included with this Budget.

All Funds receipts are projected to total $120.1 billion, an increase of $3.6 billion over 2008-09 projections. The table below summarizes the receipts projections for 2008-09 and 2009-10.

TOTAL RECEIPTS
(millions of dollars)

	2007-08 Actual	2008-09 Estimated	Annual $ Change	Annual % Change	2009-10 Projected	Annual $ Change	Annual % Change
General Fund	**53,096**	**54,136**	**1,040**	**2.0%**	**55,083**	**947**	**1.7%**
Taxes	38,395	38,603	208	0.5%	39,665	1,062	2.8%
Miscellaneous Receipts	2,460	3,124	664	27.0%	3,806	682	21.8%
Federal Grants	69	41	(28)	-40.6%	0	(41)	-100.0%
Transfers	12,172	12,368	196	1.6%	11,612	(756)	-6.1%
State Funds	**80,375**	**80,430**	**55**	**0.1%**	**84,119**	**3,689**	**4.6%**
Taxes	60,871	60,786	(85)	-0.1%	61,170	384	0.6%
Miscellaneous Receipts	19,435	19,602	167	0.9%	22,948	3,346	17.1%
Federal Grants	69	42	(27)	-39.1%	1	(41)	-97.6%
All Funds	**115,423**	**116,474**	**1,051**	**0.9%**	**120,061**	**3,587**	**3.1%**
Taxes	60,871	60,786	(85)	-0.1%	61,170	384	0.6%
Miscellaneous Receipts	19,643	19,710	67	0.3%	23,054	3,344	17.0%
Federal Grants	34,909	35,978	1,069	3.1%	35,837	(141)	-0.4%

Base growth in tax receipts is estimated to decline 2.1 percent adjusted for law changes for fiscal year 2008-09 and a further 2.9 percent for 2009-10. 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 now expected to retard growth in 2008-09 and 2009-10.

Proposed Law Changes

The 2009-10 Executive Budget includes changes to tax law that would:

- Reform certain components of our tax structure to ensure that tax burdens are fairly distributed, that our tax incentive programs are most efficiently utilized, and that taxpayers remit the proper amount of tax owed;
- Close unintended tax loopholes to improve the equity of the tax code; and

- Generate additional recurring revenues to help close the State's financial gaps in 2009-10 and beyond.

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.

Personal Income Tax

- Authorize UDC to award tax credits to qualifying research and development projects and qualifying grants made to certain research colleges and universities based on strategic economic development criteria.
- Amend the definition of "presence in New York" for determining the residency of taxpayers who are usually outside the country, by requiring that their spouses and children only be present in New York versus present at the taxpayers' PPA in New York for 90 days.
- Close a loophole by including the gain from the sale of partnership interests as NY-source income to nonresident taxpayers to the extent that these gains are from sales of real property located in New York.
- Enact a reciprocal program with the U.S. Treasury Department to intercept vendor payments to satisfy tax debts.
- Increase the itemized deduction limitation applicable to high income taxpayers from 50 percent to 100 percent, except charitable contributions would remain unchanged from current law.
- Impose tax on the full amount of hedge fund management fees earned by nonresidents.
- Levy fees on non-LLC partnerships with New York-source income at or above $1 million at the same amounts currently applicable to LLC partnerships.
- Reform the Empire Zones program by ensuring that participants are providing a clear benefit to the State and disallowing certain static industries from prospective participation.
- Eliminate certain little-used and narrowly-targeted credits.

Business Taxes

- Reform the Empire Zones program by ensuring that participants are providing a clear benefit to the State and disallowing certain static industries from prospective participation.
- Provide a new credit for qualifying research and development expenditures and donations to certain research colleges and universities, which would be administered by UDC and subject to an aggregate limitation amount.
- Expand the eligibility criteria for the Qualified Emerging Technology Company credit for Facilities, Operations and Training.
- Authorize the Commissioner of DHCR to allocate an additional $4 million in State Low-Income Housing Tax Credits to developers of qualifying affordable housing projects in New York.
- Conform the definition of "manufacturer" under the capital base to the definition under the entire net income base.
- Change the mandatory first estimated tax payment for all business taxes from 30 percent to 40 percent.
- Eliminate a tax exemption intended for small, rural cooperative insurers for any large cooperatives receiving $25 million or more in annual premiums.
- Clarify that captive insurance companies receiving less than 50 percent of their gross receipts from insurance premiums would no longer meet the definition of an insurance business and would file a combined return with their closest affiliated taxpayer.

- Restructure the insurance franchise tax to eliminate the complex calculation of tax imposed on life insurers, and equalize the rate on taxable premiums imposed on all types of insurance at 2 percent.
- Clarify current administrative practice for sourcing receipts from the sale of digital products for purposes of calculating the corporation franchise tax.
- Eliminate underutilized tax credits (automated external defibrillator, fuel cell, security guards, and QETC capital tax).

Other Actions

- Prohibit certain sales tax avoidance schemes.
- Impose an 18 percent sales tax on certain non-dietetic soft drinks.
- Impose sales tax on cable and satellite television radio services.
- Treat all discount coupons consistently for sales tax purposes.
- Replace the year-round sales tax exemption for clothing and footwear under $110 with two one-week exemption periods with a $500 threshold.
- Expand State and local sales tax base to cover miscellaneous personal services and credit reporting services now taxed in New York City.
- Increase the prepaid sales tax on cigarettes from 7 percent to 8 percent of the base retail price.
- Repeal the private label credit card provision.
- Modernize the definition of vendor to include an affiliate nexus provision.
- Impose sales tax on transportation related consumer spending.
- Impose sales tax on digital products.
- Impose sales tax on entertainment related consumer spending.
- Repeal the sales tax cap on fuel.
- Impose a 5 percent sales tax on certain luxury goods.
- Limit the capital improvement sales tax exemption.
- Increase beer and wine taxes.
- Allow the sale of wine in grocery stores.
- Modify the tax treatment of flavored malt beverages.
- Increase driver's license fees by 25 percent.
- Increase vehicle registration fees by 25 percent.
- Reissue license plates at a cost of $25.
- Modify the tax treatment of cigars.
- Increase the cigarette and tobacco products retail dealer registration fee.
- Allow the Department of Taxation and Finance to issue decals to commercial carriers liable for the truck mileage tax.
- Increase the highway use tax renewal fee to $15.
- Increase auto rental tax from 5 percent to 6 percent.
- Extend the pari-mutuel tax rates.
- Authorize a VLT facility at Belmont Park.
- Eliminate the hour restrictions and sunset of the VLT program.
- Eliminate the sunset of Quick Draw and remove the location and hours restrictions.

- Authorize the participation in more than one multi-jurisdictional lottery game.
- Authorize alternative investments of the lottery prize fund.
- Provide the Department of Taxation and Finance with statutory tools that would compliment additional staff provided in the Budget and result in a more comprehensive audit, compliance and tax enforcement program to ensure that taxpayers are remitting the taxes they owe.

2009-10 Disbursements Forecast

TOTAL DISBURSEMENTS
(millions of dollars)

	2008-09 Revised	2009-10 Proposed	After Proposed Changes: Annual $ Change	Annual % Change
State Operating Funds	**79,433**	**79,817**	**384**	**0.5%**
General Fund *	49,665	49,441	(224)	-0.5%
Other State Funds	25,081	25,178	97	0.4%
Debt Service Funds	4,687	5,198	511	10.9%
All Governmental Funds	**119,763**	**121,066**	**1,303**	**1.1%**
State Operating Funds	79,433	79,817	384	0.5%
Capital Projects Funds	6,679	7,661	982	14.7%
Federal Operating Funds	33,651	33,588	(63)	-0.2%
General Fund, including Transfers	**55,376**	**55,355**	**(21)**	**0.0%**

** 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 $79.8 billion in 2009-10. All Funds spending, which includes capital spending and Federal aid in addition to State Operating Funds, is projected to total $121.1 billion in 2009-10. The Financial Plan projections assume that the 2009-10 Executive Budget is enacted in its entirety.

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The major sources of annual spending change between 2008-09 and 2009-10 (after Executive Budget recommendations) are summarized in the table below.

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
2008-09 Revised Estimate* **	**49,665**	**29,749**	**79,414**	**6,679**	**33,651**	**119,744**
Major Functions						
Public Health:						
Medicaid	(1,205)	1,605	400	0	(371)	29
Public Health	10	(538)	(528)	91	53	(384)
K-12 Education:						
School Aid	116	(75)	41	0	10	51
All Other Education Aid	(228)	(7)	(235)	29	11	(195)
STAR	0	(1,025)	(1,025)	0	0	(1,025)
Higher Education	789	255	1,044	191	5	1,240
Social Services:						
Temporary and Disability Assistance	(38)	(6)	(44)	(2)	(6)	(52)
Children and Family Services	(26)	1	(25)	(9)	(2)	(36)
Mental Hygiene	72	175	247	23	50	320
Transportation	(24)	(245)	(269)	227	1	(41)
General State Charges	426	(370)	56	0	(6)	50
Debt Service	92	418	510	0	0	510
All Other Changes						
Economic Development	(131)	288	157	315	4	476
Judiciary	38	7	45	15	(1)	59
Local Government Aid	(255)	0	(255)	0	0	(255)
Labor Adjustments	127	(150)	(23)	0	(26)	(49)
Correctional Services	(16)	1	(15)	25	(16)	(6)
Empire State Stem Cell Trust Fund	0	31	31	0	0	31
Criminal Justice Services	(25)	(1)	(26)	0	(53)	(79)
Homeland Security	(9)	(4)	(13)	(3)	183	167
Parks and Recreation	(1)	(2)	(3)	(47)	0	(50)
Technology	1	0	1	119	(1)	119
Elections	(6)	(5)	(11)	0	28	17
State Police	(33)	47	14	20	2	36
Department of State	(2)	1	(1)	(17)	0	(18)
Military and Naval Affairs	22	0	22	(22)	6	6
All Other	82	226	308	27	66	401
2009-10 Executive Budget Estimate	**49,441**	**30,376**	**79,817**	**7,661**	**33,588**	**121,066**
Annual Dollar Change	*(224)*	*627*	*403*	*982*	*(63)*	*1,322*
Annual Percent Change	*-0.5%*	*2.1%*	*0.5%*	*14.7%*	*-0.2%*	*1.1%*

** Excludes Transfers.*
*** Includes State Special Revenue and Debt Service Funds.*
**** Revised estimate assumes successful implementation of Deficit Reduction Plan.*

The spending forecast for each of the State's major programs and activities 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.

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING LOCAL ASSISTANCE
(millions of dollars, where applicable)

	Actual	Forecast				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Medicaid						
Medicaid Coverage	3,559,381	3,649,347	3,825,420	4,021,205	4,225,903	4,441,020
Family Health Plus Coverage	518,189	527,961	558,345	588,945	589,784	590,623
Child Health Plus Coverage	360,436	403,913	435,665	444,667	453,670	462,743
Medicaid Inflation	2.0%	2.9%	3.0%	3.0%	3.0%	3.0%
Medicaid Utilization	-3.0%	-4.1%	4.1%	4.2%	4.3%	4.5%
State Takeover of County/NYC Costs (Total)	$564	$724	$964	$1,315	$1,711	$2,168
- Family Health Plus	$396	$424	$448	$479	$509	$521
- Medicaid	$168	$300	$516	$836	$1,202	$1,647
Education						
School Aid (School Year)	$19,736	$21,391	$20,693	$22,390	$24,030	$25,940
Public Higher Education Enrollment (FTEs)	512,362	520,047	525,248	529,187	533,156	537,000
Tuition Assistance Program Recipients	309,320	312,362	312,655	313,155	313,655	314,000
Welfare						
Family Assistance Caseload	372,964	350,370	351,718	354,609	357,608	359,485
Single Adult/No Children Caseload	150,447	144,591	152,033	160,380	165,546	170,609
Mental Hygiene						
Mental Hygiene Community Beds	83,528	86,041	88,960	91,927	93,676	94,447

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FORECAST OF SELECTED PROGRAM MEASURES AFFECTING STATE OPERATIONS						
	Actual	Forecast				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
State Operations						
Prison Population (Corrections)	62,261	61,400	59,500	59,400	59,300	59,300
Negotiated Salary Increases*	3.0%	3.0%	0.0%	4.0%	0.0%	0.0%
Personal Service Inflation	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
State Workforce	199,754	199,400	196,292	196,912	196,912	196,912

** Negotiated salary increases reflect labor settlements included in the Financial Plan estimates*

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING GENERAL STATE CHARGES						
	Actual	Forecast				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
General State Charges						
Pension Contribution Rate as % of Salary	9.7%	8.8%	7.6%	10.3%	11.0%	11.5%
Rate of Growth Employee/Retiree Health Insurance	5.4%	6.5%	4.4%	11.0%	7.7%	7.7%

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING DEBT SERVICE						
	Actual	Forecast				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
State Debt						
Interest on Variable Rate Debt	3.56%	3.75%	3.75%	3.75%	3.75%	3.75%
Interest on Fixed Rate 30-Year Bonds	4.79%	5.00%	5.00%	4.85%	5.50%	5.65%

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General Fund Financial Plan OutYear Projections (2010-11 Through 2012-13)

Since the Mid-Year Update, DOB has revised its current services forecasts for receipts and disbursements for 2010-11 and 2011-12 and calculated an estimate of the 2012-13 budget gap. The current services gaps, which formed the starting point for developing the 2009-10 Executive Budget recommendations, are calculated at $17.1 billion in 2010-11, $18.6 billion in 2011-12, and $19.6 billion in 2012-13. The recommendations set forth in the Executive Budget result in a balanced General Fund Financial Plan in 2009-10 and leave projected outyear budget gaps of $2.0 billion in 2010-11, $4.2 billion in 2011-12, and $5.7 billion in 2012-13. The projections assume that the Legislature will enact the 2009-10 Executive Budget recommendations in their entirety. The following table summarizes the General Fund projections by major tax and Financial Plan category.

OUTYEAR GENERAL FUND PROJECTIONS
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual $ Change	Annual % Change	2012-13	Annual $ Change	Annual % Change
Receipts										
Taxes	50,214	53,386	3,172	6.3%	55,930	2,544	4.8%	59,094	3,164	5.7%
Personal Income Tax*	29,984	32,131	2,147	7.2%	33,952	1,821	5.7%	36,186	2,234	6.6%
User Taxes and Fees*	12,655	13,382	727	5.7%	13,798	416	3.1%	14,182	384	2.8%
Business Taxes	6,084	6,236	152	2.5%	6,405	169	2.7%	6,805	400	6.2%
Other Taxes*	1,491	1,637	146	9.8%	1,775	138	8.4%	1,921	146	8.2%
Miscellaneous Receipts	3,806	3,189	(617)	-16.2%	3,158	(31)	-1.0%	2,786	(372)	-11.8%
Other Transfers	1,063	611	(452)	-42.5%	647	36	5.9%	659	12	1.9%
Total Receipts	**55,083**	**57,186**	**2,103**	**3.8%**	**59,735**	**2,549**	**4.5%**	**62,539**	**2,804**	**4.7%**
Disbursements										
Grants to Local Governments:	37,357	39,486	2,129	5.7%	43,452	3,966	10.0%	46,759	3,307	7.6%
School Aid	17,883	18,205	322	1.8%	19,991	1,786	9.8%	21,586	1,595	8.0%
Medicaid (incl. administration)	6,823	8,400	1,577	23.1%	9,862	1,462	17.4%	10,612	750	7.6%
Medicaid: Local Relief	964	1,315	351	36.4%	1,711	396	30.1%	2,168	457	26.7%
Higher Education	2,922	2,557	(365)	-12.5%	2,596	39	1.5%	2,627	31	1.2%
Mental Hygiene	2,127	2,198	71	3.3%	2,294	96	4.4%	2,380	86	3.7%
Children and Family Services	1,697	1,840	143	8.4%	2,016	176	9.6%	2,198	182	9.0%
Other Education Aid	1,486	1,568	82	5.5%	1,623	55	3.5%	1,695	72	4.4%
Temporary and Disability Assistance	1,159	1,195	36	3.1%	1,234	39	3.3%	1,320	86	7.0%
Local Government Assistance	968	967	(1)	-0.1%	970	3	0.3%	969	(1)	-0.1%
Public Health	573	468	(105)	-18.3%	487	19	4.1%	523	36	7.4%
All Other	755	773	18	2.4%	668	(105)	-13.6%	681	13	1.9%
State Operations:	8,539	8,945	406	4.8%	9,222	277	3.1%	9,385	163	1.8%
Personal Service	6,288	6,626	338	5.4%	6,817	191	2.9%	6,908	91	1.3%
Non-Personal Service	2,251	2,319	68	3.0%	2,405	86	3.7%	2,477	72	3.0%
General State Charges	3,545	3,970	425	12.0%	4,230	260	6.5%	4,604	374	8.8%
Pensions	1,143	1,392	249	21.8%	1,485	93	6.7%	1,594	109	7.3%
Health Insurance (Active Employees)	1,689	1,877	188	11.1%	2,020	143	7.6%	2,173	153	7.6%
Health Insurance (Retired Employees)	1,108	1,228	120	10.8%	1,324	96	7.8%	1,427	103	7.8%
Fringe Benefit Escrow	(2,247)	(2,436)	(189)	8.4%	(2,552)	(116)	4.8%	(2,559)	(7)	0.3%
All Other	1,852	1,909	57	3.1%	1,953	44	2.3%	1,969	16	0.8%
Transfers to Other Funds:	5,914	6,770	856	14.5%	7,026	256	3.8%	7,452	426	6.1%
State Share Medicaid	2,732	2,716	(16)	-0.6%	2,710	(6)	-0.2%	2,712	2	0.1%
Debt Service	1,780	1,757	(23)	-1.3%	1,732	(25)	-1.4%	1,720	(12)	-0.7%
Capital Projects	520	1,071	551	106.0%	1,220	149	13.9%	1,384	164	13.4%
All Other	882	1,226	344	39.0%	1,364	138	11.3%	1,636	272	19.9%
Total Disbursements	**55,355**	**59,171**	**3,816**	**6.9%**	**63,930**	**4,759**	**8.0%**	**68,200**	**4,270**	**6.7%**
Change in Reserves										
Prior Year Reserves	(145)	0			0			0		
Community Projects Fund	(127)	0			0			0		
Deposit to/(Use of) Reserves	**(272)**	**0**			**0**			**0**		
Budget Surplus/(Gap) Estimate	**0**	**(1,985)**			**(4,195)**			**(5,661)**		

** Includes transfers after debt service.*

After recommendations, General Fund spending is projected to grow at an average annual rate of 5.3 percent from 2008-09 through 2012-13. The spending is driven by Medicaid growth, rising costs for education, the State-financed cap on local Medicaid spending, employee and retiree health benefits, and child welfare programs. Over the same period, General Fund receipts are estimated to grow at approximately 3.7 percent a year, consistent with DOB's economic forecast for the recession and recovery.

In evaluating the State's outyear operating forecast, it should be noted that the reliability of the estimates as a predictor of the State's future fiscal condition is likely to diminish as one moves further from the current year and budget year estimates. Accordingly, in terms of the outyear projections, 2010-11 is perhaps the most relevant from a planning perspective, since any gap in that year must be closed with the next 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 outyear forecast for 2010-11 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 receipts and disbursements that constitute the current services gap forecast are based on reasonable assumptions and methodologies.

Outyear Receipts/Projections

Overall, tax receipts growth in the three fiscal years following 2009-10 is expected to remain in the range of 4.8 to 6.3 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 2009. 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 noncompliant and fraudulent taxpayers. These factors are expected to continue to enhance expected receipts growth through 2012-13.

- Total General Fund receipts are projected to reach $57 billion in 2010-11, nearly $60 billion in 2011-12 and almost $63 billion in 2012-13.

- Total State Funds receipts are projected to be approximately $88 billion in 2010-11, almost $91 billion in 2011-12 and nearly $94 billion in 2012-13.

- Total All Funds receipts in 2010-11 are projected to reach over $125 billion, an increase of $5.2 billion, or 4.3 percent over 2009-10 estimates. All Funds receipts in 2011-12 are expected to increase by nearly $5.2 billion (4.2 percent) over the prior year. In 2012-13, receipts are expected to increase by nearly $2.7 billion (2.1 percent) over 2011-12 projections.

- All Funds tax receipts are expected to increase by 6.0 percent in 2010-11, 4.8 percent in 2011-12 and 5.4 percent in 2012-13. Again, the growth pattern is consistent with an economic forecast of continued, but slower, economic growth.

Outyear General Fund Disbursement Projections

DOB forecasts General Fund spending of $59.2 billion in 2010-11, an increase of $3.8 billion (6.9 percent) over recommended 2009-10 levels. Growth in 2011-12 is projected at $4.8 billion (8.0 percent) and in 2012-13 at $4.3 billion (6.7 percent). The growth levels are based on current services projections, as modified by the recommendations contained in the 2009-10 Executive Budget. They do not incorporate any estimate of potential new actions to control spending in future years.

2008-09 Operating Results Through December 2008

The tables below compare operating results for the period from April 1, 2008 through December 31, 2008 to the estimates included in the Executive and Enacted Financial Plans for 2008-09, as well as actual results for the same nine-month period in 2007-2008.

General Fund

2008-09 FISCAL YEAR
GENERAL FUND RESULTS VS. ESTIMATES: APRIL - DECEMBER 2008
(millions of dollars)

	Enacted Budget	Executive Budget	Results	Results vs. Estimates Favorable/(Unfavorable) Enacted Budget	Results vs. Estimates Favorable/(Unfavorable) Executive Budget	Increase/ (Decrease) from Prior Year
Opening Balance (April 1, 2008)	**2,754**	**2,754**	**2,754**	**n/a**	**n/a**	**(291)**
Receipts	**38,113**	**38,253**	**38,182**	**69**	**(71)**	**2,696**
Taxes	27,597	27,555	27,577	(20)	22	2,247
Personal Income Tax	*15,544*	*16,121*	*16,236*	*692*	*115*	*2,325*
User Taxes and Fees	*6,717*	*6,552*	*6,457*	*(260)*	*(95)*	*(83)*
Business Taxes	*4,439*	*3,871*	*3,858*	*(581)*	*(13)*	*(228)*
All Other Taxes	*897*	*1,011*	*1,026*	*129*	*15*	*233*
Receipts & Grants	1,621	1,586	1,644	23	58	*(40)*
Transfers From Other Funds	8,895	9,112	8,961	66	(151)	*489*
Disbursements	**40,068**	**39,078**	**39,202**	**866**	**(124)**	**2,320**
Local Assistance	25,719	25,109	25,024	695	85	1,845
Medicaid, including admin	*7,239*	*7,038*	*7,082*	*157*	*(44)*	*110*
School Aid	*10,183*	*9,809*	*9,796*	*387*	*13*	*1,262*
Higher Education	*1,580*	*1,494*	*1,463*	*117*	*31*	*35*
All Other Education	*1,121*	*1,299*	*1,200*	*(79)*	*99*	*25*
Public Health	*417*	*463*	*465*	*(48)*	*(2)*	*(24)*
Mental Hygiene	*1,296*	*1,379*	*1,423*	*(127)*	*(44)*	*408*
Children and Families	*1,187*	*992*	*947*	*240*	*45*	*(121)*
Temporary and Disability Assistance	*1,220*	*1,148*	*1,150*	*70*	*(2)*	*(98)*
Transportation	*98*	*96*	*98*	*0*	*(2)*	*2*
All Other	*1,378*	*1,391*	*1,400*	*(22)*	*-9*	*246*
State Operations	6,642	6,656	6,709	(67)	(53)	(894)
Personal Service	*4,961*	*4,983*	*5,040*	*(79)*	*(57)*	*(552)*
Non-Personal Service	*1,681*	*1,673*	*1,669*	*12*	*4*	*(342)*
General State Charges	2,599	2,502	2,588	11	(86)	(981)
Transfers To Other Funds	5,108	4,811	4,881	227	(70)	2,350
Debt Service	*1,529*	*1,515*	*1,554*	*(25)*	*(39)*	*191*
Capital Projects	*944*	*579*	*616*	*328*	*(37)*	*27*
State Medicaid Share	*2,096*	*2,144*	*2,133*	*(37)*	*11*	*2,132*
All Other	*539*	*573*	*578*	*(39)*	*(5)*	*0*
Change in Operations	**(1,955)**	**(825)**	**(1,020)**	**935**	**(195)**	**376**
Closing Balance	**799**	**1,929**	**1,734**	**935**	**(195)**	**85**

General Fund Comparison to Executive Budget Update Projections

The General Fund ended December 2008 with a cash balance of $1.7 billion, which is $195 million below the amount projected in the Executive Budget Financial Plan. General Fund receipts, including transfers from other funds, were $71 million lower than projected, which is primarily due to the timing of expected fund sweeps from various special revenue accounts, partly offset by the unplanned receipt of $50 million from the recent Attorney General settlement with Citigroup. The variance in net tax receipts is small, but individual categories did vary from planned levels, including lower than expected collections from user taxes and fees ($95 million) that is partly offset by higher personal income tax receipts ($115 million).

General Fund disbursements through December 2008, including transfer to other funds, totaled $39.2 billion, $118 million higher than projected. The largest spending variances included:

- **All Other Education ($99 million lower than planned):** Largely due to lower-than-expected disbursements for special education categorical programs and nonpublic school aid, both of which are expected to occur later in the fiscal year. Payment of nonpublic school aid is expected to occur later due to an extension in the filing date for submission of claims by nonpublic schools.
- **General State Charges ($86 million higher than planned):** Primarily attributable to slower than projected fringe benefit escrow payments, mainly from the Mental Hygiene agencies. These payments are now expected to be made in January 2009.
- **State Operations ($53 million higher than planned):** SUNY, State Police and Tax and Finance personal service spending exceeded projections. These variances are expected to be resolved through the planned use of other financing sources that will offset costs later in the fiscal year.

General Fund Comparison to 2008-09 Enacted Budget Projections

Through December 2008, General Fund receipts, including transfers from other funds, were $69 million more than the initial forecast. This variance is mainly due to higher-than-expected collections in personal income tax ($692 million), estate and gift taxes ($128 million), and transfers from other funds ($66 million), which are partly offset by lower receipts in business taxes ($581 million) and sales and use taxes ($260 million).

General Fund disbursements were $866 million lower than projected at the time of the Enacted Budget. The largest spending variances include:

- **School Aid ($387 million lower than planned):** Reflects lower-than-expected general aid payments and lower-than-expected claims for categorical aid programs.
- **Children and Families ($240 million lower than planned):** Driven largely by the timing of Child Welfare Services payments.
- **Medicaid ($157 million lower than planned):** Results from the timing of Medicaid offsets, as well as the timing of Medicaid-related spending in the Mental Hygiene agencies. Medicaid offsets were taken at an accelerated rate earlier in the fiscal year, which reduced General Fund Medicaid spending for those months.
- **Mental Hygiene ($127 million higher than planned):** Medicaid spending in the Mental Hygiene agencies was higher than projected through the first nine months, however it is not expected to affect full-year projections for Medicaid spending in Mental Hygiene.
- **Higher Education ($117 million lower than planned):** Largely reflects actions taken since the Enacted Budget to adjust General Fund payment schedules.
- **Transfers to Other Funds ($227 million lower than planned):** Mainly due to lower than projected spending in capital projects.

General Fund Annual Change

On a year-over-year basis, General Fund receipts were in 2008 $2.7 billion, or 7.4 percent, higher than the same period in 2007. This annual increase is largely due to increased collections in the personal income tax ($2.3 billion), transfers from other funds ($489 million) and estate and gift taxes ($232 million), which is partially offset by decreases in business taxes ($228 million), the sales and use tax ($83 million), and all other receipts and grants collections ($40 million).

General Fund spending through December 2008 was $2.3 billion higher than actual results through December 2007. Significant changes in spending levels include:

- **School Aid ($1.3 billion growth):** Driven largely by the annual increase in "tail" payments for the 2007-08 school year, and partly by the annual increase in initial payments for the 2008-09 school year. On a school year basis, the State increased school aid by $1.8 billion in 2007-08, and by another $1.7 billion in 2008-09.
- **Mental Hygiene ($408 million growth):** Primarily due to Medicaid-related spending in Mental Hygiene agencies. Much of this spending occurred in 2008-09, resulting in the significantly higher spending in the current year.
- **Children and Families ($121 million decline):** Driven largely by the timing of Child Welfare Services payments.
- **Medicaid ($110 million growth):** Primarily reflects an additional weekly cycle payment in the first nine months of 2008 compared to the prior year.
- **Temporary and Disability Assistance ($98 million decline):** Primarily due to the timing of payments to local districts.
- **State Operations ($894 million decline):** Primarily reflects the movement of a portion of Mental Hygiene State Operations spending from the General Fund to the Special Revenue Funds, as part of the 2008-09 restructuring of Medicaid spending.
- **General State Charges ($981 million decline):** Primarily reflects a change in reporting related to the restructuring of Medicaid Spending, whereby fringe benefit waivers were eliminated for personal service costs supported by State and Federal Medicaid monies.
- **Transfers to Other Funds ($2.4 billion growth):** Primarily reflects the change in reporting related to the restructuring of Medicaid spending. Beginning in 2008-09 the State share of Medicaid payments dispersed by State-operated mental hygiene facilities is now reflected as a General Fund transfer to the new State Share of Medicaid Special Revenue Fund account. Debt Service spending is also higher ($191 million growth) due mainly to the timing of debt service payments on certain SUNY educational facilities bonds.

State Operating Funds

2008-09 FISCAL YEAR STATE OPERATING RESULTS VS. ESTIMATES: APRIL - DECEMBER 2008 (millions of dollars)						
				Results* vs. Estimates Favorable/(Unfavorable)		
	Enacted Budget	Executive Budget	Preliminary Results	Enacted Budget	Executive Budget	Increase/ (Decrease) from Prior Year
Total Receipts	**55,989**	**55,504**	**55,267**	**(722)**	**(237)**	**2,194**
Taxes	44,230	43,848	43,867	(363)	19	2,608
Personal Income Tax	*26,983*	*27,415*	*27,567*	*584*	*152*	*2,713*
User Taxes and Fees	*10,320*	*10,077*	*9,948*	*(372)*	*(129)*	*132*
Business Taxes	*5,470*	*4,904*	*4,891*	*(579)*	*(13)*	*(252)*
Other Taxes	*1,457*	*1,452*	*1,461*	*4*	*9*	*15*
Miscellaneous Receipts	11,722	11,620	11,355	(367)	(265)	*(384)*
Federal Grants	37	36	45	8	9	*(30)*
Total Disbursements	**58,969**	**58,219**	**57,253**	**1,716**	**966**	**2,028**
Local Assistance	40,620	39,645	38,671	1,949	974	1,770
Medicaid (Including Admin)	*9,773*	*9,403*	*9,680*	*93*	*(277)*	*537*
School Aid	*12,777*	*12,388*	*12,374*	*403*	*14*	*1,212*
Higher Education	*1,581*	*1,495*	*1,464*	*117*	*31*	*35*
All Other Education	*1,135*	*1,317*	*1,219*	*(84)*	*98*	*35*
STAR	*4,694*	*4,440*	*3,535*	*1,159*	*905*	*(1,087)*
Public Health	*2,042*	*2,087*	*1,812*	*230*	*275*	*(97)*
Mental Hygiene	*1,878*	*2,038*	*2,108*	*(230)*	*(70)*	*894*
Children and Families	*1,189*	*993*	*949*	*240*	*44*	*(120)*
Temporary and Disability Assistance	*1,222*	*1,154*	*1,155*	*67*	*(1)*	*(93)*
Transportation	*2,790*	*2,735*	*2,769*	*21*	*(34)*	*164*
All Other	*1,539*	*1,595*	*1,606*	*(67)*	*(11)*	*290*
State Operations	11,509	11,865	11,927	(418)	(62)	330
Personal Service	*7,861*	*8,147*	*8,162*	*(301)*	*(15)*	*368*
Non-Personal Service	*3,648*	*3,718*	*3,765*	*(117)*	*(47)*	*(38)*
General State Charges	3,757	3,635	3,574	183	61	(449)
Capital Projects	3	7	7	(4)	0	0
Debt Service	3,080	3,067	3,074	6	(7)	377

State Operating Funds Comparison to Executive Financial Plan Projections

State Operating Funds receipts totaled $55.3 billion or $237 million less than the last forecast. Tax receipts totaled $43.9 billion, $19 million more than the 2009-10 Executive Budget estimates, which is largely due to lower-than-expected collections in the sales and use tax ($129 million) and business taxes ($13 million); partly offset by higher-than-expected collections in the PIT ($152 million), cigarette and tobacco taxes ($19 million) and estate and gift taxes ($17 million). Miscellaneous receipts were $265 million below initial estimates due mostly to lower than anticipated Special Revenue Fund receipts, primarily SUNY ($242 million). The variance is expected to be offset by higher receipts in the final three months of the current fiscal year.

Disbursements totaled $57.3 billion; $966 million lower than the forecast, primarily driven by the timing of STAR payments to homeowners for property tax exemptions.

State Operating Funds Comparison to 2008-09 Enacted Budget Projections

State Operating Funds receipts were $722 million below the Enacted Budget projection. Tax receipts were $363 million less than the initial estimate. The variance is largely due to decreased collections in business taxes ($579 million), sales and use taxes ($372 million) and the real estate transfer tax ($128 million), which is partially offset by increases in the personal income tax ($584 million) and estate and gift taxes ($132 million). Miscellaneous receipts were $367 million lower than projected, largely driven by lower-than-anticipated Special Revenue Fund receipts for SUNY.

State Operating Funds disbursements were $1.7 billion below the Enacted Budget forecast. The largest variances outside the General Fund include the timing of HCRA-supported public health spending as well as lower-than-projected STAR payments.

State Operating Funds Annual Change

Total taxes increased by $2.6 billion compared to the same period in 2007-08. This increase is largely due to increased collections in the personal income tax ($2.7 billion), cigarette and tobacco taxes ($268 million) and estate and gift taxes ($235 million), partially offset by decreases in business taxes ($252 million), the real estate transfer tax ($219 million), and the sales and use tax ($132 million). The annual decline in miscellaneous receipts is largely due to the receipt of $499 million in health insurance conversion proceeds in April 2007.

Compared to the same period in 2007-08, State Operating Funds disbursements were $2.0 billion higher in the current year. The largest increases were for School Aid ($1.2 billion), State Operations ($330 million) and Debt Service ($377 million) as described above; offset by the timing of the STAR payments ($1.1 billion).

State Operating Funds Medicaid spending through December 2008 increased by $537 million. This increase is primarily driven by an additional weekly cycle payment in 2008-09 and increases in recipients, service utilization, and medical care cost inflation. In addition, growth in mental hygiene spending is primarily attributable to the State share of Medicaid spending now reflected in the agency totals, which also accounts for most of the decline in General State Charges.

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GAAP-Basis Financial Plans

The State Budget is required to be balanced on a cash basis, which is DOB's primary focus in preparing and implementing the State Financial Plan. State Finance Law also requires the Financial Plan be presented for informational purposes on a GAAP basis, in accordance with standards and regulations set forth by GASB. Thus, the GAAP projections provided herein are intended to supplement, for informational purposes, the cash-basis Financial Plan. The GAAP-basis plans model the accounting principles applied by OSC in preparation of the 2007-08 Financial Statements. Tables comparing the cash basis and GAAP basis General Fund Financial Plans are provided at the end of this AIS Update.

In 2008-09, the General Fund GAAP Financial Plan shows total revenues of $41.6 billion, total expenditures of $55.8 billion, and net other financing sources of $9.5 billion, resulting in an operating deficit of $4.8 billion and a projected accumulated deficit of $803 million. These results are due primarily to the use of a portion of prior year reserves to support 2008-09 operations and the impact of economic conditions on revenue accruals, primarily PIT. PIT collections received in the first quarter of 2008-09 were related primarily to prior year estimated payments and final returns (i.e., calendar year ended December 31, 2007) and are therefore recorded in State fiscal year 2007-08 for GAAP purposes. Estimated collections in the first quarter of 2009-10 related to calendar end year 2008 tax returns are expected to decline significantly resulting in lower accrued revenue in 2008-09.

In 2009-10, the General Fund GAAP Financial Plan shows total revenues of $47.2 billion, total expenditures of $55.2 billion, and net other financing sources of $8.6 billion, resulting in an operating surplus of $601 million, which reduces the projected accumulated deficit to $217 million. These results reflect the impact of the Executive Budget gap-closing actions.

The GAAP-basis results for 2007-08 showed the State in a net positive asset condition of $47.7 billion after reflecting the impact of GASBS 45 "Accounting and Financial Reporting by Employers for Post-Retirement Benefits."

The State used an independent actuarial consulting firm to calculate retiree health care liabilities. The analysis calculated the present value of the actuarial accrued total liability for benefits as of March 31, 2008 at $49.9 billion ($41.4 billion for the State and $8.5 billion for SUNY), using the level percentage of projected payroll approach under the Frozen Entry Age actuarial cost method. The actuarial accrued liability was calculated using a 4.155 percent annual discount rate. DOB expects the present value of the actuarial accrued total liability for benefits as of March 31, 2009 for the State, including SUNY, may increase by as much as $9 billion. If enacted, the benefit changes proposed with the Executive Budget would reduce this liability.

This liability was disclosed in the 2007-08 basic GAAP financial statements issued by the State Comptroller in July 2008. GASB rules indicate the liability may be amortized over a 30-year period; therefore, only the annual amortized liability above the current PAYGO costs is recognized in the financial statements. The 2007-08 liability totaled $3.8 billion ($3.1 billion for the State and $0.7 billion for SUNY) under the Frozen Entry Age actuarial cost method amortized based on a level percent of salary, or roughly $2.7 billion ($2.1 billion for the State and $0.6 billion for SUNY) above the current PAYGO retiree costs. This difference between the State's PAYGO costs and the actuarially determined required annual contribution under GASBS 45 reduced the State's currently positive net asset condition at the end of 2007-08 by $2.7 billion.

GASB does not require the additional costs to be funded on the State's budgetary basis, and no funding is assumed for this purpose in the Financial Plan. On a budgetary (cash) basis, the State continues to finance these costs, along with all other employee health care expenses, on a PAYGO basis. 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
1999-00	777	466	1,243
2000-01	876	521	1,397
2001-02	937	565	1,502
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	1,390	1,182	2,572
2008-09	1,623	1,057	2,680
2009-10	1,689	1,108	2,797
2010-11	1,877	1,228	3,105
2011-12	2,020	1,324	3,344
2012-13	2,173	1,427	3,600

All numbers reflect the cost of Health Insurance for General State Charges (Executive and Legislative branches); actuals through 2007-08.

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

DOB's detailed GAAP Financial Plans for 2008-09 through 2012-13 are provided in the Financial Plan Tables.

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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 Amended 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 Amended Financial Plan also relies on estimates and assumptions concerning Federal aid, law changes, and audit activity. For a discussion of specific litigation risks to the Amended Financial Plan, see the section entitled "Litigation" in this AIS Update.

State Cash-Flow Projections

DOB projects the General Fund for 2008-09 and 2009-10 will maintain sufficient monthly cash balances to meet statutorily obligated payments. The projections are based on the assumption that the Legislature will enact the DRP, as proposed, by February 1, 2009 and the Executive Budget for 2009-10 by March 1, 2009. The State's 2009-10 fiscal year will begin on April 1, 2009. Negotiations on the DRP have been held between the Executive and the Legislature. DOB believes that the level of Financial Plan savings that could be achieved would not be materially affected if the DRP were enacted later in the current fiscal year, and expects that any items not addressed as part of the DRP will be considered as part of the overall negotiations on the 2009-10 Budget. The Executive Budget includes certain statutory changes intended to improve the State's monthly operating margins, which are projected to fall below $750 million at month-end in June 2009, November 2009, and December 2009.

Bond Market Issues

One aspect of the credit crisis is that many municipal issuers either have been unable to issue bonds or, if market access exists, do so at much higher rates than existed before September 2008. If the State cannot sell bonds at the levels (or on the timetable) expected, it could experience significantly increased costs in the General Fund and a weakened overall cash position in the current fiscal year. This is because the State finances much of its capital spending in the first instance through loans from the General Fund or STIP, which it then repays with proceeds from the sale of bonds. The State expects to complete several bond sales during the remainder of the current fiscal year. The State is executing a multi-step strategy to stage entries into the bond market in a way that addresses the most immediate and consequential fiscal issues first. At the same time, DOB has imposed stringent capital controls that are expected to marginally reduce the need to issue bonds in the coming months.

The State continues to adjust its variable-rate debt portfolio in response to widespread disruption in the municipal bond market. Since February 2008, the State has repositioned nearly $4 billion of variable-rate bonds, including $2.8 billion of auction rate securities and $1.2 billion of variable-rate demand bonds to mitigate risk and reduce debt service costs. The adjustments were accomplished using a combination of fixed rate bonds and better-performing variable rate bonds.

The State has terminated approximately $1.7 billion in interest-rate exchange agreements at a cost of approximately $76 million. The State has received $125 million in revenues from settlements negotiated by the State Attorney General in relation to auction rate securities.

Other Considerations

The Amended Financial Plan forecast contains specific transaction risks and other uncertainties, including, but not limited to, the closing of the final sale of development rights for a VLT facility at the Aqueduct Racetrack by the close of the current fiscal year; the receipt of certain payments from public authorities; the receipt of miscellaneous revenues at the levels expected in the Amended Financial Plan; the enforcement of certain tax regulations on Native American reservations; the timing and value of other proceeds to the State that are expected to finance health care costs; and the achievement of cost-saving measures, including, but not limited to, administrative savings in State agencies and the transfer of available fund balances to the General Fund, at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Amended Financial Plan in the current year.

There can be no assurance that (1) legislative or administrative actions will be sufficient to eliminate the current-year shortfall without the use of existing reserves, (2) receipts will not fall below current projections, requiring additional budget-balancing actions in the current year, and (3) the gaps projected for future years will not increase materially from the projections set forth herein.

Risks to the Financial Plan

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:

- Further under-performance of the national and State economies that can affect State revenues and increase the demand for means-tested programs such as Medicaid and welfare. Most recently, Medicaid caseload — which declined from 2005-06 through 2007-08 — has now begun to increase and program spending may climb;

- The potential cost of collective bargaining agreements and salary increases for Judges (and possibly other elected officials) in 2008-09 and beyond. DOB estimates that if all remaining unsettled unions were to agree to the same terms that have been ratified by settled unions, it would result in added General Fund costs of approximately $340 million in 2009-10 (assuming a retroactive component for fiscal year 2007-08 and 2008-09; and an elimination of the 2009-10 salary increase). DOB has included a reserve to finance the costs of a pattern settlement for all unions. There can be no assurance that actual settlements will not exceed the amounts included in the Plan. In addition, no reserve has been set aside for potential pay raises for judges;

- Potential Federal disallowances arising from audits related to Medicaid claims under the School Supportive Health Services program and various other reimbursement methodologies;

- Proposed Federal rule changes concerning Medicaid payments; and

- Litigation against the State, including potential challenges to the constitutionality of certain tax actions authorized in the budget.

In addition, the forecast contains specific transaction risks and other uncertainties, including, but not limited to: the final sale of development rights for a VLT facility at the Aqueduct Racetrack, which is expected to close by the end of the current fiscal year; the enforcement of certain tax regulations on Native American reservations; and the achievement of cost-saving measures, including, but not limited to, FMP savings, at the levels projected.

Recent market volatility and the decline in the market value of many stocks have negatively impacted the assets held for the New York State and Local Retirement Systems. According to OSC, as of December 31, 2008, the unaudited value of the Systems' assets had declined approximately 21 percent from their March 31, 2008 value. These factors and/or any future downturns in financial markets may result in an increase in the amount of the contributions required to be made by employers for fiscal years after fiscal year 2010. See also the section on "State Retirement Systems" in this AIS Update.

Labor Settlements

The State has reached labor settlements with several labor unions, the Civil Service Employees Association, the Public Employees Federation, the United University Professions, District Council 37, and the Police Benevolent Association, and has extended comparable changes in the pay and benefits to "management/confidential" employees. Under terms of these four-year contracts, which run from April 2, 2008 through April 1, 2012 (July 2, 2008 through July 1, 2012 for UUP), employees will receive pay increases of 3 percent annually in 2008-09, 2009-10, and 2010-11 and 4 percent in 2011-12. The Executive Budget savings proposals include eliminating the 2009-10 general salary increases.

Other unions representing uniformed officers (i.e., New York State Correction Officers, BCI) graduate students (Graduate State Employee Union) and supervisory security/park police (Council 82) 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 other unions, it would result in added costs of approximately $340 million in 2009-10 (assuming a retroactive component for fiscal year 2007-08 and 2008-09; and an elimination of the 2009-10 salary increase), and approximately $220 million in both 2010-11 and 2011-12. The earliest any costs for these contracts would likely be paid is in 2009-10. The Executive Budget recommendations would, if enacted in their entirety, provide savings sufficient to finance pattern settlements.

School Supportive Health Services

The OIG of the United States Department of Health and Human Services has conducted 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 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 HHC) and programs operated by both OMRDD and 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 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.

On February 22, 2008, CMS issued a change to the rules that regulate State taxation of healthcare entities, effective April 22, 2008. The rule affords CMS flexibility in identifying a "linkage" between provider taxes and Medicaid payments rendering the tax invalid. 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.

CMS has also issued a rule regarding targeted case management which clarifies the definition of covered services. The final rule was issued on December 4, 2007 and made effective March 3, 2008. The State is currently in the process of litigating this issue and has requested a one-year implementation extension. Further, CMS has proposed to restrict Medicaid reimbursement for hospital outpatient and school based health services and restricts coverage to rehabilitative services, which could pose a risk to the Financial Plan and result in hundreds of millions of dollars in reduced Federal-share funding. However, the State argues that the proposed regulation regarding outpatient services is in direct violation of the current moratorium.

On all rules, 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 is joined by many other states in challenging the adoption on the basis that CMS is overstepping its authority and ignoring Congressional intent. As a result, Congress passed a moratorium barring the implementation of these proposed rule changes (except for hospital outpatient reimbursement) set to expire April 1, 2009.

New York City Personal Care Audit

The OIG of the United States Department of Health and Human Services released a September 2008 draft audit with regard to Medicaid reimbursement for personal care services in New York City. The draft audit reviewed claims for the period July 1, 2004 through December 31, 2006. Based upon their review, the OIG is calling for the State to repay an estimated $815 million in Federal Medicaid because payments were not supported with required medical exams and social and nursing assessments. Both New York City and the Department of Health disagree with these findings and are in the process of conducting their own claims review. DOH's response to this audit is due February 2, 2009.

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State Retirement Systems

General

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

As of March 31, 2008, 677,321 persons were members and 358,109 pensioners or beneficiaries were receiving benefits. The State Constitution considers membership in any State pension or retirement system to be a contractual relationship, the benefits of which shall not be diminished or impaired. Members cannot be required to begin making contributions or make increased contributions beyond what was required when membership began.

Recent market volatility and the recent decline in the market value of many equity investments have negatively impacted the assets held for the Systems. These or future downturns in financial markets will not affect the State's contribution to the Systems for fiscal year 2009 (which was based on the value of the assets as of April 1, 2007 and has already been paid) or the estimated contribution to the Systems for fiscal year 2010 (which is based on the value of the pension fund and its liabilities as of April 1, 2008). However, such downturns may result in an increase in the amount of the contributions required to be made for fiscal years after fiscal year 2010. The amount of such increases would depend, in part, on the value of the pension fund as of each April 1 as well as on the present value of the anticipated benefits to be paid by the pension fund as of each April 1, and, therefore, it is not possible to estimate the amount of any contribution for the period after fiscal year 2010.

Contributions

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

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

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

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

Assets and Liabilities

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

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

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

Sources: State and Local Retirement Systems.

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

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

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

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

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

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Authorities and Localities

Localities

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		---	2,552	1,283	---	3,745	(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
2008	36,100	14,828		---	2,339	1,297	2,067	2,556	---	59,187

Source: Office of the State Comptroller.

(1) Starting in 2007, amounts include 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 and a $67 million obligation to the MTA in 2007 and 2008, respectively.

(4) Includes bonds issued by the Fiscal Year 2005 Securitization Corporation, the Educational Construction Fund, 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 2008, the State Legislature authorized 17 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 2008-09 fiscal year or thereafter.

To help resolve persistent fiscal difficulties in the City of Buffalo, the State enacted legislation in July 2003 that created the Buffalo Fiscal Stability Authority (BFSA) and to address a deteriorating fiscal situation in Erie County, legislation was enacted in July 2005 that created the Erie County Fiscal Stability Authority (ECFSA). Under these statutes, the City is currently subject to fiscal oversight and control by the BFSA, and the County is currently subject to fiscal oversight and control by the ECFSA. The BFSA has issued, and the ECFSA is authorized to issue bonds to eliminate budgetary deficits and to restructure or refinance outstanding debt. Sales tax revenues payable to the City and the Buffalo City School District are pledged to support the outstanding bonds issued by the BFSA. The County's sales tax revenues and certain statutorily defined State aid payments are authorized to be pledged as security to support any bonds that may be issued by ECFSA.

Under the BFSA Act, the City has been in a "control period" since 2003. In 2006, the ECFSA instituted a "control period" for the county after rejecting its fiscal 2007 budget and financial plan for fiscal years 2007 through 2010. During a control period, the applicable legislation grants to BFSA and ECFSA significant fiscal oversight authority over the financial operations of the City and the County, respectively, including: the power to approve or reject contracts, labor settlements, and borrowings in excess of $50,000; to approve and reject budgets and four-year financial plans and, if necessary, formulate an acceptable budget for the City or the County, as applicable; and to implement a wage or hiring freeze.

Like the State, local governments must respond to changing political, economic and financial influences over which they have little or no control. Such changes may adversely affect the financial condition of certain local governments. For example, the Federal government may reduce (or in some cases eliminate) Federal funding of some local programs or disallow certain claims which, in turn, may require local governments to fund these expenditures from their own resources. The State could also reduce funding of certain local programs, adding pressure on local governments to fund expenditures from their own resources.

Some State policymakers have expressed interest in implementing a property tax cap for local governments. Adoption of a property tax cap could affect the amount of property tax revenue available for local government purposes and could adversely affect their operations, particularly those that are heavily dependent on property tax revenue such as school districts. In the current economic recession,, localities or any of their respective public authorities may suffer serious financial difficulties that could jeopardize local access to the public credit markets, which may adversely affect the marketability of notes and bonds issued by localities within the State. Localities may also face unanticipated problems resulting from certain pending litigation, judicial decisions and long-range economic trends. Other large-scale potential problems, such as declining urban populations, increasing expenditures, and the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate State assistance.

Similar to the State (see "Bond Market Issues" above), municipal issuers are also being affected by diminished market access. If local governments or their public authorities cannot sell bonds or notes at the levels (or on the timetable) expected, they could experience significantly increased costs or a weakened overall cash position.

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

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

Locality Fiscal Year Ending	Combined New York City Debt (2)(3)		Other Localities Debt(4)		Total Locality Debt(4)	
	Bonds	Notes	Bonds(5)	Notes(5)	Bonds(4)(5)	Notes(5)
1980	12,995	---	6,835	1,793	19,830	1,793
1990	20,027	---	10,253	3,082	30,280	3,082
1995	29,930	---	15,829	3,219	45,759	3,219
1996	31,623	---	16,414	3,590	48,037	3,590
1997	33,046	---	17,526	3,208	50,572	3,208
1998	34,690	---	17,100	3,203	51,790	3,203
1999	37,352	---	18,448	3,420	55,800	3,420
2000	39,244	515	19,082	4,005	58,326	4,520
2001	40,305	---	20,221	4,279	60,526	4,279
2002	42,721	2,200	21,721	4,746	64,442	6,946
2003	47,376	1,110	23,908	5,972	71,284	7,082
2004	50,265	---	26,638	4,657	76,903	4,657
2005	54,421	---	29,202	4,363	83,623	4,363
2006	55,381	---	30,734	4,281	86,115	4,281

Source: Office of the State Comptroller.

NOTE: For localities other than New York City, the amounts shown for fiscal years ending in 1990 through 1997 may include debt that has been defeased through the issuance of refunding bonds.

(1) Because the State calculates locality debt differently for certain localities (including New York City), the figures above may vary from those reported by such localities. In addition, this table excludes indebtedness of certain local authorities and obligations issued in relation to State lease-purchase arrangements.

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

(3) Includes New York City capital leases obligations which were not reflected in previous years. Includes bonds issued by the Dormitory Authority of the State of New York for education, health and courts capital projects, the Samurai Funding Corporation and other long-term financing leases which will be repaid from revenues of the City or revenues that would otherwise be available to the City if not needed for debt service.

(4) Outstanding bonded debt shown includes bonds issued by the localities and certain debt guaranteed by the localities and excludes capital lease obligations (for localities other than New York City), assets held in sinking funds and certain amounts available at the start of a fiscal year for redemption of debt. Debt for other localities does not include Installment Purchase Contracts.

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

Litigation

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. The cross-appeals have been fully briefed, and oral argument before the Second Circuit was conducted on June 3, 2008. The case now awaits decision by the Second Circuit.

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

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. Although the motion is fully briefed and awaiting decision, on April 16, 2008, the District Court issued an order staying the case until a decision is rendered with respect to the pending appeal in the *Oneida* case.

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. The motion is now fully briefed and awaiting decision.

Cayuga Indian Nation of New York, et al. v Pataki, et al., USDC, NDNY, 80-CV-930 (McCurn, DJ) (2d Cir. [02-6111]) involved approximately 64,000 acres in Seneca and Cayuga Counties surrounding the northern portion of Cayuga Lake that the historic Cayuga Nation sold to the State in 1795 and 1807 in alleged violation of the Nonintercourse Act ("NIA") (first enacted in 1790 and now codified at 25 U.S.C. § 177) because the transactions were not held under federal supervision, and were not formally ratified by the United States Senate and proclaimed by the President. After 2 lengthy trials, in 2001 the District Court denied ejectment as a remedy, and rendered a judgment against the State for damages and prejudgment interest in the net amount of $250 million. The State appealed. The tribal plaintiffs (but not the U.S.) cross-appealed, seeking ejectment of all of the present day occupants of the land in the 64,000 acre claim area and approximately $1.5 billion in additional prejudgment interest.

On June 28, 2005, the Second Circuit reversed and entered judgment dismissing the Cayuga action, based upon the intervening Supreme Court decision in *Oneida Indian Nation v. City of Sherrill*, 544 U.S. 197 (2005) which held (in the context of a property tax dispute involving a parcel that the tribe had purchased in fee within the Oneida claim area) that disruptive claims of Indian sovereignty could be barred by equitable defenses, including laches, acquiescence and impossibility. *Cayuga Indian Nation v. Pataki*, 413 F.3d 266 (2d Cir. 2005). The Second Circuit concluded that the same equitable considerations that the Supreme Court relied on in *City of Sherrill* applied to the Cayugas' possessory claim and required dismissal of the entire lawsuit, including plaintiffs' claim for money damages and their claim for ejectment. The Court also held that the United States' complaint-in-intervention was barred by laches. The Supreme Court denied certiorari in *Cayuga* on May 15, 2006. 126 S. Ct. 2021, 2022.

This case was closed but recently became active when the Cayuga plaintiffs filed a FRCP 60(b)(6) motion to have the judgment vacated. Along with this motion a letter was sent to Judge McCurn's chamber seeking a stay of the 60 (b)(6) motion until after the Second Circuit decides the appeal in the *Oneida* Land Claim case. The motion is premised on Judge Kahn's ruling in *Oneida*, discussed above, that in spite of the Second Circuit decision in *Cayuga*, the tribe may proceed to prove a non-possessory claim for unjust compensation against the State defendant. By stipulation of the parties, so-ordered by Judge McCurn, further briefing on the Cayugas' motion for relief from judgment has been suspended, pending the outcome of the Oneida appeal that was argued on June 3, 2008.

Tobacco Master Settlement Agreement

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

Representative Payees

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

On September 26, 2008, the State moved to dismiss the claim on the grounds that (i) claimant failed to file a motion to certify the class in a timely manner and (ii) claimant's failure to identify the time and place in which each claim arose violates the provisions of Court of Claims Act §11(b). Claimant has opposed the motion and cross-moved, seeking certification of the class, pre-certification discovery, and partial summary judgment. The State's reply papers are currently due on February 9, 2009.

GLOSSARY OF ACRONYMS

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

(FMAP) .... Federal Medical Assistance Percentage
(FMP) .... Fiscal Management Plan
(FSA) .... Financial Security Assurance
(GAAP) .... Generally Accepted Accounting Principles
(GASB) .... Governmental Accounting Standards Board
(GASB 34) .... Governmental Accounting Standards Board Statement 34
(GDP) .... Gross Domestic Product
(GHI) .... Group Health Insurance
(GME) .... Graduate Medical Education
(GOER) .... Governor's Office of Employee Relations
(GPHW) .... General Public Health Works
(GSCs) .... General State Charges
(GSEW) .... Graduate Student Employees Union
(HAF) .... Housing Assistance Fund
(HCBS) .... Home and Community Based Services
(HCRA) .... Health Care Reform Act
(HEAL-NY) .... Health Care Equity and Affordability Law for New Yorkers
(HEAP) .... Home Energy Assistance Program
(HELP) .... Higher Education Loan Program
(HHC) .... Health and Hospital Corporation
(HESC) .... Higher Education Services Corporation
(HHAC) .... Homeless Housing Assistance Corporation
(HHAP) .... Homeless Housing Assistance Program
(HIP) .... Health Insurance Plan
(HMO) .... Health Maintenance Organization
(HRPT) .... Hudson River Park Trust
(HTFC) .... Housing Trust Fund Corporation
(IDEA) .... Individuals with Disabilities Education Act
(IFP) .... Industrial Finance Program
(IPO) .... Initial Public Offering
(ITC) .... Investment Tax Credit
(LGAC) .... Local Government Assistance Corporation
(LIBOR) .... London Inter Bank Offered Rates
(LLC) .... Limited Liability Company
(MCFFA) .... Medical Care Facilities Finance Agency
(MCTD) .... Metropolitan Commuter Transportation District
(MMTOA) .... Metropolitan Mass Transportation Operating Assistance Fund
(MTOA) .... Mass Transportation Operating Assistance Fund
(MOU) .... Memorandum of Understanding
(M/WBE) .... Minority/Women-Owned Business Enterprises
(NAICS) .... North American Industry Classification System
(NBER) .... National Bureau of Economic Research
(NPS) .... Non-Personal Service
(NTI) .... New York State Net Taxable Income
(NYSCOPBRA) .... New York State Correctional Officers and Police Benevolent Association
(NYS-OPTS) .... New York State Options for People Through Services
(OCA) .... Office of Court Administration
(PACB) .... Public Authorities Control Board
(PAYGO) .... Pay-as-you-go
(PEF) .... Public Employees Federation

(PEP) .... Professional Education Pool
(PFM) .... Public Financial Management
(PIA) .... Patient Income Account
(PILOT) .... Payment in Lieu of Taxes
(PIT) .... Personal Income Tax
(PPA) .... Permanent Place of Abode
(PPI) .... Petroleum Price Index
(PRAG) .... Public Resources Advisory Group
(PSYCKES) .... Psychiatric Services and Clinical Knowledge Enhancement System
(PYCs) .... Prior Year Claims
(QPAI) .... Qualified Production Activity Income
(QCEW) .... Quarterly Census of Employment and Wages
(REIT) .... Real Estate Investment Fund
(RESCUE) .... Rebuilding Schools to Uphold Education
(RIC) .... Regulated Investment Company
(RBTF) .... Revenue Bond Tax Fund
(SAFETEA-LU) .... Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
(SBE) .... Sound Basic Education
(SEIP) .... Supplemental Education Improvement Program
(SHU) .... Special Housing Unit
(SIP) .... Strategic Investment Program
(SOMTA) .... Sex Offender Management Treatment Act
(SPIF) .... State Parks Infrastructure Fund
(SRFs) .... Special Revenue Funds
(SSI) .... Supplemental Security Income
(STAR) .... School Tax Relief
(STARC) .... State Tax Asset Receivable Corporation
(STEP) .... Science and Technology Entry Programs
(ST&I) .... Science, Technology, and Innovation
(STIP) .... Short-Term Investment Pool
(SWN) .... Statewide Wireless Network
(TAG) .... Technical Assistance Grant
(TANF) .... Temporary Assistance for Needy Families
(TAP) .... Tuition Assistance Program
(TAS) .... Technical Advisory Service
(TFA) .... Transitional Finance Authority
(TRANs) .... Tax and Revenue Anticipation Notes
(TSA) .... Teacher Support Aid
(TSFC) .... Tobacco Settlement Financing Corporation
(TSRF) .... Tax Stabilization Reserve Fund
(UDC) .... Urban Development Corporation
(UUP) .... United University Professions
(VLT) .... Video Lottery Terminal
(VRDBs) .... Variable-Rate Demand Bonds
(WHTI) .... Western Hemisphere Travel Initiative
(WMS) .... Welfare Management System

NEW YORK STATE AGENCIES AND PUBLIC AUTHORITIES

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

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

	Executive	30-Day Changes	Technical Adjustments	30-Day
Opening fund balance	2,754	0		2,754
Receipts:				
Taxes:				
Personal income tax	22,979	93	0	23,072
User taxes and fees	8,711	(93)	0	8,618
Business taxes	5,645	0	0	5,645
Other taxes	1,268	0	0	1,268
Miscellaneous receipts	2,999	125	0	3,124
Federal Grants	41	0	0	41
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	8,306	21	0	8,327
Sales tax in excess of LGAC debt service	2,267	(31)	0	2,236
Real estate taxes in excess of CW/CA debt service	390	0	0	390
All other	1,515	(100)	0	1,415
Total receipts	54,121	15	0	54,136
Disbursements:				
Grants to local governments	38,197	0	(4)	38,193
State operations:				
Personal Service	6,151	0	65	6,216
Non-Personal Service	2,198	0	(61)	2,137
General State charges	3,119	0	0	3,119
Transfers to other funds:				
Debt service	1,688	0	0	1,688
Capital projects	428	0	0	428
State Share Medicaid	2,664	0	0	2,664
Other purposes	931	0	0	931
Total disbursements	55,376	0	0	55,376
Change in fund balance	(1,255)	15	0	(1,240)
Closing fund balance	1,499	15	0	1,514
Reserves				
Tax Stabilization Reserve Fund	1,031	0	0	1,031
Statutory Rainy Day Reserve Fund	175	0	0	175
Contingency Reserve Fund	21	0	0	21
Community Projects Fund	127	15	0	142
Labor Settlement Other Risks Reserve *	145	0	0	145

**The Labor Settlement Reserve/Other Risks is a DOB-designated use of the Refund Reserve Account.*

Technical Adjustments comprise the reclassification of receipts and disbursements from one Financial Plan category to another to align estimates with actual results as reported by the Office of the State Comptroller or the allocation of State Operations appropriations between personal and non-personal service. These adjustments affect multiple agencies but have no net Financial Plan impact.

Source: NYS DOB

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

	Executive	30-Day Changes	Technical Adjustments	30-Day
Receipts:				
Taxes:				
Personal income tax	22,662	(150)	0	22,512
User taxes and fees	10,021	0	0	10,021
Business taxes	6,084	0	0	6,084
Other taxes	1,048	0	0	1,048
Miscellaneous receipts	3,764	45	(3)	3,806
Federal Grants	0	0	0	0
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	7,524	(53)	1	7,472
Sales tax in excess of LGAC debt service	2,634	0	0	2,634
Real estate taxes in excess of CW/CA debt service	443	0	0	443
All other	940	120	3	1,063
Total receipts	55,120	(38)	1	55,083
Disbursements:				
Grants to local governments	37,370	(15)	2	37,357
State operations:				
Personal Service	6,303	(15)	0	6,288
Non-Personal Service	2,265	(13)	(1)	2,251
General State charges	3,540	5	0	3,545
Transfers to other funds:				
Debt service	1,780	0	0	1,780
Capital projects	520	0	0	520
State Share Medicaid	2,732	0	0	2,732
Other purposes	882	0	0	882
Total disbursements	55,392	(38)	1	55,355
Deposit to/(use of) Community Projects Fund	(127)	0	0	(127)
Deposit to/(use of) Prior Year Reserves	(145)	0	0	(145)
Margin	0	0	0	0

Technical Adjustments comprise the reclassification of receipts and disbursements from one Financial Plan category to another to align estimates with actual results as reported by the Office of the State Comptroller or the allocation of State Operations appropriations between personal and non-personal service. These adjustments affect multiple agencies but have no net Financial Plan impact.

Source: NYS DOB

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

	Executive	30-Day Changes	Technical Adjustments	30-Day
Receipts:				
Taxes:				
Personal income tax	24,511	(150)	0	24,361
User taxes and fees	10,589	0	0	10,589
Business taxes	6,236	0	0	6,236
Other taxes	1,096	0	0	1,096
Miscellaneous receipts	3,193	0	(4)	3,189
Federal Grants	0	0	0	0
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	7,823	(53)	0	7,770
Sales tax in excess of LGAC debt service	2,793	0	0	2,793
Real estate taxes in excess of CW/CA debt service	541	0	0	541
All other	587	20	4	611
Total receipts	57,369	(183)	0	57,186
Disbursements:				
Grants to local governments	39,512	(27)	1	39,486
State operations:				
Personal Service	6,631	(5)	0	6,626
Non-Personal Service	2,330	(10)	(1)	2,319
General State charges	3,960	10	0	3,970
Transfers to other funds:				
Debt service	1,757	0	0	1,757
Capital projects	1,071	0	0	1,071
State Share Medicaid	2,716	0	0	2,716
Other purposes	1,226	0	0	1,226
Total disbursements	59,203	(32)	0	59,171
Margin	(1,834)	(151)	0	(1,985)

Technical Adjustments comprise the reclassification of receipts and disbursements from one Financial Plan category to another to align estimates with actual results as reported by the Office of the State Comptroller or the allocation of State Operations appropriations between personal and non-personal service. These adjustments affect multiple agencies but have no net Financial Plan impact.

Source: NYS DOB

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

	Executive	30-Day Changes	Technical Adjustments	30-Day
Receipts:				
Taxes:				
Personal income tax	26,048	(150)	0	25,898
User taxes and fees	10,913	0	0	10,913
Business taxes	6,405	0	0	6,405
Other taxes	1,154	0	0	1,154
Miscellaneous receipts	3,161	0	(3)	3,158
Federal Grants	0	0	0	0
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	8,106	(52)	0	8,054
Sales tax in excess of LGAC debt service	2,885	0	0	2,885
Real estate taxes in excess of CW/CA debt service	621	0	0	621
All other	623	20	4	647
Total receipts	59,916	(182)	1	59,735
Disbursements:				
Grants to local governments	43,478	(27)	1	43,452
State operations:				
Personal Service	6,822	(5)	0	6,817
Non-Personal Service	2,415	(10)	0	2,405
General State charges	4,220	10	0	4,230
Transfers to other funds:				
Debt service	1,732	0	0	1,732
Capital projects	1,220	0	0	1,220
State Share Medicaid	2,710	0	0	2,710
Other purposes	1,364	0	0	1,364
Total disbursements	63,961	(32)	1	63,930
Margin	(4,045)	(150)	0	(4,195)

Technical Adjustments comprise the reclassification of receipts and disbursements from one Financial Plan category to another to align estimates with actual results as reported by the Office of the State Comptroller or the allocation of State Operations appropriations between personal and non-personal service. These adjustments affect multiple agencies but have no net Financial Plan impact.

Source: NYS DOB

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

	Mid-Year	Change	30-Day
Opening fund balance	2,754	0	2,754
Receipts:			
Taxes:			
Personal income tax	22,986	86	23,072
User taxes and fees	8,749	(131)	8,618
Business taxes	5,645	0	5,645
Other taxes	1,324	(56)	1,268
Miscellaneous receipts	2,551	573	3,124
Federal Grants	41	0	41
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,387	(60)	8,327
Sales tax in excess of LGAC debt service	2,279	(43)	2,236
Real estate taxes in excess of CW/CA debt service	440	(50)	390
All other	1,185	230	1,415
Total receipts	53,587	549	54,136
Disbursements:			
Grants to local governments	38,769	(576)	38,193
State operations:			
Personal Service	6,260	(44)	6,216
Non-Personal Service	2,280	(143)	2,137
General State charges	3,113	6	3,119
Transfers to other funds:			
Debt service	1,730	(42)	1,688
Capital projects	435	(7)	428
State Share Medicaid	2,664	0	2,664
Other purposes	869	62	931
Total disbursements	56,120	(744)	55,376
HCRA Operating Shortfall	(88)	88	0
Legislative/Administrative Actions to Close Gaps	1,475	(1,475)	0
Change in fund balance	(1,146)	(94)	(1,240)
Closing fund balance	1,608	(94)	1,514
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	172	(30)	142
Debt Reduction Reserve Fund *	64	(64)	0
Labor Settlement Other Risks Reserve *	145	0	145

**The Debt Reduction Reserve Fund and Labor Settlement Reserve/Other Risks are DOB-designated uses of the Refund Reserve Account.*

Source: NYS DOB

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

	Mid-Year	Change	30-Day
Receipts:			
Taxes:			
Personal income tax	21,253	1,259	22,512
User taxes and fees	8,947	1,074	10,021
Business taxes	5,670	414	6,084
Other taxes	1,175	(127)	1,048
Miscellaneous receipts	2,399	1,407	3,806
Federal Grants	0	0	0
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	7,647	(175)	7,472
Sales tax in excess of LGAC debt service	2,373	261	2,634
Real estate taxes in excess of CW/CA debt service	449	(6)	443
All other	582	481	1,063
Total receipts	50,495	4,588	55,083
Disbursements:			
Grants to local governments	43,452	(6,095)	37,357
State operations:			
Personal Service	6,923	(635)	6,288
Non-Personal Service	2,436	(185)	2,251
General State charges	3,646	(101)	3,545
Transfers to other funds:			
Debt service	1,747	33	1,780
Capital projects	757	(237)	520
State Share Medicaid	2,572	160	2,732
Other purposes	1,277	(395)	882
Total disbursements	62,810	(7,455)	55,355
Deposit to/(use of) Community Projects Fund	31	(158)	(127)
Deposit to/(use of) Prior Year Reserves	(145)	0	(145)
HCRA Operating Shortfall	(317)	317	0
Margin	(12,518)	12,518	0

Source: NYS DOB

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

	Mid-Year	Change	30-Day
Receipts:			
Taxes:			
Personal income tax	22,583	1,778	24,361
User taxes and fees	9,167	1,422	10,589
Business taxes	6,182	54	6,236
Other taxes	1,190	(94)	1,096
Miscellaneous receipts	2,333	856	3,189
Federal Grants	0	0	0
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	7,930	(160)	7,770
Sales tax in excess of LGAC debt service	2,440	353	2,793
Real estate taxes in excess of CW/CA debt service	484	57	541
All other	556	55	611
Total receipts	52,865	4,321	57,186
Disbursements:			
Grants to local governments	47,361	(7,875)	39,486
State operations:			
Personal Service	7,207	(581)	6,626
Non-Personal Service	2,539	(220)	2,319
General State charges	4,131	(161)	3,970
Transfers to other funds:			
Debt service	1,735	22	1,757
Capital projects	1,239	(168)	1,071
State Share Medicaid	2,589	127	2,716
Other purposes	1,735	(509)	1,226
Total disbursements	68,536	(9,365)	59,171
Deposit to/(use of) Community Projects Fund	(36)	36	0
HCRA Operating Shortfall	(117)	117	0
Margin	(15,752)	13,767	(1,985)

Source: NYS DOB

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

	Mid-Year	Change	30-Day
Receipts:			
Taxes:			
Personal income tax	24,141	1,757	25,898
User taxes and fees	9,541	1,372	10,913
Business taxes	6,363	42	6,405
Other taxes	1,244	(90)	1,154
Miscellaneous receipts	2,295	863	3,158
Federal Grants	0	0	0
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,292	(238)	8,054
Sales tax in excess of LGAC debt service	2,531	354	2,885
Real estate taxes in excess of CW/CA debt service	565	56	621
All other	595	52	647
Total receipts	55,567	4,168	59,735
Disbursements:			
Grants to local governments	50,486	(7,034)	43,452
State operations:			
Personal Service	7,384	(567)	6,817
Non-Personal Service	2,595	(190)	2,405
General State charges	4,463	(233)	4,230
Transfers to other funds:			
Debt service	1,710	22	1,732
Capital projects	1,357	(137)	1,220
State Share Medicaid	2,579	131	2,710
Other purposes	2,368	(1,004)	1,364
Total disbursements	72,942	(9,012)	63,930
Deposit to/(use of) Community Projects Fund	(166)	166	0
HCRA Operating Shortfall	(25)	25	0
Margin	(17,234)	13,039	(4,195)

Source: NYS DOB

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

	2009-2010 30-Day	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
Receipts:				
Taxes:				
Personal income tax	22,512	24,361	25,898	27,724
User taxes and fees	10,021	10,589	10,913	11,181
Business taxes	6,084	6,236	6,405	6,805
Other taxes	1,048	1,096	1,154	1,221
Miscellaneous receipts	3,806	3,189	3,158	2,786
Federal grants	0	0	0	0
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	7,472	7,770	8,054	8,462
Sales tax in excess of LGAC debt service	2,634	2,793	2,885	3,002
Real estate taxes in excess of CW/CA debt service	443	541	621	700
All other transfers	1,063	611	647	659
Total receipts	55,083	57,186	59,735	62,540
Disbursements:				
Grants to local governments	37,357	39,486	43,452	46,759
State operations:				
Personal Service	6,288	6,626	6,817	6,909
Non-Personal Service	2,251	2,319	2,405	2,477
General State charges	3,545	3,970	4,230	4,604
Transfers to other funds:				
Debt service	1,780	1,757	1,732	1,720
Capital projects	520	1,071	1,220	1,384
State Share Medicaid	2,732	2,716	2,710	2,712
Other purposes	882	1,226	1,364	1,636
Total disbursements	55,355	59,171	63,930	68,201
Deposit to/(use of) Community Projects Fund	(127)	0	0	0
Deposit to/(use of) Prior Year Reserves	(145)	0	0	0
Margin	0	(1,985)	(4,195)	(5,661)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2008-2009
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,754	3,520	286	6,560
Receipts:				
Taxes	38,603	7,813	12,314	58,730
Miscellaneous receipts	3,124	12,798	779	16,701
Federal grants	41	1	0	42
Total receipts	41,768	20,612	13,093	75,473
Disbursements:				
Grants to local governments	38,193	16,885	0	55,078
State operations:				
Personal Service	6,216	4,152	0	10,368
Non-Personal Service	2,137	2,564	73	4,774
General State charges	3,119	1,472	0	4,591
Debt service	0	0	4,614	4,614
Capital projects	0	8	0	8
Total disbursements	49,665	25,081	4,687	79,433
Other financing sources (uses):				
Transfers from other funds	12,368	4,056	5,816	22,240
Transfers to other funds	(5,711)	(1,244)	(14,218)	(21,173)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,657	2,812	(8,402)	1,067
Change in fund balance:	(1,240)	(1,657)	4	(2,893)
Deposit to/(use of) Community Projects Fund	(198)			
Deposit to/(use of) Prior Year Reserves	(920)			
Deposit to/(use of) Debt Reduction Reserve	(122)			
Closing fund balance	1,514	1,863	290	3,667

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,863	290	2,153
Receipts:				
Taxes	39,665	7,248	12,231	59,144
Miscellaneous receipts	3,806	14,692	830	19,328
Federal grants	0	1	0	1
Total receipts	43,471	21,941	13,061	78,473
Disbursements:				
Grants to local governments	37,357	16,971	0	54,328
State operations:				
Personal Service	6,288	4,242	0	10,530
Non-Personal Service	2,251	2,860	75	5,186
General State charges	3,545	1,102	0	4,647
Debt service	0	0	5,123	5,123
Capital projects	0	3	0	3
Total disbursements	49,441	25,178	5,198	79,817
Other financing sources (uses):				
Transfers from other funds	11,612	4,245	5,968	21,825
Transfers to other funds	(5,914)	(1,204)	(13,837)	(20,955)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,698	3,041	(7,869)	870
Deposit to/(use of) Community Projects Fund	(127)	0	0	(127)
Deposit to/(use of) Prior Year Reserves	(145)	0	0	(145)
Change in fund balance	0	(196)	(6)	(202)
Closing fund balance	0	1,667	284	1,951

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,667	284	1,951
Receipts:				
Taxes	42,282	7,385	13,088	62,755
Miscellaneous receipts	3,189	15,259	820	19,268
Federal grants	0	1	0	1
Total receipts	45,471	22,645	13,908	82,024
Disbursements:				
Grants to local governments	39,486	17,581	0	57,067
State operations:				
Personal Service	6,626	4,469	0	11,095
Non-Personal Service	2,319	2,908	75	5,302
General State charges	3,970	1,193	0	5,163
Debt service	0	0	5,743	5,743
Capital projects	0	2	0	2
Total disbursements	52,401	26,153	5,818	84,372
Other financing sources (uses):				
Transfers from other funds	11,715	4,296	6,310	22,321
Transfers to other funds	(6,770)	(1,014)	(14,404)	(22,188)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,945	3,282	(8,094)	133
Change in fund balance	(1,985)	(226)	(4)	(2,215)
Closing fund balance	(1,985)	1,441	280	(264)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,441	280	1,721
Receipts:				
Taxes	44,370	7,633	13,830	65,833
Miscellaneous receipts	3,158	15,366	839	19,363
Federal grants	0	1	0	1
Total receipts	47,528	23,000	14,669	85,197
Disbursements:				
Grants to local governments	43,452	17,850	0	61,302
State operations:				
Personal Service	6,817	4,501	0	11,318
Non-Personal Service	2,405	2,929	75	5,409
General State charges	4,230	1,231	0	5,461
Debt service	0	0	6,150	6,150
Capital projects	0	2	0	2
Total disbursements	56,904	26,513	6,225	89,642
Other financing sources (uses):				
Transfers from other funds	12,207	4,386	6,377	22,970
Transfers to other funds	(7,026)	(1,123)	(14,810)	(22,959)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,181	3,263	(8,433)	11
Change in fund balance	(4,195)	(250)	11	(4,434)
Closing fund balance	(4,195)	1,191	291	(2,713)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,191	291	1,482
Receipts:				
Taxes	46,931	7,856	14,690	69,477
Miscellaneous receipts	2,786	15,750	858	19,394
Federal grants	0	1	0	1
Total receipts	49,717	23,607	15,548	88,872
Disbursements:				
Grants to local governments	46,759	18,504	0	65,263
State operations:				
Personal Service	6,909	4,523	0	11,432
Non-Personal Service	2,477	3,112	75	5,664
General State charges	4,604	1,291	0	5,895
Debt service	0	0	6,474	6,474
Capital projects	0	2	0	2
Total disbursements	60,749	27,432	6,549	94,730
Other financing sources (uses):				
Transfers from other funds	12,823	4,569	6,399	23,791
Transfers to other funds	(7,452)	(922)	(15,399)	(23,773)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,371	3,647	(9,000)	18
Change in fund balance	(5,661)	(178)	(1)	(5,840)
Closing fund balance	(5,661)	1,013	290	(4,358)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2008-2009
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,754	3,879	(433)	286	6,486
Receipts:					
Taxes	38,603	7,813	2,056	12,314	60,786
Miscellaneous receipts	3,124	12,906	2,900	779	19,709
Federal grants	41	34,031	1,906	0	35,978
Total receipts	41,768	54,750	6,862	13,093	116,473
Disbursements:					
Grants to local governments	38,193	46,135	484	0	84,812
State operations:					
Personal Service	6,216	6,282	0	0	12,498
Non-Personal Service	2,137	3,964	0	73	6,174
General State charges	3,119	2,343	0	0	5,462
Debt service	0	0	0	4,614	4,614
Capital projects	0	8	6,195	0	6,203
Total disbursements	49,665	58,732	6,679	4,687	119,763
Other financing sources (uses):					
Transfers from other funds	12,368	6,601	595	5,816	25,380
Transfers to other funds	(5,711)	(4,241)	(1,303)	(14,218)	(25,473)
Bond and note proceeds	0	0	349	0	349
Net other financing sources (uses)	6,657	2,360	(359)	(8,402)	256
Change in fund balance	(1,240)	(1,622)	(176)	4	(3,034)
Deposit to/(use of) Community Projects Fund	(198)				
Deposit to/(use of) Prior Year Reserves	(920)				
Deposit to/(use of) Debt Reduction Reserve	(122)				
Closing fund balance	1,514	2,257	(609)	290	3,452

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	0	2,257	(609)	290	1,938
Receipts:					
Taxes	39,665	7,248	2,025	12,231	61,169
Miscellaneous receipts	3,806	14,798	3,620	830	23,054
Federal grants	0	33,971	1,866	0	35,837
Total receipts	43,471	56,017	7,511	13,061	120,060
Disbursements:					
Grants to local governments	37,357	46,056	487	0	83,900
State operations:					
Personal Service	6,288	6,392	0	0	12,680
Non-Personal Service	2,251	4,348	0	75	6,674
General State charges	3,545	1,967	0	0	5,512
Debt service	0	0	0	5,123	5,123
Capital projects	0	3	7,174	0	7,177
Total disbursements	49,441	58,766	7,661	5,198	121,066
Other financing sources (uses):					
Transfers from other funds	11,612	6,782	806	5,968	25,168
Transfers to other funds	(5,914)	(4,263)	(1,178)	(13,837)	(25,192)
Bond and note proceeds	0	0	531	0	531
Net other financing sources (uses)	5,698	2,519	159	(7,869)	507
Deposit to/(use of) Community Projects Fund	(127)	0	0	0	(127)
Deposit to/(use of) Prior Year Reserves	(145)	0	0	0	(145)
Change in fund balance	0	(230)	9	(6)	(227)
Closing fund balance	0	2,027	(600)	284	1,711

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,027	(600)	284	1,711
Receipts:					
Taxes	42,282	7,385	2,058	13,088	64,813
Miscellaneous receipts	3,189	15,365	3,645	820	23,019
Federal grants	0	35,646	1,768	0	37,414
Total receipts	45,471	58,396	7,471	13,908	125,246
Disbursements:					
Grants to local governments	39,486	48,205	468	0	88,159
State operations:					
Personal Service	6,626	6,760	0	0	13,386
Non-Personal Service	2,319	4,463	0	75	6,857
General State charges	3,970	2,157	0	0	6,127
Debt service	0	0	0	5,743	5,743
Capital projects	0	2	7,622	0	7,624
Total disbursements	52,401	61,587	8,090	5,818	127,896
Other financing sources (uses):					
Transfers from other funds	11,715	7,105	1,505	6,310	26,635
Transfers to other funds	(6,770)	(4,068)	(1,442)	(14,404)	(26,684)
Bond and note proceeds	0	0	596	0	596
Net other financing sources (uses)	4,945	3,037	659	(8,094)	547
Change in fund balance	(1,985)	(154)	40	(4)	(2,103)
Closing fund balance	(1,985)	1,873	(560)	280	(392)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,873	(560)	280	1,593
Receipts:					
Taxes	44,370	7,633	2,072	13,830	67,905
Miscellaneous receipts	3,158	15,472	3,667	839	23,136
Federal grants	0	37,607	1,800	0	39,407
Total receipts	47,528	60,712	7,539	14,669	130,448
Disbursements:					
Grants to local governments	43,452	50,431	543	0	94,426
State operations:					
Personal Service	6,817	6,797	0	0	13,614
Non-Personal Service	2,405	4,505	0	75	6,985
General State charges	4,230	2,217	0	0	6,447
Debt service	0	0	0	6,150	6,150
Capital projects	0	2	7,617	0	7,619
Total disbursements	56,904	63,952	8,160	6,225	135,241
Other financing sources (uses):					
Transfers from other funds	12,207	7,189	1,693	6,377	27,466
Transfers to other funds	(7,026)	(4,172)	(1,488)	(14,810)	(27,496)
Bond and note proceeds	0	0	452	0	452
Net other financing sources (uses)	5,181	3,017	657	(8,433)	422
Change in fund balance	(4,195)	(223)	36	11	(4,371)
Closing fund balance	(4,195)	1,650	(524)	291	(2,778)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,650	(524)	291	1,417
Receipts:					
Taxes	46,931	7,856	2,076	14,690	71,553
Miscellaneous receipts	2,786	15,856	2,980	858	22,480
Federal grants	0	37,317	1,844	0	39,161
Total receipts	49,717	61,029	6,900	15,548	133,194
Disbursements:					
Grants to local governments	46,759	50,800	555	0	98,114
State operations:					
Personal Service	6,909	6,832	0	0	13,741
Non-Personal Service	2,477	4,698	0	75	7,250
General State charges	4,604	2,341	0	0	6,945
Debt service	0	0	0	6,474	6,474
Capital projects	0	2	6,805	0	6,807
Total disbursements	60,749	64,673	7,360	6,549	139,331
Other financing sources (uses):					
Transfers from other funds	12,823	7,463	1,645	6,399	28,330
Transfers to other funds	(7,452)	(3,974)	(1,513)	(15,399)	(28,338)
Bond and note proceeds	0	0	380	0	380
Net other financing sources (uses)	5,371	3,489	512	(9,000)	372
Change in fund balance	(5,661)	(155)	52	(1)	(5,765)
Closing fund balance	(5,661)	1,495	(472)	290	(4,348)

Source: NYS DOB

CASHFLOW
GENERAL FUND
2008-2009
(dollars in millions)

	2008 April Results	May Results	June Results	July Results	August Results	September Results	October Results	November Results	December Results	2009 January Projected	February Projected	March Projected	Total
OPENING BALANCE	2,754	7,589	3,546	3,618	4,234	4,396	5,673	3,888	1,166	1,734	5,474	4,864	2,754
RECEIPTS:													
Personal Income Tax	5,613	850	2,382	1,715	1,540	2,099	252	(70)	1,855	4,113	1,000	1,723	23,072
User Taxes and Fees	637	651	847	704	684	877	645	631	781	743	616	802	8,618
Business Taxes	104	(17)	948	59	85	1,218	36	64	1,361	68	97	1,622	5,645
Other Taxes	102	134	80	294	82	64	89	80	101	80	81	81	1,268
Total Taxes	6,456	1,618	4,257	2,772	2,391	4,258	1,022	705	4,098	5,004	1,794	4,228	38,603
Licenses, fees, etc.	43	64	42	17	42	57	38	56	55	55	55	68	592
Abandoned Property	0	5	4	0	16	50	30	114	31	74	63	363	750
Reimbursement	5	10	21	6	11	29	13	11	30	13	10	16	175
Investment income	35	0	12	11	5	2	13	8	6	25	19	44	180
Other transactions	33	110	200	45	44	85	32	44	114	109	372	239	1,427
Total Miscellaneous Receipts	116	189	279	79	118	223	126	233	236	276	519	730	3,124
Federal Grants	3	0	0	13	0	14	0	0	14	2	3	(8)	41
PIT in excess of Revenue Bond Debt Service	1,870	212	950	571	308	1,017	493	78	925	1,236	144	523	8,327
Sales Tax in Excess of LGAC Debt Service	174	27	424	205	139	272	198	184	243	228	1	141	2,236
Real Estate Taxes in Excess of CW/CA Debt Service	54	54	52	36	52	32	28	22	13	14	16	17	390
All Other	1	10	44	90	20	9	11	4	137	95	4	990	1,415
Total Transfers from Other Funds	2,099	303	1,470	902	519	1,330	730	288	1,318	1,573	165	1,671	12,368
TOTAL RECEIPTS	8,674	2,110	6,006	3,766	3,028	5,825	1,878	1,226	5,666	6,855	2,481	6,621	54,136
DISBURSEMENTS:													
School Aid	410	2,284	1,923	137	477	1,403	559	1,084	1,518	526	866	6,579	17,766
Higher Education	20	18	454	82	223	46	159	358	102	159	146	324	2,091
All Other Education	19	75	394	113	79	133	156	64	167	131	176	204	1,711
Medicaid - DOH	892	1,271	761	833	363	404	1,194	839	525	719	629	560	8,990
Public Health	50	14	14	19	20	193	28	90	38	48	34	26	574
Mental Hygiene	60	69	359	4	(30)	349	44	105	463	24	115	495	2,057
Children and Families	8	69	167	201	146	144	78	93	41	311	94	376	1,728
Temporary & Disability Assistance	123	123	320	152	153	195	(131)	91	126	62	(56)	53	1,211
Transportation	0	14	32	0	17	1	0	27	6	0	1	6	104
All Other	29	34	413	61	43	244	82	50	444	26	31	504	1,961
Total Local Assistance Grants	1,611	3,971	4,837	1,602	1,491	3,112	2,169	2,801	3,430	2,006	2,036	9,127	38,193
Personal Service	775	419	476	661	532	460	699	496	521	439	428	309	6,215
Non-Personal Service	226	206	191	198	181	226	139	115	187	155	166	148	2,138
Total State Operations	1,001	625	667	859	713	686	838	611	708	594	594	457	8,353
General State Charges	489	1,020	(142)	341	278	19	376	39	168	186	260	85	3,119
Debt Service	240	132	220	49	36	279	1	193	404	7	23	104	1,688
Capital Projects	100	77	72	45	90	118	(4)	7	111	51	1	(240)	428
State Share Medicaid	267	296	203	228	205	232	249	226	227	245	128	158	2,664
Other Purposes	131	32	77	26	53	102	34	71	50	26	49	280	931
Total Transfers to Other Funds	738	537	572	348	384	731	280	497	792	329	201	302	5,711
TOTAL DISBURSEMENTS	3,839	6,153	5,934	3,150	2,866	4,548	3,663	3,948	5,098	3,115	3,091	9,971	55,376
Excess/(Deficiency) of Receipts over Disbursements	4,835	(4,043)	72	616	162	1,277	(1,785)	(2,722)	568	3,740	(610)	(3,350)	(1,240)
CLOSING BALANCE	7,589	3,546	3,618	4,234	4,396	5,673	3,888	1,166	1,734	5,474	4,864	1,514	1,514

Source: NYS DOB

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

	2007-2008 Actuals	Medicaid Transparency	2007-2008 Adjusted	2008-2009 Revised	2009-2010 30-Day	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT								
Agriculture and Markets, Department of	106,078	0	106,078	103,084	102,463	120,890	114,924	103,075
Alcoholic Beverage Control	16,109	0	16,109	17,142	21,634	22,538	22,871	23,364
Banking Department	82,523	0	82,523	78,993	79,690	83,343	82,476	83,857
Consumer Protection Board	4,002	0	4,002	4,720	3,209	3,365	3,330	3,375
Economic Development Capital Programs	41,578	0	41,578	14,500	18,300	0	0	0
Economic Development, Department of	139,785	0	139,785	103,055	97,937	132,278	123,855	84,146
Empire State Development Corporation	280,348	0	280,348	498,648	775,703	778,716	777,084	506,734
Energy Research and Development Authority	30,416	0	30,416	27,054	29,560	29,798	30,041	30,041
Housing and Community Renewal, Division of	303,779	0	303,779	348,220	351,980	319,420	320,810	324,767
Insurance Department	249,708	0	249,708	295,974	500,405	621,982	625,305	630,197
Olympic Regional Development Authority	6,543	0	6,543	11,559	9,509	7,714	7,924	7,924
Public Service, Department of	68,955	0	68,955	77,793	80,612	87,497	90,322	92,886
Science, Technology and Innovation, Foundation for	44,350	0	44,350	24,557	16,729	16,589	17,309	17,309
Strategic Investment	9,704	0	9,704	4,000	9,000	14,000	10,376	5,000
Functional Total	1,383,878	0	1,383,878	1,609,299	2,096,731	2,238,130	2,226,627	1,912,675
PARKS AND THE ENVIRONMENT								
Adirondack Park Agency	5,289	0	5,289	5,703	5,802	6,005	6,008	6,010
Environmental Conservation, Department of	964,379	0	964,379	883,410	891,394	905,577	890,843	883,885
Environmental Facilities Corporation	20,603	0	20,603	11,417	10,272	10,448	10,630	10,814
Hudson River Park Trust	14,370	0	14,370	20,682	15,000	10,000	0	0
Parks, Recreation and Historic Preservation, Office of	267,441	0	267,441	333,898	273,084	256,962	255,558	257,176
Functional Total	1,272,082	0	1,272,082	1,255,110	1,195,552	1,188,992	1,163,039	1,157,885
TRANSPORTATION								
Motor Vehicles, Department of	295,115	0	295,115	328,689	331,225	349,835	359,870	363,413
Thruway Authority	1,245	0	1,245	1,734	1,804	1,876	1,951	2,029
Metropolitan Transportation Authority	86,371	0	86,371	160,000	195,300	206,500	194,500	183,600
Transportation, Department of	6,151,063	0	6,151,063	6,513,762	6,433,425	6,447,806	6,457,651	6,509,143
Functional Total	6,533,794	0	6,533,794	7,004,185	6,961,754	7,006,017	7,013,972	7,058,185
HEALTH AND SOCIAL WELFARE								
Aging, Office for the	234,607	0	234,607	225,774	217,368	225,689	229,729	229,729
Children and Family Services, Office of	2,972,714	0	2,972,714	3,123,976	3,087,147	3,248,516	3,428,700	3,619,756
OCFS	2,972,714	(33,505)	2,939,209	3,075,828	3,031,129	3,190,453	3,345,378	3,493,926
OCFS - Medicaid	0	33,505	33,505	48,148	56,018	58,063	83,322	125,830
Health, Department of	36,549,449	0	36,549,449	37,024,397	36,672,647	40,205,884	43,928,746	44,769,055
Medical Assistance	31,040,404	0	31,040,404	31,395,627	31,383,579	34,680,325	38,079,445	39,035,413
Medicaid Administration	838,272	0	838,272	853,000	895,500	939,500	983,750	1,029,750
Public Health	4,670,773	0	4,670,773	4,775,770	4,393,568	4,586,059	4,865,551	4,703,892
Health - Medicaid Assistance	0	0		0	0	0	0	0
Human Rights, Division of	16,007	0	16,007	19,768	21,565	21,858	21,914	22,106
Labor, Department of	561,263	0	561,263	593,616	660,260	644,537	648,376	639,123
Medicaid Inspector General, Office of	47,840	0	47,840	92,248	91,740	94,464	97,905	97,921
Prevention of Domestic Violence, Office for	2,432	0	2,432	2,471	2,439	2,381	2,393	2,414
Stem Cell and Innovation	163	0	163	15,153	46,321	63,300	50,000	167,826

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

	2007-2008 Actuals	Medicaid Transparency	2007-2008 Adjusted	2008-2009 Revised	2009-2010 30-Day	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
HEALTH AND SOCIAL WELFARE (Continued)								
Temporary and Disability Assistance, Office of	4,756,394	0	4,756,394	4,591,345	4,541,429	4,600,194	4,647,017	4,741,147
Welfare Assistance	3,217,951	0	3,217,951	3,053,369	3,330,678	3,368,691	3,407,291	3,492,291
Welfare Administration	369,646	0	369,646	366,669	54,222	52,830	52,830	52,830
All Other	1,168,797	0	1,168,797	1,171,307	1,156,529	1,178,673	1,186,896	1,196,026
Welfare Inspector General, Office of	1,073	0	1,073	1,476	0	0	0	0
Workers' Compensation Board	194,007	0	194,007	203,807	214,070	199,636	204,198	209,096
Functional Total	45,335,949	0	45,335,949	45,894,031	45,554,986	49,306,459	53,258,978	54,498,173
MENTAL HEALTH								
Mental Health, Office of	2,548,711	442,327	2,991,038	3,136,245	3,303,547	3,588,954	3,762,217	3,897,247
OMH	2,548,711	(1,228,855)	1,319,856	1,425,422	1,513,123	1,663,846	1,781,400	1,843,351
OMH - Medicaid	0	1,671,182	1,671,182	1,710,823	1,790,424	1,925,108	1,980,817	2,053,896
Mental Hygiene, Department of	237	449,449	449,686	661,542	406,080	438,611	477,163	478,986
Mental Retardation and Developmental Disabilities, Office of	3,395,365	548,766	3,944,131	4,149,566	4,272,660	4,480,740	4,598,915	4,737,981
OMRDD	3,395,365	(3,028,003)	367,362	546,002	513,874	514,557	524,957	539,657
OMRDD - Medicaid	0	3,576,769	3,576,769	3,603,564	3,758,786	3,966,183	4,073,958	4,198,324
Alcoholism and Substance Abuse Services, Office of	598,292	16,187	614,479	625,541	646,189	673,820	735,709	754,778
OASAS	598,292	(60,784)	537,508	546,370	561,758	586,862	647,819	665,358
OASAS - Medicaid	0	76,971	76,971	79,171	84,431	86,958	87,890	89,420
Developmental Disabilities Planning Council	5,530	0	5,530	4,150	4,150	4,150	4,150	4,150
Quality of Care for the Mentally Disabled, Commission on	14,115	0	14,115	17,227	17,169	18,933	19,018	19,226
Functional Total	6,562,250	1,456,729	8,018,979	8,594,271	8,649,795	9,205,208	9,597,172	9,892,368
PUBLIC PROTECTION								
Capital Defenders Office	1,035	0	1,035	361	0	0	0	0
Correction, Commission of	2,767	0	2,767	2,653	2,785	2,927	2,956	2,990
Correctional Services, Department of	2,723,700	0	2,723,700	2,747,532	2,741,318	2,788,382	2,849,521	2,921,402
Crime Victims Board	63,894	0	63,894	63,033	65,430	65,608	65,710	65,903
Criminal Justice Services, Division of	295,043	0	295,043	313,794	235,370	235,404	231,247	230,444
Homeland Security	65,821	0	65,821	151,428	359,617	286,486	553,012	550,121
Investigation, Temporary State Commission of	3,663	0	3,663	3,882	0	0	0	0
Judicial Commissions	3,925	0	3,925	5,075	5,214	5,208	5,311	5,385
Military and Naval Affairs, Division of	449,205	0	449,205	297,179	285,673	224,377	190,481	191,492
Parole, Division of	208,618	0	208,618	196,122	190,652	199,975	204,329	208,322
Probation and Correctional Alternatives, Division of	74,765	0	74,765	76,716	69,253	70,898	71,586	73,121
State Police, Division of	663,255	0	663,255	713,493	726,917	786,240	783,662	759,738
Functional Total	4,555,691	0	4,555,691	4,571,268	4,682,229	4,665,505	4,957,815	5,008,918

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

	2007-2008 Actuals	Medicaid Transparency	2007-2008 Adjusted	2008-2009 Revised	2009-2010 30-Day	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
EDUCATION								
Arts, Council on the	53,425	0	53,425	45,246	44,863	44,992	45,090	45,090
City University of New York	1,105,307	0	1,105,307	937,208	1,784,481	1,435,249	1,482,152	1,515,138
Education, Department of	28,940,338	0	28,940,338	30,607,158	29,449,015	30,488,031	32,408,890	34,452,011
School Aid	21,543,493	(80,000)	21,463,493	23,218,033	23,289,338	24,217,513	25,898,356	27,710,190
School Aid - Medicaid Assistance	0	80,000	80,000	100,000	80,000	80,000	80,000	80,000
STAR Property Tax Relief	4,657,721	0	4,657,721	4,440,285	3,415,450	3,371,270	3,568,620	3,745,167
Special Education Categorical Programs	1,623,565	0	1,623,565	1,725,000	1,638,090	1,737,950	1,813,470	1,878,490
All Other	1,115,559	0	1,115,559	1,123,840	1,026,137	1,081,298	1,048,444	1,038,164
Higher Education Services Corporation	966,555	0	966,555	947,591	994,730	945,340	943,498	947,430
Higher Education Capital Grants	0	0	0	50,000	40,000	30,000	30,000	0
State University Construction Fund	15,813	0	15,813	18,255	19,586	20,992	21,463	21,822
State University of New York	6,126,674	0	6,126,674	6,633,687	6,980,050	7,456,758	7,587,033	7,648,215
Functional Total	37,208,112	0	37,208,112	39,239,145	39,312,725	40,421,362	42,518,126	44,629,706
GENERAL GOVERNMENT								
Audit and Control, Department of	250,228	0	250,228	268,777	263,980	265,052	269,832	274,416
Budget, Division of the	38,216	0	38,216	57,450	73,822	85,293	98,206	108,270
Civil Service, Department of	24,988	0	24,988	23,946	22,630	23,376	23,586	23,833
Elections, State Board of	14,269	0	14,269	123,392	139,719	7,576	7,685	7,827
Employee Relations, Office of	3,613	0	3,613	4,093	3,623	3,901	3,939	3,978
Executive Chamber	20,167	0	20,167	19,577	18,605	19,580	20,204	20,481
General Services, Office of *	223,178	0	223,178	226,172	221,551	225,934	234,211	238,429
Inspector General, Office of	6,567	0	6,567	6,687	6,704	6,939	7,015	7,100
Law, Department of	205,403	0	205,403	244,050	248,256	252,131	258,403	265,253
Lieutenant Governor, Office of the	1,314	0	1,314	133	0	276	1,193	1,208
Lottery, Division of	218,612	0	218,612	188,023	188,569	194,284	194,546	195,298
Public Employment Relations Board	3,657	0	3,657	3,985	4,396	4,646	4,685	4,733
Public Integrity, Commission on	1,733	0	1,733	4,984	5,018	5,120	5,453	5,530
Racing and Wagering Board, State	24,477	0	24,477	20,701	21,515	22,366	22,466	22,799
Real Property Services, Office of	62,770	0	62,770	60,855	47,403	44,934	45,945	46,532
Regulatory Reform, Governor's Office of	3,850	0	3,850	3,168	640	763	763	763
State, Department of	200,896	0	200,896	186,486	165,908	166,237	162,702	165,238
Tax Appeals, Division of	3,325	0	3,325	3,168	3,152	3,321	3,321	3,321
Taxation and Finance, Department of	382,325	0	382,325	381,051	425,470	443,249	443,688	444,804
Technology, Office for	21,468	0	21,468	48,815	168,333	216,385	191,469	152,541
Lobbying, Temporary State Commission on	1,093	0	1,093	0	0	0	0	0
Veterans Affairs, Division of	15,429	0	15,429	16,268	17,481	18,436	18,010	18,136
Functional Total	1,727,578	0	1,727,578	1,891,781	2,046,775	2,009,799	2,017,322	2,010,490

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

	2007-2008 Actuals	Medicaid Transparency	2007-2008 Adjusted	2008-2009 Revised	2009-2010 30-Day	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
ALL OTHER CATEGORIES								
Legislature	216,946	0	216,946	218,950	220,717	220,717	220,717	220,717
Judiciary (excluding fringe benefits)	2,266,864	0	2,266,864	2,433,666	2,505,026	2,718,941	2,896,326	2,915,710
World Trade Center	39,755	0	39,755	60,000	50,000	40,000	30,000	20,000
Local Government Assistance	917,495	0	917,495	1,221,875	967,079	966,740	968,848	968,473
Long-Term Debt Service	4,008,752	0	4,008,752	4,084,555	4,655,702	5,239,547	0	0
Capital Projects	0	0	0	0	0	0	0	0
General State Charges	3,997,233	(1,456,729)	2,540,504	2,469,182	2,884,840	3,264,886	3,499,455	3,868,849
Miscellaneous	32,028	0	32,028	(783,679)	(717,488)	(595,930)	4,872,899	5,167,306
Functional Total	11,479,073	(1,456,729)	10,022,344	9,704,549	10,565,876	11,854,901	12,488,245	13,161,055
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	116,058,407	0	116,058,407	119,763,639	121,066,423	127,896,373	135,241,296	139,329,455

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

Medicaid: To facilitate comparable reporting of spending trends and annual growth, 2007-08 results are adjusted to be consistent with the budgeting of 2008-09 Medicaid spending by agency. Adjustments by agency and financial plan category of spending by fund are available in the 2008-09 Enacted Budget Report.

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

Source: NYS DOB

GAAP FINANCIAL PLAN
GENERAL FUND
UPDATED FOR GOVERNORS AMENDMENTS
2008-2009
(millions of dollars)

	Mid-Year	Change	Revised
Revenues:			
Taxes:			
Personal income tax	20,788	74	20,862
User taxes and fees	8,637	(131)	8,506
Business taxes	5,741	0	5,741
Other taxes	1,307	(145)	1,162
Miscellaneous revenues	4,646	644	5,290
Federal grants	41	0	41
Total revenues	41,160	442	41,602
Expenditures:			
Grants to local governments	40,086	(301)	39,785
State operations	12,140	(151)	11,989
General State charges	4,036	19	4,055
Debt service	0	0	0
Capital projects	1	0	1
Total expenditures	56,263	(433)	55,830
Other financing sources (uses):			
Transfers from other funds	15,315	(29)	15,286
Transfers to other funds	(6,267)	62	(6,205)
Proceeds from financing arrangements/	0		0
advance refundings	393	0	393
Net other financing sources (uses)	9,441	33	9,474
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(5,662)	908	(4,754)
Legislative/Administrative Actions to Close Gap	1,387	(1,387)	0
Operating Surplus/(Deficit)	(4,275)	(479)	(4,754)
Accumulated Surplus/(Deficit)	(324)		(803)

Source: NYS DOB

GAAP FINANCIAL PLAN
GENERAL FUND
UPDATED FOR GOVERNORS AMENDMENTS
2009-2010 THROUGH 2012-2013
(millions of dollars)

	2009-2010 30-Day	2010-2011 Projected	2011-2012 Projected	2012-13 Projected
Revenues:				
Taxes:				
Personal income tax	23,070	23,742	25,303	27,172
User taxes and fees	10,022	10,603	10,927	11,195
Business taxes	6,084	6,237	6,405	6,805
Other taxes	1,081	1,136	1,201	1,278
Miscellaneous revenues	6,946	6,342	6,391	6,061
Federal grants	0	0	0	0
Total revenues	47,203	48,060	50,227	52,511
Expenditures:				
Grants to local governments	39,024	41,853	45,877	49,209
State operations	12,336	12,682	14,669	15,508
General State charges	3,808	4,280	3,015	3,665
Debt service	0	0	0	0
Capital projects	1	0	0	0
Total expenditures	55,169	58,815	63,561	68,382
Other financing sources (uses):				
Transfers from other funds	14,642	15,035	15,452	20,183
Transfers to other funds	(6,390)	(6,873)	(7,395)	(11,719)
Proceeds from financing arrangements/	0			
advance refundings	315	355	359	359
Net other financing sources (uses)	8,567	8,517	8,416	8,823
Operating Surplus/(Deficit)	601	(2,238)	(4,918)	(7,048)

Source: NYS DOB

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Annual Information Statement

State of New York

May 12, 2008

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Annual Information Statement
State of New York
Dated: May 12, 2008

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Annual Information Statement of the State of New York

Introduction

This Annual Information Statement ("AIS") is dated May 12, 2008 and contains information only through that date. This AIS constitutes the official disclosure information regarding the financial condition of the State of New York (the "State") and replaces the Annual Information Statement dated May 8, 2007 and all updates and supplements thereto. This AIS is scheduled to be updated on a quarterly basis (in August 2008, November 2008, and February 2009) and is subject to being supplemented from time to time as developments may warrant. This AIS, including the Exhibits attached hereto, should be read in its entirety, together with any update or supplement issued during the fiscal year.

In this AIS, readers will find:

1. A section entitled the "Current Fiscal Year" that contains (a) extracts from the 2008-09 Enacted Budget Financial Plan, dated May 1, 2008 (the "Financial Plan"), prepared by the Division of the Budget ("DOB"), including the State's official Financial Plan projections, and (b) a discussion of potential risks that may affect the Financial Plan during the State's current fiscal year under the heading "Special Considerations." The first part of the section entitled "Current Fiscal Year" summarizes the major components of the 2008-09 Enacted Budget and the projected impact on operations, annual spending growth, and the magnitude of future potential budget gaps; the second part provides detailed information on projected total receipts and disbursements in the State's governmental funds in 2008-09.

2. Information on other subjects relevant to the State's fiscal condition, including: (a) operating results for the three prior fiscal years, (b) the State's revised economic forecast and a profile of the State economy, (c) debt and other financing activities, (d) governmental organization, and (e) activities of public authorities and localities.

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 on behalf of the State. In preparing this AIS, DOB relies on information drawn from other sources, including the Office of the State Comptroller ("OSC"), that DOB believes to be reliable. Information relating to matters described in the section entitled "Litigation" is furnished by the State Office of the Attorney General.

During the 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 this AIS. Investors and other market participants should, however, refer to this AIS, as updated or supplemented, for official information regarding the financial condition of the State.

The economic and financial condition of the State may be affected by various financial, social, economic, environmental and political factors. These factors can be very complex, may vary from fiscal year to fiscal year, and are frequently the result of actions taken or not taken, not only by the State and its agencies and instrumentalities, but also by entities, such as the federal government or other nations that are not under the control of the State. Because of the uncertainty and unpredictability of these factors, their impact cannot, as a practical matter, be included in the assumptions underlying the State's projections at this time.

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 in Official Statements or related disclosure documents for State or State-supported debt issuance. The State has filed this AIS directly with the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and with the Central Post Office, Disclosure USA. The Municipal Advisory Council of Texas 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 may be obtained by contacting Mr. Dominic Colafati, Chief Budget Examiner, New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705 or from any NRMSIR. OSC expects to issue the Basic Financial Statements for the 2007-08 fiscal year in July 2008. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and will be available on its website at www.osc.state.ny.us.

Usage Notice

The AIS has been supplied by the State to provide updated information about the financial condition of the State in connection with financings of certain issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payment of their respective bonds, notes or other obligations and for which the State has contractually obligated itself to provide such information pursuant to an applicable continuing disclosure agreement (a “CDA”).

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

Neither this AIS nor any portion thereof may be (i) included in a Preliminary Official Statement, Official Statement, or other offering document, or incorporated by reference therein, unless DOB has expressly consented thereto following a written request to the State of New York, Division of the Budget, State Capitol, Albany, NY 12224 or (ii) considered to be continuing disclosure in connection with any offering unless a CDA relating to the series of bonds or notes has been executed by DOB. Any such use, or incorporation by reference, of this AIS or any portion thereof in a Preliminary Official Statement, Official Statement, or other offering document or continuing disclosure filing without such consent and agreement by DOB is unauthorized and the State expressly disclaims any responsibility with respect to the inclusion, intended use, and updating of this AIS if so misused.

Current Fiscal Year

The 2008-09 Enacted Budget Financial Plan, extracts of which are set forth below, was prepared by the DOB and reflects the actions of the Legislature and Governor.

The Financial Plan contains estimates for the 2008-09 fiscal year and projections for the 2009-10 through 2011-12 fiscal years. 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 Financial Plan set forth below.

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 Grants to Local Governments). 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 statutorily 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.

2008-09 Enacted Budget Financial Plan Overview

The Legislature completed action on the State Budget for the 2008-09 fiscal year on April 9, 2008, nine days after the start of the State fiscal year (interim appropriations were enacted for the period from April 1 to April 8 to meet contractual and other obligations until final enactment of the State Budget). Governor Paterson did not veto any legislative additions. Consistent with past practice, the Legislature enacted all debt service appropriations without amendment before the start of the fiscal year (on March 12, 2008).

On April 11, 2008, following final action on the budget, members of the Public Employees Federation (PEF), which represents approximately 52,000 State employees, ratified a new labor contract with the State covering fiscal years 2007-08 through 2010-11. The General Fund costs of the contract are estimated at $254 million in 2008-09, which includes a retroactive payment for 2007-08. The Legislature has not yet passed the enabling legislation needed for the contract to take effect, but the Financial Plan nonetheless includes these costs. The costs will be financed in 2008-09 from the reserve designated for this purpose. (See "Labor Settlements" later in this section.)

DOB, which prepares the official Financial Plan for the State, projects that the Enacted Budget Financial Plan for 2008-09 is balanced in the General Fund on a cash basis, as required by law. The Enacted Budget Financial Plan closes a current-services gap estimated at $5.2 billion and funds $873 million in new initiatives. General Fund receipts, including transfers from other funds, are projected to total $55.6 billion. General Fund disbursements, including transfers to other funds, are estimated at $56.4 billion. The State expects to use $723 million in designated reserves in 2008-09, most of which will be used to finance the cost of labor settlements with State employee unions that have ratified their contracts. The State expects to close the 2008-09 fiscal year with a balance of $2.0 billion in the General Fund, down from an opening balance of $2.8 billion. (See "General Fund Closing Balances" later in this section.)

Spending in State Operating Funds at the time of budget enactment was projected at $80.5 billion in 2008-09, an increase of 4.5 percent over 2007-08 results. State spending growth in the current Financial Plan, which includes the impact of the labor settlement that PEF ratified after budget enactment, is estimated at $80.9 billion, an annual increase of 5.0 percent. (See "Annual Spending Growth" later in this section.)

The Enacted Budget Financial Plan projects current-services budget gaps in future years of $5.0 billion in 2009-10 growing to $7.7 billion in 2010-11 and $8.8 billion in 2011-12. The gap estimates are meant to provide a general perspective on the State's long-term operating forecast, and will be revised with each quarterly Financial Plan Update. (See the section on "General Fund Financial Plan Outyear Projections" later in this AIS.) Over the past five years, DOB estimates that the State has closed current-services gaps of $9.3 billion in 2003-04, $5.1 billion in 2004-05, $4.2 billion in 2005-06, $762 million in 2006-07, and $1.6 billion in 2007-08. By law, the Governor must annually submit, and the Legislature must enact, a budget that is balanced on a cash-basis in the General Fund.

On April 21, 2008, Governor Paterson directed all State agencies to prepare spending and management plans. The State workforce estimate for 2008-09, which is currently at 201,170 positions, is expected to be modified at the First Quarterly Update to the Financial Plan to reflect the impact of the approved plans. The management plans must be submitted to the DOB by May 16, 2008.

The Enacted Budget forecast is subject to many complex economic, social, environmental and political risks and uncertainties, many of which are outside of the ability of the State to control. These include, but are not limited to, the performance of the national and State economies; the impact of continuing write-downs and other costs on the profitability of the financial services sector, and the concomitant effect on bonus income and capital gains realizations; litigation against the State, including potential challenges to the constitutionality of certain tax actions authorized in the budget; and actions taken by the Federal government, including audits, disallowances, and changes in aid levels. In addition, the forecast contains specific transaction risks and other uncertainties, including, but not limited to, the sale of development rights for a video lottery terminal (VLT) facility at the Aqueduct racetrack; the enforcement of certain tax regulations on Native American reservations; and the achievement of cost-saving measures at the levels projected. Such risks and uncertainties, if they were to materialize, could have a materially adverse impact on the Financial Plan in the current year (See the section on "Special Considerations" later in this AIS.)

Financial Plan Information (millions of dollars)			
	2006-07 Actual	2007-08 Results*	2008-09 Enacted Budget**
State Operating Funds Budget			
Size of Budget (at time of enactment)	$73,489	$77,001	$80,501
Annual Growth	11.0%	4.8%	4.5%
Size of Budget (incl. Labor Settlment after enactment)			$80,862
Annual Growth, as adjusted			5.0%
NYS Long-Term Estimated Personal Income Growth	5.3%	5.3%	5.3%
Other Budget Measures (Annual Growth)			
General Fund (with transfers)	$51,591	$53,385	$56,361
	11.0%	3.5%	5.6%
State Funds (Including Capital)	$77,311	$81,377	$85,972
	10.9%	5.3%	5.6%
Capital Budget (Federal and State)	$5,559	$6,131	$7,080
	17.0%	10.3%	15.5%
Federal Operating	$33,716	$32,924	$33,664
	1.0%	-2.3%	2.2%
All Governmental Funds	$112,764	$116,056	$121,606
	8.1%	2.9%	4.8%
All Govt'l Funds (Including "Off-Budget" Capital)	$114,056	$117,690	$123,674
	8.3%	3.2%	5.1%
Inflation (CPI) Growth	3.4%	3.3%	3.1%
All Funds Receipts			
Taxes	$58,739	$60,871	$63,904
Miscellaneous Receipts	$18,078	$19,640	$20,084
Federal Grants	$35,579	$34,909	$35,956
Total Receipts	$112,396	$115,420	$119,944
Base Tax Growth	12.8%	6.0%	2.6%
General Fund Outyear Gap Forecast			
2008-09	N/A	N/A	$0
2009-10	N/A	N/A	($5,016)
2010-11	N/A	N/A	($7,731)
2011-12	N/A	N/A	($8,762)
Total General Fund Reserves (year-end)	$3,045	$2,754	$2,031
State Workforce (# of FTEs at year-end)	195,526	199,754	201,170 ***
Debt			
Debt Service as % All Funds	4.5%	4.0%	4.4%
State Related Debt Outstanding	$48,095	$49,579	$52,794

* *Unaudited Year-End Results*

** *Projection*

*** *Does not reflect the workforce impact of agency management plans, proposals for which are due to DOB by May 16, 2008*

Current-Services Gap for 2008-09

The Enacted Budget closes a current-services budget gap in 2008-09 that is estimated at $5.2 billion by DOB. The current-services gap represents the difference between the expected level of tax receipts and other receipts based on the current economic forecast and transactions authorized in law and the estimated cost of maintaining programs, activities, and other obligations at the level required in current law. The current-services gap is the starting point for budget development, determining the scope of actions that must be taken to achieve a balanced budget. By definition, the current services gap does not reflect any of the actions that were recommended or ultimately enacted to balance the budget. The table below summarizes the revisions to the current-services gaps over the four-year Financial Plan horizon.

Summary of Changes to Current Services Forecast Since the Executive Budget
(millions of dollars)

	2008-09	2009-10	2010-11	2011-12
Initial Current Services Gaps	**(4,422)**	**(6,154)**	**(7,697)**	**(9,454)**
21-Day Receipts Reestimates	(304)	(481)	(485)	(489)
21-Day Disbursement Reestimates	147	100	(58)	39
21-Day Current Services Gaps	**(4,579)**	**(6,535)**	**(8,240)**	**(9,904)**
Consensus Receipts Revisions	(300)	(300)	(300)	(300)
Additional Receipts Revisions	(532)	(712)	(691)	(645)
PEF Labor Settlement	(254)	(265)	(399)	(399)
Disbursement Reestimates	442	127	12	60
Current Services Gaps Before Enacted Actions	**(5,223)**	**(7,685)**	**(9,618)**	**(11,188)**

Current-Services Receipts Changes (Since Executive Budget)

Since the Executive Budget for 2008-09 was introduced in January 2008, DOB has reduced its current-services forecast for General Fund receipts in 2008-09 by $1.13 billion. On February 12, 2008, DOB issued an updated Executive Budget Financial Plan to accompany Governor Spitzer's amendments to the Executive Budget (the "21-Day Financial Plan"), at which time it reduced projected General Fund receipts (exclusive of proposed law changes) by $304 million for 2008-09, largely on the basis of updated economic information and actual receipts experience through January 2008. This was followed on March 1, 2008 by the Executive and Legislature reaching a consensus that General Fund receipts in 2008-09 should be further reduced by $300 million from the level projected in the 21-Day Financial Plan. DOB has since concluded, along with a growing number of other economic forecasters, that the economy is now entering recession (see the section on "Special Considerations" later in this AIS). Accordingly, DOB has reduced its revenue forecast by an additional $532 million as part of the Enacted Budget Financial Plan.

Current-Services Disbursements Changes (Since Executive Budget)

DOB revised its current-services spending forecast based on a review of year-end results for 2007-08 and program trends. The PEF labor settlement increased costs. The forecast for Medicaid spending was lowered by $325 million in 2008-09, reflecting service trends and the effectiveness of audit and compliance activities. Spending estimates for a number of other programs were also reduced in 2008-09. For the most part, the revisions were made in agencies and programs where spending in 2007-08 came in below planned levels and where the trend is expected to continue in 2008-09.

The Enacted Budget Closes the 2008-09 Current-Services Gap

The Enacted Budget Financial Plan for 2008-09 is balanced on a cash basis in the General Fund, closing a current-services gap of $5.2 billion, as estimated by DOB. The plan is sufficient to eliminate the entire gap and finance new initiatives. The following table summarizes the plan.

2008-09 Enacted Budget -- General Fund Budget-Balancing Plan
(millions of dollars)

	2008-09	2009-10	2010-11	2011-12
Current Services Gaps	**(5,223)**	**(7,685)**	**(9,618)**	**(11,188)**
Savings Plan	**6,096**	**3,888**	**3,684**	**3,967**
Savings Actions [1]	2,835	2,784	2,586	3,102
Across-the-Board Reductions (Total)	778	778	780	780
Across-the-Board Reductions Accruing to Other Funds	(293)	(292)	(292)	(292)
Health Care [2]	763	928	846	1,372
Health Care Financing: Cigarette Tax [3]	265	296	292	291
STAR	354	400	185	195
General State Charges	202	79	84	85
Mental Hygiene	199	220	254	257
Welfare/TANF	151	163	163	162
Judicial Pay Raise Exclusion	143	37	37	37
Criminal Justice	20	12	16	18
All Other [4]	253	163	221	197
Revenue Actions	1,264	1,075	1,069	836
Improve Audit and Compliance Efforts	487	239	322	357
Capital Base Rate Reduction/Cap Elimination	89	71	71	(76)
LLC Minimum Partner Fees	85	85	85	85
Sales Tax Nexus	50	73	85	98
Federal QPAI Decoupling	50	50	50	50
Credit Card Nexus	49	39	39	39
REIT Loophole Correction	42	64	64	(106)
Abandoned Property	150	100	100	100
Authority Resources	60	35	35	0
All Other	202	319	218	289
Non-Recurring Actions	1,377	29	29	29
VLT Development Rights	250	0	0	0
Phase in AIM Restoration for NYC	82	0	0	0
Bond Finance Certain Eligible Capital Costs	173	(21)	(21)	(21)
Blanket Sweeps Authorization	150	50	50	50
All Other	722	0	0	0
Use of Reserves to Finance Labor Settlements	620	0	0	0
New Initiatives [5]	**(873)**	**(1,219)**	**(1,797)**	**(1,541)**
Education	(447)	(391)	(633)	(294)
Health Care	(156)	(289)	(381)	(451)
Community Projects Fund Deposits	0	(111)	(129)	0
Human Services COLA	0	(88)	(180)	(278)
All Other	(270)	(340)	(474)	(518)
Enacted Budget Gaps	**0**	**(5,016)**	**(7,731)**	**(8,762)**

[1] *Savings are net of legislative denial of cost-savings measures. New initiatives authorized in the budget are presented separately.*
[2] *Includes Medicaid, Health, and Aging. Excludes certain resources and HCRA savings.*
[3] *Tax revenues will be deposited to the Health Care Resources Fund and used to finance State health care costs, including Medicaid.*
[4] *Includes, among other things, State operations savings not displayed in above totals.*
[5] *Commitments authorized in the Enacted Budget above current-services levels.*

Savings Actions

Savings actions, which for the most part include recurring reductions in spending, are valued at $2.8 billion, comprising approximately 50 percent of the gap-closing plan. The actions include across-the-board reductions in the operating budgets for State agencies and "non-entitlement" local assistance programs; diverse measures to control health care spending; slowing the phase-in of the "middle-class" School Tax-Relief Program; operational controls on State agencies, including management of overtime costs; and a range of other cost-savings measures.

Health Care

Health care savings, including savings in Medicaid, HCRA programs, public health and aging, total $828 million in 2008-09 from all sources. In the General Fund, savings total $763 million in 2008-09 and grow to $928 million in 2009-10. Actions include intensifying audit activities to reduce fraud, expanding controls on pharmaceutical programs, adjusting reimbursement rates for prescription drugs, reducing inflationary growth in Medicaid rates, limiting managed care premium increases, and implementing new strategies to improve utilization management and patient outcomes. Other savings result from the reduction of detoxification reimbursement, implementation of the Berger Commission recommendations for hospitals and nursing homes, limitations on the Early Intervention (EI) cost-of-living increase, and reductions in discretionary public health and aging spending.

Health Care Financing: Cigarette Tax

The Enacted Budget raises the tax on cigarettes by $1.25 per pack, effective June 3, 2008, bringing the total State tax to $2.75 per pack. The additional revenues generated by the tax increase, estimated at $265 million in 2008-09, are to be deposited into the Health Care Resources Fund and help finance health care costs, including Medicaid.

Across-the Board Reductions

At Governor Patterson's direction, DOB identified $778 million in across-the-board reductions in State Operating Funds. The General Fund savings from the reductions total $485 million, which consist of $322 million in State Operations and $163 million in local assistance payments.

2008-09 Across-the-Board Reductions
(millions of dollars)

	State Operations	Local Assistance	Total
State Operating Funds Total	**509**	**269**	**778**
General Fund	322	163	485
Other State Funds	187	106	293
Legislative-Financed Changes	**(4)**	**(64)**	**(68)**
General Fund	(4)	(64)	(68)
Other State Funds	-	-	-
Net Savings	**505**	**205**	**710**
General Fund	318	99	417
Other State Funds	187	106	293

The Legislature financed the restoration of $68 million of the reductions as part of their changes to the Executive Budget, and identified a commensurate level of new resources. The restorations were primarily for the Aid and Incentives to Municipalities (AIM) program ($18 million), the Tuition Assistance Program (TAP) ($15 million), the State University of New York (SUNY) Community College Aid ($9 million), certain education programs ($4 million), and State payments to local governments for the administration of the welfare program ($6 million).

School Tax Relief Program

The Enacted Budget provides for a slower phase-in of the basic middle-class School Tax Relief (STAR) rebate and related New York City income tax payments; 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 due to increased property values, from 5 percent to 10 percent in 2008-09 and 11 percent in 2009-10 and thereafter; 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 these actions, 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.

General State Charges

Savings in General State Charges are expected to be realized through an eligibility audit to eliminate health insurance coverage for ineligible dependents, the pre-payment of a portion of the 2008-09 pension obligation at the close of 2007-08, the application of available health insurance dividends, and elimination of fringe benefit waivers for certain State agencies.

Mental Hygiene

In this area, savings are expected from, among other things, the generation of additional third-party revenues that will be used to reduce General Fund costs, management of program expansions, and continued vacancy, overtime, and other operational controls.

Welfare/Temporary Assistance for Needy Families

Savings in welfare are expected to take several forms. The Enacted Budget increases the level of Temporary Assistance for Needy Families (TANF) resources available to offset the State's Earned Income Tax Credit (EITC). This is done by allocating certain TANF-funded programs on a cash rather than commitment basis. In addition, the budget makes additional TANF resources available by discontinuing funding for certain 2004-05 program commitments and eliminating several functions that are not essential.

Other Savings

These cover a broad range of State activities and agencies. Operational savings include hiring controls, including not filling vacancies for non-essential positions; management of overtime; and energy and other utility savings. In addition, the savings plan reduces a planned deposit to the member-item fund and eliminates certain initiatives enacted in 2007-08. Finally, the Enacted Budget includes no funding for the pay increases requested by the Judiciary in its budget submission, the costs of which were included in the current-services forecast in the Executive Budget.

Revenue Actions

The Enacted Budget includes $1.3 billion in General Fund revenue actions. The Department of Taxation and Finance is to enhance audit initiatives, bolstered by the hiring of new auditors, and institute a voluntary tax compliance initiative to encourage timely payments by delinquent taxpayers. Other revenue actions include:

- Restructuring and streamlining the fees on Limited Liability Companies (LLCs) and the minimum taxes on corporations so that they are based on New York income;
- Subjecting credit card companies with a qualifying number of customers or receipts in New York State to the bank tax;
- Amending the 2007 legislation that was intended to fully close the Real Estate Investment Trust/Regulated Investment Company (REIT/RICs) loophole;
- Temporarily raising the tax limitation amount in the capital base tax for non-manufacturing companies from $1 million to $10 million for three years beginning in the 2008 tax year and reducing the tax rate from 0.178 percent to 0.15 percent, starting with the 2008 tax year; and
- Decoupling New York State from the Federal Qualified Production Activity Income (QPAI) deduction (currently a 6 percent deduction of qualifying income) provided under Internal Revenue Code section 199.

Non-Recurring Resources

The State typically uses some non-recurring resources each year to support operations. Over the past five years, the State Budget has included estimated non-recurring resources, including reserves, of $3.2 billion in 2003-04, $2.1 billion in 2004-05, $889 million in 2005-06, $259 million in 2006-07, and $1.4 billion in 2007-08, as estimated by DOB. DOB estimates that the Enacted Budget Financial Plan for 2008-09 includes approximately $1.4 billion in non-recurring resources to help balance the General Fund and $620 million in reserves to finance ratified labor settlements. The latter is money the State set aside in prior years with the explicit purpose of financing the current round of labor settlement costs. The following table summarizes the non-recurring actions.

General Fund Non-Recurring Resources
(millions of dollars)

	2008-09
VLT Development Rights	250
Bonding Capital Originally Planned to be Cash Financed (incl. Software	173
Sweep Excess Balances	150
Transfer SONYMA Excess Balances to the General Fund	100
Sale of Mental Hygiene Surplus Properties	100
Additional 5 Percent Business Tax Prepayment	95
Partial Restoration of NYC AIM	82
Sweep Excess EPF Fund Balances to General Fund	80
Sweep Excess EPIC Fund Balances to General Fund	70
Mental Hygiene: Federal PIA Revenues/Cash Management	66
Recovery of Early Intervention Overpayments to New York City	60
Student Loan Default Fee	27
District Attorney Settlement Revenues	25
Pension Bill Prepayment Interest Savings	24
Sweep Excess Motor Vehicle Fund Balances to General Fund	16
All other	59
Total One-Time Resources	**1,377**
Use of Reserves to Finance Labor Settlements	620
Total Non-Recurring Resources	**1,997**

There are two non-recurring transactions in 2008-09 that differ from typical fund sweeps, overpayment recoveries, and other routine actions. The first is an anticipated payment by a private operator for the development rights of a VLT facility at Aqueduct racetrack. The State is expected to finance the construction of, and own, the facility. The private operator would be granted an exclusive right to run the facility, subject to satisfying certain performance requirements. The facility is expected to generate annual net revenue in the range of $300 million for public education when it is fully operational. The second is an aid payment to New York City under the AIM program at a level less than planned in the current-services forecast.

Initiatives

Initiatives, above the substantial investments already included in the current-services forecast, total an estimated $873 million in 2008-09. The initiatives include increased aid for public education, the reinvestment of certain health care savings into ambulatory and primary care improvements, and the extension of the Cost-of-Living Adjustment (COLA) for human service providers through 2011-12. Other initiatives were included for a range of activities and purposes, including higher education, agriculture, housing, and economic development. (See the section on "Changes to the Executive Budget" later in this AIS.)

General Fund Closing Balances

General Fund Estimated Closing Balance
(millions of dollars)

	2007-08 Results *	2008-09 Enacted	*Change*
Projected Year-End Fund Balance	**2,754**	**2,031**	***(723)***
Undesignated Reserves	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*
Designated Reserves	1,527	804	*(723)*
For Labor Settlement	1,065	445	*(620)*
For Debt Reduction	122	122	*0*
Community Projects Fund	340	237	*(103)*

** Unaudited Year-End Results*

The Enacted Budget Financial Plan projects that the General Fund will end the 2008-09 fiscal year with a balance of $2.0 billion. This is a decrease of $723 million from 2007-08. It reflects the planned use of $620 million in reserves to finance the costs of labor settlements ($254 million for the PEF contract and the remainder for unions that settled in 2007-08), and $103 million for member-items in the Community Projects Fund. Market conditions will determine whether all or a portion of the Debt Reduction Reserve will be used in the current year. Balances in the other reserves are expected to remain unchanged. The closing balance would decrease if the State were to reach collective bargaining settlements with other unions in the current year.

Labor Settlements

The State has new contracts with four labor unions, the Civil Service Employees Association (CSEA), United University Professions (UUP), PEF, and District Council 37, and has extended similar changes in pay and benefits to management/confidential (M/C) employees. Under terms of the 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.

DOB estimates the General Fund costs of the ratified contracts at $620 million in 2008-09, $775 million in 2009-10, and $1.2 billion in both 2010-11 and 2011-12. The current Financial Plan includes these costs. In 2008-09, the costs are expected to be paid for through the use of existing reserves set aside for this purpose.

The unions representing uniformed officers (i.e., Police Benevolent Association of the New York State Troopers, New York State Correctional Officers and Police Benevolent Association), the Graduate Student Employees Union, and City University of New York (CUNY) employees, have not reached settlements with the State at this time. DOB estimates that if the unsettled unions were to agree to terms comparable to those that have been ratified by the other unions, it would result in added costs of $200 million in 2008-09, $185 million in 2009-10, and $264 million in both 2010-11 and 2011-12.

Annual Spending Growth

General Fund spending, including transfers to other funds, is projected to total $56.4 billion in 2008-09, an increase of $3.0 billion over 2007-08 results. The General Fund must, by law, end the year in balance. State Operating Funds spending, which includes the General Fund, State-financed special revenue funds, and debt service, is projected to increase by $3.9 billion and total $80.9 billion in 2008-09. All Funds spending, the broadest measure of spending that includes State Operating Funds, capital spending, and Federal grants, is projected to total $121.6 billion in 2008-09, an increase of $5.6 billion. The PEF labor settlement (and an adjustment to other funds to reflect unallocated costs for unions that had settled in 2007-08) added $362 million to the 2008-09 spending estimate for State Operating Funds and All Funds ($254 million to the General Fund).

Total Disbursements
(millions of dollars)

	2007-08 Results**	2008-09 Enacted	Annual $ Change	Annual % Change	Adjusted % Change***
State Operating Funds	**77,001**	**80,862**	**3,861**	**5.0%**	**4.5%**
General Fund *	50,611	50,811	200	0.4%	-0.1%
Other State Funds	22,254	25,338	3,084	13.9%	13.4%
Debt Service Funds	4,136	4,713	577	14.0%	14.0%
All Governmental Funds	**116,056**	**121,606**	**5,550**	**4.8%**	**4.5%**
State Operating Funds	77,001	80,862	3,861	5.0%	4.5%
Capital Projects Funds	6,131	7,080	949	15.5%	15.5%
Federal Operating Funds	32,924	33,664	740	2.2%	2.2%
General Fund, incl. Transfers	**53,385**	**56,361**	**2,976**	**5.6%**	**5.1%**

**Excludes transfers.*

*** Unaudited Year-End Results*

**** Excludes recent labor settlements ($254 million General Fund cost; $362 million State Operating Funds cost)*

The major sources of State Operating Funds spending growth from 2007-08 to 2008-09 are presented in the table below.

Main Sources of State Operating Funds Growth
State Fiscal Year Basis
(millions of dollars)

	2007-08 Results***	2008-09 Enacted	Annual $ Change	Annual % Change
STATE OPERATING FUNDS	**77,001**	**80,862**	**3,861**	**5.0%**
School Aid**	18,983	20,747	1,764	9.3%
Medicaid (excluding Local Cap)*	12,133	12,338	205	1.7%
Medicaid: Local Cap Takeover Initiative	235	486	251	106.8%
Mental Hygiene**	2,107	2,970	863	41.0%
CUNY	1,013	1,191	178	17.6%
Local Government Assistance	917	1,242	325	35.4%
Children and Families**	1,611	1,763	152	9.4%
Transportation	2,825	3,003	178	6.3%
Debt Service	4,104	4,652	548	13.4%
State Operations (excluding collective bargaining)	14,975	14,535	(440)	-2.9%
Collective Bargaining	93	728	635	682.8%
All Other	18,005	17,207	(798)	-4.4%

** DOH Medicaid only, excluding local cap payments.*

*** Includes Medicaid spending disbursed by such agency*

**** Unaudited Year-End Results*

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Changes to the Executive Budget

The Executive Budget 21-Day Financial Plan for 2008-09 underwent substantial revisions for two main reasons: (1) changes negotiated by the Legislature and Executive during the process of budget enactment, which included the consensus revenue forecast, the identification of new resources, the additions and restorations to the Executive Budget recommendations, and the impact of across-the-board reductions to State agencies and "non-entitlement" local assistance programs; and (2) the substantial revisions to the current-services forecast made by DOB apart from the budget enactment process. The table below summarizes the revisions to the General Fund operating forecast for 2008-09 through 2011-12.

Changes to General Fund Operating Forecast for 2008-09 Through 2011-12 (millions of dollars)

	2008-09	2009-10	2010-11	2011-12
Executive Budget 21-Day Gap Estimate	**0**	**(3,576)**	**(6,139)**	**(7,180)**
New Resources Identified in Negotiations	**1,254**	**793**	**763**	**728**
Consensus Revenue Forecast	*(300)*	*(300)*	*(300)*	*(300)*
Spending Cuts to Executive Proposal	341	190	239	275
Consensus Spending Reestimates	*395*	*285*	*285*	*250*
Health Care Financing: Cigarette Tax	265	296	292	291
Fund Balances	220	50	50	50
Property Sales	110	85	10	10
Abandoned Property	100	100	100	100
Authority Resources	60	35	35	0
Surcharges and Civil Recoveries	63	52	52	52
Additions/Restorations made in Negotiations	**(1,254)**	**(1,584)**	**(1,480)**	**(1,564)**
Education	(436)	(327)	(274)	(274)
Health and Medicaid	(234)	(180)	(200)	(197)
Human Services	(133)	(127)	(130)	(133)
Local/General Government	(127)	(65)	(69)	(69)
Higher Education	(92)	(112)	(112)	(112)
Agriculture/Environment/Housing	(35)	(7)	(5)	(1)
Criminal Justice/Homeland Security	(32)	(50)	(51)	(56)
Transportation	(15)	(7)	(5)	(5)
Economic Development	(14)	0	0	0
Mental Hygiene	(9)	(18)	(18)	(18)
Member Items	0	(110)	(129)	0
Debt Service for Capital Additions	0	(7)	(21)	(38)
Fee/Surcharge Rejections	(143)	(208)	(183)	(174)
Net Tax/Revenue Changes	16	(366)	(283)	(487)
Across-the-Board Reductions	**485**	**486**	**488**	**488**
NET IMPACT OF NEGOTIATED CHANGES	**485**	**(305)**	**(229)**	**(348)**
CURRENT SERVICES ADJUSTMENTS	**(739)**	**(1,135)**	**(1,363)**	**(1,234)**
Revenue Revisions	(532)	(712)	(691)	(645)
PEF Collective Bargaining	(254)	(265)	(399)	(399)
Additional Spending Reestimates	47	(158)	(273)	(190)
Use of Labor Reserves to Fund PEF	**254**	**0**	**0**	**0**
Enacted Budget Surplus/(Gap) Estimate	**0**	**(5,016)**	**(7,731)**	**(8,762)**

Impact on the Budget Gaps

In comparison to the 21-Day Financial Plan forecast, the budget gaps for 2009-10 through 2011-12 have increased by an average of approximately $1.5 billion. The table below summarizes the sources that contributed to the changes in the gaps. Please note that this incremental view of the current-services forecast begins with the Executive 21-Day forecast and excludes certain items, such as the consensus revenue forecast and the spending reestimates agreed to jointly by the Executive and Legislature, since these were part of the negotiated agreement.

2008-09 Enacted Budget: Impact on Budget Gaps
(millions of dollars)

	2009-10	2010-11	2011-12
EXECUTIVE 21-DAY GAPS (AFTER ACTIONS)	**(3,576)**	**(6,139)**	**(7,180)**
Current Services Impact on 21-Day Gap Estimate	**(1,135)**	**(1,363)**	**(1,234)**
Net Impact of Negotiated Changes	**(305)**	**(229)**	**(348)**
Across-the-Board Reductions	486	488	488
Budget Changes	(791)	(717)	(836)
ENACTED GAPS (AFTER ACTIONS)	**(5,016)**	**(7,731)**	**(8,762)**

The substantive negotiated changes are summarized below. Negotiations identified $1.25 billion in new resources, excluding the impact of the across-the-board reductions, to finance $1.25 billion in changes to the Executive Budget.

New resources identified in negotiations include:

- Spending Reductions/Reestimates: The Legislature and Executive identified $734 million in spending reductions and reestimates compared to the Executive Budget projections. Spending reductions totaled $341 million. These included:
  - Not authorizing a request by the Judiciary for a pay increase ($143 million in 2008-09 and $37 million thereafter). The request included funding for a retroactive payment.
  - Eliminating the proposed cap on county pre-school education costs ($20 million growing to $120 million by 2011-12). The cap would have limited county expenses to an annual growth rate, similar to the existing cap on Medicaid.
  - Eliminating the proposed implementation of the Healthy Schools Program ($5 million in 2008-09 growing to $37 million by 2010-11).
  - Reducing or eliminating a number of other initiatives in the areas of health, aging, social services, and economic development. These include Avian Flu preparation ($17 million), Brownfield remediation ($10 million), "broadband" capacity expansion ($5 million), and a range of Health and Mental Hygiene initiatives (including long-term care reform; and facilitated enrollment).

    - Spending reestimates agreed to during negotiations totaled approximately $395 million. The current-services growth for Medicaid was reduced by $250 million based on updated price and utilization trends, and by $75 million based on audit projections. The remaining reestimates were based on operating trends in a number of programs.

- Abandoned Property: The State Comptroller agreed to make available $100 million in additional abandoned property resources on a recurring basis. Abandoned property consists of bank accounts, un-cashed checks, and other resources for which an owner cannot be found or has not made a claim. The State Comptroller is solely responsible for the Fund's operation.

- Cigarette Tax Increase: Revenues from the $1.25 per pack increase will be directed to the Health Care Resources Fund. Health care costs, including Medicaid, are to be financed with any additional revenues.

- Fund Balances: These include $150 million in transfers from special revenue funds with balances in excess of what is needed to fund existing commitments and $70 million in balances from the Elderly Pharmaceutical Insurance Coverage (EPIC) premium account.

- Authority Resources: The New York Power Authority is authorized to make payments to the State for the years 2008-09 through 2010-11.

- Property Sales: Two underutilized State mental hygiene facilities, one in Brooklyn (Gateway) and the other in Manhattan (Morton Street), are expected to be sold in 2008-09, the revenues of which will be used to defray operating expenses related to the mental hygiene system.

- Surcharges/Civil Recoveries: The Enacted Budget authorizes an additional State surcharge on traffic tickets and new surcharges for alcohol and drug violations. It also includes revenues from civil recoveries by district attorneys.

The new resources financed $1.25 billion in legislative changes to the Executive Budget. The changes can be grouped into three categories: (a) additions to programs, either through simply increasing program spending or by not accepting cost-savings measures advanced by the Executive ("restorations"), (b) denial of revenues earmarked to finance programmatic spending, and (c) tax law changes.

Legislative additions and restorations to programs totaled $1.13 billion, which included aid increases for School Aid, the rejection of a number of cost-saving measures, including public assistance cost-sharing with counties, certain rate and rebasing changes in health care, and a large number of special purpose additions for agricultural, economic development, education, and other activities. Additions and restorations included:

- **Education:** The Legislature did not accept proposed changes to the Board of Cooperative Education Services (BOCES) formula; partially accepted proposed changes to the Foundation Aid formula and also made one-time additions for Foundation Aid, High Tax Aid, and other categories. In Special Education, the proposal to realign funding for preschool special education was not adopted. Outside of School Aid and Special Education, the Enacted Budget included restorations to several State programs, and additional funding on a one-time basis for selected school districts and non-profit organizations. In addition, the proposed expansion of the Quick Draw lottery game was not adopted.

- **Health Care and Medicaid:** The Legislature did not accept proposals that would have, among other things, altered the rebasing plan for nursing homes and realized administrative savings in long-term care and home health care. It also slowed the implementation of certain cost-containment measures related to hospitals and detoxification services.

- **Local Government/General Government:** The Legislature restored AIM funding for New York City ($82 million), provided $18 million to finance a restoration of the 2 percent reduction in non-entitlement local assistance, and added $12 million in special aid to certain cities. Other funding changes in this category include the costs of adding 120 new auditors to the Department of Taxation and Finance to improve audit and compliance efforts and the rejection of a proposal that would have permitted the State to pay interest at the market rate (rather than a statutory rate) on Court of Claims judgments.

- **Human Services:** The Legislature did not approve proposals that would have increased local cost-sharing for certain welfare services ($41 million) and for youth detention ($35 million); restored funding for certain TANF-financed programs ($21 million); financed the restoration of the 2 percent reduction for local welfare administration ($6 million); and added funding for a range of activities and organizations, including youth employment, worker education, and special-purpose programs. In addition, it accepted the closure of five youth facilities, rather than the seven that were recommended in the Executive Budget.

- **Higher Education:** The Legislature financed the restoration of reductions in SUNY, CUNY, and TAP, and certain other programs, and added funding for a number of special-purpose programs.

- **Criminal Justice:** The Legislature did not approve the closure of three correctional camps and one medium-term correctional facility, or provisions related to parole for certain medical conditions. It also added funding for a number of special-purpose programs and activities.

- **Mental Hygiene:** Legislative changes primarily reflect one-time targeted funding for specific non-profit providers in the Office of Mental Health (OMH) ($2 million), the Office of Mental Retardation and Developmental Disabilities (OMRDD) ($1 million), and the Office of Alcoholism and Substance Abuse Services (OASAS) ($1 million); funding for additional research positions and related costs in OMH ($2 million); and partial restoration of OMRDD provider reimbursement rate reforms proposed in the Executive Budget ($4 million growing to $16 million).

- **Transportation:** The Legislature added funding for the Rochester Genesee Regional Transportation Authority and the Capital District Transportation Authority, high-speed rail operating assistance, multi-modal projects, and Seaway trails.

- **Agriculture/Environment/Housing:** The Legislature added funding for the Neighborhood Preservation and Rural Preservation programs and a number of special-purpose programs and activities (e.g., studies, agricultural specialty grants, tenant services, historical sites, agricultural tourism, etc.)

- **Economic Development:** The Legislature added funding for Empire Zones administration and a number of special-purpose programs and activities (e.g., Griffiss Air Force Base, Plattsburgh Air Force Base, Seneca Army Depot, Watervliet Arsenal, Luther Forest Technology Development Corporation, etc.)

- **Member-Items:** The Legislature authorized a $200 million deposit to the Community Projects Fund, which finances a range of special-purpose programs and activities. The authorized deposits are to be made in installments in 2009-10 and 2010-11. In addition, the $40 million reduction in 2008-09 is to be funded in 2009-10.

The Legislature did not accept several revenue proposals valued at an estimated total of $143 million, including an auto insurance surcharge that would have been used to finance State Police and transportation safety initiatives, and a restructuring of the real property transfer fee based on sale prices, the revenues from which would have helped finance activities of the Office of Real Property Services.

Lastly, negotiations produced a package of tax law changes that has a net positive impact of $16 million in 2008-09, but results in higher costs in future years. The changes are summarized below.

2008-09 Receipts and Disbursements Forecast

This section describes 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 the Budget on each of the State's major areas of spending (e.g.; Medicaid, School Aid, etc.).

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.

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.

2008-09 Receipts Overview

Total Receipts (millions of dollars)				
	2007-08 Results**	**2008-09 Estimated**	**Annual $ Change**	**Annual % Change**
State Operating Funds	**75,596**	**78,623**	**3,027**	**4.0%**
General Fund*	40,922	43,156	2,234	5.5%
Other State Funds	21,237	21,542	305	1.4%
Debt Service Funds	13,437	13,925	488	3.6%
All Governmental Funds	**115,420**	**119,944**	**4,524**	**3.9%**
State Operating Funds	75,596	78,623	3,027	4.0%
Capital Projects Funds	6,527	7,280	753	11.5%
Federal Operating Funds	33,297	34,041	744	2.2%

** Excludes transfers*

***Unaudited Year-End Results*

All Funds receipts are projected to total $119.9 billion, an increase of $4.5 billion over 2007-08 results. The total comprises tax receipts ($63.9 billion), Federal grants ($36.0 billion) and miscellaneous receipts ($20.1 billion). The following table summarizes the actual receipts for 2007-08 and the Enacted Budget projections for 2008-09 and 2009-10.

Total Receipts (millions of dollars)							
	2007-08 Results*	**2008-09 Estimated**	**Annual $ Change**	**Annual % Change**	**2009-10 Projected**	**Annual $ Change**	**Annual % Change**
General Fund	**53,094**	**55,638**	**2,544**	**4.8%**	**57,146**	**1,508**	**2.7%**
Taxes	38,395	40,610	2,215	5.8%	42,324	1,714	4.2%
Miscellaneous Receipts	2,458	2,505	47	1.9%	2,470	(35)	-1.4%
Federal Grants	69	41	(28)	-40.6%	0	(41)	-100.0%
Transfers	12,172	12,482	310	2.5%	12,352	(130)	-1.0%
State Funds	**80,371**	**83,910**	**3,539**	**4.4%**	**87,944**	**4,034**	**4.8%**
Taxes	60,871	63,904	3,033	5.0%	67,088	3,184	5.0%
Miscellaneous Receipts	19,431	19,964	533	2.7%	20,855	891	4.5%
Federal Grants	69	42	(27)	-39.1%	1	(41)	-97.6%
All Funds	**115,420**	**119,944**	**4,524**	**3.9%**	**125,087**	**5,143**	**4.3%**
Taxes	60,871	63,904	3,033	5.0%	67,088	3,184	5.0%
Miscellaneous Receipts	19,640	20,084	444	2.3%	20,965	881	4.4%
Federal Grants	34,909	35,956	1,047	3.0%	37,034	1,078	3.0%

**Unaudited Year-End Results*

2008-09

- Total All Funds receipts in 2008-09 are expected to reach $119.9 billion, an increase of $4.5 billion, or 3.9 percent from 2007-08 results. All Funds tax receipts are projected to grow by more than $3.0 billion. All Funds Federal grants are expected to increase by just over $1.0 billion, or 3.0 percent. All Funds Miscellaneous receipts are projected to increase by $444 million, or 2.3 percent.

- After controlling for the impact of all policy changes, base tax revenue growth is estimated to be 2.6 percent for fiscal year 2008-09.

- Total State Funds receipts are projected to be $83.9 billion, an increase of $3.5 billion, or 4.4 percent from 2007-08 receipts.

- Total General Fund receipts are projected at $55.6 billion, an increase of $2.5 billion, or 4.8 percent from 2007-08 results. General Fund tax receipt growth is projected to be 5.8 percent over 2007-08 results and General Fund miscellaneous receipts are projected to increase by $47 million.

Total Receipts (millions of dollars)							
	2009-10 Projected	2010-11 Projected	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund	**57,146**	**59,774**	**2,628**	**4.6%**	**62,744**	**2,970**	**5.0%**
Taxes	42,324	44,389	2,065	4.9%	46,892	2,503	5.6%
State Funds	**87,944**	**91,492**	**3,548**	**4.0%**	**95,204**	**3,712**	**4.1%**
Taxes	67,088	70,531	3,443	5.1%	74,276	3,745	5.3%
All Funds	**125,087**	**129,676**	**4,589**	**3.7%**	**135,052**	**5,376**	**4.1%**
Taxes	67,088	70,531	3,443	5.1%	74,276	3,745	5.3%

Overall, receipts growth after 2008-09 is expected to be moderate at first then regain strength consistent with the U.S. and New York economic forecast.

- Total All Funds receipts in 2009-10 are projected to reach $125.1 billion, an increase of $5.1 billion, or 4.3 percent from 2008-09 estimates. All Funds receipts in 2010-11 are expected to increase by $4.6 billion (3.7 percent) over the prior year. In 2011-12, receipts are expect to increase by nearly $5.4 billion (4.1 percent) over 2010-11.

- All Funds tax receipts are expected to increase by 5.0 percent in 2009-10, 5.1 percent in 2010-11 and 5.3 percent in 2011-12.

- Total State Funds receipts are projected to be over $87.9 billion in 2009-10, nearly $91.5 billion in 2010-11 and $95.2 billion in 2011-12.

- Total General Fund receipts are projected to be $57.1 billion in 2009-10, $59.8 billion in 2010-11 and roughly $62.7 billion in 2011-12.

Base Growth

Governmental Funds Actual and Base Tax Receipts Growth (percent growth)			
State Fiscal Year	Actual Receipts	Base Receipts	Personal Income
2007-08*	3.6	6.0	5.7
2008-09	5.0	2.6	2.5
2009-10	5.0	6.0	3.9
2010-11	5.1	5.4	5.0
2011-12	5.3	5.6	5.1

**Unaudited Year-End Results*

Base growth, adjusted for law changes, in tax receipts for fiscal year 2007-08 was 6.0 percent. This was the first time in four years growth fell below 9 percent. The relatively weak growth was the result of:

- Reductions in finance sector activities such as high-yield debt underwriting and mergers and acquisitions, which created a drag on finance sector wage growth;
- Declining corporate and banking income in the face of the sub-prime mortgage crisis; and
- A much weaker residential and commercial real-estate market.

The strong economic growth, which was concentrated in downstate New York and drove receipts growth over the past several years, is expected to give way to more moderate growth over the Financial Plan forecast period. After recovering to 6.0 percent in 2009-10, base receipts growth is expected to moderate in 2010-11 and beyond. Base growth is expected to remain above 5.0 percent throughout the forecast period. Actual receipts are expected to grow more rapidly than the underlying base in 2008-09, reflecting the impact of tax actions taken with this Budget. As the table above indicates, base receipts growth closely matches expected growth in personal income over the forecast period, with the exception of 2009-10 and 2010-11 when personal income growth lags the rebound in base business receipts growth by one year.

Personal Income Tax

Personal Income Tax (millions of dollars)

	2007-08 Results*	2008-09 Estimated	Annual $ Change	Annual % Change	2009-10 Projected	Annual $ Change	Annual % Change
General Fund	**22,759**	**23,921**	**1,162**	**5.1%**	**24,816**	**895**	**3.7%**
Gross Collections	43,170	45,613	2,443	5.7%	47,446	1,833	4.0%
Refunds	(6,606)	(7,463)	(857)	13.0%	(7,182)	281	-3.8%
STAR	(4,664)	(4,693)	(29)	0.6%	(5,383)	(690)	14.7%
RBTF	(9,141)	(9,536)	(395)	4.3%	(10,065)	(529)	5.5%
State/All Funds	**36,564**	**38,150**	**1,586**	**4.3%**	**40,264**	**2,114**	**5.5%**
Gross Collections	43,170	45,613	2,443	5.7%	47,446	1,833	4.0%
Refunds	(6,606)	(7,463)	(857)	13.0%	(7,182)	281	-3.8%

**Unaudited Year-End Results*

All Funds personal income tax receipts, which reflects the net of gross payments minus refunds, for 2008-09 are estimated at $38.1 billion, an increase of nearly $1.6 billion or 4.3 percent over the prior year. Gross receipts are projected to increase 5.7 percent. The relatively modest increase is primarily attributable to a strong settlement on 2007 tax year liabilities, offset by slow growth in withholding of approximately $850 million, or 2.9 percent. This reflects a weak forecast in overall wage growth resulting from the forecast economic slowdown, and an outright decline in financial sector bonus compensation. Also, estimated taxes for tax year 2008 liabilities are projected to decline by approximately $300 million (3.7 percent) from 2007, reflecting large drops in capital gains realizations (16 percent) and slow growth in other non-wage income.

The weakness associated with tax year 2008 liabilities is partly offset by the strong settlement on 2007 tax year returns noted above, with extension payments expected to increase by over $1.5 billion (50.1 percent) and payments with final returns increasing by over $350 million (18.9 percent). The growth in these components is primarily attributable to robust growth in gains (15 percent) and other income, especially among a fairly small group of high-income taxpayers.

Finally, refunds are expected to increase by approximately $850 million (13.0 percent) in part due to an increase in the fixed amount of refunds the Tax Department pays from January through March, from $1.5 billion to $1.75 billion, as well as an expected increase in refunds for high-income taxpayers who file extension returns in October, many of whom likely overpaid when filing their extensions in April 2008. There is a historical relationship between October-December refunds and April extension payments, suggesting some of the extraordinary spike in extension payments will ultimately be refunded.

Personal Income Tax Fiscal Year Collection Components
All Funds
(millions of dollars)

	2007-08 (Results**)	2008-09 (Estimated)	2009-10 (Projected)	2010-11 (Projected)	2011-12 (Projected)
Receipts					
Withholding	28,440	29,276	31,368	33,070	35,558
Estimated Payments	11,640	12,852	12,756	14,026	14,730
Current Year	8,592	8,277	9,301	10,151	10,605
Prior Year*	3,048	4,575	3,455	3,875	4,125
Final Returns	2,167	2,538	2,336	2,493	2,659
Current Year	206	207	207	207	207
Prior Year*	1,961	2,331	2,129	2,286	2,452
Delinquent Collections	923	947	986	1,027	1,065
Gross Receipts	43,170	45,613	47,446	50,616	54,012
Refunds					
Prior Year*	4,286	4,819	4,438	4,788	5,193
Previous Years	341	290	310	330	330
Current Year*	1,500	1,750	1,750	1,750	1,750
State-City Offset*	479	604	684	758	841
Total Refunds	6,606	7,463	7,182	7,626	8,114
Net Receipts	36,564	38,150	40,264	42,990	45,898

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

*** Unaudited Year-End Results*

General Fund income tax receipts for 2008-09, which are net of deposits to the Revenue Bond Tax Fund (RBTF) and STAR Fund, are estimated to increase by $1.2 billion (5.1 percent). Deposits to the STAR Fund are projected to increase by $29 million (0.6 percent) reflecting the impact of base program growth offset by Enacted Budget reductions to the program. Transfers to the RBTF, which equal 25 percent of net collections, are expected to increase by the same percentage as net collections (4.3 percent) or approximately $400 million.

Personal Income Tax
(millions of dollars)

	2009-10 Projected	2010-11 Projected	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund	**24,816**	**26,333**	**1,517**	**6.1%**	**28,229**	**1,896**	**7.2%**
Gross Collections	47,446	50,616	3,170	6.7%	54,012	3,396	6.7%
Refunds	(7,182)	(7,626)	(444)	6.2%	(8,114)	(488)	6.4%
STAR	(5,383)	(5,910)	(527)	9.8%	(6,195)	(285)	4.8%
RBTF	(10,065)	(10,747)	(682)	6.8%	(11,474)	(727)	6.8%
State/All Funds	**40,264**	**42,990**	**2,726**	**6.8%**	**45,899**	**2,909**	**6.8%**
Gross Collections	47,446	50,616	3,170	6.7%	54,012	3,396	6.7%
Refunds	(7,182)	(7,626)	(444)	6.2%	(8,113)	(488)	6.4%

In general, income tax growth for 2009-10 and 2010-11 is governed by projections of growth in taxable personal income and its major components, including wages, interest and dividend earnings, realized taxable capital gains, and business net income, and the impact of tax law changes. Projections for 2009-10 and 2010-11 reflect the impact of Enacted Budget legislation that strengthens the Tax Department's compliance tools, extension of tax shelter legislation, and restructuring of fees paid by LLCs.

All Funds personal income tax projected receipts for 2009-10 of slightly under $40.3 billion reflect an increase of $2.1 billion (5.5 percent) above the 2008-09 estimate. The forecast reflects a slow but steady recovery from the 2008 recession, and the impact of legislation described above. All Funds receipts for 2010-11 of $43 billion are $2.7 billion (6.8 percent) above 2009-10, reflecting continued economic recovery and growth.

General Fund income tax receipts are projected to increase by just under $900 million (3.7 percent) in 2009-10. The change reflects the growth in net receipts discussed above, offset by a $690 million (14.7 percent) increase in the STAR Fund transfer mainly to finance the continuation of the second phase of the middle class rebate program which will be delayed for one year in 2008-09. Also, the RBTF transfer is projected to increase by $529 million (5.5 percent). General Fund receipts for 2010-11 are projected to increase over 2009-10 by slightly over $1.5 billion. This reflects 6.8 percent growth in net collections and the RBTF transfer, offset by an increase in the STAR Fund transfer of $527 million (9.8 percent) mainly to fund the delayed third and final phase of the middle class rebate program.

All funds personal income tax receipts are expected to grow by 6.8 percent to $45.9 billion in 2011-12. General Fund receipts are expected to grow by 7.2 percent to $28.2 billion.

User Taxes and Fees

User Taxes and Fees (millions of dollars)

	2007-08 Results*	2008-09 Estimated	Annual $ Change	Annual % Change	2009-10 Projected	Annual $ Change	Annual % Change
General Fund	**8,555**	**8,937**	**382**	**4.5%**	**9,258**	**321**	**3.6%**
Sales Tax	7,945	8,186	241	3.0%	8,481	295	3.6%
Cigarette and Tobacco Taxes	409	433	24	5.9%	430	(3)	-0.7%
Motor Vehicle Fees	(51)	61	112	N/A	81	20	32.8%
Alcoholic Beverage Taxes	205	209	4	2.0%	214	5	2.4%
ABC License Fees	47	48	1	2.1%	52	4	8.3%
State/All Funds	**13,993**	**14,820**	**827**	**5.9%**	**15,298**	**478**	**3.2%**
Sales Tax	11,296	11,655	359	3.2%	12,076	421	3.6%
Cigarette and Tobacco Taxes	976	1,322	346	35.5%	1,343	21	1.6%
Motor Fuel	525	535	10	1.9%	538	3	0.6%
Motor Vehicle Fees	748	848	100	13.4%	870	22	2.6%
Highway Use Tax	148	155	7	4.7%	155	0	0.0%
Alcoholic Beverage Taxes	205	209	4	2.0%	214	5	2.4%
ABC License Fees	48	48	0	0.0%	52	4	8.3%
Auto Rental Tax	47	48	1	2.1%	50	2	4.2%

**Unaudited Year-End Results*

All Funds user taxes and fees receipts for 2008-09 are estimated to be $14.8 billion, an increase of $827 million or 5.9 percent from 2007-08. Sales tax receipts are expected to increase by $359 million from the prior year due to tax law changes (voluntary compliance, vendor registration, adjusting not-for-profit tax exemption, sales tax nexus) and a base growth of 2.9 percent. Non-sales tax user taxes and fees are estimated to increase by $468 million from 2007-08 mainly due to an increase in cigarette tax and motor vehicle fee collections. The increase in cigarette tax collections is due to an increase in the cigarette tax rate from $1.50 per pack to $2.75 per pack, effective June 3, 2008, and increased enforcement efforts. The increase in motor vehicle fee collections is due to the implementation of the Western Hemisphere Travel Initiative.

General Fund user taxes and fees receipts are expected to total $8.9 billion in 2008-09, an increase of $382 million or 4.5 percent from 2007-08. The increase reflects an increase in sales tax receipts of $241 million, motor vehicle fee collections of $112 million and cigarette tax collections of $24 million.

All Funds user taxes and fees receipts for 2009-10 are projected to be $15.3 billion, an increase of $478 million, or 3.2 percent from 2008-09. General Fund user taxes and fees receipts are projected to total $9.3 billion in 2009-10, an increase of $321 million, or 3.6 percent from 2008-09. This increase largely reflects a projected increase in sales tax due to base growth and the full implementation of tax law changes.

User Taxes and Fees
(millions of dollars)

	2009-10 Projected	2010-11 Projected	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund	**9,258**	**9,602**	**344**	**3.7%**	**9,975**	**373**	**3.9%**
Sales Tax	8,481	8,800	319	3.8%	9,145	345	3.9%
Cigarette and Tobacco Taxes	430	426	(4)	-0.9%	425	(1)	-0.2%
Motor Vehicle Fees	81	109	28	34.6%	130	21	19.3%
Alcoholic Beverage Taxes	214	219	5	2.3%	223	4	1.8%
ABC License Fees	52	48	(4)	-7.7%	52	4	8.3%
State/All Funds	**15,298**	**15,767**	**469**	**3.1%**	**16,299**	**532**	**3.4%**
Sales Tax	12,076	12,530	454	3.8%	13,021	491	3.9%
Cigarette and Tobacco Taxes	1,343	1,327	(16)	-1.2%	1,324	(3)	-0.2%
Motor Fuel	538	541	3	0.6%	544	3	0.6%
Motor Vehicle Fees	870	892	22	2.5%	918	26	2.9%
Highway Use Tax	155	158	3	1.9%	164	6	3.8%
Alcoholic Beverage Taxes	214	219	5	2.3%	223	4	1.8%
ABC License Fees	52	49	(3)	-5.8%	53	4	8.2%
Auto Rental Tax	50	51	1	2.0%	52	1	2.0%

All Funds user taxes and fees are projected to increase by $469 million in 2010-11 and $532 million in 2011-12.

Business Taxes

Business Taxes (millions of dollars)							
	2007-08 Results*	2008-09 Estimated	Annual $ Change	Annual % Change	2009-10 Projected	Annual $ Change	Annual % Change
General Fund	**6,018**	**6,559**	**541**	**9.0%**	**6,925**	**366**	**5.6%**
Corporate Franchise Tax	3,446	3,706	260	7.5%	4,240	534	14.4%
Corporation & Utilities Tax	603	613	10	1.7%	623	10	1.6%
Insurance Tax	1,089	1,171	82	7.5%	1,197	26	2.2%
Bank Tax	880	1,069	189	21.5%	865	(204)	-19.1%
State/All Funds	**8,231**	**8,782**	**551**	**6.7%**	**9,215**	**433**	**4.9%**
Corporate Franchise Tax	3,997	4,220	223	5.6%	4,830	610	14.5%
Corporation & Utilities Tax	802	816	14	1.7%	827	11	1.3%
Insurance Tax	1,219	1,300	81	6.6%	1,323	23	1.8%
Bank Tax	1,058	1,242	184	17.4%	998	(244)	-19.6%
Petroleum Business Tax	1,155	1,204	49	4.2%	1,237	33	2.7%

**Unaudited Year-End Results*

All Funds business tax receipts for 2008-09 of $8.8 billion are estimated to increase by $551 million or 6.7 percent over the prior year. The estimates reflect a net increase in receipts of $664 million from enacted provisions that will close loopholes, restructure and streamline fees and minimum taxes, increase tax compliance and provide certain business tax reductions. Absent these provisions, All Funds business tax receipts are expected to decline by $113 million or 1.4 percent. The loophole provisions include: decoupling from the Federal Qualified Production Activity Income deduction ($56 million), fully closing the REIT/RIC loophole ($50 million) and subjecting credit card companies with a qualifying number of customers or receipts in New York State to the bank tax ($57 million).

The Enacted Budget also reflects legislation that will reduce business tax receipts by $59 million in 2008-09. That legislation will extend the ITC for the financial services industry for three additional years, through September 30, 2011 ($35 million), extend the Power for Jobs program by one-year ($15 million), increase and extend the State film tax credit ($5 million), and increase the amount of low-income housing credits the Commissioner of Housing and Community Renewal may allocate by $4 million.

All Funds non-audit business tax receipts before these enacted tax initiatives are estimated to increase 3.5 percent in 2008-09. This overall increase reflects a moderation in the growth of non-audit corporate franchise tax receipts to roughly 2.9 percent. Total corporate franchise tax receipts for 2008-09 of $4.2 billion reflect the Enacted Budget tax legislation described above and decreasing corporate profits in 2008.

All Funds non-audit bank tax receipts before enacted tax initiatives are projected to decrease by 0.1 percent. Total bank tax receipts for 2008-09 of $1.2 billion reflect the Enacted Budget tax legislation described above and an increase in audit receipts from last year's moderate level.

Projected All Funds non-audit business tax receipts for 2008-09 also reflect growth in corporation and utilities tax receipts of 3.3 percent, insurance tax receipts of 7 percent and petroleum business tax receipts of 4.4 percent. All Funds audit receipts from all business taxes are projected to decline by 4.2 percent, or $59 million, from the relatively high level of the prior year.

General Fund business tax receipts for 2008-09 of $6.6 billion are estimated to increase $541 million, or 9 percent over the prior year. Absent Enacted Budget tax law changes, General Fund business tax receipts are expected to decline by $82 million, or 1.4 percent. More specifically, estimated 2008 corporate franchise tax liability after adjusting for enacted tax initiatives is estimated to decline by 2.7 percent, consistent with the revised corporate profits estimate. Business tax receipts deposited to the General Fund reflect the All Funds trends and the enacted tax initiatives discussed above.

All Funds business tax receipts for 2009-10 are projected to increase $433 million, or 4.9 percent, to $9.2 billion. This change reflects increases in corporate franchise tax, corporation and utilities taxes, insurance taxes and petroleum business taxes receipts, partially offset by a moderate decrease in bank tax receipts.

Business Taxes (millions of dollars)							
	2009-10 Projected	2010-11 Projected	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund	**6,925**	**7,047**	**122**	**1.8%**	**7,190**	**143**	**2.0%**
Corporate Franchise Tax	4,240	4,224	(16)	-0.4%	4,392	168	4.0%
Corporation & Utilities Tax	623	632	9	1.4%	636	4	0.6%
Insurance Tax	1,197	1,236	39	3.3%	1,280	44	3.6%
Bank Tax	865	955	90	10.4%	882	(73)	-7.6%
State/All Funds	**9,215**	**9,357**	**142**	**1.5%**	**9,526**	**169**	**1.8%**
Corporate Franchise Tax	4,830	4,809	(21)	-0.4%	5,002	193	4.0%
Corporation & Utilities Tax	827	837	10	1.2%	842	5	0.6%
Insurance Tax	1,323	1,365	42	3.2%	1,414	49	3.6%
Bank Tax	998	1,103	105	10.5%	1,018	(85)	-7.7%
Petroleum Business Tax	1,237	1,243	6	0.5%	1,250	7	0.6%

For 2010-11, All Funds business tax receipts are projected to increase by 1.5 percent, to $9.4 billion. This increase reflects increases in bank tax, insurance tax, corporation and utilities tax and petroleum business tax receipts, largely offset by a small decrease in corporate franchise tax receipts, as a result of an expected significant increase in Brownfield credit claims. For 2011-12, All Funds business tax receipts are projected to increase by 1.8 percent to $9.5 billion.

Other Taxes

Other Taxes (millions of dollars)							
	2007-08 Results*	2008-09 Estimated	Annual $ Change	Annual % Change	2009-10 Projected	Annual $ Change	Annual % Change
General Fund	**1,064**	**1,194**	**130**	**12.2%**	**1,325**	**131**	**11.0%**
Estate Tax	1,037	1,170	133	12.8%	1,301	131	11.2%
Gift Tax	1	0	(1)	-100.0%	0	0	0.0%
Real Property Gains Tax	1	0	(1)	-100.0%	0	0	0.0%
Pari-mutuel Taxes	24	23	(1)	-4.2%	23	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%
State/All Funds	**2,085**	**2,151**	**66**	**3.2%**	**2,311**	**160**	**7.4%**
Estate Tax	1,037	1,170	133	12.8%	1,301	131	11.2%
Gift Tax	1	0	(1)	-100.0%	0	0	0.0%
Real Property Gains Tax	1	0	(1)	-100.0%	0	0	0.0%
Real Estate Transfer Tax	1,021	957	(64)	-6.3%	986	29	3.0%
Pari-mutuel Taxes	24	23	(1)	-4.2%	23	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%

**Unaudited Year-End Results*

All Funds other tax receipts for 2008-09 are estimated to be nearly $2.2 billion, up $66 million or 3.2 percent from 2007-08 receipts, reflecting growth in estate tax receipts due to an anticipated increase in the number of large estate tax payments and declines in the real estate transfer tax. General Fund other tax receipts are expected to total $1.2 billion in fiscal year 2008-09, an increase of $130 million.

All Funds other tax receipts in 2009-10 are projected to be over $2.3 billion, up $160 million or 7.5 percent from 2008-09, reflecting modest growth in real estate transfer tax receipts as well as growth in estate tax receipts. General Fund receipts for 2009-10 are projected to total approximately $1.3 billion, an increase of $131 million.

Other Taxes (millions of dollars)							
	2009-10 Projected	2010-11 Projected	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund	**1,325**	**1,408**	**83**	**6.3%**	**1,498**	**90**	**6.4%**
Estate Tax	1,301	1,384	83	6.4%	1,474	90	6.5%
Gift Tax	0	0	0	0.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	0.0%	0	0	0.0%
Pari-mutuel Taxes	23	23	0	0.0%	23	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%
State/All Funds	**2,311**	**2,419**	**108**	**4.7%**	**2,555**	**136**	**5.6%**
Estate Tax	1,301	1,384	83	6.4%	1,474	90	6.5%
Gift Tax	0	0	0	0.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	0.0%	0	0	0.0%
Real Estate Transfer Tax	986	1,011	25	2.5%	1,057	46	4.5%
Pari-mutuel Taxes	23	23	0	0.0%	23	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%

The 2010-11 All Funds receipts projection for other taxes is just over $2.4 billion, up $108 million or 4.7 percent over the 2009-10 receipts total. 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 slow growth in the housing market.

The 2011-12 All Funds receipts projection for other taxes is approximately $2.6 billion, up $136 million or 5.6 percent over 2010-11 receipts total. The forecast reflects continued increases in household net worth as well as in the value of real property transfers.

Miscellaneous Receipts and Federal Grants

Miscellaneous Receipts and Federal Grants (millions of dollars)							
	2007-08 Results*	2008-09 Estimated	Annual $ Change	Annual % Change	2009-10 Projected	Annual $ Change	Annual % Change
General Fund	**2,527**	**2,546**	**19**	**0.8%**	**2,470**	**(76)**	**-3.0%**
Miscellaneous Receipts	2,458	2,505	47	1.9%	2,470	(35)	-1.4%
Federal Grants	69	41	(28)	-40.6%	0	(41)	-100.0%
State Funds	**19,500**	**20,006**	**506**	**2.6%**	**20,856**	**850**	**4.2%**
Miscellaneous Receipts	19,431	19,964	533	2.7%	20,855	891	4.5%
Federal Grants	69	42	(27)	-39.1%	1	(41)	-97.6%
All Funds	**54,549**	**56,040**	**1,491**	**2.7%**	**57,999**	**1,959**	**3.5%**
Miscellaneous Receipts	19,640	20,084	444	2.3%	20,965	881	4.4%
Federal Grants	34,909	35,956	1,047	3.0%	37,034	1,078	3.0%

**Unaudited Year-End Results*

All Funds miscellaneous receipts include moneys received from 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 2008-09, an increase of $444 million from 2007-08 largely driven by growth in: lottery revenues, including VLTs ($314 million); SUNY hospital revenues ($168 million); and HCRA revenues excluding the State cigarette tax ($85 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 expects that Federal reimbursement will be received in the State fiscal year in which spending occurs, but timing differences sometimes varies. Federal grants are projected to total nearly $36.0 billion in 2008-09, an increase of over $1.0 billion from 2007-08. Federal spending is expected to increase for public health ($209 million), Medicaid ($257 million), homeland security ($78 million) and temporary and disability assistance ($175 million).

General Fund miscellaneous receipts collections are estimated to be approximately $2.5 billion in 2008-09, up $47 million from 2007-08 receipts. This increase is primarily due to an increase in Monroe County's Medicaid sales tax intercept payments and additional abandoned property receipts. General Fund Federal grants are expected to decline by $28 million from the prior year, one-half which is due to the possible loss of the Federal Medicare Part D receipts if the State converts its retiree contracted Medicare Part D subsidy for State retirees.

All Funds miscellaneous receipts are projected to total nearly $21.0 billion in 2009-10, an increase of $881 million from the current year, driven by: growth in programs financed with authority bond proceeds ($1.0 billion), including spending for economic development, environment, education and mental health; offset by a reduction in expected HCRA revenues ($213 million). Federal grants are projected to total $37.0 billion in 2009-10, an increase of $1.0 billion from the current year. Federal spending is expected to increase for Medicaid ($958 million) and Elections ($114 million). These increases would be slightly offset by a decline in lottery revenues of $45 million, due to the expected sale of development rights of the Aqueduct VLT facility during 2008-09, and the decrease of approximately $14 million due to the potential loss of the Medicare Part D Subsidy should a conversion to a contracted Medicare Part D plan. 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 2009-10 are projected to fall to just under $2.5 billion, down $35 million from 2008-09 estimates, due to the loss of revenue from the State of New York Mortgage Authority.

Miscellaneous Receipts and Federal Grants (millions of dollars)							
	2009-10 Projected	2010-11 Projected	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund	**2,470**	**2,471**	**1**	**0.0%**	**2,234**	**(237)**	**-9.6%**
Miscellaneous Receipts	2,470	2,471	1	0.0%	2,234	(237)	-9.6%
Federal Grants	0	0	0	0.0%	0	0	0.0%
State Funds	**20,856**	**20,960**	**104**	**0.5%**	**20,928**	**(32)**	**-0.2%**
Miscellaneous Receipts	20,855	20,959	104	0.5%	20,927	(32)	-0.2%
Federal Grants	1	1	0	0.0%	1	0	0.0%
All Funds	**57,999**	**59,145**	**1,146**	**2.0%**	**60,776**	**1,631**	**2.8%**
Miscellaneous Receipts	20,965	21,070	105	0.5%	21,037	(33)	-0.2%
Federal Grants	37,034	38,075	1,041	2.8%	39,739	1,664	4.4%

In 2010-11, General Fund miscellaneous receipts and Federal grants are projected to be nearly $2.5 billion, virtually unchanged from 2009-10.

2008-09 Disbursements Forecast

Total Disbursements (millions of dollars)					
	2007-08 Results**	2008-09 Enacted	Annual $ Change	Annual % Change	Adjusted % Change***
State Operating Funds	**77,001**	**80,862**	**3,861**	**5.0%**	**4.5%**
General Fund *	50,611	50,811	200	0.4%	-0.1%
Other State Funds	22,254	25,338	3,084	13.9%	13.4%
Debt Service Funds	4,136	4,713	577	14.0%	14.0%
All Governmental Funds	**116,056**	**121,606**	**5,550**	**4.8%**	**4.5%**
State Operating Funds	77,001	80,862	3,861	5.0%	4.5%
Capital Projects Funds	6,131	7,080	949	15.5%	15.5%
Federal Operating Funds	32,924	33,664	740	2.2%	2.2%
General Fund, incl. Transfers	**53,385**	**56,361**	**2,976**	**5.6%**	**5.1%**

**Excludes transfers.*

*** Unaudited Year-End Results*

**** Excludes recent labor settlements ($254 million General Fund cost; $362 million State Operating Funds cost)*

State Operating Funds spending, which includes the General Fund, debt service, and other operating funds supported by assessments, tuition, HCRA resources and other non-Federal revenues, is projected to total $80.9 billion in 2008-09. All Funds spending is projected to total $121.6 billion in 2008-09. The major sources of annual spending change between 2007-08 and 2008-09 (after Enacted Budget actions) are summarized in the following table.

2008-09 Enacted Budget Spending Projections -- After Enacted Budget Actions
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 Results*	**50,611**	**26,390**	**77,001**	**6,131**	**32,924**	**116,056**
Medicaid Transparency Adjustment	(2,655)	2,655	0	0	0	0
Major Functions						
Public Health:						
Medicaid (DOH only)	198	258	456	0	257	713
Public Health/Aging	(36)	195	159	46	152	357
K-12 Education:						
School Aid	1,629	135	1,764	0	37	1,801
All Other Education Aid	72	(3)	69	84	59	212
STAR	0	35	35	0	0	35
Higher Education	182	10	192	81	12	285
Social Services:						
Temporary and Disability Assistance	(341)	2	(339)	0	164	(175)
Children and Family Services	158	1	159	(1)	18	176
Mental Hygiene	98	59	157	43	(21)	179
Transportation	8	182	190	353	5	548
General State Charges	(140)	58	(82)	0	16	(66)
Debt Service	144	404	548	0	0	548
All Other Changes						
Economic Development	1	56	57	268	0	325
PEF Labor Settlement	254	108	362	0	0	362
Local Government Aid	325	0	325	0	0	325
Correctional Services	(42)	6	(36)	36	32	32
Empire State Stem Cell Trust Fund	0	50	50	0	0	50
Homeland Security	55	0	55	2	80	137
Parks and Recreation	(6)	(3)	(9)	68	(2)	57
State Equipment Financing	0	0	0	102	0	102
Elections	7	3	10	0	54	64
All Other	289	(550)	(261)	(133)	(123)	(517)
2008-09 Enacted Budget Estimate	**50,811**	**30,051**	**80,862**	**7,080**	**33,664**	**121,606**
Annual Dollar Change, incl. MA adjust	*200*	*3,661*	*3,861*	*949*	*740*	*5,550*
Annual Percent Change	*0.4%*	*12.6%*	*5.0%*	*15.5%*	*2.2%*	*4.8%*

**Unaudited Year-End Results.*

***Excludes Transfers*

****Includes State Special Revenue and Debt Service Funds*

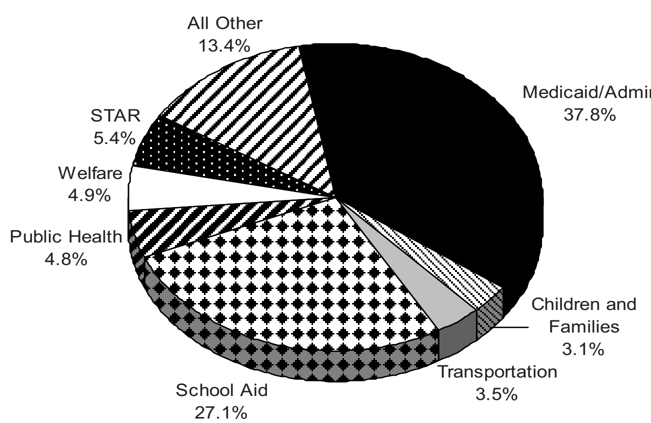
The spending forecast for each of the State's financial plan categories follows. In general, the spending changes are driven by two components: the current-services estimate for each area or activity; and the impact of the Enacted Budget actions.

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.

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 71 percent of All Funds spending.

2008-09 All Funds Local Assistance Spending
$86.3 Billion



Local Assistance Spending Projections (millions of dollars)						
	2007-08 Results*	Medicaid Allocation	2007-08 Adjusted	2008-09 Enacted	Annual $ Change	Annual % Change
General Fund	**36,412**	**49**	**36,461**	**39,126**	**2,665**	**7.3%**
Other State Support	16,157	598	16,755	17,230	475	2.8%
State Operating Funds	**52,570**	**647**	**53,217**	**56,356**	**3,140**	**5.9%**
Capital Project Funds	1,078	0	1,078	571	(508)	-47.1%
Federal Operating Funds	29,547	(784)	28,763	29,349	586	2.0%
All Funds	**83,195**	**(137)**	**83,058**	**86,276**	**3,218**	**3.9%**

**Unaudited Year-End Results*

In 2008-09, All Funds spending for local assistance is expected to total $86.3 billion. Total spending comprises State Aid to medical assistance providers and public health programs ($36.7 billion); State Aid to school districts, universities, and tuition assistance ($33.0 billion); temporary and disability assistance ($4.2 billion); mental hygiene programs ($3.6 billion); transportation ($3.0 billion); children and family services ($2.5 billion); and local government assistance ($1.2 billion). Other local assistance programs include criminal justice, economic development, housing, parks and recreation, and environmental quality. 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 Major Sources of Annual Change (millions of dollars)	General Fund	State Operating Funds	All Governmental Funds
2007-08 Results*	**36,412**	**52,570**	**83,195**
Medicaid Allocation Adjustment	49	647	(137)
2007-08 Adjusted	**36,461**	**53,217**	**83,058**
School Aid	1,629	1,764	1,800
Medicaid (incl. Admin)	202	460	717
Local Government Assistance	324	324	324
City University	178	178	178
Children and Families	151	152	168
Other Education Aid	65	67	111
Mental Hygiene	197	863	95
Transportation	4	177	(267)
Temporary and Disability Assistance	(319)	(318)	(181)
Economic Development	(45)	(45)	(101)
All Other	278	(483)	373
2008-09 Enacted Budget	**39,126**	**56,356**	**86,276**
Annual Dollar Change	*2,665*	*3,140*	*3,218*
Annual Percent Change	*7.3%*	*5.9%*	*3.9%*

Unaudited Year-End Results

For 2008-09, All Funds local assistance spending is projected to total $86.3 billion, an increase of $3.2 billion (3.9 percent) over the current year. The growth is largely driven by projected increases in School Aid ($1.8 billion) and Medicaid ($717 million). The largest annual variances are described in more detail below.

School Aid: General Fund 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 ($1.4 billion), new spending for enhancements to Foundation Aid, High Tax Aid, and other School Aid programs ($447 million), partially offset by additional lottery revenues generated by the State's sale of VLT development rights at Aqueduct ($250 million). Additional State Operating Funds spending is financed by additional lottery revenues, and additional All Governmental Funds spending is financed by additional Federal aid.

Medicaid: General Fund Medicaid spending growth reflects growth which was already projected in the State's current services plan to cover the increasing costs of providing health care services ($1.1 billion) and new Medicaid initiatives ($87 million), largely offset by enacted budget savings ($1.0 billion). General Fund initiatives include investments in hospital services, nursing homes and home care providers, while General Fund savings actions include savings which result from the $1.25 per pack increase in State cigarette taxes, savings associated with the Health Care Reform Act (HCRA), Medicaid fraud prevention, and pharmaceutical savings. Additional State Operating Funds spending is financed by available resources in HCRA and increased cigarette tax revenues, and additional All Governmental Funds spending is financed by additional Federal aid.

Local Government Assistance: In addition to over $200 million in increased aid to municipalities already budgeted in the current services plan, the enacted budget restored $82 million in Aid and Incentives to Municipalities (AIM) funding for New York City and provided $12 million in special aid to certain other cities.

City University: Largely reflects changes in the current services budget for operating costs, including increased spending associated with the State support for fringe benefit costs and an adjustment to prior-year fringe benefit payments.

Children and Families: Reflects increased spending for current services, particularly child welfare services, and new spending initiatives for programs previously funded through TANF, partly offset by various enacted savings initiatives including the 2 percent Statewide across-the-board reduction to programs and the bond financing of system software needs.

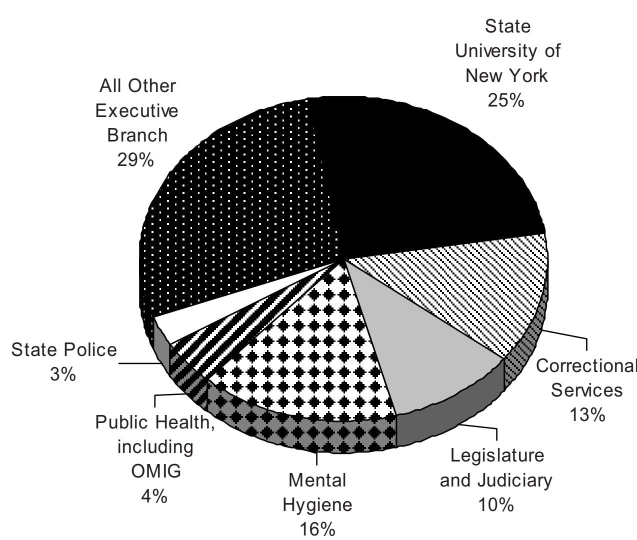
Other Education Aid: Largely reflects current services spending for special education programs, new costs associated with education aid increases to targeted school districts around the State and aid to non-public schools, partly offset by savings associated with the 2 percent across-the-board reduction to programs and the bond financing of technology purchases.

Mental Hygiene: Current service budget increases reflect existing program commitments and mandates associated with the Office of Mental Retardation and Developmental Disabilities (OMRDD) and the Office of Mental Health (OMH). The growth in current services is partly offset by enacted savings initiatives to implement various local assistance cash management and revenue maximization inititiaves.

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.

2008-09 All Funds State Operations Spending
$18.7 Billion



All Funds State Operations spending, after across-the-board reductions, is projected at $18.7 billion in 2008-09, a reduction of $700 million from the Executive Budget. Funding for the Office of the Lieutenant Governor has been eliminated. Spending finances the costs of Executive agencies ($16.8 billion) and the Legislature and Judiciary ($1.9 billion). The largest agencies include SUNY ($4.7 billion; 40,632 Full Time Equivalent Employees (FTEs)), Correctional Services

($2.5 billion; 31,973 FTEs), Mental Hygiene ($3.0 billion; 40,754 FTEs), Public Health, including OMIG ($808 million; 6,793 FTEs), and State Police ($592 million; 5,989 FTEs).

Approximately 93 percent of the State workforce is unionized. The largest unions include CSEA, which primarily represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; PEF, which primarily represents professional and technical personnel (i.e., attorneys, nurses, accountants, social workers, and institution teachers); UUP, which represents faculty and non-teaching professional staff within the State University system; and the New York State Correctional Officers and Police Benevolent Association 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 currently projected to total 201,170 in 2008-09, an increase of 1,369 FTEs over 2007-08 levels. This is before the impact of agency spending and management plans. Increases are expected in Mental Hygiene agencies (182 FTEs) primarily due to staffing related to the Sex Offender Management and Treatment Act and the NYS-CARES II program; OMIG (227 FTEs), reflecting staffing growth needed for Medicaid audit and fraud prevention activities; Motor Vehicles (109 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 (128 FTEs) are expected mainly through attrition as a result of facility closures.

State Operations Spending Projections
(millions of dollars)

	2007-08 Results*	Medicaid Allocation	2007-08 Adjusted	2008-09 Proposed	Annual $ Change	Annual % Change
General Fund	**9,579**	**(1,247)**	**8,332**	**8,662**	**330**	**4.0%**
Other State Support	5,489	1,183	6,672	6,601	(71)	-1.1%
State Operating Funds	**15,068**	**(64)**	**15,004**	**15,263**	**259**	**1.7%**
Capital Projects Funds	**0**	**0**	**0**	**0**	**0**	N/A
Federal Operating Funds	3,153	201	3,354	3,474	120	3.6%
Total All Funds	**18,221**	**137**	**18,358**	**18,737**	**379**	**2.1%**

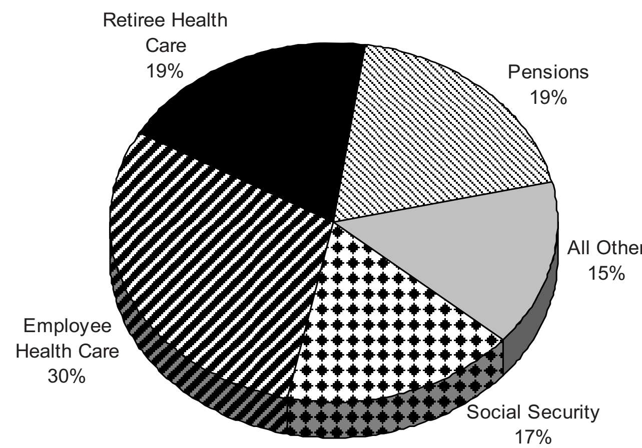
**Unaudited Year-End Results*

All Funds State Operations spending is expected to total $18.7 billion in 2008-09, comprising PS ($12.3 billion) and NPS ($6.4 billion). The majority of State Operations spending is for SUNY ($4.7 billion), Correctional Services ($2.5 billion), Judiciary ($1.9 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).

General State Charges

General State Charges
2008-09 All Funds Spending - $5.4 billion



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.

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 SUNY, 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 Results*	Medicaid Allocation**	2007-08 Adjusted	2008-09 Enacted	Annual $ Change	Annual % Change
General Fund	4,620	(1,457)	3,163	3,023	(140)	-4.4%
Other State Support	632	874	1,506	1,564	58	3.9%
State Operating Funds	**5,252**	**(583)**	4,669	**4,587**	(82)	-1.8%
Capital Projects Funds	0	0	0	0	0	0.0%
Federal Operating Funds	243	583	826	842	16	1.9%
Total All Funds	**5,495**	**0**	**5,495**	**5,429**	**(66)**	-1.2%

**Unaudited Year-End Results*
*** For detailed discussion please see Exhibit C to the Annual Information Statement.*

All Funds spending on General State Charges is expected to total $5.4 billion in 2008-09, and includes health insurance spending for employees ($1.7 billion) and retirees ($1.0 billion), pensions ($1.1 billion) and Social Security ($908 million).

The Budget authorizes 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). Savings are derived from the prepayment of pension costs, as well as accelerating the State's pension payment from September 1, 2008 to May 1, 2008, resulting in interest savings. The budget relies on the use of one-time health insurance dividends to pay for health care spending in 2008-09. 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 certain 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.

Debt Service Spending Projections
(millions of dollars)

	2007-08 Results*	2008-09 Enacted	Annual $ Change	Annual % Change
General Fund	**1,548**	**1,692**	**144**	**9.3%**
Other State Support	2,556	2,960	404	15.8%
State Operating Funds	**4,104**	**4,652**	**548**	**13.4%**
Capital Projects Funds	**0**	**0**	**0**	**0.0%**
Total All Funds	**4,104**	**4,652**	**548**	**13.4%**

**Unaudited Year-End Results*

All Funds debt service is projected at $4.7 billion in 2008-09, of which $1.7 billion is paid from the General Fund through transfers and $3.0 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.

Growth in debt service reflects costs to support ongoing capital spending. The increased spending is for education purposes ($183 million, of which $79 million is for Expanding our Children's Education and Learning (EXCEL)), transportation ($126 million), health and mental hygiene ($65 million), and economic development and housing ($67 million), as offset by the $127 million Debt Reduction Reserve Fund spending in 2007-08 and other factors. In addition, 2007-08 spending for SUNY educational facilities and the Local Government Assistance Corporation (LGAC) was reduced 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. The rates include an assumed $20 million in additional variable rate interest costs related to the dislocation in the bond markets for auction rate securities and variable rate demand bonds insured by bond insurers that have had their credit ratings downgraded. The State is substantially reducing its exposure to auction rate securities and to variable rate demand bonds connected to affected insurers. The State expects to complete this restructuring by the end of the first quarter of fiscal year 2008-09. The 2008-09 projected rate is moderately less than 2007-08 actual levels of about 3.56 percent. See also the section on "Special Considerations" later in this AIS.

The projections reflect $21 million in savings from a variety of debt management actions, including selling a minimum of 25 percent of new bond sales competitively, expanding the use of performance measures to monitor the effectiveness of broker-dealers, remarketing agents, and other service providers, and maximizing savings opportunities, including through consolidated service contract refunding structures. The State will also continue to use personal income tax revenue bonds to reduce borrowing costs.

The projections include $23 million in projected additional debt service costs to the State, primarily as a product of dislocations in the variable rate markets. These increased interest costs result mainly from credit rating agency downgrades to several bond insurance firms which have affected demand for certain variable rate bonds. See the section on "Special Considerations" later in this AIS for more information.

A number of new bond-financed capital initiatives were enacted with the 2008-09 budget. These include increased capital programs for SUNY and CUNY ($2.7 billion), $1.285 billion for various economic development initiatives, $75 million of bond-eligible capital spending from the Environmental Protection Fund (EPF), $85 million of software development costs, $100 million for housing capital, and $60 million for local highway improvements. These are expected to have a minimal impact on 2008-09 debt service spending, although they will produce higher costs in later years.

Capital Projects

The Capital Projects Fund Group 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 Results*	2008-09 Enacted	Annual $ Change	Annual % Change
General Fund	**141**	**433**	**292**	**207.1%**
Other State Support	4,235	4,677	442	10.4%
State Funds	**4,376**	**5,110**	**734**	**16.8%**
Federal Funds	1,755	1,970	215	12.3%
All Funds	**6,131**	**7,080**	**949**	**15.5%**

**Unaudited Year-End Results*

All Funds capital spending of $6.1 billion in 2007-08 is projected to increase to $7.1 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 (55 percent) of this total. The balance of projected spending will support capital investments in the areas of economic development and government oversight (10 percent), education (10 percent), mental hygiene and public protection (9 percent), and parks and the environment (9 percent). The remainder of projected capital projects spending will be spread across health and social welfare, general government and other areas (7 percent).

The 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 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 $354 million increase for other spending is spread across all other program areas, including mental hygiene, public protection, higher education, and health. To account for historical differences between commitments and cash disbursements in Capital Projects Funds, the Financial Plan includes a negative $250 million spending adjustment.

Approximately $8 million has been identified in savings by shifting environmental spending to bond financing. Another $50 million in savings is achieved in the Transportation area through a funding reduction to the State and Local Bridge Program.

The Enacted Budget Financial Plan reflects $417 million in spending on new initiatives including $122 million for economic development and housing projects, $78 million to expand existing environmental programs, $67 million for local highway and bridge projects, $64 million for education projects and $86 million for other areas including $1.5 million for renovations to the Legislative Office Building hearing rooms and $10 million for the Cornell Grape Genomics Research Facility.

OTHER FINANCING SOURCES/(USES)

Every year, the State authorizes the transfer of resources among funds and accounts.

General Fund

The most significant General Fund transfers to other funds in 2008-09 include transfers for the State share of Medicaid spending ($2.7 billion), general debt service ($1.7 billion) and capital projects ($433 million, including $241 million for pay-as-you-go projects and a $192 million transfer to the Dedicated Highway and Bridge Trust Fund). General Fund transfers to the Judiciary include moneys transferred to the Court Facilities Incentive Aid Fund, New York City County Clerks Fund, and Judiciary Data Processing Fund ($157 million). Also included in General Fund transfers to other funds are transfers

General Fund
Other Financing Sources/(Uses)
(millions of dollars)

	2007-08 Results*	2008-09 Enacted	Annual $ Change	Annual % Change
Transfers From Other Funds	**12,172**	**12,482**	**310**	**2.5%**
Revenue Bond Tax Fund (PIT)	8,473	8,583	110	1.3%
LGAC Fund (Sales Tax)	2,358	2,355	(3)	-0.1%
CW/CA Fund (Real Estate Transfer Tax)	682	597	(85)	-12.5%
All Other	659	947	288	43.7%
Transfers to Other Funds	**(2,774)**	**(5,551)**	**(2,777)**	**100.1%**
Debt Service	(1,548)	(1,692)	(144)	9.3%
Capital Projects	(141)	(433)	(292)	207.1%
All Other	(1,085)	(3,426)	(2,341)	215.8%

**Unaudited Year-End Results*

representing payments for patients residing in State-operated Health, Mental Hygiene and State University facilities ($174 million), and SUNY hospital subsidy payments ($141 million).

General Fund transfers from other funds are expected to total $12.5 billion in 2008-09, an increase of $310 million from 2007-08. Portions of personal income tax, sales tax, and the real estate transfer tax are pledged to pay debt service on State personal income tax bonds, LGAC bonds, and General Obligation bonds. Tax receipts in excess of debt service requirements are transferred to the General Fund. Annual growth in these dedicated tax receipts ($389 million) is partially offset by an increase in debt service costs ($361 million). All other General Fund transfers are projected to total $947 million in 2008-09, an increase of $288 million, primarily as a result of an increase in the sweep of excess EPF balances ($181 million).

General Fund transfers to other funds for debt service increase by $144 million from 2007-08, reflecting increases in debt service costs after accelerations of 2007-08 payments into 2006-07. Transfers to support capital projects are projected to increase by $292 million, mainly for potential transfers to the Dedicated Highway and Bridge Trust Fund aimed at reducing fund gaps ($179 million) and the conclusion of reconciling reimbursements for economic development projects in 2007-08 as the result of anticipated 2006-07 bond sales that were delayed by the absence of timely Public Authority Control Board approvals. The annual growth in transfers to other funds of $2.3 billion reflects the change to the reporting on State Medicaid spending described earlier in this report ($2.7 billion). Annual declines in other fund transfers which partly offset this increase include non-recurring transfers from the General Fund to the Debt Reduction Reserve Fund to defease debt and reduce long-term costs ($127 million) and transfers made to support School Aid ($103 million).

Other Fund Types

In Special Revenue Funds, transfers to other funds include transfers to the Debt Service Funds representing the Federal share of Medicaid payments for patients residing in State-operated Health and Mental Hygiene facilities and community homes, and patients at SUNY hospitals ($2.9 billion), a transfer from HCRA to the Capital Projects Fund to finance anticipated non-bondable spending for HEAL-NY ($100 million) and transfer of moneys from several Special Revenue accounts in excess of spending requirements.

Capital Projects funds transfers include transfers to the General Debt Service Fund from the Dedicated Highway and Bridge Trust Fund ($969 million), and transfers to the General Fund from the Hazardous Waste Remedial Fund ($27 million), and the Environmental Protection Fund ($200 million).

Debt Service Fund transfers to the General Fund include tax receipts in excess of debt service requirements for general obligation, LGAC and personal income tax revenue bonds ($11.5 billion). Transfers to Special Revenue Funds represent receipts in excess of lease/purchase obligations that are used to finance a portion of the operating expenses at DOH, Mental Hygiene facilities, and SUNY ($3.2 billion).

Annual growth in transfers between Non-General Funds is driven by an increase in transfers from Debt Service Funds to Special Revenue Funds for receipts in excess of debt obligations on State-operated Mental Hygiene facilities ($149 million) and higher than anticipated transfers from the Dedicated Highway and Bridge Trust Fund to the General Debt Service Fund due to increased debt service costs for State and local transportation programs ($195 million).

General Fund Financial Plan Outyear Projections

DOB projects that the Enacted Budget Financial Plan is balanced in the General Fund in 2008-09, and projects out-year budget gaps of $5.0 billion in 2009-10, $7.7 billion in 2010-11, and $8.8 billion in 2011-12. The following table summarizes the General Fund projections by major tax and Financial Plan category.

General Fund Enacted Budget Forecast (millions of dollars)

	2008-09	2009-10	2010-11	2011-12
Receipts				
Taxes	40,610	42,324	44,389	46,892
Personal Income Tax	23,920	24,816	26,333	28,229
User Taxes and Fees	8,937	9,258	9,601	9,975
Business Taxes	6,559	6,925	7,047	7,190
Other Taxes	1,194	1,325	1,408	1,498
Miscellaneous Receipts	2,505	2,470	2,471	2,234
Federal Grants	41	0	0	0
Transfers from Other Funds	12,482	12,351	12,914	13,618
PIT in Excess of Revenue Bond Debt Service	8,583	8,782	9,215	9,705
Sales Tax in Excess of LGAC Debt Service	2,355	2,454	2,561	2,682
Real Estate Taxes in Excess of CW/CA Debt Service	597	582	610	664
All Other	947	533	528	567
Total Receipts	**55,638**	**57,145**	**59,774**	**62,744**
Disbursements				
Grants to Local Governments	39,126	43,136	47,046	49,988
State Operations	8,662	9,100	9,664	9,909
General State Charges	3,023	3,848	4,039	4,336
Transfers to Other Funds	5,550	6,029	6,778	7,353
Debt Service	1,692	1,680	1,706	1,673
Capital Projects	433	680	1,046	1,099
Other Purposes	3,425	3,669	4,026	4,581
Total Disbursements	**56,361**	**62,113**	**67,527**	**71,586**
Change in Reserves				
Rainy Day Reserve Fund	0	0	0	0
Prior Year Reserves	(620)	0	0	0
Community Projects Fund	(103)	48	(22)	(80)
Deposit to/(Use of) Reserves	**(723)**	**48**	**(22)**	**(80)**
Revised Budget Surplus/(Gap) Estimate	**0**	**(5,016)**	**(7,731)**	**(8,762)**

After actions, General Fund spending is projected to grow at an average annual rate of 8.3 percent over this period. The spending is driven by, among other things, School Aid, health care, the State-financed cap on local Medicaid spending, employee and retiree health benefits, local government aid and child welfare programs. Over the same period, General Fund receipts are estimated to grow at approximately 4 percent a year.

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 2009-10 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 section.

2009-10 General Fund Annual Change Savings/(Costs) (millions of dollars)	
	Dollar
RECEIPTS GROWTH	**1,507**
Personal Income Tax *	896
User Taxes and Fees *	321
Business Taxes	366
Other Taxes *	131
Miscellaneous Receipts	(35)
All Other Transfers/Changes	(172)
** Includes transfers after debt service*	
DISBURSEMENTS GROWTH	**5,752**
Local Assistance	**4,010**
Medicaid (incl. admin)	1,797
Program Growth	*889*
Other (Includes 53rd Medicaid Cycle and Timing of Certain Payments	*650*
Medicaid Cap/Family Health Plus Takeover	*258*
School Aid	1,762
Children and Family Services	149
Local Government Aid	163
All Other Local Assistance	139
State Operations	**438**
Personal Service	295
Non-personal Service	143
General State Charges	**825**
Health Insurance	228
Pensions	233
All Other	364
Transfers to Other Funds	**479**
Change Reserves Used for Operations	**(771)**
"CURRENT SERVICES" BUDGET GAP FOR 2009-10	**(5,016)**

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. 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 performance of the economy in general and the financial services sector in particular, and the concomitant impact on State tax receipts. DOB's current economic forecast predicts a mild recession in 2008, with growth beginning again in calendar year 2008. The forecast for State tax receipts is based on the current forecast.

- 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 CUNY employees.

- The projections after 2008-09 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 could have a materially adverse impact on the size of the budget gaps for 2009-10 and beyond.

Outyear 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	23,920	24,816	896	26,333	1,517	28,229	1,896
User Taxes and Fees	8,937	9,258	321	9,601	343	9,975	374
Business Taxes	6,559	6,925	366	7,047	122	7,190	143
Other Taxes	1,194	1,325	131	1,408	83	1,498	90
Miscellaneous Receipts	2,505	2,470	(35)	2,471	1	2,234	(237)
Federal Grants	41	0	(41)	0	0	0	0
Transfers from Other Funds	12,482	12,351	(131)	12,914	563	13,618	704
PIT in Excess of Revenue Bond Debt Service	8,583	8,782	199	9,215	433	9,705	490
Sales Tax in Excess of LGAC Debt Service	2,355	2,454	99	2,561	107	2,682	121
Real Estate Taxes in Excess of CW/CA Debt Service	597	582	(15)	610	28	664	54
All Other	947	533	(414)	528	(5)	567	39
Total Receipts	**55,638**	**57,145**	**1,507**	**59,774**	**2,629**	**62,744**	**2,970**

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

The complete multi-year forecast for receipts is found in the section "2008-09 Receipts and Disbursements Forecast" presented earlier in this AIS.

Outyear General Fund Disbursement Projections

DOB forecasts General Fund spending of $62.1 billion in 2009-10, an increase of $5.8 billion (10.2 percent) over recommended 2008-09 levels. Growth in 2010-11 is projected at $5.4 billion (8.7 percent) and in 2011-12 at $4.1 billion (6.0 percent). The growth levels are based on current-services projections, as modified by the actions contained in the 2008-09 Executive Budget including Governor Paterson's across-the-board cuts. The main sources of annual spending growth for 2009-10, 2010-11, and 2011-12 are itemized in the following table.

Out-Year Disbursement Projections - General Fund
(millions of dollars)

	2008-09	2009-10	Annual $ Change	Annual % Change	2010-11	Annual $ Change	Annual % Change	2011-12	Annual $ Change	Annual % Change
Grants to Local Governments:	**39,126**	**43,136**	**4,010**	**10.2%**	**47,046**	**3,910**	**9.1%**	**49,988**	**2,942**	**6.3%**
School Aid	17,825	19,587	1,762	9.9%	21,597	2,010	10.3%	23,157	1,560	7.2%
Medicaid (including administration)	8,253	9,792	1,539	18.6%	10,864	1,072	10.9%	11,589	725	6.7%
Medicaid: Local Relief	943	1,201	258	27.4%	1,542	341	28.4%	1,923	381	
Mental Hygiene	2,062	2,149	87	4.2%	2,198	49	2.3%	2,261	63	2.9%
Children and Family Services	1,762	1,911	149	8.5%	2,096	185	9.7%	2,246	150	7.2%
Local Government Assistance	1,242	1,405	163	13.1%	1,482	77	5.5%	1,478	(4)	-0.3%
Higher Education	2,461	2,538	77	3.1%	2,600	62	2.4%	2,621	21	0.8%
Public Health	628	723	95	15.1%	778	55	7.6%	806	28	3.6%
Other Education Aid	1,762	1,798	36	2.0%	1,854	56	3.1%	1,917	63	3.4%
Temporary and Disability Assistance	1,213	1,279	66	5.4%	1,280	1	0.1%	1,283	3	0.2%
Transportation	110	103	(7)	-6.4%	103	0	0.0%	103	0	0.0%
All Other	865	650	(215)	-24.9%	652	2	0.3%	604	(48)	-7.4%
State Operations:	**8,662**	**9,100**	**438**	**5.1%**	**9,664**	**564**	**6.2%**	**9,909**	**245**	**2.5%**
Personal Service	6,275	6,570	295	4.7%	7,019	449	6.8%	7,200	181	2.6%
Non-Personal Service	2,387	2,530	143	6.0%	2,645	115	4.5%	2,709	64	2.4%
General State Charges	**3,023**	**3,848**	**825**	**27.3%**	**4,039**	**191**	**5.0%**	**4,336**	**297**	**7.4%**
Pensions	1,054	1,287	233	22.1%	1,285	(2)	-0.2%	1,342	57	4.4%
Health Insurance (Active Employees)	1,652	1,790	138	8.4%	1,950	160	8.9%	2,127	177	9.1%
Health Insurance (Retired Employees)	1,039	1,129	90	8.7%	1,233	104	9.2%	1,347	114	9.2%
Medicaid Adjustment	(1,458)	(1,113)	345		(1,219)	(106)		(1,297)	(78)	
All Other	736	755	19	2.6%	790	35	4.6%	817	27	3.4%
Transfers to Other Funds:	**5,550**	**6,029**	**479**	**8.6%**	**6,778**	**749**	**12.4%**	**7,353**	**575**	**8.5%**
Debt Service	1,692	1,680	(12)	-0.7%	1,706	26	1.5%	1,673	(33)	-1.9%
Capital Projects	433	680	247	57.0%	1,046	366	53.8%	1,099	53	5.1%
All Other	3,425	3,669	244	7.1%	4,026	357	9.7%	4,581	555	13.8%
TOTAL DISBURSEMENTS	**56,361**	**62,113**	**5,752**	**10.2%**	**67,527**	**5,414**	**8.7%**	**71,586**	**4,059**	**6.0%**

Grants to Local Governments

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	360,436	444,044	494,112	499,053	504,043
Medicaid Inflation	2.4%	2.0%	2.9%	3.0%	3.0%	3.0%
Medicaid Utilization	1.1%	-3.9%	-4.5%	4.4%	4.2%	4.4%
State Takeover of County/NYC Costs (Total)	$622	$667	$943	$1,201	$1,542	$1,923
- Family Health Plus	$424	$432	$457	$470	$487	$487
- Medicaid*	$198	$235	$486	$731	$1,055	$1,436
Education						
School Aid (School Year)	$17,835	$19,650	$21,395	$23,200	$25,750	$27,300
K-12 Enrollment	2,783,153	2,747,606	2,747,606	2,747,606	2,747,606	2,747,606
Public Higher Education Enrollment (FTEs)	499,082	512,362	518,431	525,408	529,133	533,021
TAP Recipients	320,930	312,779	311,036	312,536	314,286	315,786
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

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Medicaid

General Fund spending for Medicaid is expected to grow by $1.8 billion in 2009-10, $1.4 billion in 2010-11, and another $1.6 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 (e.g., hospitals, nursing homes). The State cap on local Medicaid costs and takeover of local FHP costs, which are included in base categories of service, are projected to increase spending by $276 million in 2008-09, $258 million in 2009-10, and $341 million in 2010-11. In 2009-10, an extra weekly payment to providers adds an estimated $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 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 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/Academic Achievement Grant	13,745	14,862	1,117	16,200	1,338	18,050	1,850	18,750	700
Universal Pre-kindergarten	354	451	97	540	89	630	90	655	25
High Tax Aid	100	202	102	100	(102)	100	0	100	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)	4,717	5,080	363	5,487	407	5,941	454	6,421	480
Other Aid Categories/Initiatives	664	665	1	694	29	838	144	1,183	345
Total School Aid	**19,650**	**21,395**	**1,745**	**23,200**	**1,805**	**25,750**	**2,550**	**27,300**	**1,550**

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. Increased funding in 2008-09 for High Tax Aid and several other aid categories is provided on a one-year basis and not continued in the out-years.

On a school-year basis, School Aid is projected at $23.2 billion in 2009-10, $25.8 billion in 2010-11, and $27.3 billion in 2011-12. On a School Year basis, School Aid spending is projected to grow by $1.8 billion in 2009-10, $2.6 billion in 2010-11, and $1.6 billion in 2011-12. Outside the General Fund, revenues from core lottery sales are projected to increase by $99 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 $731 million in 2008-09, then decrease by $144 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 $219 million in 2010-11 and $196 million in 2011-12. VLTs are expected to total $1.0 billion in 2011-12. The VLT estimates assume the start of operations at Aqueduct in 2009-10 and Belmont in 2010-11.

Mental Hygiene

Mental Hygiene spending is projected at $2.1 billion in 2009-10, $2.2 billion in 2010- 11, and $2.3 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 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 certain chemical dependence treatment and prevention initiatives in OASAS.

Children and Family Services

Children and Family Services local assistance spending is projected to grow by $149 million in 2009-10, $185 million in 2010-11 and $150 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 $1.3 billion in 2009-10, an increase of $66 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 expected 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 $195 million over 2008-09 levels. This growth in spending primarily reflects increases in local government assistance including unrestricted aid to New York City ($82 million), additional payments for AIM and Local Government Efficiency Grants ($71 million), various public health program costs, and other education aid. This growth is partially offset by declines in the Division of Military and Naval Affairs and Labor.

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	199,754	201,170	201,170	201,170	201,170

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

State Operations spending is expected to total $9.1 billion in 2009-10, an annual increase of $438 million (5.1 percent). In 2010-11, spending is projected to grow by another $564 million (6.2 percent) to a total of $9.7 billion, followed by another $245 million (2.5 percent) for a total of $9.9 billion in 2011-12. Across-the-board reductions are projected to reduce State Operations spending levels by $524 million in all years, a 5.5 percent reduction from 2007-08 spending levels. The net personal service growth primarily reflects the impact of the settled labor contracts. In addition, salary adjustments for performance advances, longevity payments and promotions; and increased staffing levels, primarily in Judiciary and Correctional Services drive spending growth. 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	**6,275**	**6,570**	**295**	**7,019**	**449**	**7,201**	**182**
Collective Bargaining	620	775	155	1,155	380	1,155	0
Management Plan	(228)	(228)	0	(227)	1	(227)	0
Correctional Services	1,830	1,875	45	1,915	40	1,934	19
Judiciary	1,355	1,474	119	1,603	129	1,740	137
All Other	2,698	2,674	(24)	2,573	(101)	2,599	26

- **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).

- **Correctional Services:** Growth is attributable primarily to the Sex Offender Management and Treatment Act, the restricted use of special housing units for mentally ill inmates, and re-entry services for inmates who will be released to the community, 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.

Non-Personal Service

General Fund - Non-Personal Service (millions of dollars)							
	2008-09	2009-10	Annual $ Change	20010-11	Annual $ Change	2011-12	Annual $ Change
Total	**2,387**	**2,530**	**143**	**2,645**	**115**	**2,709**	**64**
Management Plan	(296)	(295)	1	(295)	0	(295)	0
Correctional Services	636	674	38	713	39	756	43
State Police	60	83	23	83	0	82	(1)
Public Health	123	142	19	161	19	165	4
Temporary and Disability Assistance	36	53	17	54	1	57	3
State University	438	452	14	470	18	490	20
All Other	1,094	1,126	32	1,164	38	1,159	(5)

- **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 of the Enacted Budget action providing funding for the State to directly enroll individuals into Medicaid, CHP and FHP.

- **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%	5.4%	5.5%	9.5%	9.5%	9.5%

**Unaudited Year-End Results*

General State Charges are projected to total $3.9 billion in 2009-10, $4.0 billion in 2010-11 and $4.3 billion in 2011-12. The annual increases are due mainly to anticipated cost increases in pensions and health insurance for State employees and retirees.

The State's pension contribution rate to the New York State and Local Retirement System, which is 8.8 percent 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 $233 million over 2008-09 due to projected growth in the salary base. This large growth is also caused by the prepayment of the State's 2008-09 amortization costs in 2007-08. 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	1,566	988	2,554
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 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:	**5,550**	**6,029**	**479**	**6,778**	**749**	**7,353**	**575**
Debt Service	1,692	1,680	(12)	1,706	26	1,673	(33)
Capital Projects	433	680	247	1,046	366	1,099	53
Dedicated Highway and Bridge Trust Fund	192	313	121	698	385	792	94
All Other Capital	241	367	126	348	(19)	307	(41)
All Other Transfers	3,425	3,669	244	4,026	357	4,581	555
State Share Medicaid Costs	2,655	2,632	(23)	2,678	46	2,701	23
Mental Hygiene Operations	0	170	170	464	294	572	108
Medicaid Payments for State Facility Patients	174	174	0	174	0	174	0
Judiciary Funds	156	148	(8)	158	10	165	7
HCRA	0	0	0	0	0	466	466
SUNY- Hospital Operations	141	159	18	167	8	167	0
Banking Services	66	66	0	66	0	66	0
Empire State Stem Cell Trust Fund	3	35	32	47	12	0	(47)
Statewide Financial System	0	30	30	35	5	30	(5)
All Other	230	255	25	237	(18)	240	3

In 2009-10, transfers to other funds are estimated at $6.0 billion, an increase of $479 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 $126 million.

All other transfers are expected to increase by $244 million from 2008-09. The most significant change includes an increase in transfers to supplement resources available for the Mental Hygiene system. In addition transfers are increasing for the State's SUNY subsidy to hospitals and funding for the State's financial management system. General Fund transfers for stem cell research increase in 2009-10 and decline in 2011-12 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 $749 million. This reflects expected growth in General Fund support to the Dedicated Highway and Bridge Trust Fund and Medicaid related spending in State Operated Mental Hygiene facilities. In 2011-12 transfers are expected to increase by

$575 million, mainly to provide subsidies to HCRA, the Dedicated Highway and Bridge Trust Fund, and Mental Hygiene facility Medicaid related spending.

Financial Plan 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 made its first deposit of $175 million in 2007-08. The Tax Stabilization Reserve has an authorized balance of 2 percent and can be used only to cover unforeseen year-end deficits.

The State projects that General Fund reserves will total $2.0 billion at the end of 2008-09, with $1.2 billion in undesignated reserves available to deal with unforeseen contingencies and $804 million 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 $445 million set aside for labor settlements (after the use of $620 million for existing settlements in 2008-09), $237 million in the Community Projects Fund to finance existing "member-item" initiatives, and $122 million set aside for the debt management purposes.

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.

Cash Flow Forecast

In 2008-09, the General Fund is projected to have quarterly-ending balances of $3.8 billion in June 2008, $5.2 billion in September 2008, $799 million in December 2008, and $2.0 billion at the end of March 2009. The lowest projected month-end cash flow balance is in December 2008. DOB's detailed monthly cash flow projections for 2007-08, 2008-09, and 2009-10 are set forth in the Financial Plan Tables.

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 comprises 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).

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

	2007-2008 Year-End*	2008-2009 Enacted	Annual Change
Opening fund balance	3,045	2,754	(291)
Receipts:			
Taxes:			
Personal income tax	22,759	23,920	1,161
User taxes and fees	8,555	8,937	382
Business taxes	6,018	6,559	541
Other taxes	1,063	1,194	131
Miscellaneous receipts	2,458	2,505	47
Federal grants	69	41	(28)
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,473	8,583	110
Sales tax in excess of LGAC debt service	2,358	2,355	(3)
Real estate taxes in excess of CW/CA debt service	682	597	(85)
All other transfers	659	947	288
Total receipts	53,094	55,638	2,544
Disbursements:			
Grants to local governments	36,412	39,126	2,714
State operations	9,579	8,662	(917)
General State charges	4,620	3,023	(1,597)
Transfers to other funds:			0
Debt service	1,548	1,692	144
Capital projects	141	433	292
Other purposes	1,085	3,425	2,340
Total disbursements	53,385	56,361	2,976
Change in fund balance	(291)	(723)	(432)
Closing fund balance	2,754	2,031	(723)
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	340	237	(103)
Refund Reserve Account**	1,187	567	(620)

Source: NYS DOB

**Unaudited Year-end Results*

**At the end of 2007-08, DOB designated $1.065 billion of Refund Reserve Account balance for labor settlements and other risks, and $122 million for debt reduction management. At the end of 2008-09, DOB expects to have reserved $445 million of the Refund Reserve Account balance for labor settlements and other risks, and $122 million for debt reduction management.

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

	2008-2009 Enacted	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected
Receipts:				
Taxes:				
Personal income tax	23,920	24,816	26,333	28,229
User taxes and fees	8,937	9,258	9,601	9,975
Business taxes	6,559	6,925	7,047	7,190
Other taxes	1,194	1,325	1,408	1,498
Miscellaneous receipts	2,505	2,470	2,471	2,234
Federal grants	41	0	0	0
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	8,583	8,782	9,215	9,705
Sales tax in excess of LGAC debt service	2,355	2,454	2,561	2,682
Real estate taxes in excess of CW/CA debt service	597	582	610	664
All other transfers	947	533	528	567
Total receipts	55,638	57,145	59,774	62,744
Disbursements:				
Grants to local governments	39,126	43,136	47,046	49,988
State operations	8,662	9,100	9,664	9,909
General State charges	3,023	3,848	4,039	4,336
Transfers to other funds:				
Debt service	1,692	1,680	1,706	1,673
Capital projects	433	680	1,046	1,099
Other purposes	3,425	3,669	4,026	4,581
Total disbursements	56,361	62,113	67,527	71,586
Deposit to/(use of) Community Projects Fund	(103)	48	(22)	(80)
Deposit to/(use of) Prior Year Reserves	(620)	0	0	0
Margin	0	(5,016)	(7,731)	(8,762)

Source: NYS DOB

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

	21-Day	Change	Enacted
Opening fund balance	2,626	128	2,754
Receipts:			
Taxes:			
Personal income tax	24,205	(285)	23,920
User taxes and fees	8,832	105	8,937
Business taxes	7,127	(568)	6,559
Other taxes	1,194	0	1,194
Miscellaneous receipts	2,242	263	2,505
Federal Grants	41	0	41
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,694	(111)	8,583
Sales tax in excess of LGAC debt service	2,310	45	2,355
Real estate taxes in excess of CW/CA debt service	615	(18)	597
All other	724	223	947
Total receipts	55,984	(346)	55,638
Disbursements:			
Grants to local governments	41,608	(2,482)	39,126
State operations	8,851	(189)	8,662
General State charges	3,033	(10)	3,023
Transfers to other funds:			
Debt service	1,692	0	1,692
Capital projects	381	52	433
Other purposes	819	2,606	3,425
Total disbursements	56,384	(23)	56,361
Change in fund balance	(400)	(323)	(723)
Closing fund balance	2,226	(195)	2,031
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	291	(54)	237
Debt Reduction Reserve Fund	0	122	122
Labor Settlement Reserve/Other Risks	708	(263)	445

Source: NYS DOB

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

	2007-2008 Year-End*	2008-2009 Enacted	Annual Change
Personal income tax	22,759	23,920	1,161
User taxes and fees	8,555	8,937	382
Sales and use tax	7,945	8,186	241
Cigarette and tobacco taxes	409	433	24
Motor vehicle fees	(51)	61	112
Alcoholic beverages taxes	205	209	4
Alcoholic beverage control license fees	47	48	1
Business taxes	6,018	6,559	541
Corporation franchise tax	3,446	3,706	260
Corporation and utilities tax	603	613	10
Insurance taxes	1,089	1,171	82
Bank tax	880	1,069	189
Petroleum business tax	0	0	0
Other taxes	1,063	1,194	131
Estate tax	1,037	1,170	133
Gift tax	1	0	(1)
Real property gains tax	1	0	(1)
Pari-mutuel taxes	23	23	0
Other taxes	1	1	0
Total taxes	38,395	40,610	2,215
Miscellaneous receipts	2,458	2,505	47
Federal Grants	69	41	(28)
Total	40,922	43,156	2,234

Source: NYS DOB
**Unaudited Year-end Results*

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	3,045	3,671	233	6,949
Receipts:				
Taxes	38,395	7,834	12,595	58,824
Miscellaneous receipts	2,458	13,403	842	16,703
Federal grants	69	0	0	69
Total receipts	40,922	21,237	13,437	75,596
Disbursements:				
Grants to local governments	36,412	16,157	0	52,569
State operations	9,579	5,457	32	15,068
General State charges	4,620	632	0	5,252
Debt service	0	0	4,104	4,104
Capital projects	0	8	0	8
Total disbursements	50,611	22,254	4,136	77,001
Other financing sources (uses):				
Transfers from other funds	12,172	1,579	5,434	19,185
Transfers to other funds	(2,774)	(713)	(14,683)	(18,170)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	9,398	866	(9,249)	1,015
Change in fund balance	(291)	(151)	52	(390)
Closing fund balance	2,754	3,520	285	6,559

Source: NYS DOB
**Unaudited Year-end Results*

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2008-2009
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,754	3,520	285	6,559
Receipts:				
Taxes	40,610	8,200	12,984	61,794
Miscellaneous receipts	2,505	13,341	941	16,787
Federal grants	41	1	0	42
Total receipts	43,156	21,542	13,925	78,623
Disbursements:				
Grants to local governments	39,126	17,230	0	56,356
State operations	8,662	6,540	61	15,263
General State charges	3,023	1,565	0	4,588
Debt service	0	0	4,652	4,652
Capital projects	0	3	0	3
Total disbursements	50,811	25,338	4,713	80,862
Other financing sources (uses):				
Transfers from other funds	12,482	3,987	5,641	22,110
Transfers to other funds	(5,550)	(963)	(14,785)	(21,298)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,932	3,024	(9,144)	812
Deposit to/(use of) Community Projects Fund	(103)	0	0	(103)
Deposit to/(use of) Prior Year Reserves	(620)	0	0	(620)
Change in fund balance	0	(772)	68	(704)
Closing fund balance	2,031	2,748	353	5,132

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,748	353	3,101
Receipts:				
Taxes	42,324	8,992	13,590	64,906
Miscellaneous receipts	2,470	13,250	897	16,617
Federal grants	0	1	0	1
Total receipts	44,794	22,243	14,487	81,524
Disbursements:				
Grants to local governments	43,136	18,010	0	61,146
State operations	9,100	6,706	61	15,867
General State charges	3,848	1,182	0	5,030
Debt service	0	0	5,158	5,158
Capital projects	0	3	0	3
Total disbursements	56,084	25,901	5,219	87,204
Other financing sources (uses):				
Transfers from other funds	12,351	4,057	5,741	22,149
Transfers to other funds	(6,029)	(739)	(14,950)	(21,718)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,322	3,318	(9,209)	431
Deposit to/(use of) Community Projects Fund	48	0	0	48
Change in fund balance	(5,016)	(340)	59	(5,297)
Closing fund balance	(5,016)	2,408	412	(2,196)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,408	412	2,820
Receipts:				
Taxes	44,389	9,555	14,403	68,347
Miscellaneous receipts	2,471	13,664	933	17,068
Federal grants	0	1	0	1
Total receipts	46,860	23,220	15,336	85,416
Disbursements:				
Grants to local governments	47,046	18,664	0	65,710
State operations	9,664	6,908	61	16,633
General State charges	4,039	1,255	0	5,294
Debt service	0	0	5,803	5,803
Capital projects	0	2	0	2
Total disbursements	60,749	26,829	5,864	93,442
Other financing sources (uses):				
Transfers from other funds	12,914	4,321	6,155	23,390
Transfers to other funds	(6,778)	(822)	(15,562)	(23,162)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,136	3,499	(9,407)	228
Deposit to/(use of) Community Projects Fund	(22)	0	0	(22)
Change in fund balance	(7,731)	(110)	65	(7,776)
Closing fund balance	(7,731)	2,298	477	(4,956)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,298	477	2,775
Receipts:				
Taxes	46,892	9,896	15,290	72,078
Miscellaneous receipts	2,234	13,948	975	17,157
Federal grants	0	1	0	1
Total receipts	49,126	23,845	16,265	89,236
Disbursements:				
Grants to local governments	49,988	19,784	0	69,772
State operations	9,909	6,929	61	16,899
General State charges	4,336	1,306	0	5,642
Debt service	0	0	6,146	6,146
Capital projects	0	2	0	2
Total disbursements	64,233	28,021	6,207	98,461
Other financing sources (uses):				
Transfers from other funds	13,618	4,904	6,266	24,788
Transfers to other funds	(7,353)	(861)	(16,241)	(24,455)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,265	4,043	(9,975)	333
Deposit to/(use of) Community Projects Fund	(80)	0	0	(80)
Change in fund balance	(8,762)	(133)	83	(8,812)
Closing fund balance	(8,762)	2,165	560	(6,037)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	3,045	4,007	(432)	233	6,853
Receipts:					
Taxes	38,395	7,834	2,047	12,595	60,871
Miscellaneous receipts	2,458	13,605	2,735	842	19,640
Federal grants	69	33,095	1,745	0	34,909
Total receipts	40,922	54,534	6,527	13,437	115,420
Disbursements:					
Grants to local governments	36,412	45,704	1,079	0	83,195
State operations	9,579	8,610	0	32	18,221
General State charges	4,620	856	0	0	5,476
Debt service	0	0	0	4,104	4,104
Capital projects	0	8	5,052	0	5,060
Total disbursements	50,611	55,178	6,131	4,136	116,056
Other financing sources (uses):					
Transfers from other funds	12,172	4,000	272	5,434	21,878
Transfers to other funds	(2,774)	(3,484)	(939)	(14,683)	(21,880)
Bond and note proceeds	0	0	269	0	269
Net other financing sources (uses)	9,398	516	(398)	(9,249)	267
Change in fund balance	(291)	(128)	(2)	52	(369)
Closing fund balance	2,754	3,879	(434)	285	6,484

Source: NYS DOB
**Unaudited Year-end Results*

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2008-2009
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,754	3,879	(434)	285	6,484
Receipts:					
Taxes	40,610	8,200	2,110	12,984	63,904
Miscellaneous receipts	2,505	13,461	3,177	941	20,084
Federal grants	41	33,922	1,993	0	35,956
Total receipts	43,156	55,583	7,280	13,925	119,944
Disbursements:					
Grants to local governments	39,126	46,579	571	0	86,276
State operations	8,662	10,014	0	61	18,737
General State charges	3,023	2,406	0	0	5,429
Debt service	0	0	0	4,652	4,652
Capital projects	0	3	6,509	0	6,512
Total disbursements	50,811	59,002	7,080	4,713	121,606
Other financing sources (uses):					
Transfers from other funds	12,482	6,545	613	5,641	25,281
Transfers to other funds	(5,550)	(3,801)	(1,235)	(14,785)	(25,371)
Bond and note proceeds	0	0	473	0	473
Net other financing sources (uses)	6,932	2,744	(149)	(9,144)	383
Deposit to/(use of) Community Projects Fund	(103)	0	0	0	(103)
Deposit to/(use of) Prior Year Reserves	(620)	0	0	0	(620)
Change in fund balance	0	(675)	51	68	(556)
Closing fund balance	2,031	3,204	(383)	353	5,205

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	0	3,204	(383)	353	3,174
Receipts:					
Taxes	42,324	8,992	2,182	13,590	67,088
Miscellaneous receipts	2,470	13,360	4,238	897	20,965
Federal grants	0	35,034	2,000	0	37,034
Total receipts	44,794	57,386	8,420	14,487	125,087
Disbursements:					
Grants to local governments	43,136	48,616	625	0	92,377
State operations	9,100	10,235	0	61	19,396
General State charges	3,848	2,091	0	0	5,939
Debt service	0	0	0	5,158	5,158
Capital projects	0	3	7,923	0	7,926
Total disbursements	56,084	60,945	8,548	5,219	130,796
Other financing sources (uses):					
Transfers from other funds	12,351	6,670	915	5,741	25,677
Transfers to other funds	(6,029)	(3,554)	(1,168)	(14,950)	(25,701)
Bond and note proceeds	0	0	617	0	617
Net other financing sources (uses)	6,322	3,116	364	(9,209)	593
Deposit to/(use of) Community Projects Fund	48	0	0	0	48
Change in fund balance	(5,016)	(443)	236	59	(5,164)
Closing fund balance	(5,016)	2,761	(147)	412	(1,990)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,761	(147)	412	3,026
Receipts:					
Taxes	44,389	9,555	2,184	14,403	70,531
Miscellaneous receipts	2,471	13,774	3,892	933	21,070
Federal grants	0	36,122	1,953	0	38,075
Total receipts	46,860	59,451	8,029	15,336	129,676
Disbursements:					
Grants to local governments	47,046	50,276	631	0	97,953
State operations	9,664	10,621	0	61	20,346
General State charges	4,039	2,237	0	0	6,276
Debt service	0	0	0	5,803	5,803
Capital projects	0	2	7,654	0	7,656
Total disbursements	60,749	63,136	8,285	5,864	138,034
Other financing sources (uses):					
Transfers from other funds	12,914	7,071	1,362	6,155	27,502
Transfers to other funds	(6,778)	(3,683)	(1,509)	(15,562)	(27,532)
Bond and note proceeds	0	0	660	0	660
Net other financing sources (uses)	6,136	3,388	513	(9,407)	630
Deposit to/(use of) Community Projects Fund	(22)	0	0	0	(22)
Change in fund balance	(7,731)	(297)	257	65	(7,706)
Closing fund balance	(7,731)	2,464	110	477	(4,680)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,464	110	477	3,051
Receipts:					
Taxes	46,892	9,896	2,198	15,290	74,276
Miscellaneous receipts	2,234	14,058	3,770	975	21,037
Federal grants	0	37,818	1,921	0	39,739
Total receipts	49,126	61,772	7,889	16,265	135,052
Disbursements:					
Grants to local governments	49,988	53,064	634	0	103,686
State operations	9,909	10,675	0	61	20,645
General State charges	4,336	2,337	0	0	6,673
Debt service	0	0	0	6,146	6,146
Capital projects	0	2	7,348	0	7,350
Total disbursements	64,233	66,078	7,982	6,207	144,500
Other financing sources (uses):					
Transfers from other funds	13,618	7,640	1,401	6,266	28,925
Transfers to other funds	(7,353)	(3,745)	(1,593)	(16,241)	(28,932)
Bond and note proceeds	0	0	513	0	513
Net other financing sources (uses)	6,265	3,895	321	(9,975)	506
Deposit to/(use of) Community Projects Fund	(80)	0	0	0	(80)
Change in fund balance	(8,762)	(411)	228	83	(8,862)
Closing fund balance	(8,762)	2,053	338	560	(5,811)

Source: NYS DOB

CASHFLOW
GENERAL FUND
2008-2009
(dollars in millions)

	2008 April Projected	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2009 January Projected	February Projected	March Projected	Total
OPENING BALANCE	2,754	7,484	3,270	3,786	3,502	3,682	5,222	3,875	1,239	799	5,445	4,861	2,754
RECEIPTS:													
Personal Income Tax	5,457	831	2,234	1,518	1,553	2,047	598	(56)	1,362	4,997	1,563	1,816	23,920
User Taxes and Fees	642	656	903	690	664	896	658	702	906	723	618	879	8,937
Business Taxes	194	54	1,240	125	141	1,320	111	78	1,176	97	162	1,861	6,559
Other Taxes	99	99	100	100	101	101	99	99	99	99	99	99	1,194
Total Taxes	6,392	1,640	4,477	2,433	2,459	4,364	1,466	823	3,543	5,916	2,442	4,655	40,610
Licenses, fees, etc.	30	63	46	29	63	44	54	51	35	40	54	62	571
Abandoned Property	20	0	18	17	10	56	15	184	41	74	61	255	751
Reimbursement	4	11	24	5	14	22	13	10	24	7	12	27	173
Investment income	35	7	25	24	(7)	6	53	16	5	25	0	11	200
Other transactions	30	36	156	47	57	59	41	34	57	37	33	223	810
Total Miscellaneous Receipts	119	117	269	122	137	187	176	295	162	183	160	578	2,505
Federal Grants	0	11	4	0	4	0	9	9	0	4	0	0	41
PIT in excess of Revenue Bond Debt Service	1,818	206	873	525	350	942	600	35	877	1,419	143	795	8,583
Sales Tax in Excess of LGAC Debt Service	189	24	447	207	200	211	198	212	278	219	23	147	2,355
Real Estate Taxes in Excess of CW/CA Debt Service	63	56	45	47	57	57	53	40	50	53	39	37	597
All Other	0	0	55	39	1	5	8	5	122	3	1	708	947
Total Transfers from Other Funds	2,070	286	1,420	818	608	1,215	859	292	1,327	1,694	206	1,687	12,482
TOTAL RECEIPTS	8,581	2,054	6,170	3,373	3,208	5,766	2,510	1,419	5,032	7,797	2,808	6,920	55,638
DISBURSEMENTS:													
School Aid	341	2,335	1,891	193	560	1,494	636	1,124	1,609	471	829	6,342	17,825
Higher Education	17	11	490	115	109	93	472	24	249	53	348	479	2,460
All Other Education	14	233	150	221	85	101	101	103	113	178	163	301	1,763
Medicaid - DOH	1,300	893	938	744	359	467	880	867	791	664	567	724	9,194
Public Health	40	53	44	51	37	50	50	46	46	102	22	86	627
Mental Hygiene	73	77	134	142	127	251	137	129	226	233	133	398	2,060
Children and Families	8	125	107	262	103	115	86	87	294	92	96	388	1,763
Temporary & Disability Assistance	126	128	308	156	156	166	(144)	156	168	(144)	125	12	1,213
Transportation	0	14	46	1	14	2	0	13	8	0	12	0	110
All Other	16	42	427	71	58	208	16	59	481	54	53	626	2,111
Total Local Assistance Grants	1,935	3,911	4,535	1,956	1,608	2,947	2,234	2,608	3,985	1,703	2,348	9,356	39,126
Personal Service	669	578	477	684	529	495	615	466	448	521	426	367	6,275
Non-Personal Service	170	206	197	193	209	192	173	160	181	213	198	295	2,387
Total State Operations	839	784	674	877	738	687	788	626	629	734	624	662	8,662
General State Charges	357	1,042	(68)	443	295	(114)	412	285	(53)	325	145	(46)	3,023
Debt Service	228	139	201	36	46	278	22	175	404	3	19	141	1,692
Capital Projects	101	56	54	98	83	111	150	70	221	111	84	(706)	433
Other Purposes	391	336	258	247	258	317	251	291	286	275	172	343	3,425
Total Transfers to Other Funds	720	531	513	381	387	706	423	536	911	389	275	(222)	5,550
TOTAL DISBURSEMENTS	3,851	6,268	5,654	3,657	3,028	4,226	3,857	4,055	5,472	3,151	3,392	9,750	56,361
Excess/(Deficiency) of Receipts over Disbursements	4,730	(4,214)	516	(284)	180	1,540	(1,347)	(2,636)	(440)	4,646	(584)	(2,830)	(723)
CLOSING BALANCE	7,484	3,270	3,786	3,502	3,682	5,222	3,875	1,239	799	5,445	4,861	2,031	2,031

Source: NYS DOB

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

	2007-2008 Actuals*	Medicaid Transparency	2007-2008 Adjusted	2008-2009 Projected	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT							
Agriculture and Markets, Department of	102,118	0	102,118	108,995	110,443	123,940	111,700
Alcoholic Beverage Control	12,293	0	12,293	13,537	14,098	14,400	14,593
Banking Department	59,154	0	59,154	59,011	60,541	61,783	60,413
Consumer Protection Board	2,982	0	2,982	3,732	3,837	3,965	3,852
Economic Development Capital Programs	138,367	0	138,367	117,450	293,675	234,050	110,599
Economic Development, Department of	42,878	0	42,878	60,974	58,631	58,832	58,931
Empire State Development Corporation	280,348	0	280,348	502,020	1,129,470	708,252	666,721
Energy Research and Development Authority	28,944	0	28,944	29,053	29,192	29,390	29,592
Housing and Community Renewal, Division of	290,439	0	290,439	313,861	289,914	290,806	291,939
Insurance Department	206,046	0	206,046	271,547	268,887	271,082	271,082
Olympic Regional Development Authority	6,543	0	6,543	14,169	8,927	9,147	9,373
Public Service, Department of	50,945	0	50,945	58,823	60,947	63,367	65,216
Science, Technology and Innovation, Foundation for	44,350	0	44,350	37,772	36,913	31,156	32,031
Strategic Investment	9,704	0	9,704	8,000	14,000	14,000	10,376
Functional Total	1,275,111	0	1,275,111	1,598,944	2,379,475	1,914,170	1,736,418
PARKS AND THE ENVIRONMENT							
Adirondack Park Agency	5,289	0	5,289	5,843	5,899	5,978	5,978
Environmental Conservation, Department of	925,887	0	925,887	898,011	912,485	913,532	920,613
Environmental Facilities Corporation	18,500	0	18,500	12,089	7,263	7,563	7,563
Hudson River Park Trust	14,370	0	14,370	20,682	15,000	10,000	0
Parks, Recreation and Historic Preservation, Office of	264,710	0	264,710	322,414	291,870	263,343	261,968
Functional Total	1,228,756	0	1,228,756	1,259,039	1,232,517	1,200,416	1,196,122
TRANSPORTATION							
Motor Vehicles, Department of	272,358	0	272,358	313,588	308,156	321,759	330,062
Thruway Authority	1,245	0	1,245	1,734	1,804	1,876	1,951
Metropolitan Transportation Authority	86,371	0	86,371	160,000	195,300	206,500	194,500
Transportation, Department of	6,144,099	0	6,144,099	6,576,057	6,785,709	6,986,004	7,038,865
Functional Total	6,504,073	0	6,504,073	7,051,379	7,290,969	7,516,139	7,565,378
HEALTH AND SOCIAL WELFARE							
Aging, Office for the	234,593	0	234,593	237,037	244,482	252,818	256,964
Children and Family Services, Office of	2,963,884	0	2,963,884	3,139,271	3,309,081	3,508,959	3,664,291
OCFS	2,963,884	(33,505)	2,930,379	3,095,766	3,243,214	3,397,165	3,531,690
OCFS - Medicaid	0	33,505	33,505	43,505	65,867	111,794	132,601
Health, Department of	36,497,883	0	36,497,883	37,567,315	40,588,072	43,035,036	45,928,866
Medical Assistance	31,040,404	0	31,040,404	31,737,487	34,303,301	36,546,627	39,262,169
Medicaid Administration	838,272	0	838,272	853,000	887,000	922,500	959,250
DOH - Other	4,619,207	0	4,619,207	4,976,828	5,397,771	5,565,909	5,707,447
Health - Medicaid Assistance	0	0		0	0	0	0
Human Rights, Division of	16,007	0	16,007	16,890	17,759	17,898	17,957
Labor, Department of	477,139	0	477,139	502,000	490,728	499,739	507,237
Medicaid Inspector General, Office of	41,501	0	41,501	85,586	90,072	91,395	95,070
Prevention of Domestic Violence, Office for	2,432	0	2,432	2,501	2,532	2,568	2,578
Stem Cell and Innovation	163	0	163	49,950	96,450	93,250	46,600

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

	2007-2008 Actuals*	Medicaid Transparency	2007-2008 Adjusted	2008-2009 Projected	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected
HEALTH AND SOCIAL WELFARE (Continued)							
Temporary and Disability Assistance, Office of	4,718,347	0	4,718,347	4,542,915	4,622,877	4,628,314	4,636,021
Welfare Assistance	3,217,951	0	3,217,951	3,053,619	3,117,868	3,117,781	3,118,781
Welfare Administration	369,646	0	369,646	369,982	371,907	371,907	371,907
All Other	1,130,750	0	1,130,750	1,119,314	1,133,102	1,138,626	1,145,333
Welfare Inspector General, Office of	1,073	0	1,073	1,279	1,319	1,367	1,385
Workers' Compensation Board	156,166	0	156,166	146,112	149,930	154,904	154,904
Functional Total	45,109,188	0	45,109,188	46,290,856	49,613,302	52,286,248	55,311,873
MENTAL HEALTH							
Mental Health, Office of	2,548,566	(43,162)	2,505,404	2,615,089	2,880,892	3,034,587	3,127,134
OMH	2,548,566	(1,380,312)	1,168,254	1,277,939	1,467,186	1,544,340	1,608,375
OMH - Medicaid	0	1,337,150	1,337,150	1,337,150	1,413,706	1,490,247	1,518,759
Mental Hygiene, Department of	237	5,819	6,056	7,500	7,500	7,500	7,500
Mental Retardation and Developmental Disabilities, Office of	3,395,320	46,098	3,441,418	3,481,965	3,688,882	3,844,094	3,930,132
OMRDD	3,395,320	(3,028,003)	367,317	407,864	411,727	419,704	422,650
OMRDD - Medicaid	0	3,074,101	3,074,101	3,074,101	3,277,155	3,424,390	3,507,482
Alcoholism and Substance Abuse Services, Office of	597,901	(8,755)	589,146	614,777	709,353	725,141	741,900
OASAS	597,901	(75,276)	522,625	548,256	642,322	657,533	673,871
OASAS - Medicaid	0	66,521	66,521	66,521	67,031	67,608	68,029
Developmental Disabilities Planning Council	5,022	0	5,022	3,617	3,617	3,617	3,617
Quality of Care for the Mentally Disabled, Commission on	12,661	0	12,661	15,194	16,712	16,887	16,921
Functional Total	6,559,707	0	6,559,707	6,738,142	7,306,956	7,631,826	7,827,204
PUBLIC PROTECTION							
Capital Defenders Office	1,035	0	1,035	388	0	0	0
Correction, Commission of	2,767	0	2,767	2,710	2,766	2,829	2,861
Correctional Services, Department of	2,720,406	0	2,720,406	2,752,368	2,839,663	2,929,267	2,997,976
Crime Victims Board	63,778	0	63,778	61,833	61,989	62,197	62,252
Criminal Justice Services, Division of	294,747	0	294,747	312,170	248,188	245,006	241,841
Homeland Security	63,963	0	63,963	200,324	371,597	298,530	564,310
Investigation, Temporary State Commission of	3,663	0	3,663	4,159	0	0	0
Judicial Commissions	3,925	0	3,925	5,075	5,220	5,367	5,470
Military and Naval Affairs, Division of	441,185	0	441,185	405,548	196,890	162,251	177,294
Parole, Division of	208,618	0	208,618	204,249	217,889	236,316	241,117
Probation and Correctional Alternatives, Division of	74,662	0	74,662	81,581	79,843	79,932	79,622
State Police, Division of	643,054	0	643,054	625,365	626,757	622,456	612,754
Functional Total	4,521,803	0	4,521,803	4,655,770	4,650,802	4,644,151	4,985,497

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

	2007-2008 Actuals*	Medicaid Transparency	2007-2008 Adjusted	2008-2009 Projected	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected
EDUCATION							
Arts, Council on the	53,425	0	53,425	54,617	54,861	54,934	55,032
City University of New York	1,100,593	0	1,100,593	1,281,625	1,341,678	1,408,697	1,436,039
Education, Department of	28,879,203	0	28,879,203	30,876,987	33,342,452	36,280,748	38,486,605
School Aid	21,543,493	(80,000)	21,463,493	23,263,833	24,991,450	27,303,570	29,177,570
School Aid - Medicaid Assistance	0	80,000	80,000	80,000	80,000	80,000	80,000
STAR Property Tax Relief	4,657,721	0	4,657,721	4,692,899	5,383,170	5,909,569	6,195,582
Special Education Categorical Programs	1,623,565	0	1,623,565	1,729,690	1,828,590	1,889,590	1,968,090
All Other	1,054,424	0	1,054,424	1,110,565	1,059,242	1,098,019	1,065,363
Higher Education Services Corporation	950,356	0	950,356	924,791	936,989	939,607	941,163
Higher Education Capital Grants	0	0	0	50,000	40,000	30,000	30,000
State University Construction Fund	12,229	0	12,229	13,857	14,311	14,923	15,069
State University of New York	5,725,371	0	5,725,371	5,852,817	6,016,794	6,198,131	6,244,132
Functional Total	36,721,177	0	36,721,177	39,054,694	41,747,085	44,927,040	47,208,040
GENERAL GOVERNMENT							
Audit and Control, Department of	249,088	0	249,088	264,664	269,326	275,408	277,761
Budget, Division of the	38,216	0	38,216	89,462	84,010	90,181	89,680
Civil Service, Department of	24,868	0	24,868	24,391	25,172	26,222	26,458
Elections, State Board of	14,108	0	14,108	78,157	190,362	9,435	9,552
Employee Relations, Office of	3,613	0	3,613	4,262	4,354	4,537	4,577
Executive Chamber	20,167	0	20,167	21,061	22,081	23,238	23,908
General Services, Office of	221,618	0	221,618	232,550	237,306	241,552	239,517
Inspector General, Office of	6,416	0	6,416	7,184	7,466	7,730	7,812
Law, Department of	189,357	0	189,357	221,073	228,152	235,930	240,912
Lieutenant Governor, Office of the	1,314	0	1,314	126	0	328	1,314
Lottery, Division of	207,420	0	207,420	176,677	181,287	186,063	186,063
Public Employment Relations Board	3,657	0	3,657	4,284	4,404	4,555	4,602
Public Integrity, Commission on	1,733	0	1,733	5,359	5,446	5,569	5,927
Racing and Wagering Board, State	19,197	0	19,197	16,908	17,506	17,941	17,925
Real Property Services, Office of	51,994	0	51,994	52,077	53,048	54,088	55,057
Regulatory Reform, Governor's Office of	3,850	0	3,850	3,371	3,482	3,592	3,592
State, Department of	189,497	0	189,497	180,851	156,093	156,768	152,902
Tax Appeals, Division of	3,325	0	3,325	3,259	3,336	3,426	3,426
Taxation and Finance, Department of	376,148	0	376,148	363,096	375,297	385,121	385,176
Technology, Office for	21,468	0	21,468	75,036	152,340	214,243	194,327
Lobbying, Temporary State Commission on	1,093	0	1,093	0	0	0	(332)
Veterans Affairs, Division of	15,161	0	15,161	17,883	17,034	16,818	16,381
Functional Total	1,663,308	0	1,663,308	1,841,731	2,037,502	1,962,745	1,946,537
ALL OTHER CATEGORIES							
Legislature	216,946	0	216,946	219,279	221,931	221,974	221,974
Judiciary (excluding fringe benefits)	1,794,754	0	1,794,754	1,826,099	1,972,558	2,116,876	2,247,264
World Trade Center	39,755	0	39,755	80,000	70,000	35,000	32,500
Local Government Assistance	917,495	0	917,495	1,241,893	1,405,395	1,481,724	1,477,164
Long-Term Debt Service	4,104,001	0	4,104,001	4,652,161	5,158,092	5,803,370	6,146,358
General State Charges	5,475,909	0	5,475,909	5,428,324	5,939,542	6,275,959	6,673,026
Miscellaneous	(75,576)	0	(75,576)	(332,000)	(228,842)	15,847	(75,665)
Functional Total	12,473,284	0	12,473,284	13,115,756	14,538,676	15,950,750	16,722,621
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	116,056,407	0	116,056,407	121,606,311	130,797,284	138,033,485	144,499,690

**Unaudited Year-end Results*
Source: NYS DOB

GAAP-Basis Financial Plans/GASB Statement 45

In addition to the cash-basis Financial Plans, the General Fund and All Funds Financial Plans are prepared on a basis of GAAP in accordance with Governmental Accounting Standards Board (GASB) regulations. DOB's GAAP projections, which are based on the accounting principles applied by the State Comptroller in the financial statements issued for 2006-07, are for informational purposes only and are not relied on for budget management or execution.

In 2008-09, the General Fund GAAP Financial Plan shows total revenues of $45.0 billion, total expenditures of $55.7 billion, and net other financing sources of $10.0 billion, resulting in an operating deficit of $1.7 billion. These changes are due primarily to the use of a portion of the prior year surplus to support 2008-09 operations, as well as economic conditions on revenue accruals.

The GAAP basis results for 2006-07 showed the State in a net positive overall asset condition of $48.9 billion. The net positive asset condition is before the State reflects the impact of GASB 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions." GASB 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 2007-08 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 $50 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 GASB 45 by OSC. 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 2007-08 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 2007-08 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 required annual contribution under GASB 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 Costs (millions of dollars)

	Health Insurance		
Year	**Active Employees**	**Retirees**	**Total State**
1999-00	777	466	1,243
2000-01	876	521	1,397
2001-02	937	565	1,502
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	1,566	988	2,554
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; actuals through 2007-08.

As noted, the current Financial Plan does not assume pre-funding of the GASB 45 liability. If such liability was fully funded, the total unfunded liability would be reduced from $50 billion to $28 billion, and the additional cost above the pay-as-you-go amounts would be $1.5 billion in 2007-08. The State's Health Insurance Council, which consists of the Governor's Office of Employee Relations (GOER), Civil Service, and DOB will continue to review this matter, seek input from the State Comptroller, the legislative fiscal committees and outside parties, and provide options for consideration.

DOB's detailed GAAP Financial Plan for 2008-09 is provided below.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	40,168	8,200	2,110	12,984	63,462
Patient fees	0	0	0	587	587
Miscellaneous revenues	4,757	5,074	131	25	9,987
Federal grants	41	36,484	1,993	0	38,518
Total revenues	44,966	49,758	4,234	13,596	112,554
Expenditures:					
Grants to local governments	40,419	47,437	570	0	88,426
State operations	12,405	1,719	0	61	14,185
General State charges	3,848	340	0	0	4,188
Debt service	0	0	0	3,718	3,718
Capital projects	1	2	7,515	0	7,518
Total expenditures	56,673	49,498	8,085	3,779	118,035
Other financing sources (uses):					
Transfers from other funds	15,602	2,535	585	5,641	24,363
Transfers to other funds	(5,968)	(3,185)	(1,235)	(15,383)	(25,771)
Proceeds of general obligation bonds	0	0	473	0	473
Proceeds from financing arrangements/ advance refundings	393	0	3,864	0	4,257
Net other financing sources (uses)	10,027	(650)	3,687	(9,742)	3,322
(Excess) deficiency of revenues and other financing sources over expenditures and other financing uses	(1,680)	(390)	(164)	75	(2,159)

Source: NYS DOB

Special Considerations

Many complex political, social, environmental 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 forecast, see the section entitled "Economics and Demographics," in this AIS. The Financial Plan also relies on estimates and assumptions concerning Federal aid, law changes, and audit activity.

The State Financial Plan is based upon forecasts of national and State economic activity developed through both internal analysis and review of national and State economic forecasts prepared by commercial forecasting services and other public and private forecasters. Economic forecasts have frequently failed to predict accurately the timing and magnitude of changes in the national and the State economies. Many uncertainties exist in forecasts of both the national and State economies, including consumer attitudes toward spending, the extent of corporate and governmental restructuring, the condition of the financial sector, federal fiscal and monetary policies, the level of interest rates, and the condition of the world economy, which could have an adverse effect on the State. There can be no assurance that the State economy will not experience results in the current fiscal year that are materially worse than predicted, with corresponding material and adverse effects on the State's projections of receipts and disbursements. For more information, see the section entitled "Economics and Demographics" in this AIS.

Projections of total State receipts in the Financial Plan are based on the State tax structure in effect during the fiscal year and on assumptions relating to basic economic factors and their historical relationships to State tax receipts. In preparing projections of State receipts, economic forecasts relating to personal income, wages, consumption, profits and employment have been particularly important. The projections of receipts from most tax or revenue sources is generally made by estimating the change in yield of such tax or revenue source from its estimated tax base.

Projections of total State disbursements are based on assumptions relating to economic and demographic factors, levels of disbursements for various services provided by local governments (where the cost is partially reimbursed by the State), and the results of various administrative and statutory mechanisms in controlling disbursements for State operations. Factors that may affect the level of disbursements in the fiscal year include uncertainties relating to the economy of the nation and the State, the policies of the federal government, and changes in the demand for the use of State services.

An additional risk to the State Financial Plan arises from the potential impact of certain litigation and of federal disallowances now pending against the State, which could adversely affect the State's projections of receipts and disbursements. The State Financial Plan assumes no significant litigation or federal disallowances or other federal actions that could affect State finances. For more information on litigation pending against the State, see the section entitled "Litigation" in this AIS.

DOB believes that its projections of receipts and disbursements relating to the current State Financial Plan, and the assumptions on which they are based, are reasonable. Actual results, however, could differ materially and adversely from the projections set forth in this AIS. In the past, the State has taken management actions to address potential Financial Plan shortfalls, and DOB believes it could take similar actions should variances occur in its projections for the current fiscal year.

Actions affecting the level of receipts and disbursements, the relative strength of the State and regional economy, and actions by the federal government have helped to create projected structural budget gaps for the State. These gaps result for a significant disparity between recurring revenues and the costs of maintaining or increasing the level of support for State programs. To address a potential imbalance in any given fiscal year, the State would be required to take actions to increase receipts and/or reduce disbursements as it enacts the budget for that year, and, under the State Constitution, the Governor is required to propose a balanced budget each year. There can be no assurance however, that the Legislature will enact the Governor's proposals or that the State's actions will be sufficient to preserve budgetary balance in a given fiscal year or to align recurring receipts and disbursements in future fiscal years.

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

DOB expects the current recession to be relatively mild, though there are a number of risks to the forecast. The disruption to financial markets caused by subprime-related debt could be much worse than anticipated, further delaying the recovery of the financial sector. The downturn in both the residential and commercial real estate markets could be deeper and last longer than anticipated. In addition, volatile food and energy prices could push inflation even higher than projected, tying the Federal Reserve’s hands and effectively placing a tax on households, causing household spending to slow even further than expected. The global economy could slow further than anticipated in response to the U.S. downturn, depressing demand for U.S. exports and putting additional downward pressure on corporate earnings. Slower corporate earnings growth than expected could further depress equity markets, delaying their recovery and that of Wall Street. 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, financial market uncertainty poses a particularly large degree of risk for New York. New York's tax revenues are more reliant on the financial sector of the economy than are other states and other regions of the nation. The full extent of the losses associated with subprime debt still remains to be seen. Higher losses than anticipated could result in a further delay in the recovery of Wall Street profits and bonuses. A more severe national recession than expected could prolong the State's downturn, producing weaker employment and wage growth than projected. Should core inflation significantly accelerate, the Federal Reserve may feel compelled to reverse course and raise rates, which traditionally has adverse effects on the State economy. Moreover, weaker equity and real estate activity than anticipated could negatively affect household spending and taxable capital gains realizations. These effects could ripple through the economy, further depressing both employment and wage growth. In contrast, should the national and world economies grow faster than expected, a stronger upturn in stock prices, along with even stronger activity in mergers and acquisitions and other Wall Street activities, could result in higher wage and bonuses growth than projected.

Labor Settlements

The State has reached labor settlements with four labor unions: CSEA; PEF; UUP; and District Council 37, and extended comparable changes in pay and benefits to M/C employees. Under terms of the 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 State's Financial Plan funds the costs of current contracts in 2008-09 through the use of $620 million of the $1.1 billion in existing reserves available at the start of the fiscal year for this purpose.

DOB estimates the General Fund costs of the agreements at $620 million in 2008-09, $775 million in 2009-10, and $1.2 billion in both 2010-11 and 2011-12. The current Financial Plan includes these costs.

The unions representing uniformed officers (e.g., Police Benevolent Association, New York State Correctional Officers and Police Benevolent Association), the union representing graduate students (Graduate Student Employees Union), and CUNY employees have not reached settlements at this time. DOB estimates that if all remaining unsettled unions were to agree to the same terms that have been ratified by CSEA, it would result in added costs of $200 million in 2008-09, $185 million in 2009-10, and $264 million in both 2010-11 and 2011-12.

School Supportive Health Services

The Office of the Inspector General (OIG) of the United States DOH and Human Services conducted 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 Rules 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. The moratorium expires on May 29, 2008.

CMS has proposed other regulations that could pose a risk to the State's Financial Plan beyond those addressed by the moratorium. On February 22, 2008, CMS issued a change to the rules that regulate State taxation of healthcare entities, effective April 22, 2008. The rule affords CMS flexibility in identifying a "linkage" between provider taxes and Medicaid payments rendering the tax invalid. 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 its imposed taxes are in full compliance, the vagueness of the new rules provides no assurance that these funding streams are adequately protected.

CMS has also issued a rule regarding targeted case management which clarifies the definition of covered services. The final rule was issued on December 4, 2007 and made effective March 3, 2008. The State is currently in the process of litigating this issue and has requested a one-year implementation extension.

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 hundreds of millions of dollars in reduced Federal-share funding. However, the State argues that the proposed regulation regarding outpatient services is in direct violation of the current moratorium.

On all of these rules, 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.

Variable Rate Debt

In recent months, the market for municipal auction rate securities and certain variable rate demand bonds has been disrupted by, among other things, credit rating downgrades to certain municipal bond insurers, investor concerns over liquidity and the level of participation of investment banks in the operation of the market. The disruption has not had a material impact on State debt service costs. The State is substantially reducing its exposure to auction rate securities and to variable-rate demand bonds that carry insurance from bond insurers that have been subject to credit rating downgrades. DOB expects the adjustments to its variable rate portfolio will be completed by the end of the first quarter of fiscal year 2008-09.

PART III

STATE OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED MARCH 31, 2008

PREPARED BY THE
OFFICE OF THE STATE COMPTROLLER
STATE OF NEW YORK

The Comprehensive Annual Financial Report of the State of New York for the State fiscal year ended March 31, 2008 (FY 2008 CAFR) is hereby included in this Official Statement by cross reference. The Basic Financial Statements and Other Supplementary Information of the State of New York, which are included in the FY 2008 CAFR, were prepared by the State Comptroller in accordance with accounting principles generally accepted in the United States of America (GAAP) and were independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information for the fiscal year ended March 31, 2008, which are included in the FY 2008 CAFR, were filed with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR"). An official copy of the Basic Financial Statements and Other Supplementary Information may be obtained by contacting a NRMSIR or the MSRB, or by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236, Tel: (518) 474-4015. An informational copy of the FY 2008 CAFR is available on the Internet at:

[http://www.osc.state.ny.us/finance/finreports/cafr08.pdf]

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STATE OF NEW YORK • GENERAL OBLIGATION BONDS, SERIES 2009A AND SERIES 2009B

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