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 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; such interest is, however, included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed on such corporations. The Attorney General is further of the opinion that, assuming compliance with the tax covenants described herein, interest on the 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 EXEMPTION" herein regarding certain other tax considerations.

STATE OF NEW YORK
GENERAL OBLIGATION REFUNDING BONDS

$349,315,000 Series 2009C Tax-Exempt Refunding Bonds

Dated: Date of Delivery **Due: As shown on inside cover**

The Series 2009C Tax-Exempt Refunding Bonds (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. See "PART I – SECTION 1 – DESCRIPTION OF THE BONDS – Book-Entry-Only System." Interest on the Bonds will be payable beginning February 1, 2010 and semi-annually thereafter on each August 1 and February 1 until maturity. Principal on the Bonds will be payable on February 1, 2010, August 1, 2010 and on each February 1 thereafter, until maturity, as shown on the inside cover. The Bonds will be subject to redemption prior to maturity as set forth herein.

The Bonds are being offered for sale in accordance with the Notice of Sale published with respect to the Bonds.

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 C 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 December 3, 2009.

Dated: November 23, 2009

STATE OF NEW YORK GENERAL OBLIGATION BONDS

AMOUNTS, MATURITIES, INTEREST RATES, AND YIELDS OR PRICES

$349,315,000 Series 2009C Tax-Exempt Refunding Bonds
(Base CUSIP Number: 649791)

Amount	Maturity	Interest Rate	Yield	CUSIP Number†
$24,600,000	February 1, 2010	1.500%	0.280%	AA8
$ 2,560,000	August 1, 2010	2.000%	0.370%	AB6
$26,770,000	February 1, 2011	2.000%	0.550%	AC4
$29,885,000	February 1, 2012	3.000%	1.000%	AD2
$30,785,000	February 1, 2013	3.000%	1.200%	AE0
$31,705,000	February 1, 2014	3.000%	1.550%	AF7
$32,650,000	February 1, 2015	3.000%	2.000%	AG5
$33,620,000	February 1, 2016	3.000%	2.350%	AH3
$34,625,000	February 1, 2017	4.500%	2.710%	AJ9
$25,235,000	February 1, 2018	4.500%	2.930%	AK6
$11,170,000	February 1, 2019	4.500%	3.100%	AL4
$11,665,000	February 1, 2020	4.500%	3.260%	AM2
$ 4,565,000	February 1, 2021	3.500%	3.500%	AN0
$ 4,725,000	February 1, 2022	3.500%	3.600%	AP5
$ 4,890,000	February 1, 2023	3.500%	3.700%	AQ3
$ 5,065,000	February 1, 2024	3.625%	3.800%	AR1
$ 5,245,000	February 1, 2025	4.000%*	3.800%	AS9
$ 5,455,000	February 1, 2026	4.000%*	3.900%	AT7
$ 5,675,000	February 1, 2027	4.000%*	3.950%	AU4
$ 5,900,000	February 1, 2028	4.000%	4.050%	AV2
$ 6,140,000	February 1, 2029	4.000%	4.100%	AW0
$ 6,385,000	February 1, 2030	5.000%*	4.170%	AX8

* Priced to the February 1, 2020 optional call date.

 The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the State makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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 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.

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OFFICIAL STATEMENT

OF

THE STATE OF NEW YORK

RELATING TO THE ISSUE AND SALE OF

GENERAL OBLIGATION REFUNDING BONDS

$349,315,000 Series 2009C Tax-Exempt Refunding 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 $349,315,000 aggregate principal amount of its Series 2009C Tax-Exempt Refunding Bonds (the "Bonds").

The Bonds are being issued to provide funds to refund certain outstanding general obligation bonds of the State described under the heading "Plan of Financing – Refunding Plan" below in Part I (herein called the "Refunded Bonds").

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

The Bonds mature on the dates and 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 through C), 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 dated May 15, 2009 (the "AIS"), and the most recent update to the AIS dated November 3, 2009 (the "Update"). The AIS and the Update contain information only through their respective dates. Part II sets forth 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 was filed with each Nationally Recognized Municipal Securities Information Repository on May 19, 2009 and the Update was filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system.

Part III includes by reference the Comprehensive Annual Financial Report of the State for the fiscal year ended March 31, 2009 (FY 2009 CAFR) prepared by the State Comptroller. The Basic Financial Statements and Other Supplementary Information of the State for the fiscal year ended March 31, 2009 have been filed with the MSRB through its EMMA system. 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 Bonds will be issued pursuant to the authority contained in Article VII, Section 13 of the State Constitution and Sections 56, 57 and 69-c of the State Finance Law.

The Bonds will be dated the date of delivery. Principal on the Bonds will be payable on February 1, 2010, August 1, 2010 and on each February 1 thereafter, until maturity, as shown on the inside cover. Interest on the Bonds will be payable February 1, 2010 and semi-annually thereafter on August 1 and February 1 until maturity.

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, at any time on and after February 1, 2020, the Bonds maturing on or after February 1, 2021 and then outstanding, priority among maturities to be directed by the State, and by lot, to be chosen by the Depository Trust Company ("DTC"), New York, New York, 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 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 Bonds remain immobilized in the custody of DTC, any such notice of redemption of any 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 Bonds called for redemption from and after the date fixed for redemption thereof.

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.

DTC 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 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 Bonds through 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 transfers 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 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 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 any 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, principal 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 Bank of New York Mellon (the "Fiscal Agent"), or the State, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of redemption proceeds, principal 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, 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 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 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) 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 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 EXEMPTION" AND "SECTION 9 — 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 to deliver bond certificates in accordance with instructions from DTC or its successor. If the State directs the Fiscal Agent 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 inside cover page hereof, upon surrender thereof at the principal corporate trust office of the Fiscal Agent, 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.

THE STATE AND FISCAL AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC 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 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 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; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC 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 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 THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC 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 - PLAN OF FINANCING

The sources and uses of funds in connection with the issuance of the Bonds are shown below:

Sources and Uses

Sources	
Principal Amount	$ 349,315,000
Net Original Issue Premium	17,768,511
Total Sources	$ 367,083,511
Uses	
Deposit to Escrow Fund	$365,850,000
Costs of Issuance	233,591
Underwriters' Discount	999,920
Total Uses	$367,083,511

Refunding Plan

The Bonds are being issued to provide funds to refund certain outstanding general obligation bonds of the State of New York (the "Refunded Bonds"). The principal amount and the maturity dates of the Refunded Bonds are as shown in Exhibit B.

Substantially all of the proceeds of the Bonds will be deposited with The Bank of New York Mellon (the "Escrow Agent") pursuant to an escrow deposit agreement (the "Escrow Agreement") to be entered into, at or prior to the issuance of the Bonds, between the State and the Escrow Agent. A portion of such proceeds will be held uninvested and a portion will be used to acquire non-callable direct obligations of the United States government (the "Government Obligations"), the principal of which, together with the uninvested proceeds, will be sufficient to pay the principal of the Refunded Bonds on the respective dates of redemption. The moneys deposited with and the Government Obligations acquired by the Escrow Agent with the proceeds of the Bonds pursuant to the Escrow Agreement will be deposited in an irrevocable escrow fund established under the Escrow Agreement and pledged to secure the payment of the principal of the Refunded Bonds. Interest on the Refunded Bonds will be paid by the State from other available funds. The Refunded Bonds will remain outstanding until their respective redemption dates.

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 contracts, 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 EXEMPTION

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.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements that must be met after the Bonds have been validly issued and delivered in order that interest on the 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 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 Bonds (the "Certificate"), which will be delivered concurrently with the delivery of the 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 Bonds is excludable from gross income under Section 103 of the Code.

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 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. However, interest on the Bonds will be includable in adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed on such corporations. 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 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 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 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 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 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 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 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 Discount 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 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 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 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 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 Bonds under Federal or state law and could affect the market price or marketability of the Bonds. 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 Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding the foregoing matters.

SECTION 5 – RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned the Bonds a rating of "Aa3", Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P") has assigned the Bonds a rating of "AA" and Fitch, Inc. ("Fitch") has assigned 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. Any such downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Bonds.

SECTION 6 – 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 C 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 Bonds is exempt from Federal and State income taxes.

SECTION 7 – 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 8 – 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, he 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 his information and belief, having made such inquiries as he deems appropriate with the Department of Law of the State of New York, without further independent investigation.

SECTION 9 – 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 in electronic form to the EMMA system maintained by the MSRB, as the sole repository for the central filing of electronic disclosure pursuant to Rule 15c2-12 on an annual basis on or before 120 days after the end of each State fiscal year, commencing the fiscal year ending March 31, 2010, 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, in electronic form, 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, in electronic form, the notices described below to the MSRB in a timely manner.

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 the MSRB 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 State has not in the previous five years failed to comply, in all material respects, with any previous undertakings pursuant to Rule 15c2-12. 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.

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/ Patricia Warrington
Patricia Warrington
Assistant Comptroller

PART I - EXHIBIT A

BOND AUTHORIZATIONS

The following is a listing of the 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 except for Energy Conservation Through Improved Transportation Bonds, for which authorization to issue additional debt remains. The listing includes the respective dates of authorization. The total amount of general obligation debt authorized, authorized but unissued, and outstanding as of March 31, 2009 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."

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.

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.

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.

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PART I – EXHIBIT B

DESCRIPTION OF THE REFUNDED BONDS [1,2]

Series	Dated Dates	Principal Amount of Refunded Bonds	Maturities of Refunded Bonds	CUSIP Nos.	Redemption Price
Series 1997A	February 19, 1997	$79,000,000	February 1, 2017	649787EU8	100%
Series 1998A	February 19, 1998	$68,700,000	February 1, 2018	649787HF8	100%
Series 1998G	December 21, 1998	$47,700,000	November 30, 2018	649787MW5	100%
Series 2000A	March 16, 2000	$74,050,000	March 13, 2020	649787RA8	100%
Series 2000B	March 16, 2000	$96,400,000	March 15, 2030	649787RB6	100%

[1] All Refunded Bonds bear interest at variable rates.
[2] Each Series of Refunded Bonds will be redeemed within 90 days of the date of issuance of the Bonds and only on a mandatory tender date with respect to such Series.

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FORM OF ATTORNEY GENERAL'S OPINION

[Closing Date]

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

Dear Sir:

The Comptroller has requested my opinion regarding the validity of General Obligation Refunding Bonds of the State of New York, $349,315,000 Series 2009C Tax-Exempt Refunding Bonds (the "Bonds") which were sold on November 23, 2009.

The Comptroller advises the following with respect to the Bonds. The Bonds will be dated the date of delivery and will mature on February 1, 2010, August 1, 2010 and each February 1 thereafter in each of the years set forth in the Official Statement of the State, dated November 23, 2009 (the "Official Statement"). 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 February 1, 2010, and on each August 1 and February 1 thereafter until maturity.

The Comptroller further advises that the proceeds of the Bonds will be used to pay certain costs of issuance of the Bonds and to purchase United States government obligations, the interest and maturing principal on which will be used to pay the principal on the State's General Obligation Bonds to be refunded which are described in Exhibit B of Part I of the Official Statement.

All of the Bonds are being issued pursuant to Section 13 of Article VII of the Constitution of the State of New York and Sections 56, 57 and 69-c of the State Finance Law.

The transcript of the proceedings and the form of the Bonds enclosed with the Comptroller's 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 Bonds have been validly issued and delivered in order that interest on the 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 Bonds. Rebates of any such amounts are subject to future appropriations by the State Legislature. The Comptroller has provided members of my staff with an Arbitrage and Use of Proceeds Certificate prepared and executed by the Comptroller dated the date hereof (the "Certificate"), which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Certificate, the Comptroller has certified to the effect that he expects to be able to and will comply with the provisions and procedures set forth therein and 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 Bonds is excludable from gross income under Section 103 of the Code. No matters have come to my personal attention which would lead me to believe that the Certificate is incorrect or unreasonable.

Based on the contents of such Certificate, and 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 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. However, interest on the Bonds will be includable in adjusted current earnings for purposes of calculating the alternative minimum tax that may be imposed on corporations. 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 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 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 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 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 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 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 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

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

November 3, 2009

This quarterly update (the "AIS Update") is the second quarterly update to the Annual Information Statement of the State of New York, dated May 15, 2009 (the "AIS") and contains information only through November 3, 2009. This AIS Update should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Extracts from the Mid-Year Update to the 2009-10 Financial Plan (the "Updated Financial Plan"), which the Division of the Budget ("DOB") issued on October 30, 2009. The Updated Financial Plan includes (a) a summary of recent events and changes to the Financial Plan made since the first quarterly update to the AIS dated July 30, 2009 (the "First Quarterly Update"), (b) revised Financial Plan projections for fiscal years 2009-10 through 2012-13, (c) operating results for the first half of fiscal year 2009-10, (d) an updated economic forecast, (e) the Generally Accepted Accounting Principles (GAAP)-basis Financial Plan projections for 2009-10, and (f) a summary on debt and capital management. The Updated Financial Plan is available on the DOB website, www.budget.state.ny.us.

2. A discussion of special considerations related to the State Financial Plan for fiscal year 2009-10.

3. A summary of GAAP-basis results for the 2008-09 fiscal year (the full statements are available on the State Comptroller's website, www.osc.state.ny.us).

4. Updated information regarding the State Retirement Systems.

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

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

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

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

Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the MSRB is designated as the sole repository for the electronic filing of all primary and secondary market disclosure. An electronic copy of this AIS Update can be accessed through the EMMA at www.emma.msrb.org. An official copy of this AIS Update may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705..

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Update to the 2009-10 Financial Plan

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

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

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

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

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

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2009-10 Updated Financial Plan Highlights

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES
(millions of dollars)

		2009-10			
	2008-09 Actual	First Quarterly Update	Change	Mid-Year Update [1]	2010-11 Current Services
State Operating Funds Budget					
Size of Budget (Excluding MTA) [2]	N/AP	$78,848	($501)	$78,347	N/AP
Annual Growth		0.9%	-0.7%	0.2%	
Size of Budget (Including MTA)	$78,168	$80,471	($501)	$79,970	$85,861
Annual Growth	1.5%	2.9%	-0.6%	2.3%	7.4%
Other Budget Measures (Annual Growth)					
General Fund (With transfers)	$54,607	$55,059	($449)	$54,610	$60,296
	2.3%	0.8%	-0.8%	0.0%	10.4%
State Funds (Includes Capital)	$83,146	$86,009	($504)	$85,505	$92,257
	2.2%	3.4%	-0.6%	2.8%	7.9%
Capital Budget (State and Federal Funds)	$6,830	$8,455	($402)	$8,053	$8,990
	11.4%	23.8%	-5.9%	17.9%	11.6%
Federal Operating	$36,573	$44,543	$619	$45,162	$46,039
	11.1%	21.8%	1.7%	23.5%	1.9%
All Governmental Funds	$121,571	$133,469	($284)	$133,185	$140,890
	4.8%	9.8%	-0.2%	9.6%	5.8%
All Govt'l Funds (Including "Off-Budget" Capital)	$123,833	$135,313	($37)	$135,276	$142,833
	5.2%	9.3%	-0.1%	9.2%	5.6%
Inflation (CPI) Growth	2.7%	-0.2%	0.2%	0.0%	1.8%
All Funds Receipts (Annual Growth)					
Taxes (Including MTA)	$60,337	$60,556	($1,173)	$59,383	$63,346
	-0.9%	0.4%	-2.0%	-1.6%	6.7%
Miscellaneous Receipts	$20,064	$21,435	($50)	$21,385	$21,366
	2.1%	6.8%	-0.2%	6.6%	-0.1%
Federal Grants	$38,834	$47,799	$288	$48,087	$48,887
	11.2%	23.1%	0.7%	23.8%	1.7%
Total Receipts	$119,235	$129,790	($935)	$128,855	$133,599
	3.3%	8.9%	-0.8%	8.1%	3.7%
Base Tax Growth/(Decline) [3]	-3.0%	-9.6%	-1.4%	-11.0%	5.5%
Combined General Fund/HCRA Gap Forecast (Before any DRP Actions)					
2009-10	N/A	($2,123)	($1,036)	($3,159)	N/A
2010-11	N/A	($4,623)	($2,173)	($6,796)	N/A
2011-12	N/A	($13,276)	($1,499)	($14,775)	N/A
2012-13	N/A	($18,163)	($1,357)	($19,520)	N/A
Cumulative Gaps	N/A	($38,185)	($6,065)	($44,250)	N/A
Total General Fund Reserves (Year-End)	$1,948	$1,378	($6)	$1,372	$1,420
State Workforce (Subject to Executive Control) [4]	136,490	128,803	5,895	134,698	135,193
Debt					
Debt Service as % All Funds	4.3%	4.4%	0.0%	4.4%	4.8%
State-Related Debt Outstanding	$51,768	$54,327	$891	$55,218	$58,360

[1] *Revenue and spending estimates do not include $2.3 billion in potential savings that are part of a Deficit Reduction Plan, described in more detail later in this AIS Update.*

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

[3] *Reflects estimated change in tax receipts excluding the impact of Tax Law changes since fiscal year 1986-87.*

[4] *The change in the workforce estimate from the First Quarterly Update reflects (a) changes to the composition of the original workforce reduction plan to emphasize alternatives to layoffs, including the elimination of funded vacancies, severance offerings, and the use of voluntary reductions in work schedules and (b) additional hiring related to Federal stimulus money.*

Updated Budget Gaps (Before Actions)

DOB now estimates that the General Fund has a budget gap of $3.2 billion in the current fiscal year, an increase of $1.0 billion from the First Quarterly Update to the Financial Plan.[1] The budget gap for 2010-11, which the Governor must address in his Executive Budget due in January 2010, is now projected at $6.8 billion, an increase of $2.2 billion from the First Quarterly Update. The budget gaps in future years are also estimated to be higher than in the First Quarterly Update, and are now projected at $14.8 billion in 2011-12 (an increase of $1.5 billion), and $19.5 billion in 2012-13 (an increase of $1.4 billion).

The growth in the current-year budget gap compared to the First Quarterly Update is mainly due to a reduction in estimated annual receipts from the personal income tax ("PIT") and business taxes, based on actual collections experience through the first half of fiscal year 2009-10, and updated economic information. In 2010-11 and thereafter, the increase in the budget gaps reflects the recurring impact of the current-year receipts reductions, as collections grow off a lower tax base, and increases in projected disbursements, especially for activities that are sensitive to the economic downturn (e.g., community college enrollment, pensions and fringe benefits, and reimbursement-based programs affected by accelerated claims from localities). See "Revisions to the General Fund Financial Plan" herein. DOB expects to next revise its Financial Plan projections in January 2010 with the release of the 2010-11 Executive Budget.

Deficit Reduction Plan to Address Current-Year Gap

The Governor has proposed a Deficit Reduction Plan ("DRP") to eliminate the $3.2 billion budget gap in the current year. The Governor has called the Legislature into special session in November to act on the proposals in the DRP that require legislative approval. The following table summarizes the revisions to the General Fund budget gaps before and after the impact of the proposed DRP.

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

	2009-10	2010-11	2011-12	2012-13
FIRST QUARTERLY ESTIMATE*	**(2,123)**	**(4,623)**	**(13,276)**	**(18,163)**
Forecast Revisions	**(1,036)**	**(2,173)**	**(1,499)**	**(1,357)**
Receipts	(930)	(1,518)	(766)	(723)
Disbursements	(106)	(655)	(733)	(628)
HCRA	0	0	0	(6)
MID-YEAR (CURRENT) ESTIMATE	**(3,159)**	**(6,796)**	**(14,775)**	**(19,520)**
Proposed Deficit Reduction Plan	**3,159**	**434**	**459**	**459**
Administrative Actions	833	434	459	459
Actions Requiring Legislative/Other Approval	2,326	TBD	TBD	TBD
PROJECTED GAPS AFTER DEFICIT REDUCTION PLAN **	**0**	**(6,362)**	**(14,316)**	**(19,061)**

* *First Quarterly Update to the 2009-10 Enacted Budget Financial Plan dated July 30, 2009*
** *Assumes successful implementation of proposed Deficit Reduction Plan.*

The proposed DRP consists of across-the-board reductions to most local aid programs ($1.3 billion); across-the-board reductions to State agency operating budgets ($500 million); enhanced audit and recovery activities in the areas of tax compliance and Medicaid fraud, including a tax amnesty program ($400 million); the transfer of available resources from the Battery Park City Authority ($300 million); a franchise payment for the video lottery terminal ("VLT") development rights at Aqueduct Racetrack ($200 million); transfers of certain available resources from other funds of the State and public authorities ($175 million); and other actions ($200 million). See "Deficit Reduction Plan" herein.

[1] The budget gap represents the difference between estimated disbursements and the resources expected to be available to pay for them. Unless specifically noted, the projections in this AIS Update are on a budgetary (cash) basis of accounting.

DOB estimates that approximately $2.3 billion of the $3.2 billion in DRP proposals (or approximately 75 percent) will require the approval of the Legislature or other levels of government, or both. These include the reductions to local aid programs, use of authority resources, authorization for the tax amnesty program, and approval of the VLT franchise payment. DOB expects that approximately $800 million in DRP actions, including most of the reductions in State agency operations (with the exception of City University of New York ("CUNY")), can be implemented administratively.

The four-year Financial Plan projections by agency and Financial Plan category set forth in the Updated Financial Plan reflect only the impact of DRP actions that DOB believes can be implemented administratively. Actions that require the approval of the Legislature or other parties, such as the proposed reductions in local assistance spending, are not reflected in the detailed projections, but only displayed as a potential benefit in closing the current-year deficit. DOB expects to reflect the multi-year impact of any DRP actions approved by the Legislature or other outside parties in the updated Financial Plan projections that will accompany the 2010-11 Executive Budget.

Recent Operating Results and Cash Position

The State's cash position continues to be a significant concern. General Fund operating results through September 2009 appear better than projected in the First Quarterly Update, but this was due to management actions to maintain adequate operating margins and routine variances in the timing of disbursements that are not expected to affect annual spending levels. For example, the State now plans to make its contribution of approximately $960 million to the State Retirement System on March 1, 2010, the statutory payment date, rather than in September 2009, as it had originally planned. Excluding the impact of cash management actions and routine timing variances, DOB estimates that the General Fund operating results through September 2009 would have been approximately $700 million to $800 million below planned levels. See "Year-to-Date Operating Results" herein.

The Enacted Budget provides authorization for the General Fund to borrow resources temporarily from other funds in the State's Short-Term Investment Pool ("STIP") for a period not to exceed four months or to the end of the fiscal year, whichever is shorter. Through the first six months of 2009-10, the General Fund used this authorization to meet certain payment obligations in May, June, and September 2009. In each case, the STIP loans were repaid by the end of the month. DOB expects that the General Fund will continue to rely on this borrowing authority at times during the remainder of the fiscal year. The current cashflow forecast projects that, if no action is taken by the Legislature on the DRP in November 2009, the General Fund will end November 2009 with a negative balance of approximately $150 million, and December 2009 with a negative balance of approximately $1.1 billion. DOB expects the General Fund will return to a positive month-end balance in January 2010, reflecting the timing of PIT receipts.

The amount of resources that can be borrowed by the General Fund is limited to the available balances in STIP, as determined by the State Comptroller (available balances include money in the State's governmental funds, as well as certain other money). However, the available balances on hand in STIP have declined compared to recent years and DOB believes that during the period from Mid-December 2009 to early January 2010, available daily balances in STIP may not be sufficient to make currently scheduled payments. The current cashflow forecast projects that the governmental funds closing balance, absent action on the DRP, will approach zero at the end of December 2009. DOB estimates that this balance could improve by $200 million to $400 million if the Legislature enacted the DRP, as proposed, in Mid-November 2009.

DOB will continue to closely monitor and manage the General Fund cash flow during the remaining months of the current fiscal year and expects to continue to take cash-management actions, such as altering the timing of discretionary payments, in an effort to maintain adequate operating balances. In addition, the State is reserving money to make the debt service payments scheduled for November and

December 2009 that are financed with General Fund resources. DOB plans to again reserve money in January 2010 for payments due in the final quarter of the current fiscal year. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds, continues to be set aside as required by law and bond covenants.

The Structural Budget Gap

The incremental increases in the General Fund budget gaps identified in recent quarterly updates are largely due to reductions in projected receipts. However, sustained growth in spending commitments in major programs and activities over the four-year Financial Plan period is the principal contributor to the State's long-term structural budget gaps. The State-financed portion of the budget has grown faster than both personal income and inflation over the past ten years, and is projected to do so over the next four years, absent measures to control spending. From 2009-10 through 2012-13, General Fund disbursements are projected to increase at an average annual rate of approximately 8.0 percent; State Operating Funds disbursements, which capture activity in State special revenue funds and debt service funds, as well as the General Fund, are projected to increase at 6.3 percent annually[2]. In comparison, State tax receipts over the plan period are projected to grow at 3.9 percent annually, consistent with DOB's economic forecast for the recession and recovery. Accordingly, it is expected that the 2010-11 Executive Budget will propose substantial reductions in State spending commitments.

Revisions to the General Fund Financial Plan

DOB has made a number of substantive revisions to the General Fund receipts and disbursements forecasts contained in the First Quarterly Update to the Financial Plan. The revisions are based on a comprehensive review of operating results to date, updated economic data, and program trends. The following table provides a list of the revisions and displays the impact on General Fund operating projections before and after the proposed DRP. It is followed by a discussion of the major revisions and a summary of the DRP.

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[2] Adjusted to exclude the impact of Federal stimulus funding. The unadjusted growth rates are approximately 11 percent in the General Fund and 8.4 percent in State Operating Funds.

GENERAL FUND FORECAST FOR 2009-10 THROUGH 2012-13 SAVINGS/(COSTS) (millions of dollars)	2009-10	2010-11	2011-12	2012-13
FIRST QUARTERLY BUDGET SURPLUS/(GAP) ESTIMATE	**(2,123)**	**(4,623)**	**(13,276)**	**(18,163)**
Receipts Revisions	(930)	(1,518)	(766)	(723)
Tax Forecast Revisions	(1,184)	(1,488)	(706)	(651)
Personal Income Tax*	(1,075)	(1,375)	(600)	(600)
Sales/Use Taxes*	(25)	(43)	(48)	(35)
Business Taxes	(133)	(80)	(62)	(11)
Other Taxes*	49	10	4	(5)
Personal Income Tax -- STAR*	85	0	0	0
Miscellaneous Receipts/Other Transfers	169	(30)	(60)	(72)
Disbursement Revisions	(106)	(655)	(733)	(628)
Health Care (incl. Medicaid)	6	(177)	(238)	(230)
Higher Education	(23)	(131)	(139)	(194)
Criminal Justice	(84)	(82)	(82)	(84)
School Aid	0	(75)	(100)	(132)
Transportation	6	(27)	(42)	(70)
Mental Hygiene	8	11	(52)	(98)
Fringe Benefits/Fixed Costs	2	(121)	(3)	258
All Other	(21)	(53)	(77)	(78)
HCRA Revisions	0	0	0	(6)
REVISED SURPLUS/(GAP) ESTIMATE BEFORE ACTIONS	**(3,159)**	**(6,796)**	**(14,775)**	**(19,520)**
Net Change From First Quarterly Update	*(1,036)*	*(2,173)*	*(1,499)*	*(1,357)*
Deficit Reduction Plan Actions	3,159	434	459	459
Administrative Savings	833	434	459	459
Receipts	272	125	125	125
Disbursements	561	309	334	334
Actions Requiring Legislative/Other Approval	2,326	TBD	TBD	TBD
REVISED BUDGET SURPLUS/(GAP) ESTIMATE AFTER ACTIONS**	**0**	**(6,362)**	**(14,316)**	**(19,061)**
(Increase)/Decrease From First Quarterly Update	*2,123*	*(1,739)*	*(1,040)*	*(898)*

** Tax changes include transfers from other funds after the impact of revisions to debt service costs.*
*** Assumes successful implementation of proposed Deficit Reduction Plan.*

General Fund Receipts Revisions

General Fund receipts, including transfers from other funds, are now estimated to total $51.7 billion, a decrease of $658 million from the amount projected in the First Quarterly Update. Tax receipts, excluding the impact of revisions to the School Tax Relief program ("STAR") and debt service (which are unrelated to underlying collection experience), have been revised downward by $1.2 billion. This is offset in part by higher miscellaneous receipts ($169 million), lower estimated spending in STAR ($85 million), and the expected implementation of administrative DRP actions affecting receipts ($272 million).

Current Year Tax Receipts

The receipt estimates for the current fiscal year have been revised downward, as the New York State economy has deteriorated more quickly than anticipated during the first half of 2009. Estimated General Fund tax receipts in the current year have been lowered by $1.2 billion since the First Quarterly Update, due almost entirely to a reduction in PIT collections. In addition, the anticipated increase in PIT collections due to the high income surcharge has not fully materialized as expected, although some of the shortfall may be due to timing. In the absence of the surcharge enacted in 2009-10 and other law changes, it is estimated that PIT liability for 2009 would have fallen 14.5 percent. In the current year, the downward revisions to the PIT forecast are partly offset by a decline in the amount to be deposited into the STAR Fund.

Projected business tax collections for 2009-10 have been lowered by $133 million compared to the First Quarterly Update, mainly due to overall economic weakness. Furthermore, sales tax collections were weaker than forecast as the historic decline in State wages estimated for the current year is having an even more adverse impact on State household spending than expected, particularly for automobiles and other large consumer items.

2010-11 Tax Receipts

General Fund tax receipts estimates for 2010-11 have been reduced by $1.5 billion compared to the First Quarterly Update. The lower PIT base for the current fiscal year is estimated to account for most of this downward revision. All Funds net PIT receipts for 2010-11 are projected to increase by $2.9 billion (8.4 percent) over the prior year to $38.0 billion, with withholding growth of $1.5 billion (5.2 percent), which primarily reflects a recovery in wage growth consistent with the expected pace of the State's economic recovery and application of higher withholding rates to first quarter 2010 bonus payments. Estimated tax payments of $8.6 billion are projected for tax year 2010, or $1.0 billion (13.2 percent) above the prior year. This increase reflects an expected acceleration in capital gains realizations as taxpayers are expected to react to the scheduled expiration of lower Federal capital gains tax rates at the end of 2010.

General Fund business tax receipts for 2010-11 are now projected to increase by $296 million, or 5.6 percent, from the current year, to $5.6 billion, representing a downward revision of $80 million compared with the First Quarterly Update, due primarily to the weaker 2009-10 base.

General Fund user taxes and fees receipts, including transfers, are projected to total $10.7 billion in 2010-11, an increase of $430 million or 4.2 percent from 2009-10. This estimate is roughly $30 million below the First Quarterly Update.

Miscellaneous Receipts

General Fund miscellaneous receipts and transfers from other funds have been revised upward by approximately $400 million from the First Quarterly Update. Higher levels of indirect cost reimbursements, additional revenues from assessments on utility companies, revenue collected from legal settlements, additional workers' compensation surplus revenue remittance, and various changes to transfers account for the improvement.

General Fund Disbursements Revisions

General Fund disbursements, including transfers to other funds, are estimated to total $54.6 billion in the current fiscal year, a decrease of approximately $450 million from the First Quarterly Update. Revisions to the operating forecast, based on updated information, have increased estimated spending by approximately $100 million, but these changes are more than offset by the expected implementation of the administrative spending reductions in the DRP (e.g., reductions in State agency operating spending, Medicaid fraud savings and debt management):

- Health Care (including Medicaid): Changes in this area comprise the most significant spending revisions across the plan period and include the following:
  - The State reimburses counties for services under the General Public Health Works ("GPHW") and Early Intervention ("EI") programs, on a formula basis. Based on a review of prior-year claims and recent service trends, cost estimates have increased for

these programs ($35 million in 2009-10; $105 million in 2010-11; $125 million in 2011-12, and $170 million in 2012-13).

- The Health Care Reform Act ("HCRA") is expected to provide additional financing of State Medicaid costs that would otherwise have been paid for by the General Fund ($37 million in 2009-10; $3 million in 2010-11; $18 million in 2011-12, and $61 million in 2012-13) based on revised operating projections.

- Securing Federal approval of a State Plan Amendment related to certain long-term care initiatives is now expected to occur too late to provide savings in the current year, but will provide savings next year, if approved (a cost of $29 million in the current year and savings of $29 million in 2010-11).

- Other revisions to the health care forecast over the Plan period include: additional costs in the current year for the payment of prior-year liabilities under the human services cost-of-living adjustment ($27 million); increased spending for the Family Health Plus ("FHP") Employer Buy-In program to provide premium subsidy payments for child care workers ($8 million in 2010-11; $16 million in 2011-12; and $14 million in 2012-13); annual reductions attributable to projected Medicaid costs for services provided through the mental hygiene system ($70 million in 2009-10; $57 million in 2010-11; and $20 million annually thereafter); and elimination of budgeted savings from a proposed assessment on out-of-State insurers that was ultimately not approved by the Legislature ($135 million annually starting in 2010-11).

- Higher Education: The impact of the current economic recession is evident in recent upward trends in student enrollment in the State University of New York ("SUNY") and CUNY community colleges. This is expected to result in higher base aid provided by the State to these institutions ($51 million in 2010-11; and $62 million in both 2011-12 and 2012-13). Similarly, increased spending under the Tuition Assistance Program ("TAP") grant award program is expected due to the increased enrollment in institutions of higher education ($23 million in 2009-10; $53 million in 2010-11; and $6 million in both 2011-12 and 2012-13). In addition, SUNY and CUNY senior college operational costs in the outyears of the Financial Plan are projected to exceed the estimates in the First Quarterly Update primarily due to higher fringe benefit costs.

- Criminal Justice: Projected spending for the Department of Correctional Services and Division of Parole has been revised across the plan period to reflect efforts to achieve savings through alternatives to proposed layoffs.

- School Aid: The September 2009 update to the school aid database resulted in higher projected costs of $75 million in 2010-11, based on additional claims filed since the May 2009 update, and updated wealth and demographic information reported by school districts. These additional costs are primarily driven by growth in foundation aid and special education aid, with supplemental claims from New York City representing nearly 70 percent of the increased fiscal year liability. Based on statute, additional school year obligations from 2009-10 and earlier years will be paid in State fiscal year 2010-11. As in prior years, the updated school district data and additional claims have resulted in a significant cost increase to the State's multi-year Financial Plan, subsequent to the Enacted Budget agreements.

- Transportation: The General Fund subsidy provided to the Dedicated Highway and Bridge Trust Fund ("DHBTF") has been revised across the plan period as a result of changes in estimated spending levels for projects, debt service costs, available bond proceeds, and other receipts.

- Mental Hygiene: The 2009-10 and 2010-11 savings primarily reflect efforts to reduce non-personal service costs by 11 percent and reduce workforce costs from the ongoing hiring freeze and severance plan. Higher costs beginning in 2010-11 are expected as a result of a rise in fringe benefit and indirect costs.

- General State Charges ("GSCs"): In 2010-11, the State's contribution to the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System will increase approximately 55 percent above the current year level, with large increases projected for future years as well. Additional costs above the First Quarterly Update forecast have been included as a result of an increase in the 2010-11 employer contribution rates from the original forecast provided by the Office of the State Comptroller. In addition, the State now plans to make its pension contribution on March 1, 2010, rather than September 2009. The estimated cost of not pre-paying the contribution is approximately $30 million. The State also plans to make its 2010-11 contribution in March 2011, rather than pre-paying it, which results in additional 2010-11 costs of approximately $50 million.

Other changes to the GSC forecast of spending include additional costs for taxes on State-owned lands in 2009-10 as well as multi-year revisions to the forecast for health insurance costs for State employees and retirees, fixed costs and fringe benefit escrow receipts.

- Other Spending Revisions: Revisions based on recent program trends and operating results to date have been made in numerous programs and activities, including environmental protection, social services, disaster assistance, economic development, general government, and local government aid. The most noteworthy multi-year changes include lower than projected child welfare services spending; additional State spending to replace or compensate for reductions in available Federal Temporary Assistance for Needy Families moneys for ongoing welfare programs, including summer youth employment, supplemental homeless intervention, supportive housing for families, wage subsidy and wheels to work; higher than anticipated court security contract payments and fringe benefit costs for the Judiciary; and additional spending under the Back-to-School Assistance program, which was financed entirely through a private donation and Federal resources (reflected in miscellaneous receipts).

DEFICIT REDUCTION PLAN

DOB now estimates that the General Fund has a budget gap of $3.2 billion in the current fiscal year, and increase of $1.0 billion from the First Quarterly Update to the Financial Plan. Based on the revised estimate of the budget gap in the current year, the DRP has been updated to include new actions to eliminate the entire current-year budget gap of $3.2 billion. The table below summarizes the DRP, followed by an explanation of the specific actions.

2009-10 DEFICIT REDUCTION PLAN
(millions of dollars)

	2009-10
Total Deficit Reduction Plan Actions	**3,159**
Administrative Actions	833
State Operations Across-the-Board Reductions	484
Medicaid Fraud Targets	150
Debt Management	100
18-A Utility Assessments	45
Workers' Compensation Surplus Recapture	49
Dormant Funds	5
Actions Requiring Legislative/Other Approval *	2,326
Local Assistance Across-the-Board Reductions	1,300
School Aid ($686 million school year reduction)	*480*
Health Care (Including Insurance)	*343*
Transportation	*125*
All Other	*352*
Battery Park City Resources (Need NYC Approval)	300
Statewide Audit/Recovery Targets/Amnesty (Tax)	250
VLT Franchise Payment (Assumes Current Year Settlement)	200
Regional Greenhouse Gas Initiative Fund/EPF Fund Sweep	100
DASNY Fund Sweep	26
Other Actions	150

** Potential savings that are subject to approval by the Legislature or an outside entity are not included in estimates of revenue or spending.*

For presentation purposes, the DRP is divided into two parts: actions that can generally be implemented administratively by the Executive and actions that require the approval of the Legislature or other outside parties. The administrative actions, which DOB estimates total approximately $800 million, include the following:

- Agency Operations Reductions: The Governor has ordered an 11 percent reduction to agency operating budgets. The reductions are expected to save approximately $450 million annually. These savings are reflected in the agency operating totals of the Updated Financial Plan. For the most part, the State agency reductions do not require legislative approval. The main exception is CUNY, which, because of the structure of its appropriations, requires the approval of the Legislature. However, to ensure treatment on parity with SUNY, the Financial Plan assumes that the CUNY reduction will be approved.

- Medicaid Fraud: The State Office of the Medicaid Inspector General will enhance activities to eliminate fraud, waste and abuse, with a goal of identifying an additional $150 million in savings in the current year.

- Debt Management: The State is realizing savings compared to its debt service estimates from refundings, the use of Build America Bonds ("BABs"), and relatively low interest rates on its variable rate bonds.

- 18-A Assessment: This reflects an upward reestimate in the amount of revenue generated from an increased assessment on utilities enacted in 2009-10.

- Workers' Compensation Surplus Recapture: Certain insurers have indicated their intention to remit excess funds under legislation enacted as part of the 2009-10 Budget.

- Dormant Funds: Certain moneys held in dormant accounts will be made available to the General Fund.

Actions requiring approval of the Legislature or other outside parties are estimated to total approximately $2.3 billion and include:

- Local Assistance Reductions: The DRP proposes a 10 percent reduction to all remaining, undisbursed local assistance spending in the current fiscal year for most programs. School aid would be limited to 4.5 percent reduction of remaining undisbursed scheduled payments for the current fiscal year (an annualized impact of 3 percent based on projected Enacted Budget 2009-10 full school year spending). This school aid reduction is achieved by a one-time Gap Elimination Adjustment ("GEA"), which results in a per-pupil reduction adjusted for school district wealth, student needs, and residential tax burden. The size of the GEA for high-needs districts is also limited to 1.4 percent of total General Fund expenditures. This will result in a reduction of $686 million on a school year basis ($480 million in the 2009-10 fiscal year) from current levels. In addition, reductions to the STAR program and to programs that would directly cause mandated cost shifts to New York City and counties were not recommended in the DRP.

- Battery Park City Authority: The State would receive $300 million in excess revenues from the Authority. This is subject to agreement with New York City and the Authority.

- Tax Audit/Amnesty: An amnesty program would partially forgive accrued penalty and interest on long-outstanding State tax liabilities in order to encourage individuals to resolve unpaid claims. For assessments between three years and six years overdue, penalty and interest would be reduced by 50 percent. For assessments overdue more than six years, penalty and interest would be reduced by 80 percent.

- VLT Franchise Payment: The DRP assumes that the winning Aqueduct VLT bidder will make a franchise payment of at least $200 million in the 2009-10 fiscal year. The Financial Plan had assumed that this payment will be made in 2010-11.

- Regional Greenhouse Gas Initiative ("RGGI"): This proposal would transfer $90 million in RGGI proceeds and $10 million from the Environmental Protection Fund ("EPF") to the General Fund.

- Dormitory Authority: The State would receive $26 million from the Authority.

- Other Actions: This includes a number of potential actions that may be implemented to achieve savings in the current year. Potential actions include the in-sourcing of information technology activities pursuant to legislation to modernize civil service rules; further controls on specific agency activities; the use of funds currently earmarked for debt management purposes; and other initiatives. DOB believes that savings of approximately $150 million from these or comparable actions, some of which require legislative approval, can be achieved in the current year.

Annual Spending growth

TOTAL DISBURSEMENTS*
(millions of dollars)

	2008-09 Actuals	2009-10 First Quarterly Estimate	2009-10 Change	2009-10 Revised Estimate	Annual $ Change	Annual % Change	Adjusted % Change**
State Operating Funds	**78,168**	**80,471**	**(501)**	**79,970**	**1,802**	**2.3%**	**0.2%**
General Fund (excluding transfers)	48,436	49,422	(249)	49,173	737	1.5%	1.5%
Other State Funds	25,146	25,902	(156)	25,746	600	2.4%	-4.1%
Debt Service Funds	4,586	5,147	(96)	5,051	465	10.1%	10.1%
All Governmental Funds	**121,571**	**133,469**	**(284)**	**133,185**	**11,614**	**9.6%**	**8.2%**
State Operating Funds	78,168	80,471	(501)	79,970	1,802	2.3%	0.2%
Capital Projects Funds	6,830	8,455	(402)	8,053	1,223	17.9%	17.9%
Federal Operating Funds	36,573	44,543	619	45,162	8,589	23.5%	23.5%
General Fund, including Transfers	**54,607**	**55,059**	**(449)**	**54,610**	**3**	**0.0%**	**0.0%**

** Revenue and spending estimates do not include $2.3 billion in potential savings that are subject to approval by the Legislature or an outside entity.*
*** Excludes approximately $1.6 billion in special revenue fund disbursements related to the new Metropolitan Commuter Transportation Mobility Tax, a tax which is collected by the State on behalf of, and transferred in its entirety to, the MTA.*

The annual growth in State Operating Funds and All Funds disbursements is significantly affected by the Mobility Tax, enacted in the first quarter of the fiscal year. This revenue source is collected by the State on behalf of, and disbursed in its entirety to, the Metropolitan Transportation Authority ("MTA"). Due to the requirements of the enabling legislation, the tax is reflected in the State's operating funds, increasing both receipts and disbursements by $1.6 billion. Excluding the new tax, State Operating Funds disbursements in 2009-10 are projected to grow by two-tenths of one percent compared to 2008-09.

General Fund disbursements, including transfers to other funds, are projected at $54.6 billion in 2009-10, unchanged from 2008-09. State Operating Funds spending, which includes the General Fund, State-financed special revenue funds, and debt service, is projected to increase by $1.8 billion (2.3 percent) and total $80.0 billion in 2009-10 (with the new MTA tax). All Governmental Funds spending, the broadest measure of spending that includes State Operating Funds, capital spending, and Federal grants, is projected to total $133.2 billion in 2009-10, an increase of $11.6 billion. Three-quarters of the All Funds increase is attributable to growth in Federal aid.

2009-10 Projected Closing Balances

General Fund

DOB estimates that the General Fund will end the 2009-10 fiscal year with a balance of $1.4 billion, essentially unchanged from the First Quarterly Update. The estimate assumes the successful implementation of the DRP to eliminate the current-year budget gap (now estimated at $3.2 billion) without the use of existing reserves. Money currently identified for debt reduction may be used as part of the DRP, which would reduce the closing balance.

GENERAL FUND ESTIMATED CLOSING BALANCE (millions of dollars)	2009-10 First Quarterly Update	2009-10 Current Estimate	*Change*
Projected Fund Balance	**1,378**	**1,372**	**(6)**
Tax Stabilization Reserve Fund	1,031	1,031	0
Rainy Day Reserve Fund	175	175	0
Community Projects Fund	78	72	(6)
Reserved for Debt Reduction	73	73	0
Contingency Reserve Fund	21	21	0

The estimated closing balance, assuming successful actions to close the current-year gap, includes $1.0 billion in the State's Tax Stabilization Reserve, which can be used to finance an unanticipated deficit at the end of the fiscal year, $175 million in the Rainy Day Reserve, which can be used to respond to an economic downturn if certain criteria are met, $72 million in the Community Projects Fund, which is reserved to finance existing "member item" initiatives, $73 million for debt management purposes, and $21 million in the Contingency Reserve Fund for litigation risks.

All Governmental Funds

DOB projects the State will end the 2009-10 fiscal year with $3.0 billion in All Governmental Funds balances. This estimate is dependent on the successful implementation of actions to close the General Fund gap in the current year. The balance consists of $1.4 billion in the General Fund, $1.5 billion in balances in State Special Revenue Funds, $366 million in Federal Special Revenue Funds, $277 million in Debt Service Funds, and a negative balance of $501 million in Capital Projects Funds.

ALL FUNDS ESTIMATED CLOSING BALANCE (millions of dollars)	2009-10 First Quarterly Update	2009-10 Current Estimate	*Change*
Projected Fund Balance	**3,550**	**3,047**	***(503)***
General Fund	1,378	1,372	*(6)*
State Special Revenue Funds	2,057	1,533	(524)
Miscellaneous Special Revenue	891	678	(213)
Industry Assessments	*467*	*310*	*(157)*
Health and Social Welfare	*(4)*	*(10)*	*(6)*
General Government	*80*	*75*	*(5)*
All Other	*348*	*303*	*(45)*
State University Income	805	547	(258)
Mass Transportation Operating Assistance	24	68	44
Health Care Resources Fund	0	0	0
Lottery Fund	14	33	19
All Other	323	207	(116)
Federal Operating Funds	293	366	73
Capital Projects Funds	(465)	(501)	(36)
Debt Service Funds	287	277	*(10)*

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

Balances in Federal Operating Funds are dedicated for the support of several programs including Medicaid, welfare and education, and reflect a difference in timing of disbursements and the related Federal reimbursement. The timing of spending on ongoing, multi-year capital projects in advance of reimbursement from bond proceeds accounts for routine loans (or negative balances) in Capital Funds. Balances in Debt Service Funds represent funds set aside to finance debt service costs pursuant to legal obligations set forth in bond resolutions.

General Fund Outyear Budget Projections

DOB projects budget gaps of $6.4 billion in 2010-11, $14.3 billion in 2011-12, and $19.1 billion in 2012-13. The projected budget gaps reflect the recurring benefit of administrative actions expected to be taken as part of the 2009-10 DRP, but not any potential recurring savings from DRP actions that require the approval of the Legislature or other parties outside the Executive's control.

General Fund spending is projected to grow at an average annual rate of 11.1 percent from 2009-10 through 2012-13. Spending growth in the General Fund is projected to increase sharply in 2011-12, reflecting a return to a lower Federal matching rate for Medicaid expenditures on January 1, 2011, which will increase the share of Medicaid costs that must be financed by State resources, and the loss of temporary Federal aid for education. Excluding these stimulus-related effects, which temporarily suppress General Fund costs in 2009-10 and 2010-11, General Fund spending grows at approximately 8.0 percent on a compound annual basis. The spending growth is driven by, among other things, Medicaid, including the State-financed cap on local Medicaid spending; pensions; education; employee and retiree health benefits; and human services programs.

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

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

GENERAL FUND MID-YEAR FORECAST[1]
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Receipts								
Taxes	47,127	50,387	3,260	6.9%	51,901	3.0%	52,227	0.6%
Personal Income Tax*	30,472	32,954	2,482	8.1%	33,824	2.6%	32,935	-2.6%
User Taxes and Fees*	10,302	10,732	430	4.2%	11,280	5.1%	11,748	4.1%
Business Taxes	5,321	5,617	296	5.6%	5,594	-0.4%	6,207	11.0%
Other Taxes*	1,032	1,084	52	5.0%	1,203	11.0%	1,337	11.1%
Miscellaneous Receipts	3,114	2,687	(427)	-13.7%	2,583	-3.9%	2,584	0.0%
Federal Grants	68	60	(8)	-11.8%	60	0.0%	60	0.0%
Other Transfers	1,399	848	(551)	-39.4%	798	-5.9%	777	-2.6%
Total Receipts	**51,708**	**53,982**	**2,274**	**4.4%**	**55,342**	**2.5%**	**55,648**	**0.6%**
Disbursements								
Grants to Local Governments	36,818	40,600	3,782	10.3%	48,124	18.5%	51,869	7.8%
School Aid	18,019	19,103	1,084	6.0%	20,653	8.1%	22,651	9.7%
Total Medicaid (incl. admin)	6,152	8,637	2,485	40.4%	13,589	57.3%	14,652	7.8%
Medicaid (before local relief/FMAP)	8,379	10,150	1,771	21.1%	11,735	15.6%	12,304	4.8%
Enhanced FMAP (ARRA)	(3,155)	(2,883)	272	-8.6%	0	-100.0%	0	0.0%
Local Gov. Cap/FHP Takeover	928	1,370	442	47.6%	1,854	35.3%	2,348	26.6%
Higher Education	2,822	2,642	(180)	-6.4%	2,804	6.1%	2,893	3.2%
Mental Hygiene	2,167	2,283	116	5.4%	2,424	6.2%	2,551	5.2%
Children and Family Services	1,788	1,936	148	8.3%	2,159	11.5%	2,367	9.6%
Other Education Aid	1,634	1,689	55	3.4%	1,880	11.3%	1,964	4.5%
Temporary and Disability Assistance	1,310	1,506	196	15.0%	1,597	6.0%	1,725	8.0%
Local Government Assistance	1,117	1,125	8	0.7%	1,127	0.2%	1,136	0.8%
Public Health	708	825	117	16.5%	858	4.0%	939	9.4%
All Other	1,101	854	(247)	-22.4%	1,033	21.0%	991	-4.1%
State Operations:	8,486	8,948	462	5.4%	9,129	2.0%	9,257	1.4%
Personal Service	6,560	6,878	318	4.8%	6,961	1.2%	7,029	1.0%
Non-Personal Service	1,926	2,070	144	7.5%	2,168	4.7%	2,228	2.8%
General State Charges	3,869	4,386	517	13.4%	5,136	17.1%	5,872	14.3%
Pensions	1,179	1,653	474	40.2%	2,265	37.0%	2,953	30.4%
Health Insurance:								
Active Employees	1,747	1,928	181	10.4%	2,089	8.4%	2,263	8.3%
Retired Employees	1,130	1,250	120	10.6%	1,356	8.5%	1,472	8.6%
Fringe Benefit Escrow	(2,093)	(2,333)	(240)	11.5%	(2,588)	10.9%	(2,673)	3.3%
All Other	1,906	1,888	(18)	-0.9%	2,014	6.7%	1,857	-7.8%
Transfers to Other Funds	5,437	6,362	925	17.0%	7,317	15.0%	7,809	6.7%
Medicaid State Share	2,292	2,331	39	1.7%	2,867	23.0%	2,868	0.0%
Debt Service	1,695	1,774	79	4.7%	1,728	-2.6%	1,728	0.0%
Capital Projects	525	1,165	640	121.9%	1,335	14.6%	1,518	13.7%
Other Purposes	925	1,092	167	18.1%	1,387	27.0%	1,695	22.2%
Total Disbursements	**54,610**	**60,296**	**5,686**	**10.4%**	**69,706**	**15.6%**	**74,807**	**7.3%**
Change in Reserves								
Timing-Related Reserve	(163)	0			0		0	
Prior Year Reserves	(340)	0			0		0	
Community Projects Fund	(73)	48			(48)		(98)	
Deposit to/(Use of) Reserves	**(576)**	**48**			**(48)**		**(98)**	
Budget Surplus/(Gap) Estimate	**(2,326)**	**(6,362)**			**(14,316)**		**(19,061)**	
HCRA Operating Surplus/(Gap)	0	0			0		0	
Legislative Actions Needed to Close Gap	**2,326**	**TBD**			**TBD**		**TBD**	
General Fund/HCRA Revised Budget	**0**	**(6,362)**			**(14,316)**		**(19,061)**	

[1] *Revenue and spending estimates do not include $2.3 billion in potential savings that are subject to approval by the Legislature or an outside entity.*

** Includes transfers after debt service.*

In evaluating the State's 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 further into the planning period. Accordingly, in terms of the outyear projections, 2010-11 is the most relevant from a planning perspective, since any gap in that year must be closed with the next Executive Budget and the variability of the estimates is likely to be less than in later years. The State will provide quarterly revisions to its multi-year estimates.

General Fund Outyear Receipts Projections

General Fund receipts over the plan period are affected by the economic outlook, the expiration of the PIT surcharge at the end of calendar year 2011, and the changes in the level of non-tax resources available to finance General Fund disbursements. The economic forecast calls for a recession with employment losses continuing through the third quarter of 2010, a historic decline in State wages of 4.8 percent in 2009, and low wage growth of 2.1 percent for 2010. This lowers the economic base on which the outyear revenue forecast is built. Overall, receipts growth in the three fiscal years following 2010-11 is expected to grow consistent with projected growth in the U.S. and New York economies. For a full discussion of the State's multi-year receipts forecast, see "All Funds Receipts Projections" herein.

General Fund Outyear Disbursement Projections

DOB forecasts General Fund spending of $60.3 billion in 2010-11, an increase of $5.7 billion (10.4 percent) over estimated 2009-10 levels. Growth in 2011-12 is projected at $9.4 billion (15.6 percent) and in 2012-13 at $5.1 billion (7.3 percent). The growth levels are based on current services projections, as modified by the administrative DRP actions contained in the Mid-Year Financial Plan. They do not reflect the potential impact of DRP actions that require the approval of the Legislature or other parties.

Grants to Local Governments

Medicaid

The State share of Medicaid is financed with a combination of General Fund and HCRA resources. Also, the Federal government is financing an additional share of Medicaid costs through December 31, 2010, which temporarily lowers the State's costs for the program.

The General Fund growth trends over the plan period are affected by the availability of HCRA resources and the expiration of Federal aid. General Fund spending for Medicaid is expected to more than double over the next two years, growing by $2.5 billion in 2010-11, $5.0 billion in 2011-12, and another $1.1 billion in 2012-13. These estimates reflect the loss of the enhanced FMAP provided through the Federal American Recovery and Reinvestment Act of 2009 ("ARRA") that is expected to reduce State share spending in 2009-10 and 2010-11 (through December 31, 2010).

MAJOR SOURCES OF ANNUAL CHANGE IN MEDICAID
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
State Funds Growth (Before FMAP)	**13,833**	**15,603**	***1,770***	***12.8%***	**17,647**	***13.1%***	**18,906**	***7.1%***
Enhanced FMAP -- State Share *	(3,155)	(2,883)	*272*	*-8.6%*	0	*-100.0%*	0	-
State Funds Base Growth (After FMAP)	**10,678**	**12,720**	***2,042***	***19.1%***	**17,647**	***38.7%***	**18,906**	***7.1%***
Other State Funds Support	**(4,526)**	**(4,083)**	***443***	***-9.8%***	**(4,058)**	***-0.6%***	**(4,254)**	***4.8%***
HCRA Financing	(2,583)	(2,233)	*350*	*-13.6%*	(2,208)	*-1.1%*	(2,404)	*8.9%*
Provider Assessment Revenue	(687)	(700)	*(13)*	*1.9%*	(700)	*0.0%*	(700)	*0.0%*
Indigent Care Revenue	(1,256)	(1,150)	*106*	*-8.4%*	(1,150)	*0.0%*	(1,150)	*0.0%*
Total General Fund	**6,152**	**8,637**	***2,485***	***40.4%***	**13,589**	***57.3%***	**14,652**	***7.8%***
Local Government Relief (incl. above)	928	1,370	*442*	*47.6%*	1,854	*35.3%*	2,348	*26.6%*

** Excludes enhanced FMAP for other state agencies.*

Overall Medicaid growth results, in part, from the combination of projected increases in recipients, service utilization, and medical care cost inflation that affect nearly all categories of service (e.g., hospitals, nursing homes). The State cap on local Medicaid costs and takeover of local FHP costs are projected to increase spending by roughly $484 million between 2010-11 and 2011-12 and roughly another $497 million from 2011-12 to 2012-13. In 2011-12, an extra weekly payment to providers adds an estimated $400 million in base spending across all categories of service. The remaining General Fund growth is primarily attributable to changes in the resources in other State Funds available to lower General Fund costs, primarily HCRA financing.

The number of Medicaid recipients is expected to grow to 4.81 million in 2010-11, an increase of 9.8 percent from the estimated 2009-10 caseload of 4.38 million.

School Aid

Projected school aid spending reflects expected increases in foundation aid, universal pre-kindergarten expansion, and expense-based aids such as building aid, transportation aid, and excess cost aids. On a school year basis, school aid is projected at $22.5 billion in 2010-11, $24.2 billion in 2011-12, and $26.3 billion in 2012-13.

MULTI-YEAR SCHOOL AID PROJECTIONS - SCHOOL-YEAR BASIS
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Foundation Aid/Academic Achievement Grant	14,893	14,893	*0*	*0.0%*	15,890	*6.7%*	17,390	*9.4%*
Other Operating Aids	217	217	*0*	*0.0%*	205	*0.0%*	205	*0.0%*
Universal Pre-kindergarten	414	414	*0*	*0.0%*	460	*11.1%*	520	*13.0%*
EXCEL Building Aid*	165	185	*20*	*12.1%*	192	*3.8%*	192	*0.0%*
Expense-Based Aids	5,638	6,129	*491*	*8.7%*	6,650	*8.5%*	7,220	*8.6%*
Other Aid Categories/Initiatives	628	685	*57*	*9.1%*	753	*9.9%*	813	*8.0%*
Total School Aid	**21,955**	**22,523**	***568***	***2.6%***	**24,150**	***7.2%***	**26,340**	***9.1%***

** Represents State debt service costs.*

School aid has two principal State funding sources: the General Fund and the Lottery Fund. When lottery revenues decline during a fiscal year from the level projected at the Enacted Budget agreement, the General Fund is required by law to fund the difference (the "lottery aid guarantee"). This is the case in 2009-10, with core lottery revenue projections revised downward by $131 million since budget enactment. In addition, ARRA funding is expected to be available to help finance spending in the 2009-10 and 2010-11 school years.

MULTI-YEAR SCHOOL AID PROJECTIONS - FISCAL YEAR BASIS
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
General Fund Local Aid	18,019	19,103	1,084	6.0%	20,653	8.1%	22,651	9.7%
Lottery Aid Guarantee	131	0	(131)	-100.0%	0	0.0%	0	0.0%
Core Lottery Aid	2,148	2,148	0	0.0%	2,180	1.5%	2,221	1.9%
VLT Lottery Aid	478	652	174	36.4%	690	5.8%	738	7.0%
Total State Funds	**20,776**	**21,903**	**1,127**	**5.4%**	**23,523**	**7.4%**	**25,610**	**8.9%**

Revenues from core lottery sales are projected to remain flat in 2010-11, followed by an increase of $32 million in 2011-12, and $41 million in 2012-13 (totaling $2.2 billion in 2012-13). Revenues from VLTs are projected to increase by $174 million in 2010-11, by $38 million in 2011-12, and by $48 million in 2012-13 (totaling $738 million in 2012-13). The Financial Plan currently assumes a one-time franchise payment from the sale of VLT development rights at Aqueduct in 2010-11, where operations are expected to begin in 2011. However, the DRP proposes that the VLT franchise payment be finalized in the current year, which would increase lottery resources in the current year and reduce them by a similar amount next year.

Mental Hygiene

Mental hygiene spending is projected to total $2.3 billion in 2010-11, $2.4 billion in 2011-12, and $2.6 billion in 2012-13. Sources of growth include: increases in the projected State share of Medicaid costs; projected expansion of the various mental hygiene service systems, including increases primarily associated with the Office of Mental Retardation and Developmental Disabilities NYS-CARES program; the New York/New York III Supportive Housing agreement and community bed expansion in the Office of Mental Health pipeline that are currently under development; and several chemical dependence treatment and prevention initiatives in the Office of Alcoholism and Substance Abuse Services, including treatment costs associated with recent changes to the Rockefeller Drug Laws.

Social Services

Local assistance spending for children and family services is projected to grow by $148 million from 2009-10 to 2010-11, and over $200 million annually through 2012-13. This is primarily the result of growth in local claims-based programs and statutory cost of living adjustments.

Welfare spending is projected to total $1.5 billion in 2010-11, growing to $1.7 billion by 2012-13. The estimates assume growth in the State's public assistance caseloads, based on the latest economic forecast and updated program data.

Higher Education

Spending is projected to decrease in 2010-11 by $180 million, followed by growth of $162 million in 2011-12, and another $89 million in 2012-13. The annual decline in 2010-11 is primarily attributable to the deferral of approximately $300 million in CUNY spending from 2008-09 to 2009-10, which inflates the 2009-10 base relative to 2010-11.

State Operations

State Operations spending is expected to total $8.9 billion in 2010-11, an annual increase of $462 million (5.4 percent). In 2011-12, spending is projected to grow by another $181 million (2.0 percent) to a total of $9.1 billion, followed by another $128 million (1.4 percent) for a total of $9.3 billion in 2012-13. The personal service projections reflect both the impact of ratified labor contracts and potential spending for unions that have yet to reach agreements (with costs calculated assuming settlements comparable to those already reached); the workforce reduction initiatives; salary adjustments for performance advances, longevity payments and promotions; and adjustments to staffing levels. Inflationary increases for non-personal service costs are expected to result in higher spending in all years. Additional growth is driven by spending for ongoing initiatives, including the civil commitment program for sexual offenders.

General State Charges

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING GENERAL STATE CHARGES

	Actual	Forecast			
	2008-09	2009-10	2010-11	2011-12	2012-13
General State Charges					
ERS Pension Contribution Rate as % of Salary	8.2%	7.3%	12.2%	17.9%	24.1%
PFRS Pension Contribution Rate as % of Salary	15.4%	15.3%	18.4%	25.9%	33.1%
Employee/Retiree Health Insurance Growth Rates	4.8%	4.6%	9.0%	9.0%	9.0%

GSCs are projected to total $4.4 billion in 2010-11, $5.1 billion in 2011-12 and $5.9 billion in 2012-13. The annual increases are due mainly to anticipated cost increases in the State's pension contribution for State employees and retirees.

The State's 2009-10 ERS pension contribution rate as a percentage of salary is expected to grow from 7.3 percent in 2009-10 to 24.1 percent in 2012-13. The Police and Fire Retirement System pension contribution rate is expected to be 15.3 percent in 2009-10, growing to 33.1 percent by 2012-13. Pension costs in 2010-11 are projected to total $1.7 billion, an increase of $474 million over 2009-10. In 2011-12, costs are projected to increase an additional $612 million to total $2.3 billion. In 2012-13, they are expected to increase by $688 million to total $2.9 billion. Growth in all years is driven by anticipated increases in the employer contribution rate. The projections do not reflect the benefit of proposals to create a new tier of pension benefits or amortize a portion of future costs.

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

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

	Health Insurance		
Year	**Active Employees**	**Retirees**	**Total State**
2007-08 (Actual)	1,390	1,182	2,572
2008-09 (Actual)	1,673	1,082	2,755
2009-10 (Projected)	1,747	1,130	2,877
2010-11 (Projected)	1,928	1,250	3,178
2011-12 (Projected)	2,089	1,356	3,445
2012-13 (Projected)	2,263	1,472	3,735

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

See discussion of the Governmental Accounting Standards Board ("GASB") Statement 45 later in this Financial Plan for the valuation of future State health insurance costs for State employees.

Transfers to Other Funds

OUTYEAR DISBURSEMENT PROJECTIONS - TRANSFERS TO OTHER FUNDS (millions of dollars)

	2009-10	2010-11	Annual Change	2011-12	Annual Change	2012-13	Annual Change
Transfers to Other Funds:	5,437	6,362	925	7,317	955	7,809	492
Debt Service	1,695	1,774	79	1,728	(46)	1,728	0
Capital Projects	525	1,165	640	1,335	170	1,518	183
Dedicated Highway and Bridge Trust Fund	362	766	404	859	93	949	90
All Other Capital	163	399	236	476	77	569	93
Medicaid State Share	2,292	2,331	39	2,867	536	2,868	1
All Other Transfers	925	1,092	167	1,387	295	1,695	308
Mental Hygiene	7	287	280	549	262	810	261
Medicaid Payments for State Facilities	231	193	(38)	193	0	193	0
Judiciary Funds	149	150	1	156	6	161	5
SUNY- Hospital Operations	135	134	(1)	167	33	167	0
Banking Services	66	66	0	66	0	66	0
Empire State Stem Cell Trust Fund	16	22	6	0	(22)	48	48
Statewide Financial System	0	35	35	50	15	60	10
Lottery Support for School Aid	131	0	(131)	0	0	0	0
All Other	190	205	15	206	1	190	(16)

General Fund transfers help finance certain capital activities, pay debt service for bonds that do not have dedicated revenues, and finance a range of other activities. Highlights include:

- **Debt Service:** Transfers pay for debt service for general obligation bonds, as well as certain lease-purchase and service contract bonds. As the State retires service contract bonds and issues more PIT revenue bonds, this transfer will go down over time.

- **Capital Projects:** The General Fund subsidizes the expenses of the DHBTF, as well as finances certain "hard dollar" capital spending. The DHBTF subsidy increases as the cumulative expenses of the fund (capital and operating expenses of the Department of Transportation and the Department of Motor Vehicles, debt service on DHBTF bonds and transfers for debt service on bonds that fund the Consolidated Highway Improvement Programs and local transportation programs) continue to exceed current and projected revenue deposits and bond proceeds. The General Fund subsidy is projected at $766 million for 2010-11 and $859 million for 2011-12, with additional growth thereafter.

- **Medicaid Share Transfer:** The benefit of increased FMAP reduces the State share of Medicaid spending at State-operated mental hygiene facilities through 2010-11. Beginning in 2011-12, these ARRA moneys are no longer expected to be available, increasing the General Fund transfer.

- **All Other Transfers:** These provide funding for specific purposes, including Mental Hygiene activities and the State's financial management system. Additionally, the General Fund will make annual transfers to approximately a dozen other purposes, including, but not limited to: the Court Facilities Incentive Aid Fund, New York City County Clerks Fund, and Judiciary Data Processing Fund; the Department of Health and SUNY for payments related to patients residing in State-operated facilities; and subsidy payments for SUNY hospitals.

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Year-to-Date Operating Results

General Fund

General Fund operating results through September 2009 were $710 million better than projected in the First Quarterly Update, but this was due primarily to management actions to maintain adequate operating margins and routine variances in the timing of disbursements that are not expected to affect annual spending levels. The most significant action was to change the State's planned contribution of approximately $960 million to the State Retirement System to March 1, 2010, the statutory payment date, from September 2009, where it was originally planned. Excluding the impact of management actions and timing variances, DOB estimates that the General Fund operating results through September 2009 would have been approximately $700 million to $800 million below planned levels.

GENERAL FUND RESULTS: APRIL THROUGH SEPTEMBER 2009 (UNAUDITED)
(millions of dollars)

	Projections			Favorable/ (Unfavorable) vs.		
	Enacted Budget	First Quarterly Update	Actual Reported Results	Enacted Budget	First Quarterly Update	Increase/ (Decrease) from Prior Year
Opening Balance (April 1, 2009)	**1,948**	**1,948**	**1,948**	**n/a**	**n/a**	**(806)**
Receipts	**27,444**	**25,822**	**25,200**	**(2,244)**	**(622)**	**(4,210)**
Personal Income Tax*	17,079	15,652	14,885	(2,194)	(767)	(4,241)
User Taxes and Fees*	5,592	5,306	5,267	(325)	(39)	(377)
Business Taxes	2,335	2,434	2,393	58	(41)	(3)
Other Taxes*	517	493	577	60	84	(460)
Non-Tax Revenue	1,921	1,937	2,078	157	141	871
Disbursements	**26,615**	**26,050**	**24,718**	**1,897**	**1,332**	**(1,773)**
School Aid	7,167	7,070	7,158	9	(88)	524
Medicaid (including admin)	3,576	3,355	3,420	156	(65)	(1,103)
All Other Local	6,015	5,709	5,561	454	148	94
Personal Service	3,768	3,740	3,509	259	231	186
Non-Personal Service	1,117	1,162	1,058	59	104	(169)
General State Charges	2,190	2,328	1,403	787	925	(602)
Transfers To Other Funds	2,782	2,686	2,609	173	77	(703)
Change in Operations	**829**	**(228)**	**482**	**(347)**	**710**	**(2,437)**
Closing Balance (Sep 30, 2009)	**2,777**	**1,720**	**2,430**	**(347)**	**710**	**(3,243)**

** Includes transfers from other funds after debt service.*

Through September 2009, General Fund tax receipts including transfers, were $763 million below the projections included in the First Quarterly Update and $2.4 billion below the initial projections. Lower personal income tax revenue represents nearly all of the variance from Plan. This decline was partly offset by higher non-tax revenue.

Spending results through September 2009 were below the forecast set forth in both the First Quarterly Update ($1.3 billion) and the Enacted Budget ($1.9 billion). The majority of the spending variances reflect management actions and routine changes in the expected timing of payments. The most significant variances include:

- The decision to hold the State's pension payment ($846 million), as well as the Judiciary pension payment ($113 million), until March 1, 2010.

- Payments related to the NYSCOPBA collective bargaining settlements (including retroactive payments) that were planned in September but did not occur until October ($258 million).

- A public assistance payment ($170 million) that was expected at the end of September, but not processed until October 1.

Additional information on operating results and explanations on variances are provided below.

Summary of General Fund Variances from Plan

Receipts Variance from Plan

The variance in PIT collections was comprised of lower than expected withholding ($221 million); estimated payments ($564 million) due to greater-than expected weakness in both the base and the temporary surcharge on high-income taxpayers; other payments ($22 million); and higher than planned refunds ($2 million). These negative variances were partially offset by a net positive variance of $40 million resulting from the RBTF dedication and subsequent post debt-service transfer to the General Fund.

The user taxes and fees shortfall was due to the sales tax ($75 million) as the result of a significant decline in consumer demand. This was partially offset by positive variances in cigarette, tobacco, and alcoholic beverage taxes and fees totaling $21 million and a net positive variance of $15 million resulting from the LGAC dedication and subsequent post debt-service transfer to the General Fund.

Business tax receipts were $41 million below forecast as a result of lower gross receipts ($171 million) driven by weaker than expected calendar filer estimated payments in September, particularly for both the corporate franchise tax and the bank tax. This variance is partly offset by favorable timing-related variances in audit collections and refunds totaling $130 million. This is primarily due to collections from a financial services audit that was expected to be received later in the fiscal year.

The above declines were partly offset by higher collections for estate tax receipts ($48 million), 18-A utility assessments ($45 million); abandoned property ($41 million); and various fees and reimbursements. These increases are partly offset by the delay of planned fund sweeps ($80 million) and lower than-expected Bottle Bill receipts ($29 million).

Spending Variances from Plan

Local Assistance spending through September 2009 totaled $16.1 billion, consistent with the First Quarterly Update. Higher than planned spending for school aid, including the UPK program and BOCES ($88 million), and Medicaid, due to higher-than-projected weekly cycle payments ($65 million), was offset by the timing of a public assistance payment originally scheduled for September ($170 million) which was delayed until October.

Personal Service spending was lower due to the processing of the NYSCOPBA collective bargaining settlement ($258 million). Non-personal service spending was lower in the areas of Corrections ($29 million), SUNY ($21 million), and public health ($18 million). GSC spending was lower due to the movement of the pension payment. Transfers to Other Funds were lower than planned due mostly to the timing of the State-share of Medicaid reimbursements for State-operated facilities and mental hygiene programs.

General Fund Annual Change

Through September 2009, receipts were $4.2 billion, or 14.3 percent, below the same period in 2008. This annual decline is almost entirely attributable to the drop in personal income tax collections ($4.2 billion), as well as lower sales tax collections.

As of September 2009, spending was $1.8 billion, or 6.8 percent, lower than the prior year. This is due primarily to the timing of the pension payment; reductions in Medicaid spending resulting from the FMAP increase that lowers State spending; ongoing efforts to reduce agency operational spending; and reductions in transfers to other funds to support capital projects spending and State share Medicaid costs. These declines are partly offset by expected growth in school aid, higher education, and mental hygiene spending.

All Governmental Funds

All GOVERNMENTAL FUNDS ACTUAL RESULTS: APRIL THROUGH SEPTEMBER 2009
(millions of dollars)

	Projections			Favorable/ (Unfavorable) vs.		
	Enacted Budget	First Quarterly Update	Actual Reported Results	Enacted Budget	First Quarterly Update	Increase/ (Decrease) from Prior Year
Receipts	**62,227**	**61,085**	**58,673**	**(3,554)**	**(2,411)**	**660**
Taxes	29,672	28,002	27,263	(2,409)	(738)	*(5,142)*
Miscellaneous Receipts	10,482	10,557	10,740	258	183	*2,244*
Federal Grants	22,073	22,526	20,670	(1,403)	(1,856)	*3,558*
Disbursements	**63,100**	**62,246**	**59,638**	**3,462**	**2,608**	**2,720**
State Operating Funds	37,628	37,244	35,901	1,727	1,343	(883)
General Fund*	23,833	23,364	22,109	1,724	1,255	(1,070)
Special Revenue Funds	11,639	11,771	11,810	(171)	(39)	210
Debt Service Funds	2,156	2,109	1,982	174	127	(23)
Capital Projects Funds	4,121	3,686	3,388	733	298	6
Federal Operating Funds	21,351	21,316	20,349	1,002	967	3,597

** Excludes Transfers.*

All Funds receipts through September 2009 fell below the First Quarterly Update projections by $2.4 billion due to the decline in tax receipts described above, as well as $1.9 billion in lower Federal grants due to the timing of reimbursements.

State Operating Funds spending was $1.3 billion below the First Quarterly Update projections due almost entirely to the General Fund spending variances described above and lower debt service spending resulting from refundings and lower interest rates on variable rate bonds.

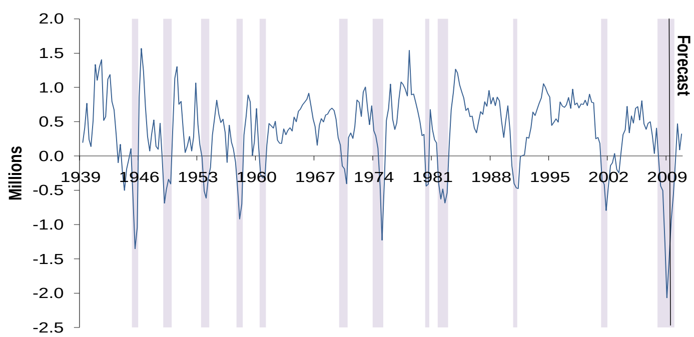
Capital Projects spending was below the First Quarterly Update projections due to delayed spending in the areas of Housing and Community Renewal, Environmental Conservation and Health and Social Welfare. The Federal Operating variance is largely attributable to slower-than-expected spending of Federal ARRA funds for education.

Economic Outlook

The National Economy

The longest and most severe recession since the 1930s appears to be coming to an end. Federal stimulus programs, combined with the reemergence of the world's large developing economies, are having a positive impact on residential housing investment, export growth, and consumer spending. The demand for autos and housing and related consumer expenditures engendered by these programs is likely to result in economic growth of over 3.0 percent for the third quarter of 2009, representing a substantial upward revision from the First Quarterly Update released in July. However, these data indicate that the U.S. economy is not likely to reach its long-term trend growth rate for some time. Although the pace of job losses has diminished, employment is still falling and the unemployment rate is expected to remain close to 10 percent throughout much of 2010. Therefore, it is unlikely that the labor market will be able to support a strong rebound in consumer demand, which accounts for two thirds of the economy, anytime soon. Real U.S. Gross Domestic Product ("GDP") is now projected to rise 2.3 percent for 2010, following a decline of 2.5 percent for 2009.

Quarterly Change in U.S. Employment



Note: Shaded areas represent U.S. recessions.
Source: Moody's Economy.com; DOB staff estimates.

Although the outlook for 2010 GDP growth has improved since July, the same cannot be said for the labor market. Nonfarm employment is now projected to fall 3.8 percent for the current year, followed by a decline of 0.7 percent for 2010. The weak labor market is having a correspondingly negative impact on income growth. Wage growth for 2009 has been revised down to a decline of 4.5 percent, though the greater part of this modification is due to an unprecedentedly large revision by the U.S. BEA based on more complete wage data from the Quarterly Census of Employment and Wages. Wage growth for the first quarter of 2009 was revised down from a decline of 4.0 percent to a much greater decline of 13.6 percent, likely a reflection of the large decline in bonus payments in New York and other states. Total personal income, of which wages is the largest component, is now projected to rise 2.5 percent in 2010, following a decline of 2.2 percent in 2009. In addition to falling employment and income, households appear to be constraining their spending in order to save more and reduce their record debt levels. Consequently, the outlook for household spending has improved only marginally since July. Real consumption spending is now projected to rise 1.4 percent for 2010, following a decline of 0.7 percent for 2009.

With households unlikely to become the economy's growth engine until the labor market strengthens further, the momentum necessary to sustain the economy's nascent recovery is likely to come from other sources. Stronger than expected global growth and a weaker U.S. dollar have improved the outlook for export growth since July, with real U.S. exports now projected to grow 7.0 percent in 2010, following a more moderate decline of 10.7 percent for 2009. In addition, the Federal stimulus package appears to be having a stronger impact than anticipated earlier, and is likely to continue to do so. It is reported that of the $792 billion authorized by Congress to be disbursed over a roughly two-year period, about 56 percent in combined spending and tax cuts remains available to be spent over the remainder of 2009 and 2010 and will be a sustaining force over the near-term forecast horizon. In addition, what has already been the steepest inventory correction since the 1930s was made even steeper by the unexpectedly strong response to the "cash for clunkers" program. Recent industrial production data, as well as national and regional manufacturer survey results, indicate that businesses are responding to low inventory levels by ramping up production in autos and other sectors. These forces support DOB's outlook for a sustained if less than robust economic recovery for the remainder of 2009 and 2010.

The weakness of the labor market is a signal that businesses are engaged in an effort to reduce costs and bolster productivity growth. The result of this effort has become manifest in stronger growth in corporate profits than anticipated in July. U.S. corporate profits, including the capital consumption and inventory valuation adjustments, are now projected to grow 9.3 percent in 2010, following a more moderate decline of 8.6 percent in 2009. An improved outlook for corporate profits more generally has resulted in significantly stronger equity market growth. The S&P 500 is now projected to rise 17.3 percent in 2010, following a decline of 23.4 percent in 2009. Though the recent improvement in equity prices is due in part to market fundamentals pertaining to business costs and profits, the recent 60 percent increase in equity prices has no doubt also been fueled by speculation and is likely unsustainable over the near-term. Consequently, DOB's outlook for equity markets calls for much lower growth going forward.

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

	2008 Actual	2009 Estimate	2010 Forecast
Real U.S. Gross Domestic Product	0.4	(2.5)	2.3
Consumer Price Index (CPI)	3.8	(0.5)	1.8
Personal Income	2.9	(2.2)	2.5
Nonagricultural Employment	(0.4)	(3.8)	(0.7)

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

DOB's outlook calls for a weak but sustained economic recovery that is likely just getting underway. However, with over seven million jobs lost since December 2007, and continued deleveraging among both households and businesses, there are many risks to the forecast. The health of the banking system remains fragile, particularly at the regional level where weakness in the commercial real estate sector has raised the risk of loan defaults. Consequently, consumer credit continues to remain weak, likely due to both tight lending conditions on the part of banks and higher desired savings rates among households. Although the absence of wage pressure continues to justify a benign inflation outlook, rising commodity prices remain a risk and could force the Federal Reserve to tighten earlier than expected. A historically large Federal deficit and weak U.S. dollar also contribute to both inflation risk and, therefore, interest rate risk, going forward. In addition to the weakness in the private labor market, there are risks within the public sector, normally a stabilizing force during economic downturns, as state and local governments confront their own budgetary deficits. On the other hand, a stronger response to the stimulus package, higher equity prices, or stronger global growth than anticipated could result in stronger economic growth than is reflected in the forecast.

The New York State Economy

Recent data indicate that the New York State economy deteriorated more quickly during the first half of 2009 than had been anticipated in July when the First Quarterly Update to the AIS was released. The declines in private sector employment and wages for the first quarter of 2009 were steeper than originally anticipated, and there are preliminary indications that the same is true for the second quarter as well. These developments reinforce the notion that though the State recession started fully eight months after the U.S. as a whole, it is both catching up quickly and likely to last longer. State employment is now projected to decline 0.5 percent for 2010, following a decline of 2.3 percent for 2009. Private sector employment is projected to fall 0.6 percent for 2010, following a decline of 2.8 percent for 2009. Job declines continue to be led by the manufacturing, construction, and financial services sectors, all of which pay salaries that are higher than the statewide average. Declines in financial services employment appear to be having a large impact on household spending, as evidenced by the unprecedented large declines observed in taxable sales, particularly downstate.

The impact of the current downturn on State wages appears to be even greater than estimated in July. State wages fell 15.0 percent in the first quarter of 2009, about two percentage points greater than the July estimate and the largest quarterly decline in wages in the history of the Quarterly Census of Employment and Wages ("QCEW") data. The unprecedented decline in State wages estimated for the first quarter of 2009 largely reflects the impact of securities industry losses on bonus compensation. DOB now projects a decline of 5.8 percent in total State wages for 2009, which would also be the largest annual decline in the history of QCEW data. Financial market weakness in early 2009, along with a steep decline in high-value real estate market transactions, has also resulted in a downward revision to the level of capital gains realizations estimated for the current year.

Going forward, the improvement in both equity markets and financial sector profits would seem to present some room for optimism for the 2009-10 bonus season. The industry's stellar profit performance in the second quarter is in large part due to the low borrowing costs engendered by the Federal Reserve's historically low interest rate target, as well as its quantitative easing programs. However, efforts by the Federal government to constrain executive compensation represent a countervailing force. Consequently, DOB still projects growth in total State wages of 2.1 percent for 2010, with finance and insurance bonuses now projected to fall 22.0 percent for the 2009-10 State fiscal year.

DOB's outlook for the State economy calls for the current recession ending by the second half of 2010. However, there exists significant downside risk to the projected timing and strength of the coming recovery, given the historically unprecedented decline in wages being witnessed during the current recession. The declines appear to be greatest among the State's high-wage economic sectors, heightening the risk to revenues. As always, all of the risks to the U.S. forecast apply to the State forecast as well, although financial market uncertainty poses a particularly large degree of risk for New York. A larger than anticipated correction to the recent equity market rally could result in a reversal in the recovery of Wall Street profits and a larger decline in 2009-10 bonuses.

Weak credit market conditions and rising debt default rates are expected to continue to put downward pressure on the State's income and tax base by continuing to depress household spending and real estate activity. Real estate market risks are particularly great in the commercial sector where high-value transactions contribute significantly to state and local government revenues, in part through taxable capital gains realizations. Declines in capital gains realizations tend to reduce taxable income among taxpayers paying the highest marginal rates and, as a result, have a disproportionately large impact on PIT receipts. These effects could ripple through the economy, further depressing both employment and wage growth. In contrast, should the national and world economies grow faster than expected, a stronger upturn in stock prices, along with other stronger financial market activity, could result in higher wage and bonus growth than projected.

NEW YORK STATE ECONOMIC INDICATORS
(Percent change from prior calendar year)

	2008 Actual	2009 Estimate	2010 Forecast
Personal Income	3.3	(2.8)	2.1
Wages	2.0	(5.8)	2.1
Nonagricultural Employment	0.7	(2.3)	(0.5)

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

All Funds Receipts Projections

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

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

2009-10 All Funds Receipts Overview

TOTAL RECEIPTS (millions of dollars)

	2008-09 Actual	2009-10 Mid-Year Update	Annual $ Change	Annual % Change
General Fund	53,801	51,708	(2,093)	-3.9%
State Funds	80,265	80,608	343	0.4%
All Funds	119,235	128,855	9,620	8.1%

All Funds receipts are projected to total $128.9 billion for 2009-10, comprising tax receipts ($59.4 billion), Federal grants ($48.1 billion) and miscellaneous receipts ($21.4 billion). The following table summarizes the actual receipts for 2008-09 and the updated projections for 2009-10 and 2010-11.

TOTAL RECEIPTS (millions of dollars)

	2008-09 Actual	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**53,801**	**51,708**	**(2,093)**	**-3.9%**	**53,982**	**2,274**	**4.4%**
Taxes	38,301	37,272	(1,029)	-2.7%	40,101	2,829	7.6%
Miscellaneous Receipts	3,105	3,114	9	0.3%	2,687	(427)	-13.7%
Federal Grants	45	68	23	51.1%	60	(8)	-11.8%
Transfers	12,350	11,254	(1,096)	-8.9%	11,134	(120)	-1.1%
State Funds	**80,265**	**80,608**	**343**	**0.4%**	**84,587**	**3,979**	**4.9%**
Taxes	60,337	59,383	(954)	-1.6%	63,346	3,963	6.7%
Miscellaneous Receipts	19,883	21,156	1,273	6.4%	21,180	24	0.1%
Federal Grants	45	69	24	53.3%	61	(8)	-11.6%
All Funds	**119,235**	**128,855**	**9,620**	**8.1%**	**133,599**	**4,744**	**3.7%**
Taxes	60,337	59,383	(954)	-1.6%	63,346	3,963	6.7%
Miscellaneous Receipts	20,064	21,385	1,321	6.6%	21,366	(19)	-0.1%
Federal Grants	38,834	48,087	9,253	23.8%	48,887	800	1.7%

The receipts estimates for the current fiscal year have been revised downward significantly. Current year All Funds tax receipt estimates have been lowered by $1.2 billion since the First Quarterly Update, due almost entirely to a reduction in PIT. The anticipated increase in PIT collections due to the recently enacted high-income surcharge has not fully materialized as expected, partially due to timing. In addition, the historic decline in State wages estimated for the current year is having an even more adverse impact on State household spending than expected, particularly for autos and other big-ticket items.

Business tax collections were weaker than anticipated in the First Quarterly Update, mainly due to the overall weakness of the economic environment.

The total All Funds receipts estimate of $128.9 billion represents an increase of $9.6 billion, or 8 percent, above 2008-09 results. This growth is comprised of decreases in taxes ($954 million or 1.6 percent), and increases in miscellaneous receipts ($1.3 billion or 6.6 percent), and Federal grants ($9.3 billion or 23.8 percent).

Total State Funds receipts are estimated at $80.6 billion, an expected increase of $343 million, or 0.4 percent, from 2008-09 actual results. State Funds miscellaneous receipts are estimated to increase $1.3 billion, or 6.4 percent.

Total General Fund receipts, including transfers, are estimated at $51.7 billion, a decrease of $2.1 billion, or 3.9 percent, from 2008-09 results. The decline in General Fund tax receipts is estimated at 2.7 percent. General Fund miscellaneous receipts are estimated to decrease by 0.3 percent.

CHANGE FROM FIRST QUARTERLY UPDATE
(millions of dollars)

	2009-10 First Quarterly Update	2009-10 Mid-Year Update	$ Change	% Change	2010-11 First Quarter Update	2010-11 Mid-Year Update	$ Change	% Change
General Fund*	**41,106**	**40,454**	**(652)**	**-1.6%**	**43,978**	**42,848**	**(1,130)**	**-2.6%**
Taxes	38,137	37,272	(865)	-2.3%	41,231	40,101	(1,130)	-2.7%
Miscellaneous Receipts	2,901	3,114	213	7.3%	2,687	2,687	0	0.0%
Federal Grants	68	68	0	N/A	60	60	0	N/A
State Funds	**81,902**	**80,608**	**(1,294)**	**-1.6%**	**86,250**	**84,587**	**(1,663)**	**-1.9%**
Taxes	60,556	59,383	(1,173)	-1.9%	64,889	63,346	(1,543)	-2.4%
Miscellaneous Receipts	21,277	21,156	(121)	-0.6%	21,300	21,180	(120)	-0.6%
Federal Grants	69	69	0	0.0%	61	61	0	0.0%
All Funds**	**129,790**	**128,855**	**(935)**	**-0.7%**	**134,918**	**133,599**	**(1,319)**	**-1.0%**
Taxes	60,556	59,383	(1,173)	-1.9%	64,889	63,346	(1,543)	-2.4%
Miscellaneous Receipts	21,435	21,385	(50)	-0.2%	21,453	21,366	(87)	-0.4%
Federal Grants	47,799	48,087	288	0.6%	48,576	48,887	311	0.6%

** Excludes Transfers.*
*** Includes MCTD payroll tax.*

After controlling for the impact of Tax Law changes, base tax revenue is estimated to decline 11.0 percent for fiscal year 2009-10. It is estimated that PIT liability for 2009 could have fallen 14.5 percent in the absence of the enacted surcharge and other law changes.

Fiscal Year 2010-11 Overview

Total All Funds receipts are expected to reach nearly $133.6 billion, an increase of $4.7 billion, or 3.7 percent, from 2009-10 estimated receipts. All Funds tax receipts are projected to increase by nearly $4.0 billion or 6.7 percent. All Funds Federal grants are expected to increase by $800 million, or 1.7 percent. All Funds miscellaneous receipts are projected to decrease by $19 million, or 0.1 percent.

Total State Funds receipts are projected to be $84.6 billion, an increase of $4.0 billion, or 4.9 percent from 2009-10 estimated receipts.

Total General Fund receipts (including transfers from other funds) are projected to be nearly $54 billion, an increase of $2.3 billion, or 4.4 percent from 2009-10 estimated receipts. General Fund tax receipts are projected to increase by 7.6 percent from 2009-10 estimates, and General Fund miscellaneous receipts are projected to decrease by 13.7 percent. The decline in General Fund miscellaneous receipts largely reflects the loss of anticipated receipts from New York City.

After controlling for the impact of policy changes, base tax revenue is expected to grow by 5.5 percent for fiscal year 2010-11.

Change from First Quarterly Update

All Funds receipts estimates have been revised downward significantly for fiscal year 2009-10. Tax receipts to date for fiscal year 2009-10, in many revenue categories, have fallen below expectations. As a result of these and other factors outlined below, All Funds tax estimates for the year have been revised downward by $1.2 billion from the First Quarterly Update. Miscellaneous receipts have been revised downward by $50 million, while Federal grants have been revised up by $288 million.

The downward revision to General Fund receipts for fiscal year 2009-10 is $652 million, reflecting a $865 million decrease in taxes.

The downward revisions alluded to above are primarily due to:

- A weaker economic condition and changes in the timing of PIT collections related to the temporary rate increase.

- Weaker than expected to date business tax collections, due to the overall weak economic environment.

Multi-Year Receipts

Total Receipts (millions of dollars)							
	2010-11 Projected	2011-12 Projected	Annual $ Change	Annual % Change	2012-13 Projected	Annual $ Change	Annual % Change
General Fund	**53,982**	**55,342**	**1,360**	**2.5%**	**55,648**	**306**	**0.6%**
Taxes	40,101	41,359	1,258	3.1%	41,787	428	1.0%
State Funds	**84,587**	**86,746**	**2,159**	**2.6%**	**87,372**	**626**	**0.7%**
Taxes	63,346	65,485	2,139	3.4%	66,377	892	1.4%
All Funds	**133,599**	**130,661**	**(2,938)**	**-2.2%**	**132,142**	**1,481**	**1.1%**
Taxes	63,346	65,485	2,139	3.4%	66,377	892	1.4%

The economic forecast calls for a recession entailing employment losses through the first half of 2010, an historic decline in State wages of 5.8 percent in 2009, and low wage growth of 2.1 percent for 2010. This lowers the economic base on which the outyear revenue forecast is built. Overall, receipts growth in the three fiscal years following 2010-11 is expected to grow consistent with the projected slow growth in the U.S. and New York economies.

All Funds tax receipts in 2011-12 are projected to reach $65.5 billion, an increase of $2.1 billion, or 3.4 percent from 2010-11 estimates. All Funds tax receipts in 2012-13 are expected to increase by $892 million (1.4 percent) over the prior year. General Fund tax receipts are projected to reach $41.4 billion in 2011-12 and $41.8 billion in 2012-13. (See "All Funds Receipts Projections" herein for a detailed explanation of All Funds receipts projections by source).

Revenue Risks

- A significant downside risk remains to the projected timing and strength of the State's economic recovery, given the historically unprecedented decline in wages witnessed during the current recession, particularly within the high-wage economic sectors.

- Real estate markets could remain depressed for longer than expected due to the continued credit crunch and Wall Street retrenchment, which could have a significant negative impact on capital gains realizations and real estate transfer tax collections.

- Actions taken by the Federal government to alleviate the faltering banking industry and credit markets could be less effective than intended, and take longer to achieve their desired objectives.

- Taxable sales could be driven down further by continued weakness in household spending.

- The temporary PIT rate increases on high-income taxpayers are estimated to raise an additional \$3.6 billion in receipts for the 2009 tax year. This estimate is about \$400 million below the original projection, but still represents a substantial portion of estimated tax receipts. Given the uncertainty surrounding taxpayer behavior following a law change and the extreme volatility in the sources of income among the State's high-income taxpayers, these estimates are subject to substantial future revisions.

- The real estate transfer tax forecast could continue to be negatively affected by tight credit market conditions. The decline in real estate prices in some areas of the State is likely to depress collections. The number of high value commercial property sales in New York City is expected to continue to decline from recent years.

- Over 50 percent of business tax audit and compliance receipts are expected during the second half of the fiscal year. This represents a risk to the Financial Plan during the October through March period.

- The relationship between economic activity and revenue collections varies over time, especially at business cycle turning points. Due to the payment lags that are built into many revenue statutes, tax collections can lag many years behind when the liability was incurred. Finally, the efforts to cap finance industry executive compensation adds an additional layer of risk to these estimates.

Updated All Funds Disbursements Projections

The 2009-10 spending forecasts for each of the State's major programs and activities have been updated since the First Quarterly Update as more information has become available. The changes include the General Fund revisions, explained in detail earlier in this Mid-Year Financial Plan.

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

TOTAL DISBURSEMENTS*
(millions of dollars)

	2008-09 Actuals	2009-10 First Quarterly Estimate	2009-10 Change	2009-10 Revised Estimate	Annual $ Change	Annual % Change	Adjusted % Change**
State Operating Funds	**78,168**	**80,471**	**(501)**	**79,970**	**1,802**	**2.3%**	**0.2%**
General Fund (excluding transfers)	48,436	49,422	(249)	49,173	737	1.5%	1.5%
Other State Funds	25,146	25,902	(156)	25,746	600	2.4%	-4.1%
Debt Service Funds	4,586	5,147	(96)	5,051	465	10.1%	10.1%
All Governmental Funds	**121,571**	**133,469**	**(284)**	**133,185**	**11,614**	**9.6%**	**8.2%**
State Operating Funds	78,168	80,471	(501)	79,970	1,802	2.3%	0.2%
Capital Projects Funds	6,830	8,455	(402)	8,053	1,223	17.9%	17.9%
Federal Operating Funds	36,573	44,543	619	45,162	8,589	23.5%	23.5%
General Fund, including Transfers	**54,607**	**55,059**	**(449)**	**54,610**	**3**	**0.0%**	**0.0%**

* *Revenue and spending estimates do not include $2.3 billion in potential savings that are subject to approval by the Legislature or an outside entity.*
** *Excludes approximately $1.6 billion in special revenue fund disbursements related to the new Metropolitan Commuter Transportation Mobility Tax, a tax which is collected by the State on behalf of, and transferred in its entirety to, the MTA.*

All Funds spending is projected to total $133.2 billion in 2009-10, a decline of $284 million from the First Quarterly Update. Higher expected spending on an All Funds basis primarily for health care, welfare, mental hygiene, and criminal justice, is more than offset by expected administrative DRP actions. The following table provides a summary of revisions.

2009-10 SPENDING PROJECTIONS UPDATED FOR MID-YEAR UPDATE
INCREASE/(DECREASE) IN SPENDING
(millions of dollars)

	General Fund*	Other State Funds**	Total State Operating Funds	Capital Projects Funds	Federal Operating Funds	Total All Funds
First Quarterly Update	**49,422**	**31,049**	**80,471**	**8,455**	**44,543**	**133,469**
Annual Percent Change at Enacted Budget	*2.0%*	*4.4%*	*2.9%*	*23.8%*	*21.8%*	*9.8%*
Reestimates to the First Quarterly Update	**202**	**(53)**	**149**	**(373)**	**628**	**404**
Health Care (incl. Medicaid)	64	40	104	0	568	672
Higher Education	23	0	23	9	0	32
Criminal Justice	84	0	84	0	2	86
Transportation	0	(40)	(40)	(452)	8	(484)
Mental Hygiene	0	22	22	0	70	92
STAR	0	(85)	(85)	0	0	(85)
Federal HAVA Funding (Elections)	0	0	0	0	(97)	(97)
Back-to-School Initiative (Welfare)	35	0	35	0	140	175
All Other	(4)	10	6	70	(63)	13
Administrative DRP Savings	**(451)**	**(199)**	**(650)**	**(29)**	**(9)**	**(688)**
Net Spending Increase/(Decrease)	**(249)**	**(252)**	**(501)**	**(402)**	**619**	**(284)**
Mid-Year Update	**49,173**	**30,797**	**79,970**	**8,053**	**45,162**	**133,185**
Annual Change at Mid-Year Update	*1.5%*	*3.6%*	*2.3%*	*17.9%*	*23.5%*	*9.6%*

**Excludes Transfers*

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

State Operating Funds Budget

The changes to the State Operating Funds forecast primarily reflect the General Fund revisions and DRP actions described earlier, which are partially offset by reductions in Other State Funds spending, the largest being STAR. Other changes include revisions to public health and stem cell research based upon activity and spending trends to date.

Capital Budget

Capital spending is projected to total $8.1 billion in 2009-10, a decrease of $402 million from the First Quarterly Update. This reflects a timing reestimate regarding Federal spending on transportation projects supported by ARRA funds, as well as revised spending estimates in several New York State Economic Development programs.

The capital spending projections conform to the reporting of actual results in the State's cash basis of accounting. A comprehensive review of all capital projects spending, including "off-budget" spending, is provided in the Financial Plan tables.

Federal Operating Budget

DOB has increased the annual estimate for Federal Operating spending by over $600 million compared to the First Quarterly Update. The changes are largely driven by an increase in Medicaid costs resulting from higher than projected utilization, and increased spending for the Back-to-School Assistance program supported by ARRA funds.

All Funds Annual Spending Change

The major sources of annual spending change from 2008-09 to 2009-10 are presented in the table below. The Enacted Budget provides detailed explanations of the sources of annual spending growth by major program and activity on an All Funds basis.

UPDATED FINANCIAL PLAN DISBURSEMENT PROJECTIONS
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 Actuals	**48,436**	**29,732**	**78,168**	**6,830**	**36,573**	**121,571**
School Aid	263	(197)	66	0	1,426	1,492
Medicaid (including admin)	(1,989)	1,097	(892)	0	4,965	4,073
Transportation	(8)	1,272	1,264	264	1	1,529
Public Health	208	(563)	(355)	151	77	(127)
Economic Development	(17)	374	357	176	339	872
Mental Hygiene	103	(86)	17	56	319	392
STAR	0	(996)	(996)	0	0	(996)
Social Services	204	(5)	199	(3)	213	409
Higher Education	448	565	1,013	241	125	1,379
Environmental Conservation	(7)	0	(7)	257	26	276
Other Education Aid	7	(5)	2	49	563	614
General State Charges	785	(321)	464	0	75	539
All Other	740	(70)	670	32	460	1,162
2009-10 Mid-Year Estimate	**49,173**	**30,797**	**79,970**	**8,053**	**45,162**	**133,185**
Annual Dollar Change	*737*	*1,065*	*1,802*	*1,223*	*8,589*	*11,614*
Annual Percent Change	*1.5%*	*3.6%*	*2.3%*	*17.9%*	*23.5%*	*9.6%*

* *Excludes transfers.*

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 to be presented for informational purposes on a Generally Accepted Accounting Principles ("GAAP") basis, in accordance with standards and regulations set forth by GASB. Thus, the GAAP projections provided herein are intended to supplement, for informational purposes, the cash-basis Financial Plan. The GAAP-basis plans model the accounting principles applied by OSC in preparation of the 2008-09 Financial Statements. Tables comparing the cash-basis and GAAP-basis General Fund Financial Plans are provided at the end of this Financial Plan.

In 2009-10, the General Fund GAAP Financial Plan shows total revenues of $44.4 billion, total expenditures of $55.4 billion, and net other financing sources of $8.9 billion, resulting in an operating deficit of $2.0 billion prior to proposed actions to close the cash gap and a projected accumulated deficit of $5.0 billion. For the most part, these changes are due primarily to the use of a portion of prior year reserves to support 2009-10 operations and the impact of economic conditions on revenue accruals, primarily PIT.

GASB 45

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

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

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

As noted, there is no provision in the current Financial Plan to pre-fund the GASB 45 liability. If such liability were pre-funded at this time, the additional cost above the PAYGO amounts would be lowered. The State's Health Insurance Council, which consists of GOER, Civil Service, and DOB, will continue to review this matter, and seek input from the State Comptroller, the legislative fiscal committees and other outside parties. However, it is not expected that the State will alter its planned funding practices in light of existing fiscal constraints.

Special Considerations

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

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

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

There can be no assurance that the Legislature or other parties will approve actions (a) on the timetable assumed in the Updated Financial Plan, (b) at levels sufficient to close the estimated budget gap in the current year, or (c) that the administrative savings to close the gap, such as those described above relating to State agency operations, will be achieved at the level estimated in the Updated Financial Plan.

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

Current-Year Budget Gap

The Governor has proposed approximately $3.2 billion in actions to eliminate the estimated current-year budget gap. Approximately three-quarters of the proposed actions require the approval of parties, including the State Legislature and officials at other levels of government that are outside the control of the executive.

There can be no assurance that the budget gaps in the current year or future years will not increase materially from current projections. If this were to occur, the State would be required to take additional gap-closing actions. These may include, but are not limited to, additional reductions in State agency operations; deferral of planned payments to the State retirement system, school districts, vendors, local governments, service providers, or other entities; suspension of capital maintenance and construction;

extraordinary financing of operating expenses; or other measures. In many cases, the ability of the State to implement these actions requires the approval of the Legislature or other entities outside of the control of the executive.

State Workforce Reduction Initiatives

The Financial Plan has been revised to reflect the agreement between Governor Paterson and the State's two largest public employee unions (CSEA and PEF) in order to achieve alternative savings through measures other than potential layoffs. The agreement assumed $260 million in savings over the next two years through a severance payment program, the elimination of funded vacancies, and employee attrition. The DOB-approved agency plans would achieve those $260 million in cost-reductions and they are therefore reflected in the Financial Plan. The State continues to work toward enactment of Tier V and the implementation of Voluntary Reduction in Work Schedule, which are the other components of the agreement. As such, they are not yet reflected in the Financial Plan.

Labor Settlements

The Enacted Budget Financial Plan included a spending reserve of approximately $400 million in 2009-10 and $275 million in both 2010-11 and 2011-12 to finance potential agreements with unsettled unions. The reserve was calculated on the assumption that the agreements would have terms and conditions comparable to the contracts that have been ratified by other unions, including CSEA and PEF. The recent binding arbitration awards for Corrections Officers and Supervisors and the settlement with investigators and senior investigators in the Division of State Police add costs above the pattern of settlements. The costs of the awards are accounted for in the Updated Financial Plan projections. However, it is possible that additional increases will be granted to these unions as part of ongoing negotiations (as well as the unions that cover graduate students and Park Police).

Federal Regulations

Federal regulations pose a risk to State finances, particularly in the area of health care. CMS has attempted to promulgate regulations that, among other actions, seek to limit reimbursement to public providers to actual costs. These regulations were under a Congressional moratorium until July 1, 2009. Although the moratorium on regulations governing public provider cost limits, graduate medical education and rehabilitation services was not extended, the Federal Stimulus bill contained a "Sense of the Congress" provision that the Secretary of Health and Human Services should not promulgate these three regulations in final form. However, Congress also required that an independent assessment of these regulations be conducted to better understand the impact nationwide. Lewin and Associates was retained by CMS to complete this review, and a draft report is expected to be released before the end of this calendar year. Based on data provided by New York State to Lewin and Associates, these regulations, if implemented, would result in a decrease in Federal aid to NYS of some $2.4 billion -- $1.7 billion associated with limiting public provider reimbursement to cost and $700 million stemming from the graduate medical education regulation and the rehabilitation services regulation. These reductions would impact a myriad of State services and programs, including hospitals, clinics, nursing homes, mental hygiene services, EI Program and schools.

Debt Reform Cap

Based on the updated forecasts in the Updated Financial Plan, debt outstanding and debt service costs over the plan period are expected to remain below the limits imposed by the Debt Reform Act. However, the available room under the debt outstanding cap is expected to decline from $6.8 billion in 2009-10 to $52 million in 2012-13. The current projections represent a decline in projected debt capacity as compared to the First Quarterly Update, which estimated that about $762 million in capacity would be available in 2012-13. The revisions primarily reflect the timing of bonding for CUNY and economic development purposes, as offset by a slightly improved forecast for State personal income in future years. The changes to the debt reform projections over the last few quarters demonstrate the sensitivity of the cap calculations to volatility in State personal income levels and other economic factors. Measures to adjust capital spending and debt financing practices may be needed for the State to stay in compliance with the legal debt limit.

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GAAP-Basis Results for Prior Fiscal Years

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

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

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

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

Summary of Net Assets
(millions of dollars)

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

State Organization

State Government

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

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

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

**Appointed by the Governor on July 8, 2009. The Governor's authority to appoint a Lieutenant Governor was challenged in court. See Dean G. Skelos, et al. v. David A. Paterson, et al. (Nassau Co. Sup. Ct. Index no. 13426-2009). On September 22, 2009, the State Court of Appeals upheld Governor Paterson's right to appoint Richard Ravitch as Lieutenant Governor.

***Elected by the State Legislature.

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

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

State Retirement Systems

General

The New York State and Local Retirement Systems (the "Systems") provide coverage for public employees of the State and its localities (except employees of New York City and teachers, who are covered by separate plans). The Systems comprise the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System (PFRS). The Comptroller is the administrative head of the Systems. State employees made up about 31 percent of the membership during the 2008-09 fiscal year. There were 3,025 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, 2009, 679,908 persons were members and 366,178 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. The current actuarial smoothing method spreads the impact over a 5-year period, and thus contribution rate increases are expected for fiscal year 2012 through 2015. 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. Final contribution rates for fiscal year 2011 were released in early September 2009. The average 2011 ERS rate increased from 7.4 percent of salary in fiscal year 2010 to 11.9 percent of salary in fiscal year 2011, while the average 2011 PFRS rate increased from 15.1 percent of salary in fiscal year 2010 to 18.2 percent of salary in fiscal year 2011.

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 ended March 31, 2009. Payments totaled $1.06 billion. This amount included amounts required to be paid by the Judiciary bill and the amortization payments for the 2005 and 2006 bills.

The State bill for the current fiscal year ending March 31, 2010 is $979.1 million, assuming a payment on March 1, 2010.

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, 2009 were

$110.9 billion (including $2.9 billion in receivables), a decrease of $44.9 billion or 28.8 percent from the 2007-08 level of $155.8 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 $170.5 billion on April 1, 2008 to $176.6 billion (including $69.0 billion for current retirees and beneficiaries) on April 1, 2009. 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, 2009 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 2009 fiscal year, 40 percent of the unexpected gain for the 2008 fiscal year, 60 percent of the unexpected gain for the 2007 fiscal year and 80 percent of the unexpected gain for the 2006 fiscal year. Actuarial assets decreased from $151.8 billion on April 1, 2008 to $149.0 billion on April 1, 2009. The funded ratio, as of April 1, 2009, using the entry age normal funding method, was 101 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
2000	128,889	14.3
2001	114,044	(11.5)
2002	112,725	(1.2)
2003	97,373	(13.6)
2004	120,799	24.1
2005	128,038	6.0
2006	142,620	11.4
2007	156,625	9.8
2008	155,846	(0.5)
2009	110,938	(28.8)

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, 2009 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: All Participating Employers(1)	Contributions Recorded: Local Employers(1)	Contributions Recorded: State(1)	Contributions Recorded: Employees	Total Benefits Paid(2)
2000	165	11	154	423	3,787
2001	215	112	103	319	4,267
2002	264	199	65	210	4,576
2003	652	378	274	219	5,030
2004	1,287	832	455	222	5,424
2005	2,965	1,877	1,088	227	5,691
2006	2,782	1,714	1,068	241	6,073
2007	2,718	1,730	988	250	6,432
2008	2,649	1,641	1,008	266	6,883
2009	2,456	1,567	889	273	7,265

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

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Authorities and Localities

Public Authorities

For the purposes of this disclosure, public authorities refer to certain of the State's public benefit corporations, created pursuant to State law. Public authorities are not subject to the constitutional restrictions on the incurrence of debt that apply to the State itself and may issue bonds and notes within the amounts and restrictions set forth in legislative authorization. The State's access to the public credit markets could be impaired and the market price of its outstanding debt may be materially and adversely affected if certain of its public authorities were to default on their respective obligations, particularly those using the financing techniques referred to as State-supported or State-related debt under the section entitled "Debt and Other Financing Activities" in this statement. As of December 31, 2008, each of the 19 public authorities below had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, of these public authorities was approximately $140 billion, only a portion of which constitutes State-supported or State-related debt. The table below summarizes the outstanding debt of these public authorities.

Outstanding Debt of Certain Public Authorities (1) (2) (3)
As of December 31, 2008
(millions of dollars)

Public Authority	State-Related Conduit (4)	Authority Revenue Bonding	Other Conduit Bonding	Total
Dormitory Authority (5)	17,109	0	20,983	**38,092**
Metropolitan Transportation Authority	2,194	15,827	0	**18,021**
Port Authority of NY & NJ	0	12,991	0	**12,991**
Thruway Authority	10,312	2,328	0	**12,640**
Housing Finance Agency	1,497	7,754	0	**9,251**
Triborough Bridge and Tunnel Authority	119	8,307	0	**8,426**
Environmental Facilities Corporation	830	7,070	267	**8,167**
Long Island Power Authority (6)	0	6,864	0	**6,864**
UDC/ESDC	6,348	307	0	**6,655**
Local Government Assistance Corporation	3,848	0	0	**3,848**
Energy Research and Development Authority (6)	2	0	3,630	**3,632**
Tobacco Settlement Financing Corporation	3,588	0	0	**3,588**
State of New York Mortgage Agency	0	3,237	0	**3,237**
Power Authority	0	2,096	0	**2,096**
Battery Park City Authority	0	1,023	0	**1,023**
Convention Center Development Corporation	0	700	0	**700**
Municipal Bond Bank Agency	442	39	0	**481**
Niagara Frontier Transportation Authority	0	185	0	**185**
United Nations Development Corporation	0	123	0	**123**
TOTAL OUTSTANDING	46,289	68,851	24,880	**140,020**

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

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

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

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

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

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

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

The State has numerous public authorities with various responsibilities, including those which finance, construct and/or operate revenue-producing public facilities. Public authorities generally pay their operating expenses and debt service costs from revenues generated by the projects they finance or operate, such as tolls charged for the use of highways, bridges or tunnels, charges for public power, electric and gas utility services, rentals charged for housing units, and charges for occupancy at medical care facilities. In addition, State legislation authorizes several financing techniques for public authorities that are described under the section entitled "Debt and Other Financing Activities" above.

Also, there are statutory arrangements providing for State local assistance payments otherwise payable to localities to be made under certain circumstances to public authorities. Although the State has no obligation to provide additional assistance to localities whose local assistance payments have been paid to public authorities under these arrangements, the affected localities may seek additional State assistance if local assistance payments are diverted. Some authorities also receive moneys from State appropriations to pay for the operating costs of certain of their programs.

Localities

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

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

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	---	20,303	4,745	60,608	4,745
2002	42,721	2,200	21,721	5,184	64,442	7,384
2003	47,376	1,110	23,951	6,447	71,327	7,557
2004	50,265	---	26,679	5,120	76,944	5,120
2005	54,421	---	29,240	4,852	83,661	4,852
2006	55,381	---	30,745	4,766	86,126	4,766
2007	58,292	---	32,193	4,523	90,485	4,523

Source: Office of the State Comptroller.

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

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

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

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

(4) Outstanding bonded debt shown includes bonds issued by the localities and certain debt guaranteed by the localities and excludes capital lease obligations (for localities other than New York City), assets held in sinking funds and certain amounts available at the start of a fiscal year for redemption of debt. Starting in 2001, debt for other localities includes Installment Purchase Contracts.

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

Litigation

Tobacco Master Settlement Agreement

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

In Grand River Ent. v. King, a cigarette importer raises the same claims as those brought by the plaintiffs in Freedom Holdings, in a suit against the attorneys general of thirty states, including New York. The parties are cross-moving for summary judgment in the United States District Court for the Southern District of New York; briefing is scheduled to be completed on November 4, 2009.

West Valley Litigation

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

As a result of mediation, the parties filed a proposed Consent Decree on October 27, 2009, resolving part of the litigation. The order will propose to settle the claims for CERCLA allocation of costs and the obligations of the United States under the West Valley Demonstration Project by allocating among the parties specific percentages of the cost of each potential remedy for the various structures and contaminated areas on the site. The claim for natural resource damages would be dismissed pursuant to a tolling agreement that would give the plaintiffs three years in which to file a new action or seek another tolling period. The claim regarding the Federal government's obligation to pay fees for disposal of high level radioactive waste from the West Valley Demonstration Project under the Nuclear Waste Policy Act is neither settled nor dismissed and will remain in litigation.

The parties will ask the court to allow a thirty day period for the public to send comments to the State regarding the terms of the proposed Consent Decree. The State will review the comments and, if appropriate, move for entry of the Consent Decree.

Representative Payees

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

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

On October 14, 2009, claimant filed an amended complaint that, among other things, added a claimant, changed the class representative, revised the definition of the proposed class of claimants to include only inpatients treated at Office of Mental Health facilities, and dropped certain claims. The Court of Claims has directed the State to resubmit its motion to dismiss the class claims, which is scheduled to be argued December 16, 2009. After the court rules on the motion to dismiss, the State will file an answer with respect to the individual claims. After the answer is filed, the parties can move for summary judgment and, if necessary, move to certify the class.

Bottle Bill Litigation

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

The State defendants moved to modify the preliminary injunction. On August 13, 2009 the Court modified the injunction so that its provisions applied only to water bottles, stating that the injunction would dissolve by October 22, 2009 unless the bottlers showed cause that due process required that the injunction should continue. On October 23, 2009, after reviewing the parties' submissions, the Court lifted the injunction, allowing most parts of the state law requiring a five cent deposit on water bottles to take effect October 31, 2009. The Court's decision, however, permanently enjoined the State from implementing a provision that required water bottles to bear a New York-exclusive universal product code on each bottle.

Glossary of Acronyms

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

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

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

(UPK)..Universal Pre-Kindergarten
(UUP)..United University Professions
(VCI)... Voluntary Compliance Initiative
(VESID)...............................Vocational and Educational Services for Individuals with Disabilities
(VLT)...Video Lottery Terminal
(VRDBs)...Variable-Rate Demand Bonds
(VRWS)..Voluntary Reduction in Work Schedule
(WHTI)..Western Hemisphere Travel Initiative
(WMS)..Welfare Management System
(WRP)... Workforce Reduction Plan

NEW YORK STATE AGENCIES AND PUBLIC AUTHORITIES

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

CASH FINANCIAL PLAN [1]
GENERAL FUND
2009-2010
(millions of dollars)

	First Quarter	Change	Mid-Year
Opening fund balance	1,948	0	1,948
Receipts:			
Taxes:			
Personal income tax	23,552	(721)	22,831
User taxes and fees	8,209	(15)	8,194
Business taxes	5,454	(133)	5,321
Other taxes	922	4	926
Miscellaneous receipts	2,901	213	3,114
Federal Grants	68	0	68
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	7,899	(258)	7,641
Sales tax in excess of LGAC debt service	2,113	(5)	2,108
Real estate taxes in excess of CW/CA debt service	58	48	106
All other	1,190	209	1,399
Total receipts	52,366	(658)	51,708
Disbursements:			
Grants to local governments	36,946	(128)	36,818
State operations:			
Personal Service	6,410	150	6,560
Non-Personal Service	2,223	(297)	1,926
General State charges	3,843	26	3,869
Transfers to other funds:			
Debt service	1,776	(81)	1,695
Capital projects	565	(40)	525
State Share Medicaid	2,362	(70)	2,292
Other purposes	934	(9)	925
Total disbursements	55,059	(449)	54,610
Change in fund balance	(2,693)	(209)	(2,902)
Legislative Actions Needed to Close Gap	2,123	203	2,326
Closing fund balance	1,378	(6)	1,372
Reserves			
Tax Stabilization Reserve Fund	1,031	0	1,031
Statutory Rainy Day Reserve Fund	175	0	175
Contingency Reserve Fund	21	0	21
Community Projects Fund	78	(6)	72
Debt Reduction Reserve Fund *	73	0	73

[1] *The proposed Deficit Reduction Plan to eliminate the projected $3.2 billion budget gap in 2009-10 includes roughly $800 million from actions that DOB believes can be implemented administratively, which are included in the estimates of receipts and disbursements. The remaining $2.3 billion in savings will require approval by the Legislature or other levels of government, or both, and are thus presented only as an elimination of the current year gap and not in the estimates of receipts and disbursements.*

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

Source: NYS DOB

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

	First Quarter	Change	Mid-Year
Receipts:			
Taxes:			
Personal income tax	26,027	(1,031)	24,996
User taxes and fees	8,583	(29)	8,554
Business taxes	5,697	(80)	5,617
Other taxes	924	10	934
Miscellaneous receipts	2,687	0	2,687
Federal Grants	60	0	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,346	(388)	7,958
Sales tax in excess of LGAC debt service	2,181	(3)	2,178
Real estate taxes in excess of CW/CA debt service	148	2	150
All other	720	128	848
Total receipts	55,373	(1,391)	53,982
Disbursements:			
Grants to local governments	40,247	353	40,600
State operations:			
Personal Service	6,730	148	6,878
Non-Personal Service	2,304	(234)	2,070
General State charges	4,262	124	4,386
Transfers to other funds:			
Debt service	1,762	12	1,774
Capital projects	1,167	(2)	1,165
State Share Medicaid	2,388	(57)	2,331
Other purposes	1,081	11	1,092
Total disbursements	59,941	355	60,296
Deposit to/(use of) Community Projects Fund	55	(7)	48
HCRA Operating Surplus	0	0	0
Margin	(4,623)	(1,739)	(6,362)

Source: NYS DOB

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

	First Quarter	Change	Mid-Year
Receipts:			
Taxes:			
Personal income tax	26,279	(449)	25,830
User taxes and fees	9,008	(32)	8,976
Business taxes	5,656	(62)	5,594
Other taxes	955	4	959
Miscellaneous receipts	2,583	0	2,583
Federal Grants	60	0	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,196	(202)	7,994
Sales tax in excess of LGAC debt service	2,319	(15)	2,304
Real estate taxes in excess of CW/CA debt service	244	0	244
All other	681	117	798
Total receipts	55,981	(639)	55,342
Disbursements:			
Grants to local governments	47,706	418	48,124
State operations:			
Personal Service	6,815	146	6,961
Non-Personal Service	2,374	(206)	2,168
General State charges	5,133	3	5,136
Transfers to other funds:			
Debt service	1,739	(11)	1,728
Capital projects	1,322	13	1,335
State Share Medicaid	2,886	(19)	2,867
Other purposes	1,323	64	1,387
Total disbursements	69,298	408	69,706
Deposit to/(use of) Community Projects Fund	(41)	(7)	(48)
HCRA Operating Surplus	0	0	0
Margin	(13,276)	(1,040)	(14,316)

Source: NYS DOB

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

	First Quarter	Change	Mid-Year
Receipts:			
Taxes:			
Personal income tax	25,728	(450)	25,278
User taxes and fees	9,317	(22)	9,295
Business taxes	6,218	(11)	6,207
Other taxes	1,012	(5)	1,007
Miscellaneous receipts	2,583	1	2,584
Federal Grants	60	0	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	7,838	(181)	7,657
Sales tax in excess of LGAC debt service	2,465	(12)	2,453
Real estate taxes in excess of CW/CA debt service	330	0	330
All other	692	85	777
Total receipts	56,243	(595)	55,648
Disbursements:			
Grants to local governments	51,366	503	51,869
State operations:			
Personal Service	6,884	145	7,029
Non-Personal Service	2,442	(214)	2,228
General State charges	6,130	(258)	5,872
Transfers to other funds:			
Debt service	1,725	3	1,728
Capital projects	1,476	42	1,518
State Share Medicaid	2,888	(20)	2,868
Other purposes	1,593	102	1,695
Total disbursements	74,504	303	74,807
Deposit to/(use of) Community Projects Fund	(92)	(6)	(98)
HCRA Operating Surplus	6	(6)	0
Margin	(18,163)	(898)	(19,061)

Source: NYS DOB

CASH FINANCIAL PLAN [1]
GENERAL FUND
2009-2010 through 2012-2013
(millions of dollars)

	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
Receipts:				
Taxes:				
Personal income tax	22,831	24,996	25,830	25,278
User taxes and fees	8,194	8,554	8,976	9,295
Business taxes	5,321	5,617	5,594	6,207
Other taxes	926	934	959	1,007
Miscellaneous receipts	3,114	2,687	2,583	2,584
Federal grants	68	60	60	60
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	7,641	7,958	7,994	7,657
Sales tax in excess of LGAC debt service	2,108	2,178	2,304	2,453
Real estate taxes in excess of CW/CA debt service	106	150	244	330
All other transfers	1,399	848	798	777
Total receipts	51,708	53,982	55,342	55,648
Disbursements:				
Grants to local governments	36,818	40,600	48,124	51,869
State operations:				
Personal Service	6,560	6,878	6,961	7,029
Non-Personal Service	1,926	2,070	2,168	2,228
General State charges	3,869	4,386	5,136	5,872
Transfers to other funds:				
Debt service	1,695	1,774	1,728	1,728
Capital projects	525	1,165	1,335	1,518
State Share Medicaid	2,292	2,331	2,867	2,868
Other purposes	925	1,092	1,387	1,695
Total disbursements	54,610	60,296	69,706	74,807
Deposit to/(use of) Community Projects Fund	(73)	48	(48)	(98)
Deposit to/(use of) Reserve for Timing Related Delays	(163)	0	0	0
Deposit to/(use of) Remaining Prior Year Reserves	(340)	0	0	0
General Fund Margin	(2,326)	(6,362)	(14,316)	(19,061)
HCRA Operating Surplus	0	0	0	0
Legislative Actions Needed to Close Gap	2,326	TBD	TBD	TBD
General Fund Margin	0	(6,362)	(14,316)	(19,061)

[1] *The proposed Deficit Reduction Plan to eliminate the projected $3.2 billion budget gap in 2009-10 includes roughly $800 million from actions that DOB believes can be implemented administratively, which are included in the estimates of receipts and disbursements. The remaining $2.3 billion in savings will require approval by the Legislature or other levels of government, or both, and are thus presented only as an elimination of the current year gap and not in the estimates of receipts and disbursements.*

Source: NYS DOB

CASH FINANCIAL PLAN [1]
STATE OPERATING FUNDS BUDGET
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,471	298	4,717
Receipts:				
Taxes	37,272	8,597	11,468	57,337
Miscellaneous receipts	3,114	13,772	852	17,738
Federal grants	68	1	0	69
Total receipts	40,454	22,370	12,320	75,144
Disbursements:				
Grants to local governments	36,818	17,762	0	54,580
State operations:				
Personal Service	6,560	4,261	0	10,821
Non-Personal Service	1,926	2,734	74	4,734
General State charges	3,869	986	0	4,855
Debt service	0	0	4,977	4,977
Capital projects	0	3	0	3
Total disbursements	49,173	25,746	5,051	79,970
Other financing sources (uses):				
Transfers from other funds	11,254	3,908	6,485	21,647
Transfers to other funds	(5,437)	(1,470)	(13,775)	(20,682)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,817	2,438	(7,290)	965
Deposit to/(use of) Community Projects Fund	(73)	0	0	(73)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	(503)
Change in fund balance	(2,326)	(938)	(21)	(3,285)
Legislative Actions Needed to Close Gap	2,326	0	0	2,326
Closing fund balance	1,372	1,533	277	3,182

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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	1,533	277	1,810
Receipts:				
Taxes	40,101	8,843	12,319	61,263
Miscellaneous receipts	2,687	14,076	819	17,582
Federal grants	60	1	0	61
Total receipts	42,848	22,920	13,138	78,906
Disbursements:				
Grants to local governments	40,600	17,734	0	58,334
State operations:				
Personal Service	6,878	4,271	0	11,149
Non-Personal Service	2,070	2,934	71	5,075
General State charges	4,386	1,069	0	5,455
Debt service	0	0	5,846	5,846
Capital projects	0	2	0	2
Total disbursements	53,934	26,010	5,917	85,861
Other financing sources (uses):				
Transfers from other funds	11,134	3,846	6,874	21,854
Transfers to other funds	(6,362)	(1,190)	(14,113)	(21,665)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,772	2,656	(7,239)	189
Deposit to/(use of) Community Projects Fund	48	0	0	48
Change in fund balance	(6,362)	(434)	(18)	(6,814)
Closing fund balance	(6,362)	1,099	259	(5,004)

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	1,099	259	1,358
Receipts:				
Taxes	41,359	9,138	12,889	63,386
Miscellaneous receipts	2,583	14,421	836	17,840
Federal grants	60	1	0	61
Total receipts	44,002	23,560	13,725	81,287
Disbursements:				
Grants to local governments	48,124	18,241	0	66,365
State operations:				
Personal Service	6,961	4,656	0	11,617
Non-Personal Service	2,168	2,980	71	5,219
General State charges	5,136	1,265	0	6,401
Debt service	0	0	6,251	6,251
Capital projects	0	2	0	2
Total disbursements	62,389	27,144	6,322	95,855
Other financing sources (uses):				
Transfers from other funds	11,340	4,541	6,421	22,302
Transfers to other funds	(7,317)	(1,253)	(13,823)	(22,393)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,023	3,288	(7,402)	(91)
Deposit to/(use of) Community Projects Fund	(48)	0	0	(48)
Change in fund balance	(14,316)	(296)	1	(14,611)
Closing fund balance	(14,316)	803	260	(13,253)

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	803	260	1,063
Receipts:				
Taxes	41,787	9,476	12,993	64,256
Miscellaneous receipts	2,584	14,707	855	18,146
Federal grants	60	1	0	61
Total receipts	44,431	24,184	13,848	82,463
Disbursements:				
Grants to local governments	51,869	18,902	0	70,771
State operations:				
Personal Service	7,029	4,674	0	11,703
Non-Personal Service	2,228	3,142	71	5,441
General State charges	5,872	1,424	0	7,296
Debt service	0	0	6,584	6,584
Capital projects	0	2	0	2
Total disbursements	66,998	28,144	6,655	101,797
Other financing sources (uses):				
Transfers from other funds	11,217	4,758	6,502	22,477
Transfers to other funds	(7,809)	(1,049)	(13,711)	(22,569)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	3,408	3,709	(7,209)	(92)
Deposit to/(use of) Community Projects Fund	(98)	0	0	(98)
Change in fund balance	(19,061)	(251)	(16)	(19,328)
Closing fund balance	(19,061)	552	244	(18,265)

Source: NYS DOB

CASH FINANCIAL PLAN [1]
ALL GOVERNMENTAL FUNDS
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,846	(506)	298	4,586
Receipts:					
Taxes	37,272	8,597	2,046	11,468	59,383
Miscellaneous receipts	3,114	14,001	3,418	852	21,385
Federal grants	68	45,475	2,544	0	48,087
Total receipts	40,454	68,073	8,008	12,320	128,855
Disbursements:					
Grants to local governments	36,818	57,600	928	0	95,346
State operations:					
Personal Service	6,560	6,861	0	0	13,421
Non-Personal Service	1,926	4,448	0	74	6,448
General State charges	3,869	1,996	0	0	5,865
Debt service	0	0	0	4,977	4,977
Capital projects	0	3	7,125	0	7,128
Total disbursements	49,173	70,908	8,053	5,051	133,185
Other financing sources (uses):					
Transfers from other funds	11,254	7,010	768	6,485	25,517
Transfers to other funds	(5,437)	(5,122)	(1,201)	(13,775)	(25,535)
Bond and note proceeds	0	0	483	0	483
Net other financing sources (uses)	5,817	1,888	50	(7,290)	465
Deposit to/(use of) Community Projects Fund	(73)	0	0	0	(73)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	0	(503)
Change in fund balance	(2,326)	(947)	5	(21)	(3,289)
Legislative Actions Needed to Close Gap	2,326	0	0	0	2,326
Closing fund balance	1,372	1,899	(501)	277	3,047

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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	1,899	(501)	277	1,675
Receipts:					
Taxes	40,101	8,843	2,083	12,319	63,346
Miscellaneous receipts	2,687	14,262	3,598	819	21,366
Federal grants	60	46,192	2,635	0	48,887
Total receipts	42,848	69,297	8,316	13,138	133,599
Disbursements:					
Grants to local governments	40,600	58,217	895	0	99,712
State operations:					
Personal Service	6,878	6,929	0	0	13,807
Non-Personal Service	2,070	4,689	0	71	6,830
General State charges	4,386	2,212	0	0	6,598
Debt service	0	0	0	5,846	5,846
Capital projects	0	2	8,095	0	8,097
Total disbursements	53,934	72,049	8,990	5,917	140,890
Other financing sources (uses):					
Transfers from other funds	11,134	7,102	1,542	6,874	26,652
Transfers to other funds	(6,362)	(4,786)	(1,420)	(14,113)	(26,681)
Bond and note proceeds	0	0	603	0	603
Net other financing sources (uses)	4,772	2,316	725	(7,239)	574
Deposit to/(use of) Community Projects Fund	48	0	0	0	48
Change in fund balance	(6,362)	(436)	51	(18)	(6,765)
Closing fund balance	(6,362)	1,463	(450)	259	(5,090)

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	1,463	(450)	259	1,272
Receipts:					
Taxes	41,359	9,138	2,099	12,889	65,485
Miscellaneous receipts	2,583	14,557	3,360	836	21,336
Federal grants	60	41,145	2,635	0	43,840
Total receipts	44,002	64,840	8,094	13,725	130,661
Disbursements:					
Grants to local governments	48,124	54,260	954	0	103,338
State operations:					
Personal Service	6,961	6,960	0	0	13,921
Non-Personal Service	2,168	4,605	0	71	6,844
General State charges	5,136	2,359	0	0	7,495
Debt service	0	0	0	6,251	6,251
Capital projects	0	2	7,910	0	7,912
Total disbursements	62,389	68,186	8,864	6,322	145,761
Other financing sources (uses):					
Transfers from other funds	11,340	7,390	1,775	6,421	26,926
Transfers to other funds	(7,317)	(4,336)	(1,478)	(13,823)	(26,954)
Bond and note proceeds	0	0	510	0	510
Net other financing sources (uses)	4,023	3,054	807	(7,402)	482
Deposit to/(use of) Community Projects Fund	(48)	0	0	0	(48)
Change in fund balance	(14,316)	(292)	37	1	(14,570)
Closing fund balance	(14,316)	1,171	(413)	260	(13,298)

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	1,171	(413)	260	1,018
Receipts:					
Taxes	41,787	9,476	2,121	12,993	66,377
Miscellaneous receipts	2,584	14,843	2,788	855	21,070
Federal grants	60	41,902	2,733	0	44,695
Total receipts	44,431	66,221	7,642	13,848	132,142
Disbursements:					
Grants to local governments	51,869	55,666	922	0	108,457
State operations:					
Personal Service	7,029	6,989	0	0	14,018
Non-Personal Service	2,228	4,772	0	71	7,071
General State charges	5,872	2,607	0	0	8,479
Debt service	0	0	0	6,584	6,584
Capital projects	0	2	7,360	0	7,362
Total disbursements	66,998	70,036	8,282	6,655	151,971
Other financing sources (uses):					
Transfers from other funds	11,217	7,700	1,751	6,502	27,170
Transfers to other funds	(7,809)	(4,134)	(1,513)	(13,711)	(27,167)
Bond and note proceeds	0	0	428	0	428
Net other financing sources (uses)	3,408	3,566	666	(7,209)	431
Deposit to/(use of) Community Projects Fund	(98)	0	0	0	(98)
Change in fund balance	(19,061)	(249)	26	(16)	(19,300)
Closing fund balance	(19,061)	922	(387)	244	(18,282)

Source: NYS DOB

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

	2008-2009 Actuals	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT					
Agriculture and Markets, Department of	109,631	109,035	115,546	136,862	118,128
Alcoholic Beverage Control	17,022	17,401	18,323	18,807	19,725
Banking Department	78,971	85,231	88,500	87,846	89,682
Consumer Protection Board	3,840	3,026	3,196	3,161	3,251
Economic Development Capital Programs	21,176	12,300	2,500	2,500	2,500
Economic Development, Department of	104,306	79,853	99,492	104,520	119,520
Empire State Development Corporation	620,568	534,021	760,524	529,254	339,254
Energy Research and Development Authority	22,786	29,427	37,412	33,826	33,826
Housing and Community Renew al, Division of	320,605	920,926	448,000	309,668	310,222
Insurance Department	292,668	676,587	531,616	555,639	560,531
Olympic Regional Development Authority	9,503	9,078	7,283	7,493	7,493
Public Service, Department of	78,697	77,316	83,004	85,829	88,393
Science, Technology and Innovation, Foundation for	27,186	29,549	55,446	55,864	49,523
Strategic Investment	3,195	6,650	4,000	4,000	5,000
Functional Total	1,710,154	2,590,400	2,254,842	1,935,269	1,747,048
PARKS AND THE ENVIRONMENT					
Adirondack Park Agency	5,510	5,552	5,751	5,754	5,756
Environmental Conservation, Department of	878,910	1,153,120	1,163,051	914,212	905,661
Environmental Facilities Corporation	14,758	9,831	10,110	10,292	10,476
Hudson River Park Trust	14,290	21,392	10,000	0	0
Parks, Recreation and Historic Preservation, Office of	337,061	310,819	255,507	242,103	243,721
Functional Total	1,250,529	1,500,714	1,444,419	1,172,361	1,165,614
TRANSPORTATION					
Motor Vehicles, Department of	318,270	326,518	346,965	359,018	371,910
Thruw ay Authority	1,419	1,800	1,800	1,800	1,800
Metropolitan Transportation Authority	160,000	195,300	206,500	194,500	183,600
Transportation, Department of	6,498,414	7,985,396	8,800,422	9,093,371	9,289,464
Functional Total	6,978,103	8,509,014	9,355,687	9,648,689	9,846,774
HEALTH AND SOCIAL WELFARE					
Aging, Office for the	239,660	225,148	233,507	230,397	230,397
Children and Family Services, Office of	3,143,806	3,272,854	3,452,369	3,559,572	3,776,281
OCFS	3,097,973	3,202,017	3,336,883	3,422,817	3,635,521
OCFS - Medicaid	45,833	70,837	115,486	136,755	140,760
Health, Department of	38,097,712	42,050,613	44,993,830	48,133,691	50,399,566
Medical Assistance	32,427,350	36,485,669	39,044,125	42,007,445	44,393,013
Medicaid Administration	900,664	915,500	959,500	1,003,750	1,049,750
Public Health	4,769,698	4,649,444	4,990,205	5,122,496	4,956,803
Health - Medicaid Assistance	0	0	0	0	0
Human Rights, Division of	19,043	21,804	20,373	20,741	21,347
Labor, Department of	581,613	913,898	749,110	652,512	648,826
Medicaid Inspector General, Office of	61,224	79,245	81,743	85,160	85,160
Prevention of Domestic Violence, Office for	2,482	2,328	2,274	2,286	2,307
Stem Cell and Innovation	7,797	18,039	66,289	67,860	162,615

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

	2008-2009 Actuals	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
HEALTH AND SOCIAL WELFARE (Continued)					
Temporary and Disability Assistance, Office of	5,084,635	5,367,644	5,241,333	5,341,708	5,360,338
Welfare Assistance	3,339,685	3,918,369	3,773,305	3,891,183	3,891,847
Welfare Administration	361,065	56,433	55,041	55,041	55,041
All Other	1,383,885	1,392,842	1,412,987	1,395,484	1,413,450
Welfare Inspector General, Office of	1,180	1,403	1,432	1,456	1,472
Workers' Compensation Board	205,090	192,924	202,931	193,503	201,439
Functional Total	47,444,242	52,145,900	55,045,191	58,288,886	60,889,748
MENTAL HYGIENE					
Mental Health, Office of	3,084,590	3,300,847	3,591,364	3,814,538	3,977,361
OMH	1,423,983	1,510,713	1,654,224	1,797,399	1,860,239
OMH - Medicaid	1,660,607	1,790,134	1,937,140	2,017,139	2,117,122
Mental Hygiene, Department of	308,318	1,570	1,997	1,484	1,484
Mental Retardation and Developmental Disabilities, Office of	4,183,851	4,267,754	4,520,557	4,722,441	4,948,178
OMRDD	559,080	546,785	553,810	578,295	601,632
OMRDD - Medicaid	3,624,771	3,720,969	3,966,747	4,144,146	4,346,546
Alcoholism and Substance Abuse Services, Office of	584,954	644,947	687,416	763,545	800,853
OASAS	484,789	544,049	578,382	650,404	684,255
OASAS - Medicaid	100,165	100,898	109,034	113,141	116,598
Developmental Disabilities Planning Council	4,915	4,200	4,200	4,200	4,200
Quality of Care for the Mentally Disabled, Commission on	15,207	17,160	18,059	18,283	18,656
Functional Total	8,181,835	8,236,478	8,823,593	9,324,491	9,750,732
PUBLIC PROTECTION					
Capital Defenders Office	370	0	0	0	0
Correction, Commission of	2,687	2,582	2,948	2,987	3,039
Correctional Services, Department of	2,699,307	2,992,031	2,825,314	2,851,484	2,890,234
Crime Victims Board	65,521	70,049	65,767	65,949	66,304
Criminal Justice Services, Division of	295,559	268,843	266,243	250,602	231,941
Homeland Security	108,459	360,097	283,536	550,062	547,171
Investigation, Temporary State Commission of	3,554	0	0	0	0
Judicial Commissions	5,288	5,062	5,056	5,159	5,233
Military and Naval Affairs, Division of	234,686	219,693	220,406	186,510	187,521
Parole, Division of	196,590	189,995	188,011	191,965	195,958
Probation and Correctional Alternatives, Division of	79,273	69,143	70,964	77,158	78,696
State Police, Division of	653,750	796,788	764,878	761,500	737,576
Functional Total	4,345,044	4,974,283	4,693,123	4,943,376	4,943,673

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

	2008-2009 Actuals	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
EDUCATION					
Arts, Council on the	45,842	48,983	48,487	48,700	48,756
City University of New York	1,071,277	1,692,892	1,479,434	1,573,927	1,666,524
Education, Department of	30,553,372	31,657,189	33,570,156	33,320,324	35,329,424
School Aid	23,164,174	24,722,363	26,418,987	26,330,875	28,156,780
School Aid - Medicaid Assistance	106,331	40,000	80,000	80,000	80,000
STAR Property Tax Relief	4,435,383	3,439,450	3,480,270	3,677,620	3,854,167
Special Education Categorical Programs	1,783,639	2,260,030	2,427,750	2,089,470	2,092,790
All Other	1,063,845	1,195,346	1,163,149	1,142,359	1,145,687
Higher Education Services Corporation	909,663	1,022,775	1,063,731	993,458	998,653
Higher Education Capital Grants	4,254	67,746	40,000	38,000	0
State University Construction Fund	16,482	19,277	21,052	21,635	22,819
State University of New York	6,484,894	7,168,483	7,658,442	7,777,211	7,857,283
Functional Total	39,085,784	41,677,345	43,881,302	43,773,255	45,923,459
GENERAL GOVERNMENT					
Audit and Control, Department of	258,126	263,980	265,052	268,762	273,321
Budget, Division of the	43,813	73,078	82,832	95,870	106,316
Civil Service, Department of	23,744	21,978	21,955	22,176	22,447
Elections, State Board of	97,117	63,724	97,928	6,977	7,119
Employee Relations, Office of	3,694	3,423	3,753	3,791	3,830
Executive Chamber	19,252	17,844	18,819	19,443	19,720
General Services, Office of	215,793	222,955	217,997	224,791	229,160
Inspector General, Office of	6,446	6,582	6,896	6,972	7,057
Law , Department of	231,205	236,839	240,144	247,122	251,646
Lieutenant Governor, Office of the	133	0	276	1,193	1,208
Lottery, Division of	200,951	169,174	174,975	175,561	177,151
Public Employment Relations Board	3,660	4,171	4,491	4,530	4,578
Public Integrity, Commission on	4,879	4,721	4,873	5,206	5,386
Racing and Wagering Board, State	24,307	23,301	24,400	24,791	25,754
Real Property Services, Office of	58,369	44,563	41,197	42,208	42,795
Regulatory Reform, Governor's Office of	3,438	2,215	2,445	2,445	2,445
State, Department of	181,137	215,351	203,610	156,575	159,111
Tax Appeals, Division of	3,422	2,971	2,968	2,968	2,968
Taxation and Finance, Department of	372,992	407,374	418,487	419,518	422,187
Technology, Office for	21,364	128,415	148,079	153,821	126,772
Lobbying, Temporary State Commission on	(77)	0	0	0	0
Veterans Affairs, Division of	15,720	16,976	17,911	17,513	17,675
Functional Total	1,789,485	1,929,635	1,999,088	1,902,233	1,908,646
ALL OTHER CATEGORIES					
Legislature	221,729	225,717	220,717	220,717	220,717
Judiciary (excluding fringe benefits)	2,425,844	2,555,026	2,725,941	2,919,326	2,946,710
World Trade Center	48,622	50,000	50,000	50,000	50,000
Local Government Assistance	1,037,389	1,116,926	1,125,404	1,126,745	1,136,543
Long-Term Debt Service	4,585,862	5,050,975	5,917,000	6,322,039	6,655,297
Capital Projects	0	0	0	0	0
General State Charges	2,443,102	3,173,169	3,678,059	4,402,653	5,133,843
Miscellaneous	23,880	(552,230)	(327,976)	(269,449)	(347,318)
Functional Total	10,786,428	11,619,583	13,389,145	14,772,031	15,795,792
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	121,571,604	133,183,352	140,886,390	145,760,591	151,971,486

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.

Source: NYS DOB

CASHFLOW[1]
GENERAL FUND
2009-2010
(dollars in millions)

	2009 April Actuals	May Actuals	June Actuals	July Actuals	August Actuals	September Actuals	October Projected	November Projected	December Projected	2010 January Projected	February Projected	March Projected	Total
OPENING BALANCE	1,948	2,799	37	1,027	1,013	713	2,430	1,190	(146)	(1,088)	3,932	2,180	1,948
RECEIPTS:													
Personal Income Tax	2,867	744	2,058	1,630	1,478	2,352	1,508	1,248	503	5,406	1,189	1,848	22,831
User Taxes and Fees	614	594	804	613	618	860	640	642	795	694	564	756	8,194
Business Taxes	61	(16)	1,195	35	108	1,010	159	(4)	1,020	83	81	1,589	5,321
Other Taxes	51	96	65	83	63	139	66	72	76	71	71	73	926
Total Taxes	3,593	1,418	4,122	2,361	2,267	4,361	2,373	1,958	2,394	6,254	1,905	4,266	37,272
Licenses, Fees, etc.	28	64	44	42	57	79	44	38	35	27	32	110	600
Abandoned Property	9	0	29	0	28	83	16	107	27	53	40	133	525
Reimbursements	10	11	33	10	45	45	50	19	18	6	9	16	272
Investment Income	3	0	3	1	2	1	2	2	2	3	2	4	25
Other Transactions	31	125	144	(100)	60	783	34	38	82	37	30	428	1,692
Total Miscellaneous Receipts	81	200	253	(47)	192	991	146	204	164	126	113	691	3,114
Federal Grants	5	24	0	0	16	0	0	0	0	0	0	23	68
PIT in Excess of Revenue Bond Debt Service	954	165	928	542	213	953	471	116	985	1,189	213	912	7,641
Sales Tax in Excess of LGAC Debt Service	159	66	363	185	119	273	197	188	230	207	2	119	2,108
Real Estate Taxes in Excess of CW/CA Debt Service	20	12	10	(3)	16	17	2	5	6	7	7	7	106
All Other	16	193	91	37	25	8	96	13	13	13	13	881	1,399
Total Transfers from Other Funds	1,149	436	1,392	761	373	1,251	766	322	1,234	1,416	235	1,919	11,254
TOTAL RECEIPTS	4,828	2,078	5,767	3,075	2,848	6,603	3,285	2,484	3,792	7,796	2,253	6,899	51,708
DISBURSEMENTS:													
School Aid	588	2,730	1,892	85	514	1,349	439	1,083	1,586	286	765	6,702	18,019
Higher Education	31	15	783	58	262	75	175	327	229	65	299	502	2,821
All Other Education	50	103	148	94	60	157	548	71	107	74	79	143	1,634
Medicaid - DOH	889	614	(88)	705	739	560	675	768	349	436	422	83	6,152
Public Health	47	52	40	123	59	68	25	31	107	65	40	51	708
Mental Hygiene	13	22	371	28	32	512	150	12	371	119	138	398	2,166
Children and Families	20	157	83	148	82	231	167	92	281	65	81	381	1,788
Temporary & Disability Assistance	63	61	59	381	100	114	303	62	(16)	62	4	116	1,309
Transportation	0	13	5	0	22	2	0	25	21	0	0	12	100
All Other	53	1	445	39	51	229	0	93	507	44	30	629	2,121
Total Local Assistance Grants	1,754	3,768	3,738	1,661	1,921	3,297	2,482	2,564	3,542	1,216	1,858	9,017	36,818
Personal Service	748	460	515	608	563	616	628	476	521	507	391	527	6,560
Non-Personal Service	213	188	163	148	189	158	116	175	207	166	129	74	1,926
Total State Operations	961	648	678	756	752	774	744	651	728	673	520	601	8,486
General State Charges	387	4	219	268	310	214	300	268	215	371	1,354	(41)	3,869
Debt Service	488	92	31	14	36	258	554	0	0	223	0	(1)	1,695
Capital Projects	31	40	29	64	(73)	108	78	16	39	67	52	74	525
State Share Medicaid	238	208	52	293	165	181	240	258	187	187	147	136	2,292
Other Purposes	118	80	30	33	37	54	127	63	23	39	74	247	925
Total Transfers to Other Funds	875	420	142	404	165	601	999	337	249	516	273	456	5,437
TOTAL DISBURSEMENTS	3,977	4,840	4,777	3,089	3,148	4,886	4,525	3,820	4,734	2,776	4,005	10,033	54,610
Excess/(Deficiency) of Receipts over Disbursements	851	(2,762)	990	(14)	(300)	1,717	(1,240)	(1,336)	(942)	5,020	(1,752)	(3,134)	(2,902)
CLOSING BALANCE (BEFORE ACTIONS)	**2,799**	**37**	**1,027**	**1,013**	**713**	**2,430**	**1,190**	**(146)**	**(1,088)**	**3,932**	**2,180**	**(954)**	**(954)**
Legislative Actions Needed to Close Gap[2]	0	0	0	0	0	0	0	40	395	70	360	1,461	2,326
CLOSING BALANCE (AFTER ACTIONS)	2,799	37	1,027	1,013	713	2,430	1,190	(106)	(653)	4,437	3,045	1,372	1,372

The proposed Deficit Reduction Plan to eliminate the projected $3.2 billion budget gap in 2009-10 includes roughly $800 million from actions that DOB believes can be implemented administratively, which are included in the estimates of eceipts and disbursements. The remaining $2.3 billion in savings will require approval by the Legislature or other levels of government, or both, and are thus presented only as an elimination of the current year gap and not in the estimates of eceipts and disbursements.

The monthly flow of the proposed actions needed to close the gap assumes legislative action on the DRP, as proposed, occurs in mid-November. Certain transactions must be executed in December to achieve savings assumed in the cash low, including local aid reductions to school aid, transit systems and other programs, as well as several fund sweeps.

Source: NYS DOB

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

	2009-2010 Mid-Year	2010-2011 Projected	2011-2012 Projected	2012-13 Projected
Revenues:				
Taxes:				
Personal income tax	23,979	24,610	25,223	24,936
User taxes and fees	8,097	8,570	9,003	9,324
Business taxes	5,314	5,626	5,591	6,214
Other taxes	931	951	992	1,047
Miscellaneous revenues	6,026	5,414	5,422	5,466
Federal grants	68	60	60	60
Total revenues	44,415	45,231	46,291	47,047
Expenditures:				
Grants to local governments	38,895	42,842	50,440	54,134
State operations	12,247	12,628	14,691	15,577
General State charges	4,219	4,650	4,018	4,884
Debt service	0	0	0	0
Capital projects	1	0	0	0
Total expenditures	55,362	60,120	69,149	74,595
Other financing sources (uses):				
Transfers from other funds	14,560	14,791	14,519	18,737
Transfers to other funds	(6,095)	(6,902)	(7,133)	(11,836)
Proceeds from financing arrangements/ advance refundings	450	355	360	359
Net other financing sources (uses)	8,915	8,244	7,746	7,260
Operating Surplus/(Deficit)	(2,032)	(6,645)	(15,112)	(20,288)

Source: NYS DOB

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

	First Quarter	Change	Mid-Year
Revenues:			
Taxes:			
Personal income tax	24,957	(978)	23,979
User taxes and fees	8,046	51	8,097
Business taxes	5,449	(135)	5,314
Other taxes	830	101	931
Miscellaneous revenues	5,933	93	6,026
Federal grants	68	0	68
Total revenues	45,283	(868)	44,415
Expenditures:			
Grants to local governments	38,970	(75)	38,895
State operations	12,386	(139)	12,247
General State charges	4,194	25	4,219
Debt service	0	0	0
Capital projects	1	0	1
Total expenditures	55,551	(189)	55,362
Other financing sources (uses):			
Transfers from other funds	14,621	(61)	14,560
Transfers to other funds	(6,326)	231	(6,095)
Proceeds from financing arrangements/	0		0
advance refundings	450	0	450
Net other financing sources (uses)	8,745	170	8,915
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,523)	(509)	(2,032)
Operating Surplus/(Deficit)	(1,523)	(509)	(2,032)

Source: NYS DOB

Annual Information Statement

State of New York

May 15, 2009

Annual Information Statement
State of New York
Dated: May 15, 2009

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Annual Information Statement of the State of New York

Introduction

This Annual Information Statement ("AIS") is dated May 15, 2009 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 12, 2008 and all updates and supplements thereto. This AIS is scheduled to be updated on a quarterly basis (in August 2009, November 2009, and February 2010) and may be 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 2009-10 Enacted Budget Financial Plan, dated April 28, 2009 (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 2009-10 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 2009-10.

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, as updated or supplemented. Investors and other market participants should, however, refer to this AIS, as updated or supplemented, for the most current 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 quantified or incorporated into the assumptions underlying the State's projections.

This Annual Information Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the State's financial results could cause actual results to differ materially from those stated in the forward-looking statements.

The State may issue AIS supplements or other disclosure notices to this AIS 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 in Official Statements or related disclosure documents for State or State-supported debt issuance. The State has filed this AIS with the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs). An official copy of this AIS 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. OSC expects to issue the Basic Financial Statements for the 2008-09 fiscal year in July 2009. 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 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 payments of their respective bonds, notes or other obligations.

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 2009-10 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 2009-10 fiscal year and projections for the 2010-11 through 2012-13 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.

The State also reports disbursements and receipts activity by other broad measures: 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.

2009-10 Enacted Budget Financial Plan Overview[1]

The Enacted Budget for 2009-10 closes the largest budget gap ever faced by the State. The combined current services budget gap[2] for 2008-09 and 2009-10 totaled $20.1 billion (2008-09: $2.2 billion; 2009-10: $17.9 billion), before the gap-closing actions approved by the Governor and Legislature and the receipt of extraordinary Federal aid. For perspective, the two-year budget gap that needed to be closed was equal to approximately 37 percent of total General Fund receipts in 2008-09. The cumulative gap for the five-year planning period from 2008-09 through 2012-13, before approved gap-closing actions, totaled $85.2 billion.

[1] Please see Exhibit C Glossary of Acronyms for the definitions of commonly used acronyms and abbreviations that appear in the text.

[2] The current-services gap represented (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, which helps finance a number of State health care programs including a share of the Medicaid program.

Financial Plan Indicators

FINANCIAL PLAN AT-A-GLANCE: IMPACT ON KEY MEASURES
(millions of dollars)

	2007-08 Actuals	2008-09 Results*	2009-10 Enacted Budget
State Operating Funds Budget			
Size of Budget	$77,003	$78,168	$78,742
Annual Growth	4.8%	1.5%	0.7%
Other Budget Measures (Annual Growth)			
General Fund (with transfers)	$53,387	$54,607	$54,908
	3.5%	2.3%	0.6%
State Funds (Including Capital)	$81,379	$83,146	$84,657
	5.3%	2.2%	1.8%
Capital Budget (Federal and State)	$6,131	$6,830	$8,832
	10.3%	11.4%	29.3%
Federal Operating	$32,924	$36,573	$44,361
	-2.3%	11.1%	21.3%
All Funds	$116,058	$121,571	$131,935
	2.9%	4.8%	8.5%
All Funds (Including "Off-Budget" Capital)	$117,692	$123,833	$133,737
	3.2%	5.2%	8.0%
Inflation (CPI) Growth	3.3%	2.7%	-0.2%
All Funds Receipts (Annual Growth)			
Taxes	$60,871	$60,337	$60,647
	6.7%	-0.9%	0.5%
Miscellaneous Receipts	$19,643	$20,064	$22,185
	7.4%	2.1%	10.6%
Federal Grants	$34,909	$38,834	$47,718
	-2.6%	11.2%	22.9%
Total Receipts	$115,423	$119,235	$130,550
	3.8%	3.3%	9.5%
Base Tax Growth/(Decline) **	6.0%	-3.0%	-6.5%
Combined General Fund/HCRA Outyear Gap Forecast			
2008-09	N/AP	N/AP	$0
2009-10	N/AP	N/AP	$0
2010-11	N/AP	N/AP	($2,166)
2011-12	N/AP	N/AP	($8,757)
2012-13	N/AP	N/AP	($13,706)
Cumulative Gaps	N/AP	N/AP	($24,629)
Total General Fund Reserves	$2,754	$1,948	$1,378
State Workforce (Subject to Executive Control)	137,635	136,490	128,803
Debt			
Debt Service as % All Funds	4.0%	4.3%	4.5%
State-Related Debt Outstanding	$49,884	$51,730	$54,532

** Unaudited Year-End Results.*

*** Reflects estimated growth/(decline) in tax receipts excluding the impact of Tax Law changes since SFY 1986-87.*

The combined current-services gap for 2008-09 and 2009-10 grew steadily over the past year, increasing four-fold since May 2008. The $15 billion increase in the combined gap, to $20.1 billion, was due almost exclusively to the precipitous decline in projected receipts, reflecting the severity of the current economic downturn and dislocation in the financial markets. The current recession has been characterized by a loss of vast sums of wealth from depressed equity and real estate markets. As of the fourth quarter of 2008, an unprecedented $12.8 trillion in net wealth had been destroyed nationwide since the third quarter of calendar year 2007. This is expected to have a substantial impact on taxable income and, by extension, State tax receipts. To understand the impact of the downturn on income, a comparison to the last recession is instructive: New York State adjusted gross income fell by $28 billion in 2001 and another $21 billion in 2002, following the collapse of the high-tech/Internet bubble and the attacks of September 11. In contrast, gross income losses of $52 billion in 2008-09 and $53 billion in 2009-10 – or more than twice the last recession – are projected.

Addressing the Budget Gaps

The gap-closing plan for 2008-09 and 2009-10 was enacted in two parts. First, in early February 2009, the Governor and Legislature approved a deficit reduction plan (DRP) for 2008-09. The DRP provided approximately $2.4 billion in savings over the two-year period, reducing the combined gap from $20.1 to $17.7 billion. Second, in March 2009, the Governor and Legislature reached final agreement on a budget for 2009-10, with the Legislature completing action on all appropriations and enabling legislation to implement the budget on April 3, 2009 (all debt service appropriations for 2009-10 were enacted on March 5, 2009). The Enacted Budget Financial Plan includes $11.5 billion in gap-closing actions, beyond the $2.4 billion approved in the DRP, for a total of $13.9 billion in gap-closing actions.[3]

To close the two-year budget gap in 2008-09 and 2009-10, the Governor and Legislature approved a total of $13.9 billion in gap-closing actions, including $6.5 billion in actions to restrain spending, $5.4 billion in actions to increase receipts, and $2 billion in non-recurring actions (more than half of which were used in 2008-09 to close a gap that opened in the last half of the fiscal year). The most significant actions include freezing the foundation aid and Universal Prekindergarten education aid programs at 2008-09 levels; eliminating the Middle-Class STAR rebate program (but maintaining the STAR exemption program that will provide $3.5 billion in property tax relief); instituting Medicaid cost-containment; reducing the size of the State workforce; and increasing personal income tax rates on high-income earners.

In addition, the gap-closing plan includes $6.15 billion in direct fiscal relief that the Federal government is providing to the State under the American Recovery and Reinvestment Act of 2009 (ARRA) to stabilize State finances and help prevent reductions in essential services. This extraordinary aid consists of $5 billion in State savings resulting from a temporary increase in the amount of Medicaid spending that is paid for by the Federal government (known as FMAP) and $1.15 billion in Federal aid provided by the ARRA State Fiscal Stabilization Fund (SFSF) to restore proposed reductions in education, higher education, and other essential government services.

The following table summarizes the gap-closing plan by major function and activity.

[3] The gap-closing plan described herein refers to the combined actions taken in the DRP and the Enacted Budget for 2009-10, unless otherwise noted.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10
ENACTED BUDGET INCLUDING DRP
(millions of dollars)

	2008-09	2009-10	Two-Year Total	2010-11	2011-12	2012-13
REVISED CURRENT SERVICES GAP ESTIMATES*	**(2,219)**	**(17,857)**	**(20,076)**	**(20,374)**	**(21,900)**	**(22,845)**
TOTAL ENACTED BUDGET GAP-CLOSING ACTIONS	**1,595**	**12,332**	**13,927**	**13,794**	**13,144**	**9,214**
Spending Restraint	**413**	**6,047**	**6,460**	**7,360**	**8,234**	**8,138**
Health Care	63	1,961	2,024	1,673	1,719	1,735
School Tax Relief Program	93	1,559	1,652	2,051	2,113	2,181
School Aid/Lottery Aid	0	948	948	1,870	2,835	2,695
Mental Hygiene	4	388	392	398	368	352
Higher Education	55	197	252	257	198	171
Public Safety	2	215	217	251	256	297
Human Services/Labor/Housing	4	188	192	189	129	60
Transportation	0	152	152	271	337	390
Repeal Planned Member Item Deposits	30	104	134	(85)	(85)	0
Local Government Aid	3	94	97	171	168	165
Other Education Aid	7	21	28	61	53	53
State Workforce	5	170	175	328	328	328
Convert Capital to PAYGO	0	0	0	(100)	(200)	(300)
All Other	147	50	197	25	15	11
Revenue Actions	**118**	**5,279**	**5,397**	**6,443**	**4,974**	**1,110**
Temporary PIT Increase	0	3,948	3,948	4,778	3,720	0
Increase 18-A Utility Assessment	0	557	557	557	557	557
Bottle Bill Unclaimed Deposits	0	115	115	115	115	115
Limit Itemized Deductions for High Income Taxpayers	0	140	140	200	150	150
Reform Empire Zones Program	0	90	90	101	113	126
Impose Fee on Non-LLC Partnerships	0	50	50	50	50	50
Impose Sales Tax on Certain Transportation-related Activities	0	26	26	34	34	34
Increase Beer/Wine Tax	0	14	14	14	14	14
Film Credit Restructuring	0	0	0	192	(180)	(228)
Reissue License Plates	0	0	0	129	129	20
All Other Revenue Actions	118	339	457	273	272	272
Non-Recurring Resources	**1,064**	**1,006**	**2,070**	**(9)**	**(64)**	**(34)**
Delay extra MA Cycle (two years)	0	400	400	0	(400)	0
Increase Business Tax Prepayment to 40 Percent	0	333	333	0	0	0
NYPA Payments	306	170	476	0	(25)	(25)
Equipment Financing	0	104	104	(4)	(4)	(4)
VLT Franchise Payment	0	0	0	0	370	0
Medicaid DRP Savings/CUNY Payment	300	(300)	0	0	0	0
All Other	458	299	757	(5)	(5)	(5)
FEDERAL ARRA AID	**1,299**	**4,850**	**6,149**	**4,414**	**(1)**	**(75)**
Enhanced FMAP/Medicaid Relief (excludes local share)	1,299	3,702	5,001	3,387	0	0
State Fiscal Stablization Relief	0	1,150	1,150	1,508	359	0
Federal Tax Relief Extended to State Tax Code	0	(2)	(2)	(481)	(360)	(75)
NET AVAILABLE RESOURCES APPLIED IN 2009-10	**(675)**	**675**	0	**0**	**0**	**0**
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**0**	**0**	**(2,166)**	**(8,757)**	**(13,706)**

** Before 2008-09 Enacted DRP.*

Budget Outcomes

DOB estimates that, after gap-closing actions and Federal aid, the General Fund and HCRA Financial Plan for 2009-10 is balanced, and leaves budget gaps of $2.2 billion in fiscal year 2010-11, $8.8 billion in fiscal year 2011-12, and $13.7 billion in 2012-13. As required by law, the State ended the 2008-09 fiscal year in balance in the General Fund and HCRA.[4] As shown in the table above, the State received $1.3 billion in Federal aid under ARRA in 2008-09, of which it used $624 million to eliminate the 2008-09 gap, and $675 million that it applied to close a portion of the 2009-10 gap. Based on DOB's current estimates, the cumulative budget gap for the five-year period (2008-09 through 2012-13) has been reduced from $85.2 billion to $24.6 billion, a reduction of approximately $60.6 billion – or over 70 percent – from the current-services forecast.[5]

Annual growth of the State-financed portion of the budget – that is, spending financed directly by State residents through State taxes, fees, and other revenues – is held nearly flat. General Fund disbursements, including transfers to other funds, are expected to total $54.9 billion in 2009-10, an increase of $301 million (0.6 percent) from 2008-09 results. Projected General Fund spending for 2009-10 has been reduced by $8.7 billion compared to the current services forecast. State Operating Funds spending, which excludes Federal operating aid and capital spending, is projected to total $78.7 billion in 2009-10, an increase of $574 million (0.7 percent) over 2008-09 results. State Operating Funds spending in the Enacted Budget Financial Plan has been reduced by $9.4 billion compared to the current services forecast.

Elements of the Gap-Closing Plan

Before the dramatic economic events of 2008, the sustained growth in spending commitments since the last economic recovery was the principal contributor to the State's growing budget gaps. Over the last year, however, the precipitous decline in actual and projected receipts caused by the economic downturn has been the dominant cause of the extraordinary increase in the budget gaps. This is illustrated by looking at the combined budget gap for 2008-09 and 2009-10. In May 2008, the projected gap of $5 billion was driven almost exclusively by expected spending growth. In contrast, the $15 billion incremental <u>increase</u> to the combined gap since that time is almost entirely due to the worsening outlook for receipts.

Accordingly, the gap-closing plan under the State's control (that is, excluding Federal aid) is weighted toward spending restraint, but also relies on substantial tax and fee increases. Actions to restrain spending constitute approximately 46 percent of the State portion of the gap-closing plan. Actions to increase receipts constitute approximately 39 percent of the plan. Non-recurring resources make up the remainder.

The section below provides a summary of the actions under each category that have been approved for 2009-10.

Spending Restraint

Actions to restrain General Fund spending affect most activities funded by the State. General Fund spending in the Enacted Budget Financial Plan is projected to total $54.9 billion in 2009-10, an increase of $301 million over 2008-09 results. General Fund spending was reduced by $8.7 billion from current services levels.

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[4] See "Prior Fiscal Years - Cash Basis Results for Prior Fiscal Years" in this AIS for more information.

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

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 - SPENDING RESTRAINT (millions of dollars)						
	2008-09	2009-10	Total	2010-11	2011-12	2012-13
Spending Restraint (net of adds)	**413**	**6,047**	**6,460**	**7,360**	**8,234**	**8,138**
Health Care	63	1,961	2,024	1,673	1,719	1,735
School Tax Relief Program	93	1,559	1,652	2,051	2,113	2,181
School Aid/Lottery Aid	0	948	948	1,870	2,835	2,695
Mental Hygiene	4	388	392	398	368	352
Higher Education	55	197	252	257	198	171
Public Safety	2	215	217	251	256	297
Human Services/Labor/Housing	4	188	192	189	129	60
Transportation	0	152	152	271	337	390
Repeal Planned Member Item Deposits	30	104	134	(85)	(85)	0
Local Government Aid	3	94	97	171	168	165
Other Education Aid	7	21	28	61	53	53
State Workforce	5	170	175	328	328	328
Convert Capital to PAYGO	0	0	0	(100)	(200)	(300)
All Other	147	50	197	25	15	11

The most significant actions in the Enacted Budget Financial Plan that restrain General Fund spending include the following:

- **Health Care ($2.0 billion):** Enacts cost-containment measures, including rate reductions; updating the base year on which rates are calculated; re-establishing certain industry assessments; financing a greater share of Medicaid spending through HCRA; eliminating a planned human services COLA in 2009-10; and other targeted public health and aging reductions. In addition, the Enacted Budget authorizes savings actions to fully eliminate the HCRA operating deficit, including an increase in the Covered Lives Assessment, instituting a tax on for-profit HMOs, and increasing certain surcharges;
- **STAR ($1.7 billion):** Eliminates the Middle-class STAR rebate program (but maintains the STAR exemption program that will continue to provide tax relief); reduces the PIT credit for New York City taxpayers; and adjusts the timing of reimbursement to New York City;
- **School Aid ($948 million on a State fiscal year basis):** Maintains selected aids at 2008-09 school year levels; extends the phase-in of foundation aid and the UPK program from four to seven years; and authorizes additional lottery games that would increase projected resources available to education;
- **Mental Hygiene ($392 million):** Eliminates a cost-of-living increase for providers; institutes programmatic reforms to align reimbursement with actual costs (including closing, consolidating, and restructuring facility operations, thereby reducing the planned workforce by 865 positions); maximizes available Federal aid; and other measures;
- **Higher Education ($252 million):** Includes tuition increases at public universities approved by the SUNY and CUNY Boards of Trustees; reductions in support for the four statutory colleges at Cornell University and the College of Ceramics at Alfred University; an assessment on the SUNY and CUNY research foundations; inclusion of public sector pension income in TAP determinations; and other savings;

- **Public Safety ($217 million):** Closes three prison camps and various annexes in correctional facilities; improves parolee release and violation processes; eliminates farm operations at correctional facilities; reduces programs for inmates; and other operational changes;
- **Human Services ($192 million):** Increases the level of Federal funding that local districts are required to spend on child welfare services; eliminates the human services COLA; lowers reimbursement for optional, community-based preventive services; closes or downsizes 11 underutilized facilities (8 residential facilities and 3 non-residential facilities), and other measures;
- **Transportation ($152 million):** Reduces the General Fund subsidy to the DHBTF (which is made possible by an increase in certain fees) and to transit systems; and lowers spending on DOT operations consistent with the overall reduction in planned capital activities;
- **Member item funding ($134 million):** Eliminates deposits into the Community Projects Fund for the Governor and Assembly that had been authorized in prior years. The Enacted Budget includes $170 million in new member item deposits split equally between the Senate and Assembly. The new legislative deposits are scheduled to be made in 2010-11 and 2011-12. The Governor did not accept any new member-item funding;
- **Local Government Aid ($97 million):** Holds aid and incentive payments for cities, towns, and villages outside of New York City at 2008-09 levels; reduces VLT aid; and other measures; and
- **Other Education Aid ($28 million):** Reduces funding for, among other things, attendance-taking requirements at non-public schools, library aid, prior-year claims, and supplemental funding for certain after-school programs.

The gap-closing plan counts on savings from instituting a workforce reduction plan (WRP). The WRP would reduce the State Executive Branch workforce by approximately 8,700 unionized employees through attritions, layoffs, and abolitions of funded vacancies. These reductions are in addition to those that are expected to result from the facility closures and other actions affecting the workforce that were approved in this budget.

The Executive Budget had proposed achieving workforce savings without a substantial reduction in force through, among other things, the elimination of a planned 3 percent general salary increase for State employees in 2009-10 and a one-week wage deferral payable upon separation from State service. The State’s public employee unions rejected the proposals. Pursuant to the Governor’s directive, most non-unionized “management/confidential” employees in 2009-10 will not receive the planned general salary increase, merit awards, longevity payments, and performance advances and therefore will not be subject to the layoffs required in the WRP. See “State Workforce Reductions” herein for more information.

The Enacted Budget Financial Plan will finance a larger share of economic development projects with ongoing resources rather than with long-term debt, starting in fiscal year 2010-11. This will help relieve pressure on the State’s 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. See “Bond Market Issues” herein for more information.

The Enacted Budget Financial Plan includes a modest level of new initiatives in 2009-10, the costs of which are counted against the savings actions presented in this Financial Plan. The most significant initiatives include a new low-cost student loan program to which the State will make an initial contribution of $50 million in 2009-10; extension of a program to assist homeowners facing foreclosure; an increase in the basic public assistance grant of 10 percent annually over the next three years; and additional funding for HEAL-NY, quality incentive pools for nursing homes and home care agencies, and other health initiatives.

Revenue Actions

Balancing the budget exclusively through spending reductions in 2009-10 would have required an extraordinary retrenchment in State services. Absent any actions to raise receipts, DOB estimates that General Fund spending would have had to be reduced by nearly $18 billion from the level required to meet existing commitments – and by almost $9 billion from 2008-09 results – to achieve a balanced budget in 2009-10. Spending reductions of this magnitude would be in direct conflict with Federal efforts to stimulate the economy during a severe recession, raise grave health and public safety concerns, and place additional pressure on local property taxes. Therefore, to maintain essential services and assist residents affected by the economic downturn, the Enacted Budget includes a package of tax increases and other revenue enhancements to help close the budget gap and address the further deterioration in the revenue base.

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

	2008-09	2009-10	Two-Year Total	2010-11	2011-12	2012-13
Revenue Actions	**118**	**5,279**	**5,397**	**6,443**	**4,974**	**1,110**
Temporary PIT Increase	0	3,948	3,948	4,778	3,720	0
Increase 18-A Utility Assessment	0	557	557	557	557	557
Bottle Bill Unclaimed Deposits	0	115	115	115	115	115
Limit Itemized Deductions for High Income Taxpayers	0	140	140	200	150	150
Reform Empire Zones Program	0	90	90	101	113	126
Impose Fee on Non-LLC Partnerships	0	50	50	50	50	50
Impose Sales Tax on Certain Transportation-related Activities	0	26	26	34	34	34
Increase Beer/Wine Tax	0	14	14	14	14	14
Film Credit Restructuring	0	0	0	192	(180)	(228)
Reissue License Plates	0	0	0	129	129	20
All Other Revenue Actions	118	339	457	273	272	272

The most significant actions include:

- **Temporary PIT Increase ($3.9 billion):** The State PIT rate will temporarily increase for higher-income filers for a three-year period from tax year 2009 through tax year 2011. The rate for married couples filing jointly will increase from 6.85 percent to 7.85 percent with incomes above $300,000 and to 8.97 percent for filers with incomes above $500,000;
- **Increase Utility Assessment ($557 million):** Increases the current regulatory fee on public utilities, including electric, gas, and water. The action will pay for State regulatory and management oversight by raising the fee from 1/3 of 1 percent to 1 percent of intrastate revenues, expanding the fee to include energy service companies, and establishing an additional 1 percent State energy and utility service conservation assessment, which will expire on March 31, 2014. In recognition of the competitive nature of the telecommunications industry, telecommunications utilities regulated under Public Service Law Section 18-A are exempted from this temporary assessment;

- **Bottle Bill ($115 million):** Expands the 5-cent deposit on carbonated beverages to include bottled water, and mandates that the State retain 80 percent of all unclaimed bottle deposits;
- **High-Income Itemized Deductions ($140 million):** Limits the ability of taxpayers with incomes over $1 million to reduce their tax liability by claiming itemized deductions ($140 million). Currently, taxpayers with incomes over $525,000 are allowed to claim 50 percent of the value of itemized deductions. To sustain philanthropic giving, charitable deductions are excluded from this provision and may still be claimed as itemized deductions for the purposes of State income taxes;
- **Empire Zones ($90 million):** Decertifies "shirt-changers" (that is, firms that change their names to maximize Zone benefits without providing any economic benefit) and firms producing less than $1 in actual investment and wages for every $1 in State tax incentives. The Empire Zone program will sunset on June 30, 2010 – one year earlier than in current law;
- **Non-LLC Partnerships ($50 million):** Imposes a new fee on non-LLC partnerships equal to fee amounts that currently apply to LLCs. Fee amounts will range from $1,900 to $4,500. Unlike the current LLC fee, partnerships with New York-source gross income under $1 million are exempt;
- **Transportation Services ($26 million):** Broadens the sales tax base to cover certain transportation-related services, such as limousine and black car services, but excludes taxis;
- **Beer/Wine Tax ($14 million):** Increases the excise tax on wine and beer. The tax on wine would increase from 18.9 cents per gallon to 30 cents per gallon, and the beer tax would increase from 11 cents per gallon to 14 cents per gallon. This translates into approximately 2 cents per bottle of wine and one and one-half cents per six pack of beer. These taxes were last increased in 1991, and are still among the lowest in the nation; and
- **License Plates ($129 million starting in 2010-11):** Effective April 1, 2010, the license plate reissuance fee is increased from $15 to $25, with revenues directed to the General Fund. License plates were last reissued in 2001.

Other revenue actions include increases in the bond issuance charge for public authorities and industrial development agencies; fines related to certain motor vehicle violations; real property transfer fees paid whenever a deed is recorded; and fees for license suspension. The Financial Plan also includes a potential franchise payment in 2011-12 related to the development of a new VLT facility. In addition, the Enacted Budget includes $350 million in new authorization for the State's film tax and television production credit, which is intended to help keep entertainment industry jobs in New York State.

The Enacted Budget Financial Plan does not include approximately $1.2 billion in tax and fee proposals that had been proposed in the Executive Budget. Extraordinary Federal aid was used to eliminate these tax proposals. See "2009-10 All Funds Financial Plan Forecast" herein for more information on tax receipt projections included in the Enacted Budget.

Non-Recurring Resources

The two-year gap-closing plan included approximately $1 billion in non-recurring resources in 2008-09 and a comparable amount in 2009-10. The 2008-09 gap had to be closed within a three-month period, which severely limited the types of savings measures that were possible.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 - NON-RECURRING RESOURCES (millions of dollars)						
	2008-09	2009-10	Two-Year Total	2010-11	2011-12	2012-13
Non-Recurring Resources	**1,064**	**1,006**	**2,070**	**(9)**	**(64)**	**(34)**
Delay extra MA Cycle (two years)	0	400	400	0	(400)	0
Increase Business Tax Prepayment to 40 Percent	0	333	333	0	0	0
NYPA Transfers	306	170	476	0	(25)	(25)
Equipment Financing	0	104	104	(4)	(4)	(4)
Finance CUNY Payments with Jan-Mar '09 MA Savings	300	(300)	0	0	0	0
EPF Sweep/Capital Bonding	75	50	125	0	0	0
School Aid Overpayment Recoveries	0	80	80	0	0	0
Medicaid Reimbursement of Education Costs	0	20	20	0	0	0
Recoup Overpayments to NYC (General Public Health Works)	11	15	26	0	0	0
Increase Pre-Paid Sales Tax on Cigarettes	0	14	14	0	0	0
Recoup Overpayments to NYC (Early Intervention)	0	9	9	0	0	0
Continue TADA software bonding	0	3	3	0	0	0
VLT Franchise Payment	0	0	0	0	370	0
Fund Sweeps/Other	372	108	480	(5)	(5)	(5)

The largest non-recurring actions over the two year period include:

- **Delay of the 53rd Medicaid Cycle Payment ($400 million):** The 2009-10 fiscal year included 53 weekly cycle payments, compared to the typical 52 payments. This action delays the payment of a 53rd cycle until fiscal year 2011-12;
- **Increase Business Tax Prepayment ($333 million):** Increases the mandatory first installment of tax due from certain business taxpayers from 30 percent to 40 percent of the previous year's tax liability. For most taxpayers, this installment is due in March with the filing of the previous year's tax return. This will not change the amount of tax liability, but simply the timing of payments;
- **New York Power Authority Excess Resources ($476 million):** Authorizes the transfer of $476 million to the General Fund (of which $306 million was received in 2008-09 and $170 million is planned in 2009-10). Of this amount, $215 million represents funds that were reserved by NYPA to pay for the disposal of waste at a Federal repository. It is anticipated that NYPA will not need these funds for several years. The remaining transfer represents assets not necessary to meet NYPA's short term operating, capital or debt service costs;
- **Equipment Financing ($104 million):** Authorizes the use of bond financing for eligible capital projects that were originally planned to be paid for with cash resources. DOB will make an annual determination on the financing for equipment, depending on Financial Plan needs, market conditions and debt management considerations; and
- **City University (no net impact):** To realize the benefit of health care savings in the DRP that were applicable to the final quarter of the 2008-09 fiscal year, but where the cash savings would occur in 2009-10, the State adjusted its reimbursement schedule to New York City related to the City University. Certain payments that were due in the first quarter of 2009-10, but that had been budgeted in 2008-09, will be made on their statutory due dates, not ahead of schedule. There is no net impact over the two fiscal years.

Other non-recurring resources consist of transfers of existing fund balances, cost-recoveries for overpayments in prior years, and other routine transactions.

Extraordinary Federal Aid

The gap-closing plan included $6.15 billion in fiscal relief that the Federal government is providing to the State under ARRA to stabilize State finances and help prevent reductions in essential services. Direct Federal aid for fiscal relief consists of the increase in the Federal matching rate for eligible State Medicaid expenditures and funds provided through the SFSF to restore proposed reductions in education and higher education and to maintain other essential government services. By law, the direct Federal fiscal relief must be used effectively and expeditiously to promote economic recovery, and may not be allocated for other purposes, such as funding reserves or paying down debt.

The ARRA increased the Federal government contribution, or matching rate, on eligible State Medicaid expenditures for the period from October 1, 2008 through December 31, 2010. The FMAP benefit to the State in 2008-09 totaled $1.3 billion, and is projected at $3.7 billion in 2009-10. In the Financial Plan, every $1 increase in the Federal matching rate corresponds to a $1 decrease in required State support for Medicaid, thus creating General Fund fiscal relief. In addition, since all Federal Medicaid payments must flow through the State's Financial Plan, the increase in FMAP results in an increase in the "pass-through" of more Federal aid to counties and New York City, which contribute to the financing of the State's Medicaid program. This pass-through amount totaled $440 million in 2008-09 and is projected at $1.4 billion in 2009-10. See "Spending Levels" herein for a discussion of the impact of Federal aid on State All Funds spending in 2009-10.

The SFSF is expected to provide $1.15 billion in fiscal relief in 2009-10. The SFSF consists of two parts: an Education Fund, which must be used to restore proposed reductions in education and higher education, and an Other Governmental Services Fund, which must be used to maintain essential government services. Direct Federal fiscal relief from the Education Fund is projected to total $876 million in 2009-10. Fiscal relief from the other Governmental Services Fund is expected to total $274 million in 2009-10. This aid adds $1.15 billion in spending to the All Funds budget.

Lastly, a substantial amount of Federal aid will flow to the State – and through the State Financial Plan to end recipients – that has no direct impact on the State's budget gaps. In addition, Federal spending is affected by the timing of certain transactions, including the approval of State health care initiatives, and the Federal match on spending restorations authorized in the Enacted Budget. In 2009-10, the State expects to receive extraordinary Federal aid of approximately $4.6 billion. Extraordinary Federal aid increases the State's All Funds budget, but has no relationship to the gap-closing plan. In addition, a substantial amount of other Federal aid that affects spending from Federal funds, but which has no impact on the budget gaps, will pass through the State's All Funds Financial Plan in 2009-10 and 2010-11. Most of this is related to the ARRA, but also reflects the timing of Federal aid payments, changes in distribution patterns, and other factors.

Spending Levels

General Fund disbursements, including transfers to other funds, are expected to total $54.9 billion, an increase of $301 million (0.6 percent) from 2008-09 results. Projected General Fund spending has been reduced by $8.7 billion compared to the current services forecast. State Operating Funds spending, which excludes Federal operating aid and capital spending, is projected to total $78.7 billion in 2009-10, an increase of $574 million (0.7 percent) over 2008-09 results. State Operating Funds spending in the Enacted Budget Financial Plan has been reduced by $9.4 billion compared to the current services forecast.

TOTAL DISBURSEMENTS (millions of dollars)							
			Before Actions **			After Actions	
	2008-09 Results **	2009-10 Base	Annual $ Change	Annual % Change	2009-10 Enacted	Annual $ Change	Annual % Change
State Operating Funds	**78,168**	**88,154**	**9,986**	**12.8%**	**78,742**	**574**	**0.7%**
General Fund *	48,436	57,136	8,700	18.0%	49,449	1,013	2.1%
Other State Funds	25,146	25,804	658	2.6%	24,075	(1,071)	-4.3%
Debt Service Funds	4,586	5,214	628	13.7%	5,218	632	13.8%
All Governmental Funds	**121,572**	**132,753**	**11,181**	**9.2%**	**131,935**	**10,363**	**8.5%**
State Operating Funds	78,168	88,154	9,986	12.8%	78,742	574	0.7%
Capital Projects Funds	6,830	7,983	1,153	16.9%	8,832	2,002	29.3%
Federal Operating Funds	36,574	36,616	42	0.1%	44,361	7,787	21.3%
General Fund, including Transfers	**54,607**	**63,565**	**8,958**	**16.4%**	**54,908**	**301**	**0.6%**

** Excludes transfers.*
*** Unaudited Results.*

The Federal ARRA and other Federal aid substantially increase All Funds spending in 2009-10. In total, Federal aid is responsible for $7.2 billion of the projected All Funds increase above the Executive Budget proposal. In addition, growing costs in Medicaid caseload and utilization trends, which are directly related to the economic downturn, add an additional $1.4 billion in projected costs on an All Funds basis. Therefore, extraordinary Federal aid and accelerating Medicaid entitlement costs together comprise $8.6 billion of the total increase in All Funds spending.

General Fund Balances

The State ended 2008-09 with a General Fund balance of $1.9 billion. The State expects to use approximately $570 million in available balances to finance operations in 2009-10, resulting in a projected year-end balance of $1.4 billion on March 31, 2010. Funds reserved by DOB for debt management purposes may also be spent during the 2009-10 fiscal year, depending on market conditions.

GENERAL FUND ESTIMATED CLOSING BALANCE (millions of dollars)			
	2008-09 Results*	2009-10 Enacted	Change
Projected Year-End Fund Balance	**1,948**	**1,378**	**(570)**
Tax Stabilization Reserve Fund	1,031	1,031	0
Rainy Day Reserve Fund	175	175	0
Contingency Reserve Fund	21	21	0
Reserved for Debt Reduction	73	73	0
Community Projects Fund	145	78	(67)
Remaining Reserve for 2009-10 Use	340	0	(340)
2008-09 Timing Related Changes	163	0	(163)

The timing of payments reflects differences between planned and actual disbursements that occur in any fiscal year. Approximately $163 million in payments that were planned to occur in 2008-09 are now budgeted in 2009-10. The State manages its cash balances to meet these payments. The table below summarizes the General Fund payments budgeted in 2008-09 but now expected to be made in the 2009-10 fiscal year.

2008-09 YEAR-END RESULTS GENERAL FUND TIMING RELATED CHANGES DECREASE/(INCREASE) (millions of dollars)	
Timing Related Changes	**163**
Non-public School Aid	51
Other Education programs, including school aid	45
PBA labor settlement	44
Lower Medicaid spending	23
Taxes on State Owned Lands	27
Higher capital spending	(44)
All Other	17

HCRA ended the 2008-09 fiscal year with a balance of $240 million. It is expected that HCRA will use this balance to finance spending in 2009-10, including $205 million in payments that were originally planned to occur in 2008-09. See the “HCRA Financial Plan” herein for more information.

2009-10 General Fund Financial Plan and OutYear Projections

DOB projects that the Enacted Budget Financial Plan is balanced in the General Fund in 2009-10 and projects outyear budget gaps of $2.2 billion in 2010-11, $8.8 billion in 2011-12, and $13.7 billion in 2012-13.

After actions, General Fund spending is projected to grow at an average annual rate of 7.2 percent from 2008-09 through 2012-13. Spending growth in the General Fund is projected to increase sharply in 2011-12, reflecting a return to a lower Federal match rate for Medicaid expenditures on January 1, 2010, which will increase General Fund costs. 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. The receipts growth is consistent with DOB’s economic forecast for the recession and recovery. The temporary PIT increase, which covers calendar years 2009 through 2011, is expected to provide substantial additional receipts through fiscal year 2011-12. The following table summarizes the General Fund projections by major tax and Financial Plan category.

OUTYEAR GENERAL FUND PROJECTIONS
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Receipts								
Taxes	49,788	53,151	3,363	6.8%	54,747	3.0%	54,471	-0.5%
Personal Income Tax*	32,533	35,144	2,611	8.0%	36,026	2.5%	34,735	-3.6%
User Taxes and Fees*	10,721	11,073	352	3.3%	11,537	4.2%	11,932	3.4%
Business Taxes	5,495	5,828	333	6.1%	5,925	1.7%	6,398	8.0%
Other Taxes*	1,039	1,106	67	6.4%	1,259	13.8%	1,406	11.7%
Miscellaneous Receipts	3,381	3,022	(359)	-10.6%	3,017	-0.2%	3,043	0.9%
Other Transfers	1,169	723	(446)	-38.2%	684	-5.4%	695	1.6%
Total Receipts	**54,338**	**56,896**	**2,558**	**4.7%**	**58,448**	**2.7%**	**58,209**	**-0.4%**
Disbursements								
Grants to Local Governments:	37,086	39,664	2,578	7.0%	46,467	17.2%	50,283	8.2%
School Aid	18,019	18,787	768	4.3%	19,738	5.1%	21,953	11.2%
Total Medicaid (incl. administration)	6,401	8,640	2,239	35.0%	13,536	56.7%	14,644	8.2%
Medicaid (before local relief)	5,440	7,327	1,887	34.7%	11,827	61.4%	12,479	5.5%
Medicaid Cap/FHP Takeover	961	1,313	352	36.6%	1,709	30.2%	2,165	26.7%
Higher Education	2,837	2,578	(259)	-9.1%	2,718	5.4%	2,763	1.7%
Mental Hygiene	2,148	2,266	118	5.5%	2,407	6.2%	2,534	5.3%
Children and Family Services	1,823	1,968	145	8.0%	2,170	10.3%	2,313	6.6%
Other Education Aid	1,640	1,617	(23)	-1.4%	1,841	13.9%	1,925	4.6%
Temporary and Disability Assistance	1,275	1,301	26	2.0%	1,341	3.1%	1,428	6.5%
Local Government Assistance	1,135	1,130	(5)	-0.4%	1,134	0.4%	1,137	0.3%
Public Health	653	578	(75)	-11.5%	598	3.5%	635	6.2%
All Other	1,155	799	(356)	-30.8%	984	23.2%	951	-3.4%
State Operations:	8,659	8,925	266	3.1%	9,175	2.8%	9,312	1.5%
Personal Service	6,465	6,621	156	2.4%	6,801	2.7%	6,870	1.0%
Non-Personal Service	2,194	2,304	110	5.0%	2,374	3.0%	2,442	2.9%
General State Charges	3,704	4,042	338	9.1%	4,344	7.5%	4,760	9.6%
Pensions	1,148	1,412	264	23.0%	1,525	8.0%	1,654	8.5%
Health Insurance:								
Active Employees	1,712	1,906	194	11.3%	2,056	7.9%	2,217	7.8%
Retired Employees	1,123	1,247	124	11.0%	1,348	8.1%	1,456	8.0%
Fringe Benefit Escrow	(2,247)	(2,435)	(188)	8.4%	(2,534)	4.1%	(2,541)	0.3%
All Other	1,968	1,912	(56)	-2.8%	1,949	1.9%	1,974	1.3%
Transfers to Other Funds:	5,459	6,391	932	17.1%	7,265	13.7%	7,690	5.8%
State Share Medicaid	2,362	2,388	26	1.1%	2,887	20.9%	2,888	0.0%
Debt Service	1,783	1,762	(21)	-1.2%	1,739	-1.3%	1,725	-0.8%
Capital Projects	551	1,162	611	110.9%	1,319	13.5%	1,491	13.0%
All Other	763	1,079	316	41.4%	1,320	22.3%	1,586	20.2%
Total Disbursements	**54,908**	**59,022**	**4,114**	**7.5%**	**67,251**	**13.9%**	**72,045**	**7.1%**
Change in Reserves								
Timing Related Reserve	(163)	0			0		0	
Prior Year Reserves	(340)	0			0		0	
Community Projects Fund	(67)	55			(41)		(92)	
Deposit to/(Use of) Reserves	**(570)**	**55**			**(41)**		**(92)**	
General Fund Budget Surplus/(Gap) Estimate	**0**	**(2,181)**			**(8,762)**		**(13,744)**	
Add: HCRA Operating Surplus	**0**	**15**			**5**		**38**	
Combined Budget Surplus/(Gap) Estimate	**0**	**(2,166)**			**(8,757)**		**(13,706)**	

** Includes transfers after debt service.*

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 following table provides a "zero-based" look at the causes of the 2010-11 General Fund budget gap. Detailed explanations of the assumptions underlying the outyear revenue and spending projections appear below.

2010-11 GENERAL FUND ANNUAL CHANGE
SAVINGS/(COSTS)
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change
RECEIPTS GROWTH	**54,338**	**56,896**	**2,558**	**4.7%**
Personal Income Tax*	32,533	35,144	2,611	8.0%
User Taxes and Fees*	10,721	11,073	352	3.3%
Business Taxes	5,495	5,828	333	6.1%
Other Taxes*	1,039	1,106	67	6.4%
Miscellaneous Receipts/Federal Grants	3,381	3,022	(359)	-10.6%
All Other Transfers	1,169	723	(446)	-38.2%
** Includes transfers after debt service*				
DISBURSEMENTS GROWTH	**54,908**	**59,022**	**4,114**	**7.5%**
Local Assistance	**37,086**	**39,664**	**2,578**	**7.0%**
Medicaid (incl. admin)	6,401	8,640	2,239	35.0%
Program Growth/Other	*2,026*	*4,223*	2,197	108.4%
Medicaid Cap/Family Health Plus Takeover	*961*	*1,313*	352	36.6%
Change in HCRA/Provider Assessment Financing	*3,414*	*3,104*	(310)	-9.1%
School Aid	18,019	18,787	768	4.3%
Other Education Aid	1,640	1,617	(23)	-1.4%
Higher Education	2,837	2,578	(259)	-9.1%
Children and Family Services	1,823	1,968	145	8.0%
Mental Hygiene	2,148	2,266	118	5.5%
All Other Local Assistance	4,218	3,808	(410)	-9.7%
State Operations	**8,659**	**8,925**	**266**	**3.1%**
Personal Service	6,465	6,621	156	2.4%
Non-personal Service	2,194	2,304	110	5.0%
General State Charges	**3,704**	**4,042**	**338**	**9.1%**
Health Insurance	2,835	3,153	318	11.2%
Pensions	1,148	1,412	264	23.0%
Fringe Benefit Escrow Offset	(2,247)	(2,435)	(188)	8.4%
All Other	1,968	1,912	(56)	-2.8%
Transfers to Other Funds	**5,459**	**6,391**	**932**	
Change in Reserves	**570**	**(55)**	**(625)**	
Timing Related Reserve	163	-	(163)	
Prior Year Reserves	340	-	(340)	
Community Projects Fund	67	(55)	(122)	
"CURRENT SERVICES" BUDGET GAP FOR 2010-11 *			**(2,181)**	

** Excludes HCRA balance, which is projected to remain positive over the multi-year Financial Plan.*

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. 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.

General Fund Outyear Receipts/Projections

Overall, tax receipts growth in the two fiscal years following 2009-10 is expected to grow within a range of 2 to 8 percent. This reflects an economic forecast of a national recovery beginning in the third quarter of 2009 with many aspects of New York State's recovery lagging into 2010. The receipts growth is supported significantly by revenue actions in the Budget, including the three-year temporary increase in PIT rates. Tax receipts in 2012-13 are expected to decline slightly, primarily due to the expiration of the temporary rate increase.

- Total General Fund receipts are projected to reach $56.9 billion in 2010-11, $58.4 billion in 2011-12 and $58.2 billion in 2012-13.
- Total State Funds receipts are projected to be approximately $85.9 billion in 2010-11, $89.0 billion in 2011-12 and $88.6 billion in 2012-13.
- Total All Funds receipts in 2010-11 are projected to reach $134.6 billion, an increase of $4.0 billion, or 3 percent over 2009-10 estimates. All Funds receipts in 2011-12 are expected to decrease by $2.4 billion (1.7 percent) over the prior year. In 2012-13, receipts are expected to decrease by $1.1 billion (0.8 percent) from 2011-12 projections.
- All Funds tax receipts are expected to increase by 6.2 percent in 2010-11, 3.3 percent in 2011-12, and 0.3 percent in 2012-13.

General Fund Outyear Disbursement Projections

DOB forecasts General Fund spending of $59 billion in 2010-11, an increase of $4.1 billion (7.5 percent) over estimated 2009-10 levels. Growth in 2011-12 is projected at $8.2 billion (13.9 percent) and in 2012-13 at $4.8 billion (7.1 percent). The growth levels are based on current services projections, as modified by the actions contained in the 2009-10 Enacted Budget. They do not incorporate any estimate of potential new actions to control spending in future years.

General Fund Grants to Local Governments

Annual growth in local assistance over the plan period is driven primarily by Medicaid (including administrative costs and local cost sharing), school aid and aid for 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)	Results	Forecast				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Medicaid						
Medicaid Coverage	3,559,381	3,691,391	3,983,166	4,271,459	4,564,665	4,861,432
Family Health Plus Coverage	518,189	424,949	424,788	460,584	552,384	552,384
Child Health Plus Coverage	360,436	381,303	428,220	437,220	446,220	455,220
Medicaid Inflation	2.0%	2.9%	3.0%	3.0%	3.0%	3.0%
Medicaid Utilization	-3.0%	-2.4%	1.8%	5.8%	5.0%	4.0%
State Takeover of County/NYC Costs (Total)	$564	$724	$961	$1,313	$1,709	$2,165
- Family Health Plus	$396	$424	$445	$477	$507	$518
- Medicaid	$168	$300	$516	$836	$1,202	$1,647
Education						
School Aid (School Year)	$19,747	$21,452	$21,857	$22,420	$23,990	$26,170
Public Higher Education Enrollment	512,362	537,190	542,509	546,547	550,616	554,558
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						
Office of Mental Health	30,088	31,570	33,170	34,766	35,898	37,429
OMRDD	34,571	35,248	36,162	37,220	38,101	38,756
OASAS	15,553	15,561	16,047	16,457	16,517	16,577
Total - Mental Hygiene Community Beds	80,212	82,379	85,379	88,443	90,516	92,762

Medicaid

General Fund spending for Medicaid is expected to grow by $2.2 billion in 2010-11, $4.9 billion in 2011-12, and another $1.1 billion in 2012-13, which includes a reduction in the State share resulting from the enhanced FMAP provided through the Federal ARRA.

MAJOR SOURCES OF ANNUAL CHANGE IN MEDICAID (millions of dollars)	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Base Growth Before Enhanced FMAP	**14,057**	**15,608**	***1,551***	***11.0%***	**17,601**	***12.8%***	**18,834**	***7.0%***
Enhanced FMAP -- State Share *	(3,155)	(2,883)	*272*	*-8.6%*	0	*-100.0%*	0	-
State Funds Base Growth (After FMAP)	**10,902**	**12,725**	***1,823***	***16.7%***	**17,601**	***38.3%***	**18,834**	***7.0%***
Less: Other State Funds Support	**4,501**	**4,085**	***(416)***	***-9.2%***	**4,065**	***-0.5%***	**4,190**	***3.1%***
HCRA Financing	2,668	2,238	*(430)*	*-16.1%*	2,218	*-0.9%*	2,343	*5.6%*
Provider Assessment Revenue	686	700	*14*	*2.0%*	700	*0.0%*	700	*0.0%*
Indigent Care Revenue	1,147	1,147	*0*	*0.0%*	1,147	*0.0%*	1,147	*0.0%*
Total General Fund	**6,401**	**8,640**	***2,239***	***35.0%***	**13,536**	***56.7%***	**14,644**	***8.2%***
Local Government Relief (incl. above)	961	1,313	*352*	*36.6%*	1,709	*103.4%*	2,165	*106.1%*

** Excludes enhanced FMAP for other state agencies.*

Medicaid growth results, in part, from the combination of projected increases in recipients, service utilization, and medical care cost inflation that affect nearly all categories of service (i.e., hospitals, nursing homes, etc.). The State cap on local Medicaid costs and takeover of local FHP costs, which are included in base categories of service, are projected to increase spending by $352 million in 2010-11, and $396 million in 2011-12. In 2011-12, $2.9 billion of the State Funds spending increase is due to the scheduled cessation of Federal assistance that had been granted to the State in 2009-10 and 2010-11 in accordance with ARRA. In addition, an extra weekly payment to providers deferred from 2009-10 adds $400 million in base spending across all categories of service in 2011-12.

The average number of Medicaid recipients is expected to grow to 4.27 million in 2010-11, an increase of 7.2 percent from the estimated 2009-10 caseload of 3.98 million. FHP enrollment is estimated to grow to approximately 460,600 individuals in 2010-11, an increase of 8.4 percent over projected 2008-09 enrollment of almost 424,800 individuals.

School Aid

MULTI-YEAR SCHOOL AID PROJECTIONS - SCHOOL-YEAR BASIS
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Foundation Aid	14,876	14,876	0	0.0%	15,890	6.8%	17,390	9.4%
Universal Pre-kindergarten	376	376	0	0.0%	460	22.3%	520	13.0%
High Tax Aid	205	205	0	0.0%	100	-51.2%	100	0.0%
EXCEL Building Aid*	165	185	20	12.1%	192	3.8%	192	0.0%
Expense-Based Aids	5,595	6,080	485	8.7%	6,600	8.6%	7,170	8.6%
Other Aid Categories/Initiatives	640	698	58	9.1%	748	7.2%	798	6.7%
Total School Aid	**21,857**	**22,420**	**563**	**2.6%**	**23,990**	**7.0%**	**26,170**	**9.1%**

** Represents State debt service costs.*

School aid is projected to increase in 2009-10 and beyond. In future years, increases in foundation aid and UPK are also projected primarily due to increases in expense-based aids such as building aid and transportation aid. On a school-year basis, school aid is projected at $22.4 billion in 2010-11, $24.0 billion in 2011-12, and $26.2 billion in 2012-13. On a State fiscal-year basis, General Fund school aid spending is projected to grow by $768 million in 2010-11, $951 million in 2011-12, and $2.2 billion in 2012-13.

Outside the General Fund, revenues from core lottery sales are projected to increase by $27 million in 2010-11, $67 million in 2011-12, and $106 million in 2012-13 (totaling $2.5 billion in 2012-13). Revenues from VLTs are projected to increase by $68 million in 2010-11, $657 million in 2011-12 and decrease by $260 million in 2012-13 (totaling $944 million in 2012-13). VLT estimates for 2011-12 assume the one-time receipt of $370 million in additional revenues from the State's sale of operating rights at a VLT facility, and assume the start of operations at Aqueduct in 2011, and Belmont by 2012.

Mental Hygiene

Mental hygiene spending is projected at $2.3 billion in 2010-11, $2.4 billion in 2011-12, and $2.5 billion in 2012-13. Sources of growth include: increases in the projected State share of Medicaid costs; projected expansion of the various mental hygiene service systems including the OMH's children's services; increases in the NYS-CARES program and in the development of children's beds in OMRDD to bring children back from out-of-state placements; the New York/New York III Supportive Housing agreement and community bed expansion in OMH; and several chemical dependence treatment and prevention initiatives in OASAS, including treatment costs associated with Rockefeller Drug Law reform.

Children and Family Services

Children and Family Services local assistance spending is projected to grow by $145 million in 2010-11, $202 million in 2011-12 and $143 million in 2012-13. The increases are driven primarily by expected growth in local claims-based programs, including child welfare.

Temporary and Disability Assistance

Spending is projected at $1.3 billion in 2010-11, and is expected to increase to $1.4 billion by 2012-13, primarily the result of an expected decrease in Federal offsets, which increases the level of General Fund resources needed to fund existing commitments.

General Fund State Operations

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING STATE OPERATIONS

	Results	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%	3.0%	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	199,916	190,335	190,195	190,195	190,195

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

State Operations spending is expected to total $8.9 billion in 2010-11, an annual increase of $266 million (3.1 percent). In 2011-12, spending is projected to grow by another $250 million (2.8 percent) to a total of $9.1 billion, followed by another $137 million (1.5 percent) for a total of $9.3 billion in 2012-13. The personal service portion of these increases reflects both the impact of the settled labor contracts and potential spending for unsettled unions (assuming comparable agreements to currently-settled unions), salary adjustments for performance advances, longevity payments and promotions; and increased staffing levels. Inflationary increases for non-personal service costs result in higher spending in all years. Additional growth is driven by spending for ongoing initiatives, including the civil commitment program for sexual offenders, and medical and pharmacy costs in the areas of mental hygiene and corrections.

The agencies and authorities 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)					
	2009-10	2010-11	Annual $ Change	2011-12	2012-13
Total	**6,465**	**6,621**	**156**	**6,801**	**6,870**
Potential Labor Settlements	400	275	(125)	275	275
Workforce Reduction	(191)	(219)	(28)	(219)	(219)
Judiciary	1,500	1,681	181	1,829	1,862
State University	806	876	70	895	913
Correctional Services	1,773	1,807	34	1,803	1,807
Tax and Finance	281	296	15	296	296
State Police	453	420	(33)	420	420
All Other	1,443	1,485	42	1,502	1,516

- **Potential Labor Settlements:** The Financial Plan includes spending for potential settlements with unions that have not yet reached agreement with the State. The spending assumes settlements at the same terms that have been ratified by settled unions.
- **Workforce Reduction:** Reflects the WRP and the elimination of 2009-10 general salary increase, merit awards, longevity payments, and performance advances for most non-unionized employees.
- **Judiciary:** Reflects projections of anticipated needs for OCA.
- **State University:** Primarily reflects negotiated salary increases and increased investment in operations afforded by tuition increases.
- **Correctional Services:** Growth reflects facility closures, reductions in force, and ongoing cost controls.
- **Department of Taxation and Finance:** Changes reflect the annualization of additional full-time employees added for enhanced audit activity and information technology purposes.
- **State Police:** The higher spending in 2009-10 over 2010-11 is driven by the retroactive component of the PBA labor contract settlement expected to be paid in 2009-10.

Non-Personal Service

GENERAL FUND - NON-PERSONAL SERVICE (millions of dollars)					
	2009-10	2010-11	Annual $ Change	2011-12	2012-13
Total	**2,194**	**2,304**	**110**	**2,374**	**2,442**
Correctional Services	615	643	28	666	700
State Police	50	55	5	80	74
Public Health	127	146	19	150	150
State University	364	379	15	397	421
All Other	1,038	1,081	43	1,081	1,097

- **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 funding for the State to directly enroll individuals into Medicaid, CHP and FHP.
- **State University:** Primarily reflects funding for inflationary increases in non-personal service at SUNY.

General Fund General State Charges

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING GENERAL STATE CHARGES	Results	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%	10.5%	11.4%	11.5%
Rate of Growth Employee/Retiree Health Insurance	5.4%	4.9%	6.6%	10.5%	8.5%	8.5%

GSCs are projected to total $4.0 billion in 2010-11, $4.3 billion in 2011-12 and $4.8 billion in 2012-13. 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 7.6 percent for 2009-10, is expected to increase to 10.5 percent for 2010-11, 11.4 percent for 2011-12 and 11.5 percent in 2012-13. Pension costs in 2010-11 are projected to total $1.4 billion, an increase of $264 million over 2009-10. In 2011-12, costs are projected to increase an additional $113 million to total $1.5 billion. In 2012-13, they are expected to increase by $129 million to total $1.7 billion. Growth in all years is driven by anticipated increases in the employer contribution rate.

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

	Health Insurance		
Year	Active Employees	Retirees	Total State
2007-08 (Actual)	1,390	1,182	2,572
2008-09 (Unaudited Results)	1,639	1,068	2,707
2009-10 (Projected)	1,712	1,123	2,835
2010-11 (Projected)	1,906	1,247	3,153
2011-12 (Projected)	2,056	1,348	3,404
2012-13 (Projected)	2,217	1,456	3,673

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 $318 million in 2010-11, $251 million in 2011-12, and another $269 million in 2012-13, and assumes an average annual premium increase of approximately 8.0 percent. Health insurance is projected at $3.2 billion in 2010-11 ($1.9 billion for active employees and $1.25 billion for retired employees), $3.4 billion in 2011-12 ($2.1

billion for active employees and $1.3 billion for retired employees), and $3.7 billion in 2012-13 ($2.2 billion for active employees and $1.5 billion for retired employees).

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

General Fund Transfers to Other Funds

OUTYEAR DISBURSEMENT PROJECTIONS - TRANSFERS TO OTHER FUNDS (millions of dollars)	2009-10	2010-11	Annual $ Change	2011-12	2012-13
Transfers to Other Funds:	**5,459**	**6,391**	**932**	**7,265**	**7,690**
Medicaid State Share	2,362	2,388	26	2,887	2,888
Debt Service	1,783	1,762	(21)	1,739	1,725
Capital Projects	551	1,162	611	1,319	1,491
Dedicated Highway and Bridge Trust Fund	383	763	380	842	923
All Other Capital	168	399	231	477	568
All Other Transfers	763	1,079	316	1,320	1,586
Mental Hygiene	12	295	283	494	705
Medicaid Payments for State Facility Patients	193	193	0	193	193
Judiciary Funds	149	150	1	156	161
SUNY- Hospital Operations	135	134	(1)	167	167
Banking Services	66	66	0	66	66
Empire State Stem Cell Trust Fund	16	13	(3)	-	56
Statewide Financial System	0	35	35	50	60
All Other	192	193	1	194	178

In 2010-11, transfers to other funds are estimated at $6.4 billion, an increase of $932 million over 2009-10. This includes increased transfers to the DHBTF (see additional discussion below), capital projects funds, and the mental hygiene system. In addition, transfers are increasing to fund the development of the State's new financial management system.

In 2011-12, transfers to other funds are expected to increase by $874 million. This increase reflects projected Medicaid State Share transfers without the benefit of the Federal ARRA package (or enhanced FMAPs), and expected increases in transfers to supplement resources available for the mental hygiene system. In 2012-13, transfers are expected to increase by $425 million, mainly to supplement resources available to the mental hygiene system and subsidize the DHBTF, as well as funding for stem cell research.

Dedicated Highway and Bridge Trust Fund

A significant portion of the capital and operating expenses of DOT and DMV are funded from the DHBTF. The Fund receives dedicated tax and fee revenue from the Petroleum Business Tax, the Motor Fuel Tax, the Auto Rental Tax, highway use taxes, transmission taxes and motor vehicle fees administered by DMV. The Financial Plan includes transfers from the General Fund that effectively subsidize the expenses of the DHBTF. The subsidy is required because the cumulative expenses of the fund – capital and operating expenses of DOT and DMV, debt service on DHBTF bonds and transfers for debt service on bonds that fund CHIPs and local transportation programs – exceed current and projected revenue deposits and bond proceeds. The AIS presents a revised forecast for the General Fund subsidy to reflect Enacted Budget Financial Plan projections. The subsidy is projected at $763 million for 2010-11 and $842 million for 2011-12, with continued growth thereafter.

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 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 of General Fund spending and can be used only to cover unforeseen year-end deficits.

The State projects that General Fund reserves will total $1.4 billion at the end of 2009-10, with $1.2 billion in undesignated reserves available to deal with unforeseen contingencies and $151 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 Rainy Day Reserve, and $21 million in the Contingency Reserve Fund for litigation risks.

The designated reserves consist of $78 million in the Community Projects Fund to finance existing "member-item" initiatives, and $73 million set aside for the debt management purposes.

Cash Flow Forecast

In 2009-10, the General Fund is projected to have quarterly-ending balances of $111 million in June 2009, $2.8 billion in September 2009, $1.2 billion in December 2009, and $1.4 billion at the end of March 2010. The lowest projected month-end cash flow balance is in June 2009. DOB’s detailed monthly cash flow projections for 2009-10 are set forth in the Financial Plan tables.

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

OSC is authorized to make short-term loans from STIP to cover temporary cash shortfalls in certain funds and accounts resulting from the timing of receipts and disbursements. The Legislature authorizes the funds and accounts that may receive loans each year, based on legislation submitted with the Enacted 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). The Enacted Budget includes new loan authorization for the General Fund, as described above.

The total outstanding loan balance was $1.6 billion on March 31, 2009. This was comprised of advances to finance capital spending that will be reimbursed by bond proceeds or Federal grants ($808 million), activities financed by the State in the first instance that will be reimbursed by Federal aid ($411 million), and loans across several State Special Revenue Funds ($279 million) and Proprietary Funds ($53 million).

The total loan balance typically increases throughout the State fiscal year, reaching its peak between the second and third quarters. The spike mainly reflects the payment of lottery aid for education, which is financed in large part by a loan that is repaid over the course of the year as lottery revenues are received.

2009-10 All Funds Financial Plan Forecast

This section describes the State's Financial Plan projections for receipts and disbursements based on the 2009-10 Enacted Budget agreement. 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 the State's major areas of spending. 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.

2009-10 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

- The current economic slowdown has broadened to virtually every sector of the New York State economy except for education, health care and social assistance. As a result, DOB anticipates that weaker employment, declining corporate earnings, reduced household spending and lower real estate activity will negatively impact State revenue in 2009-10.
- Base receipt growth over the period 2006-07 to 2008-09, supported by a strong financial services sector and real estate market, averaged 5.3 percent. However, the current decline in economic activity is estimated to negatively impact receipt growth for 2009-10 and 2010-11. As a result, base tax receipts (adjusting for law changes) are expected to fall 6.5 percent in 2009-10 and grow by 4.8 percent in 2010-11.
- The negative impact of the depressed equity and real estate markets on the State's economy in general and the financial services industry in particular is expected to result in major declines in bonus payouts during the current fiscal year (down 20 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 enacted with the Budget.
- The combined impact of the declining real estate and financial markets and the deepening recession results in estimated declines in PIT liability of 9.8 percent in the 2008 tax year, and 11.7 percent in the 2009 tax year, before the impact of the temporary rate increase effective in 2009.
- The broadening impact of the economic slowdown has reduced consumption of durable goods, non-durable goods and taxable services. In addition, the outlook for the nominal value of cars

purchased and disposable income have deteriorated, all negatively impacting growth in the sales tax revenue base.

- 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 the Budget.

All Funds receipts are projected to total $130.6 billion, an increase of $11.3 billion over 2008-09 results. The following table summarizes the receipts projections for 2009-10 and 2010-11.

TOTAL RECEIPTS
(millions of dollars)

	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**53,801**	**54,338**	**537**	**1.0%**	**56,896**	**2,558**	**4.7%**
Taxes	38,301	39,401	1,100	2.9%	42,218	2,817	7.1%
Miscellaneous Receipts	3,105	3,381	276	8.9%	3,022	(359)	-10.6%
Federal Grants	45	0	(45)	-100.0%	0	0	0.0%
Transfers	12,350	11,556	(794)	-6.4%	11,656	100	0.9%
State Funds	**80,265**	**82,675**	**2,410**	**3.0%**	**85,885**	**3,210**	**3.9%**
Taxes	60,337	60,647	310	0.5%	64,383	3,736	6.2%
Miscellaneous Receipts	19,883	22,027	2,144	10.8%	21,501	(526)	-2.4%
Federal Grants	45	1	(44)	-97.8%	1	0	0.0%
All Funds	**119,235**	**130,550**	**11,315**	**9.5%**	**134,554**	**4,004**	**3.1%**
Taxes	60,337	60,647	310	0.5%	64,383	3,736	6.2%
Miscellaneous Receipts	20,064	22,185	2,121	10.6%	21,653	(532)	-2.4%
Federal Grants	38,834	47,718	8,884	22.9%	48,518	800	1.7%

** Unaudited Year-End Results.*

Base growth in tax receipts is estimated to decline 6.5 percent adjusted for law changes for fiscal year 2009-10 and rise by 4.8 percent for 2010-11. Overall base growth in tax receipts is dependent on many factors. For several years prior to fiscal year 2008-09 the most important factors supporting tax receipt growth were 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 PIT growth.

Personal Income Tax

PERSONAL INCOME TAX (millions of dollars)	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund**	**23,196**	**24,404**	**1,208**	**5.2%**	**26,612**	**2,208**	**9.0%**
Gross Collections	44,011	44,070	59	0.1%	47,558	3,488	7.9%
Refunds/Offsets	(7,171)	(6,832)	339	-4.7%	(7,435)	(603)	8.8%
STAR	(4,434)	(3,524)	910	-20.5%	(3,480)	44	-1.2%
RBTF	(9,210)	(9,310)	(100)	1.1%	(10,031)	(721)	7.7%
State/All Funds	**36,840**	**37,238**	**398**	**1.1%**	**40,123**	**2,885**	**7.7%**
Gross Collections	44,011	44,070	59	0.1%	47,558	3,488	7.9%
Refunds	(7,171)	(6,832)	339	-4.7%	(7,435)	(603)	8.8%

** Unaudited Year-End Results.*
*** Excludes Transfers.*

All Funds PIT receipts, which reflect gross payments minus refunds, are estimated at $37.2 billion for 2009-10, a $398 million increase from the prior year. This is primarily attributable to an increase in withholding of $2.9 billion due to the three-year temporary increase in tax rates adopted in the Enacted Budget Plan. The increase is partially offset by decreases in extension payments and final payments for tax year 2008 of $2.5 billion (53 percent) and $565 million (22.6 percent), respectively. The decrease reflects the extraordinary weak settlement in tax year 2008 returns attributable to the declining economy. Estimated payments for tax year 2009 are projected to increase by $50 million (0.6 percent), with the increase entirely due to the impact of the temporary tax rate increase. Receipts from delinquencies are projected to increase $166 million over the prior year while refunds are estimated to decline by $339 million (4.7 percent). The following table summarizes, by component, actual receipts for 2008-09 and forecast amounts through 2012-13.

PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS ALL FUNDS (millions of dollars)	2008-09 (Results)*	2009-10 (Enacted)	2010-11 (Projected)	2011-12 (Projected)	2012-13 (Projected)
Receipts					
Withholding	27,686	30,626	31,063	32,350	32,949
Estimated Payments	12,690	10,193	13,033	13,285	11,945
Current Year	7,889	7,938	9,605	9,932	8,675
Prior Year*	4,801	2,255	3,428	3,353	3,270
Final Returns	2,686	2,136	2,293	2,459	2,637
Current Year	192	207	207	207	207
Prior Year**	2,494	1,929	2,086	2,252	2,430
Delinquent Collections	949	1,115	1,169	1,207	1,247
Gross Receipts	44,011	44,070	47,558	49,301	48,777
Refunds					
Prior Year*	4,544	4,238	4,823	5,109	5,352
Previous Years	402	344	324	324	324
Current Year*	1,750	1,750	1,750	1,750	1,750
State-City Offset*	475	500	538	621	712
Total Refunds	**7,171**	**6,832**	**7,435**	**7,804**	**8,138**
Net Receipts	**36,840**	**37,238**	**40,123**	**41,497**	**40,639**

** Unaudited Year-End Results*
*** These components, collectively, are known as the "settlement" on the prior year's tax liability.*

The table below shows the tax liability and fiscal impacts of the temporary tax rate increase by components.

TEMPORARY PERSONAL INCOME TAX INCREASE ALL FUNDS (millions of dollars)					
Tax Year		Fiscal Year 2009-10	2010-11	2011-12	Liability Totals
2009	Withholding	2,340	0	0	
	Estimated Tax	937	0	0	
	Settlement	0	623	0	
	Total	**3,277**	**623**	**0**	**3,900**
2010	Withholding	671	1,494	0	
	Estimated Tax	0	1,818	0	
	Settlement	0	0	348	
	Total	**671**	**3,312**	**348**	**4,331**
2011	Withholding	0	843	1,686	
	Estimated Tax	0	0	1,686	
	Settlement	0	0	0	
	Total	**0**	**843**	**3,372**	**4,215**
	Cash Total	**3,948**	**4,778**	**3,720**	**12,446**

All Funds income tax receipts of $40.1 billion for 2010-11 are projected to increase $2.9 billion or 7.7 percent from the prior year. Gross receipts are projected to grow 7.9 percent, largely reflecting projected increases in tax year 2010, estimated payments of $1.7 billion (21.0 percent), extension payments of $1.2 billion (52.0 percent) and withholding of $437 million (1.4 percent). Most of the increases in estimated payments and withholding are due to the enacted PIT temporary increase. Payments from final returns for tax year 2009 are projected to increase by $157 million (8.1 percent) and receipts from delinquencies are projected to increase $54 million (4.8 percent) over the prior year. Refunds are estimated to grow by $603 million or 8.8 percent, largely reflecting the impact of tax reductions contained in the Federal ARRA that affect the State's tax base.

General Fund income tax receipts are the net of deposits to the STAR Fund, which provides property tax relief, and the RBTF, which supports debt service payments on State PIT revenue bonds. General Fund income tax receipts of $24.4 billion for 2009-10 are expected to increase by $1.2 billion or 5.2 percent from the prior year. This increase reflects a decrease in STAR deposits of $910 million as a result of elimination of both the STAR rebate program and associated enhanced NYC STAR credit for 2009-10, partly offset by an increase in deposits to RBTF of $100 million.

General Fund income tax receipts of $26.6 billion for 2010-11 are projected to grow by $2.2 billion, or 9.0 percent over the current year. Along with the increase in All Funds receipts noted above, there is a marginal decrease of $44 million in STAR deposits. Deposits to the RBTF are expected to increase by 7.7 percent, the same percentage increase as projected for net collections since the deposit equals 25 percent of net collections.

PERSONAL INCOME TAX
(millions of dollars)

	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund*	**26,612**	**27,447**	**835**	**26,625**	**(822)**
Gross Collections	47,558	49,301	1,743	48,777	(524)
Refunds/Offsets	(7,435)	(7,804)	(369)	(8,138)	(334)
STAR	(3,480)	(3,677)	(197)	(3,854)	(177)
RBTF	(10,031)	(10,373)	(342)	(10,160)	213
State/All Funds	**40,123**	**41,497**	**1,374**	**40,639**	**(858)**
Gross Collections	47,558	49,301	1,743	48,777	(524)
Refunds	(7,435)	(7,804)	(369)	(8,138)	(334)

* *Excludes Transfers.*

All Funds income tax receipts of $41.5 billion for 2011-12 are projected to increase $1.4 billion, or 3.4 percent over the prior year. Gross receipts are projected to increase 3.7 percent and reflect withholding that is projected to grow by 4.1 percent ($1.3 billion). Total estimated taxes on prior and current year liabilities will increase by an estimated 1.9 percent ($252 million). Payments from final returns are expected to increase 7.2 percent ($166 million). Delinquencies are projected to increase $38 million or 3.3 percent over the prior year. Growth in total refunds is projected to increase $369 million or 5.0 percent over the prior year.

General Fund income tax receipts of $27.4 billion for 2011-12 are projected to increase by $835 million, or 3.1 percent from 2010-11. General Fund receipts for 2011-12 reflect a $197 million increase in STAR deposits, and a $342 million increase in deposits to the RBTF.

All Funds income tax receipts for 2012-13 are projected to be $40.6 billion. General Fund receipts are projected at $26.6 billion. Both figures reflect declines from the prior year due to the expiration of the temporary PIT increase after tax year 2011(with the last fiscal impact of the temporary increase occurring in 2011-12).

User Taxes and Fees

USER TAXES AND FEES (millions of dollars)							
	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund**	**8,361**	**8,520**	**159**	**1.9%**	**8,819**	**299**	**3.5%**
Sales Tax	7,707	7,793	86	1.1%	7,962	169	2.2%
Cigarette and Tobacco Taxes	446	425	(21)	-4.7%	421	(4)	-0.9%
Motor Vehicle Fees	(42)	19	61	-145.2%	149	130	684.2%
Alcoholic Beverage Taxes	206	235	29	14.1%	239	4	1.7%
ABC License Fees	44	48	4	9.1%	48	0	0.0%
State/All Funds	**14,004**	**14,375**	**371**	**2.6%**	**14,793**	**418**	**2.9%**
Sales Tax	10,985	11,147	162	1.5%	11,386	239	2.1%
Cigarette and Tobacco Taxes	1,340	1,331	(9)	-0.7%	1,324	(7)	-0.5%
Motor Fuel	504	520	16	3.2%	523	3	0.6%
Motor Vehicle Fees	723	876	153	21.2%	1,058	182	20.8%
Highway Use Tax	141	155	14	9.9%	149	(6)	-3.9%
Alcoholic Beverage Taxes	206	235	29	14.1%	239	4	1.7%
ABC License Fees	44	48	4	9.1%	48	0	0.0%
Auto Rental Tax	61	63	2	3.3%	66	3	4.8%

** Unaudited Year-End Results.*
*** Excludes Transfers.*

All Funds user taxes and fee receipts for 2009-10 are estimated to be approximately $14.4 billion, an increase of $371 million or 2.6 percent from 2008-09. Sales tax receipts are expected to increase by $162 million from the prior year due to a base decline of over 2 percent, which is more than offset by tax law changes. Non-sales tax user taxes and fees are estimated to increase by $209 million from 2008-09 mainly due to tax law changes in motor vehicle fees.

General Fund user taxes and fee receipts are expected to total $8.5 billion in 2009-10, an increase of $159 million or 1.9 percent from 2008-09. The increase largely reflects an increase in receipts due to sales tax receipts ($86 million), motor vehicle fees ($61 million) and alcoholic beverage taxes ($29 million), partially offset by a decrease in cigarette tax collections ($21 million).

All Funds user taxes and fee receipts for 2010-11 are projected to be $14.8 billion, an increase of $418 million, or 2.9 percent from 2009-10. This increase largely reflects fee and tax law changes in sales and use tax collections and motor vehicle fees. General Fund user taxes and fee receipts are projected to total $8.8 billion in 2010-11, an increase of $299 million, or 3.5 percent from 2009-10. This increase largely reflects fee and tax law changes in sales and use tax collections and motor vehicle fees.

USER TAXES AND FEES (millions of dollars)	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund*	**8,819**	**9,193**	**374**	**9,469**	**276**
Sales Tax	7,962	8,325	363	8,693	368
Cigarette and Tobacco Taxes	421	416	(5)	409	(7)
Motor Vehicle Fees	149	160	11	67	(93)
Alcoholic Beverage Taxes	239	244	5	249	5
ABC License Fees	48	48	0	51	3
State/All Funds	**14,793**	**15,284**	**491**	**15,698**	**414**
Sales Tax	11,386	11,864	478	12,383	519
Cigarette and Tobacco Taxes	1,324	1,307	(17)	1,283	(24)
Motor Fuel	523	525	2	528	3
Motor Vehicle Fees	1,058	1,074	16	976	(98)
Highway Use Tax	149	155	6	160	5
Alcoholic Beverage Taxes	239	244	5	249	5
ABC License Fees	48	48	0	51	3
Auto Rental Tax	66	67	1	68	1

* *Excludes Transfers.*

All Funds user taxes and fees are projected to increase by $491 million in 2011-12 and then increase by $414 million in 2012-13. This reflects the proposed fee and tax law changes becoming fully effective.

Business Taxes

BUSINESS TAXES (millions of dollars)	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**5,556**	**5,495**	**(61)**	**-1.1%**	**5,828**	**333**	**6.1%**
Corporate Franchise Tax	2,755	2,916	161	5.8%	3,211	295	10.1%
Corporation & Utilities Tax	654	729	75	11.5%	690	(39)	-5.3%
Insurance Tax	1,086	1,171	85	7.8%	1,181	10	0.9%
Bank Tax	1,061	679	(382)	-36.0%	746	67	9.9%
State/All Funds	**7,604**	**7,676**	**72**	**0.9%**	**8,045**	**369**	**4.8%**
Corporate Franchise Tax	3,221	3,374	153	4.8%	3,704	330	9.8%
Corporation & Utilities Tax	863	955	92	10.7%	905	(50)	-5.2%
Insurance Tax	1,181	1,434	253	21.4%	1,471	37	2.6%
Bank Tax	1,233	793	(440)	-35.7%	878	85	10.7%
Petroleum Business Tax	1,106	1,120	14	1.3%	1,087	(33)	-2.9%

* *Unaudited Year-End Results.*

All Funds business tax receipts for 2009-10 are estimated at $7.7 billion, an increase of $72 million, or 0.9 percent from the prior year. The estimates reflect a net increase in receipts of $585 million resulting from tax law changes. The increase in the prepayment rate from 30 percent to 40 percent for most business taxpayers and the imposition of the insurance premiums tax on for-profit HMOs are the major tax law changes. Absent these provisions, All Funds business tax receipts are expected to decline by $513 million or 6.7 percent. The majority of this decline is in the corporate franchise tax and the bank tax. Corporate profits are expected to decline 22 percent in calendar year 2009 although the related revenue decline will be far less due to a higher proportion of taxpayers filing under non-income tax bases. Bank tax receipts in 2008-09 were bolstered by one-time receipts from the three month reopening of VCI.

This program, which allowed taxpayers to voluntarily report the use of IRS designated tax shelters, accounted for $370 million, or 81 percent of All Funds audit collections of $455 million. Bank tax audit collections are expected to fall to $71 million in 2009-10. Excluding Enacted Budget provisions, corporation and utilities tax receipts are expected to grow 4.6 percent as revenue from the telecommunication sector remains strong and the insurance tax is expected to remain virtually unchanged.

All Funds business tax receipts for 2010-11 of $8.0 billion are projected to increase by $369 million, or 4.8 percent over the prior year, reflecting rebound induced growth rates of 9.8 and 10.7 percent in corporate franchise tax and bank tax receipts respectively.

General Fund business tax receipts for 2009-10 of $5.5 billion are estimated to decrease by $61 million, or 1.1 percent below 2008-09 results. The General Fund decrease in business tax receipts is larger than the All Funds decline because the net revenue from the imposition of the insurance premiums tax on for-profit HMOs is dedicated to HCRA. Aside from this Enacted Budget provision, business tax receipts deposited to the General Fund reflect the All Funds trends discussed above.

General Fund business tax receipts for 2010-11 of $5.8 billion are projected to increase $333 million, or 6.1 percent over the prior year. Corporate franchise tax and bank tax receipts are projected to increase 10.1 percent and 9.9 percent, respectively as the economy begins to recover.

BUSINESS TAXES
(millions of dollars)

	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund	**5,828**	**5,925**	**97**	**6,398**	**473**
Corporate Franchise Tax	3,211	3,129	(82)	3,513	384
Corporation & Utilities Tax	690	722	32	754	32
Insurance Tax	1,181	1,252	71	1,332	80
Bank Tax	746	822	76	799	(23)
State/All Funds	**8,045**	**8,177**	**132**	**8,697**	**520**
Corporate Franchise Tax	3,704	3,628	(76)	4,047	419
Corporation & Utilities Tax	905	942	37	979	37
Insurance Tax	1,471	1,550	79	1,636	86
Bank Tax	878	967	89	940	(27)
Petroleum Business Tax	1,087	1,090	3	1,095	5

All Funds business tax receipts estimated for 2011-12 and 2012-13 reflect trend growth that is determined in part by the expected levels of corporate profits, taxable insurance premiums, electric utility consumption prices, the consumption of telecommunications services and automobile fuel consumption and fuel prices. Business tax receipts are projected to increase to $8.2 billion (1.6 percent) in 2011-12, and $8.7 billion (6.4 percent) in 2012-13. General Fund business tax receipts over this period are expected to increase to $5.9 billion (1.7 percent) in 2011-12 and $6.4 billion (8.0 percent) in 2012-13.

Other Taxes

OTHER TAXES (millions of dollars)	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund**	**1,188**	**982**	**(206)**	**-17.3%**	**959**	**(23)**	**-2.3%**
Estate Tax	1,163	958	(205)	-17.6%	935	(23)	-2.4%
Gift Tax	2	0	(2)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	N/A	0	0	0.0%
Pari-Mutuel Taxes	22	23	1	4.5%	23	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%
State/All Funds	**1,889**	**1,357**	**(532)**	**-28.2%**	**1,422**	**65**	**4.8%**
Estate Tax	1,163	958	(205)	-17.6%	935	(23)	-2.4%
Gift Tax	2	0	(2)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	N/A	0	0	0.0%
Real Estate Transfer Tax	701	375	(326)	-46.5%	463	88	23.5%
Pari-Mutuel Taxes	22	23	1	4.5%	23	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%

** Unaudited Year-End Results.*
*** Excludes Transfers.*

All Funds other tax receipts for 2009-10 are estimated to be $1.4 billion, down $532 million or 28.2 percent from 2008-09 receipts. This decrease reflects a 17.6 percent decline in the estate tax collections due to declines in equity and home values experienced over the past year, combined with a nearly 47 percent decline in real estate transfer tax collections as a result of current conditions in the real estate and credit markets. General Fund other tax receipts are expected to total $982 million in fiscal year 2009-10, reflecting the $205 million decline in estate tax collections.

All Funds other tax receipts for 2010-11 are projected to be $1.4 billion, up $65 million or 4.8 percent from 2009-10, reflecting growth in the real estate transfer tax of 23.5 percent, reflecting the beginning of a rebound in the residential and commercial markets, partially offset by a 2.4 percent decline in estate tax collections. General Fund other tax receipts are expected to total $959 million in fiscal year 2010-11, an decrease of $23 million which is attributable to a projected decline in the estate tax.

OTHER TAXES (millions of dollars)	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund*	**959**	**1,015**	**56**	**1,077**	**62**
Estate Tax	935	991	56	1,053	62
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Pari-Mutuel Taxes	23	23	0	23	0
All Other Taxes	1	1	0	1	0
State/All Funds	**1,422**	**1,566**	**144**	**1,708**	**142**
Estate Tax	935	991	56	1,053	62
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Real Estate Transfer Tax	463	551	88	631	80
Pari-Mutuel Taxes	23	23	0	23	0
All Other Taxes	1	1	0	1	0

** Excludes Transfers.*

The 2011-12 All Funds receipts projection for other taxes is nearly $1.6 billion, up $144 million or 10.1 percent from 2010-11 receipts. Growth in the estate tax is projected to follow expected increases in household net worth as equity prices begin to rebound. Receipts from the real estate transfer tax are projected to increase, reflecting the continued improvement in the residential and commercial markets.

The 2012-13 All Funds receipts projection for other taxes of $1.7 billion is up $142 million or 9.1 percent from 2011-12 receipts.

Miscellaneous Receipts and Federal Grants

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS (millions of dollars)	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**3,150**	**3,381**	**231**	**7.3%**	**3,022**	**(359)**	**-10.6%**
Miscellaneous Receipts	3,105	3,381	276	8.9%	3,022	(359)	-10.6%
Federal Grants	45	0	(45)	-100.0%	0	0	0.0%
State Funds	**19,928**	**22,028**	**2,100**	**10.5%**	**21,502**	**(526)**	**-2.4%**
Miscellaneous Receipts	19,883	22,027	2,144	10.8%	21,501	(526)	-2.4%
Federal Grants	45	1	(44)	-97.8%	1	0	0.0%
All Funds	**58,898**	**69,903**	**11,005**	**18.7%**	**70,171**	**268**	**0.4%**
Miscellaneous Receipts	20,064	22,185	2,121	10.6%	21,653	(532)	-2.4%
Federal Grants	38,834	47,718	8,884	22.9%	48,518	800	1.7%

** 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 $22.2 billion in 2009-10, an increase of $2.1 billion from 2008-09 results, largely driven by programs financed with authority bond proceeds ($718 million), including spending in economic development, SUNY and State equipment financing; growth in SUNY tuition, fee, patient, and other income ($459 million), increased lottery receipts, including VLT ($213 million) and growth in HCRA receipts ($470 million).

Federal grants help pay for State spending on Medicaid, temporary and disability assistance, mental hygiene, school aid, public health, and other activities. Annual changes to Federal grants generally correspond to changes in federally-reimbursed spending. Accordingly, DOB typically plans that Federal reimbursement will be received in the State fiscal year in which spending occurs, but timing is often unpredictable. All Funds Federal grants are projected to total $47.7 billion in 2009-10, an increase of $8.9 billion from 2008-09 results driven by receipt of Federal ARRA monies.

General Fund miscellaneous receipts collections are estimated to be approximately $3.4 billion in 2009-10, up $276 million from 2008-09 results. This increase is primarily due to actions taken with the 2009-10 Enacted Budget.

All Funds miscellaneous receipts are projected to total $21.7 billion in 2010-11, a decrease of $532 million from the current year, driven by General Fund changes of $359 million primarily due to the loss of several one-time receipts including payments related to NYPA, augmented by a decline in programs financed with authority bond proceeds ($150 million).

All Funds Federal grants are projected to total $48.5 billion in 2010-11, an increase of $800 million from the current year reflecting an increase in Federal ARRA funding.

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS
(millions of dollars)

	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund	**3,022**	**3,017**	**(5)**	**3,043**	**26**
Miscellaneous Receipts	3,022	3,017	(5)	3,043	26
Federal Grants	0	0	0	0	0
State Funds	**21,502**	**22,472**	**970**	**21,863**	**(609)**
Miscellaneous Receipts	21,501	22,471	970	21,862	(609)
Federal Grants	1	1	0	1	0
All Funds	**70,171**	**65,677**	**(4,494)**	**64,362**	**(1,315)**
Miscellaneous Receipts	21,653	22,574	921	21,965	(609)
Federal Grants	48,518	43,103	(5,415)	42,397	(706)

General Fund miscellaneous receipts and Federal grants are projected to be $3.0 billion in each year beginning in 2010-11.

All funds miscellaneous receipts are projected to increase by $921 million in 2011-12 and decline by $609 million in 2012-13 driven by the one-time receipt of franchise fees related to the development of VLT facilities ($370 million).

The loss of Federal ARRA aid drives the All Funds Federal grant declines of $5.4 billion in 2011-12 and $706 million in 2012-13.

2009-10 Financial Plan Disbursements Forecast

TOTAL DISBURSEMENTS (millions of dollars)							
			Before Actions *			After Actions	
	2008-09 Results **	2009-10 Base	Annual $ Change	Annual % Change	2009-10 Enacted	Annual $ Change	Annual % Change
State Operating Funds	**78,168**	**88,154**	**9,986**	**12.8%**	**78,742**	**574**	**0.7%**
General Fund ***	48,436	57,136	8,700	18.0%	49,449	1,013	2.1%
Other State Funds	25,146	25,804	658	2.6%	24,075	(1,071)	-4.3%
Debt Service Funds	4,586	5,214	628	13.7%	5,218	632	13.8%
All Governmental Funds	**121,571**	**132,753**	**11,182**	**9.2%**	**131,935**	**10,364**	**8.5%**
State Operating Funds	78,168	88,154	9,986	12.8%	78,742	574	0.7%
Capital Projects Funds	6,830	7,983	1,153	16.9%	8,832	2,002	29.3%
Federal Operating Funds	36,573	36,616	43	0.1%	44,361	7,788	21.3%
General Fund, including Transfers	**54,607**	**63,565**	**8,958**	**16.4%**	**54,908**	**301**	**0.6%**

** i.e. current services.*
*** Unaudited Results.*
**** Excludes transfers.*

General Fund disbursements, including transfers to other funds, are projected to total $54.9 billion in 2009-10, an increase of $301 million from 2008-09 results. 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 $78.7 billion in 2009-10. The General Fund and State Operating Funds spending totals are reduced by the increase in FMAP. The projected receipt of extraordinary Federal aid in 2009-10 adds approximately $7.2 billion to the All Funds spending total.

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

ENACTED BUDGET SPENDING PROJECTIONS - AFTER ENACTED BUDGET ACTIONS
MAJOR SOURCES OF ANNUAL CHANGE
(millions of dollars)

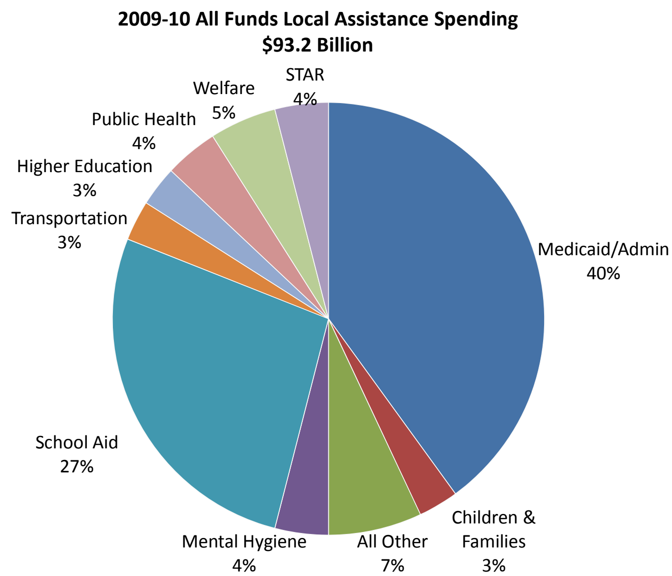
	General Fund *	Other State Funds**	Total State Operating Funds	Capital Projects Funds	Federal Operating Funds	Total All Funds
2008-09 Results*	**48,436**	**29,732**	**78,168**	**6,830**	**36,573**	**121,571**
Major Functions						
Public Health:						
Medicaid	(1,740)	1,073	(667)	0	4,272	3,605
Public Health	165	(406)	(241)	151	72	(18)
K-12 Education:						
School Aid	263	(197)	66	0	1,426	1,492
All Other Education Aid	16	(5)	11	113	592	716
STAR	0	(911)	(911)	0	0	(911)
Higher Education	578	427	1,005	232	110	1,347
Social Services:						
Temporary and Disability Assistance	66	(3)	63	(2)	(1)	60
Children and Family Services	148	(1)	147	(1)	37	183
Mental Hygiene	85	(98)	(13)	56	253	296
Transportation	(8)	(367)	(375)	735	(7)	353
General State Charges	620	(327)	293	0	97	390
Debt Service	49	564	613	0	0	613
All Other Changes						
Economic Development	(34)	217	183	436	301	920
Potential Labor Settlements	400	24	424	0	0	424
Labor	9	(3)	6	0	312	318
Homeland Security	46	(7)	39	(2)	217	254
Technology	11	0	11	97	12	120
Local Government Aid	97	0	97	0	0	97
State Police	(8)	66	58	26	(4)	80
Military and Naval Affairs	18	4	22	(7)	58	73
Judiciary	23	14	37	23	1	61
Elections	4	(3)	1	0	59	60
Empire State Stem Cell Trust Fund	0	38	38	0	0	38
Department of State	7	(3)	4	(14)	43	33
Criminal Justice Services	(13)	(9)	(22)	0	(1)	(23)
Parks and Recreation	(14)	(21)	(35)	13	(2)	(24)
Correctional Services	(71)	1	(70)	36	9	(25)
All Other	296	(506)	(210)	110	(68)	(168)
2009-10 Enacted Budget	**49,449**	**29,293**	**78,742**	**8,832**	**44,361**	**131,935**
Annual Dollar Change	*1,013*	*(439)*	*574*	*2,002*	*7,788*	*10,364*
Annual Percent Change	*2.1%*	*-1.5%*	*0.7%*	*29.3%*	*21.3%*	*8.5%*

** Excludes Transfers.*
*** Includes State Special Revenue and Debt Service Funds.*
**** Unaudited Year-End Results.*

The spending forecast for each of the State's major financial plan categories follows. 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, health care 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.



In 2009-10, All Funds spending for local assistance is proposed to total $93.2 billion. Total spending is comprised of State aid to medical assistance providers and public health programs ($40.5 billion); State aid for education, including school districts, universities, and tuition assistance ($34.3 billion); temporary and disability assistance ($4.8 billion); mental hygiene programs ($3.9 billion); transportation ($3.1 billion); children and family services ($2.7 billion); and local government assistance ($1.1 billion). Other local assistance programs include criminal justice, economic development, housing, parks and recreation, and environmental quality.

LOCAL ASSISTANCE SPENDING PROJECTIONS
(millions of dollars)

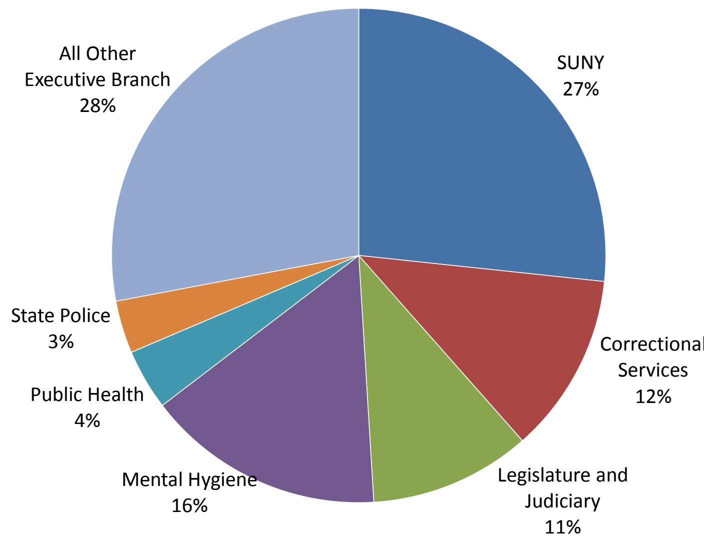
	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**37,040**	**37,086**	**46**	**0.1%**
Other State Support	16,944	16,199	(745)	**-4.4%**
State Operating Funds	**53,984**	**53,285**	**(699)**	**-1.3%**
Capital Project Funds	1,356	860	(496)	**-36.6%**
Federal Operating Funds	31,927	39,046	7,119	**22.3%**
All Funds	**87,267**	**93,191**	**5,924**	**6.8%**

** Unaudited Year-End Results.*

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, include 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.

2009-10 All Funds State Operations Spending
$19.9 Billion



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 NYSCOPBA, which represents security personnel (correction officers, safety and security officers).

The State workforce subject to Executive control (i.e., OSC, Law, SUNY/CUNY, and excluding the Legislature, Judiciary, and contractual labor), is projected to total 128,803 FTEs in 2009-10, a decrease of 7,687 from 2008-09 levels. Decreases are expected in nearly all agencies, mainly as a result of facility closures and the WRP.

State Operations spending, which is projected to total $19.9 billion in 2009-10, finances the costs of Executive agencies ($17.8 billion), and the Legislature and Judiciary ($2.1 billion). The largest agencies in dollar terms and staffing levels include SUNY ($5.3 billion; 40,609 FTEs), Correctional Services ($2.4 billion; 29,175 FTEs), Mental Hygiene ($3.1 billion; 38,160 FTEs), DOH ($800 million; 5,441 FTEs), and State Police ($715 million; 5,607 FTEs).

STATE OPERATIONS SPENDING PROJECTIONS (millions of dollars)	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**8,312**	**8,659**	**347**	**4.2%**
Other State Support	6,942	6,968	26	0.4%
State Operating Funds	**15,254**	**15,627**	**373**	**2.4%**
Capital Projects Funds	0	0	0	N/A
Federal Operating Funds	3,712	4,284	572	15.4%
Total All Funds	**18,966**	**19,911**	**945**	**5.0%**

** Unaudited Year-End Results.*

State Operations spending by category, based upon prior year spending trends, is allocated among employee regular salaries (69 percent), overtime payments (3 percent), contractual services (19 percent), supplies and materials (4 percent), equipment (2 percent), employee travel (1 percent), and other operational costs (2 percent).

STATE OPERATIONS SPENDING PROJECTIONS MAJOR SOURCES OF ANNUAL CHANGE - STATE OPERATING FUNDS (millions of dollars)	Personal Service	Non-Personal Service	State Operations
2008-09 Results*	**10,329**	**4,925**	**15,254**
Reserve for Unsettled Unions	424	0	424
Workforce Reduction	(267)	0	(267)
SUNY	106	194	300
State Police	103	(17)	86
Tax and Finance	42	5	47
Stem Cell Research	(1)	39	38
Judiciary	73	(42)	31
Labor management Committee	(4)	29	25
Correctional Services	(36)	54	18
Temporary and Disability Assistance	2	14	16
Public Health	3	22	25
Mental Hygiene	(187)	(2)	(189)
Insurance	(7)	(63)	(70)
2009-10 Spending Controls	0	(50)	(50)
All Other	(110)	49	(61)
2009-10 Enacted	**10,470**	**5,157**	**15,627**
Annual Dollar Change	*141*	*232*	*373*
Annual Percent Change	*1.4%*	*4.7%*	*2.4%*

** Unaudited Year-End Results.*

The State Operating Funds spending increase of $373 million (2.4 percent) in State Operations is primarily driven by a reserve to finance potential collective bargaining agreements with unsettled unions ($424 million), SUNY ($300 million), State Police ($86 million), Department of Taxation and Finance ($47 million), and stem cell research ($38 million) offset by a planned workforce reduction and a decline in State share Medicaid payments to State-owned mental hygiene facilities due to increased Federal

Medicaid participation. The annual changes by personal service and non-personal service are summarized in the following tables.

Personal Service

PERSONAL SERVICE
SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE)
FROM 2008-09 TO 2009-10
(millions of dollars)

	General Fund	Other State Funds	Total State Operating Funds	Federal Operating Funds	Total All Funds
2008-09 Results*	**6,168**	**4,161**	**10,329**	**2,280**	**12,609**
Current Services:	**731**	**(21)**	**710**	**22**	**732**
Reserve for Unsettled Unions	400	24	424	0	424
Judiciary	58	0	58	(2)	56
Public Health	22	(18)	4	(18)	(14)
Children and Family Services	19	0	19	(3)	16
State University	38	(26)	12	1	13
State Police	86	13	99	(2)	97
Mental Hygiene	1	100	101	(19)	82
Agency Salary Adjustments	74	42	116	23	139
Workforce Changes	33	(156)	(123)	42	(81)
Extraordinary Federal Aid:	**0**	**(267)**	**(267)**	**301**	**34**
Mental Hygiene FMAP	0	(267)	(267)	267	0
Labor	0	0	0	30	30
All Other	0	0	0	4	4
Enacted Savings:	**(478)**	**130**	**(348)**	**(114)**	**(462)**
Workforce Reduction	(191)	(76)	(267)	(111)	(378)
SUNY Tuition Increase	(87)	108	21	0	21
Auto Insurance Surcharge	(48)	48	0	0	0
SUNY	(45)	88	43	0	43
DOCS Facility Closures/Correctional Services	(58)	0	(58)	0	(58)
Delay Mental Health Expansion	(11)	0	(11)	0	(11)
Youth Facility Closures/Downsizing	(10)	0	(10)	0	(10)
Real Property Services Fund Shift	20	(20)	0	0	0
Mental Hygiene	0	(29)	(29)	(10)	(39)
All Other	(48)	11	(37)	7	(30)
New Initiatives:	**44**	**2**	**46**	**0**	**46**
Tax and Finance	41	0	41	0	41
All Other	3	2	5	0	5
2009-10 Enacted	**6,465**	**4,005**	**10,470**	**2,489**	**12,959**
Total Annual Change	*297*	*(156)*	*141*	*209*	*350*

** Unaudited Year-End Results.*

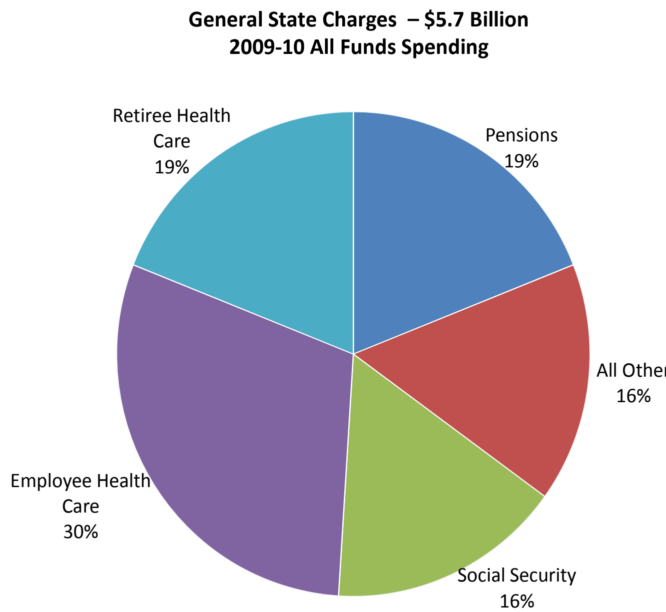
Non-Personal Service

NON-PERSONAL SERVICE
SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE)
FROM 2008-09 TO 2009-10
(millions of dollars)

	General Fund	Other State Funds	Total State Operating Funds	Federal Operating Funds	All Funds
2008-09 Results*	**2,144**	**2,781**	**4,925**	**1,432**	**6,357**
Current Services:	**194**	**89**	**283**	**208**	**491**
Correctional Services	76	0	76	0	76
Mental Hygiene	0	7	7	139	146
State University	63	116	179	(5)	174
State Police	15	(24)	(9)	(2)	(11)
Temporary and Disability Assistance	22	0	22	(9)	13
Public Health	16	9	25	3	28
Labor Management Committee	28	1	29	0	29
Judiciary	(45)	2	(43)	4	(39)
Elections	1	(3)	(2)	42	40
Insurance	(84)	2	(82)	0	(82)
Stem Cell Research	0	60	60	0	60
All Other	102	(81)	21	36	57
Extraordinary Federal Aid:	**0**	**0**	**0**	**173**	**173**
Labor	0	0	0	86	86
SUNY Pell Grants	0	0	0	28	28
Technology	0	0	0	12	12
Public Health	0	0	0	26	26
Criminal Justice	0	0	0	8	8
All Other	0	0	0	13	13
Enacted Savings:	**(199)**	**85**	**(114)**	**(18)**	**(132)**
DOCS Facility Closures/Correctional Services	(28)	0	(28)	0	(28)
2009-10 Spending Controls	(50)	0	(50)	0	(50)
Health Program Financing	0	15	15	0	15
SUNY Tuition Increase	(35)	45	10	0	10
Workers Compensation Board	0	20	20	0	20
SUNY	(19)	24	5	0	5
Mental Hygiene	0	(9)	(9)	(13)	(22)
SWN Funding	(26)	26	0	0	0
Public Safety	(13)	0	(13)	0	(13)
Economic Development	(11)	0	(11)	0	(11)
Stem Cell	0	(21)	(21)	0	(21)
All Other	(17)	(15)	(32)	(5)	(37)
New Initiatives:	**55**	**8**	**63**	**0**	**63**
Higher Education	50	3	53	0	53
All Other	5	5	10	0	10
2009-10 Enacted	**2,194**	**2,963**	**5,157**	**1,795**	**6,952**
Total Annual Change	*50*	*182*	*232*	*363*	*595*

** Unaudited Year-End Results.*

General State Charges



GSCs 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 GSCs. These centrally-paid fringe benefit costs represent the majority of GSCs 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 GSCs 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 GSCs account.

GENERAL STATE CHARGES SPENDING PROJECTIONS
(millions of dollars)

	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	3,084	3,704	620	20.1%
Other State Support	1,307	980	(327)	-25.0%
State Operating Funds	**4,391**	**4,684**	**293**	**6.7%**
Capital Projects Funds	0	0	0	0.0%
Federal Operating Funds	934	1,031	97	10.4%
Total All Funds	**5,325**	**5,715**	**390**	**7.3%**

** Unaudited Year-End Results.*

All Funds spending on GSCs is expected to total $5.7 billion in 2009-10, and includes health insurance spending for employees ($1.7 billion) and retirees ($1.1 billion), pensions ($1.1 billion) and Social Security ($962 million).

Debt Service

The State pays debt service on all outstanding State-supported bonds. These include general obligation bonds, for which the State is constitutionally obligated to pay debt service, as well as bonds issued by State public authorities (i.e., ESDC, DASNY, and the TA, 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)

	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**1,734**	**1,783**	**49**	**2.8%**
Other State Support	2,796	3,360	564	20.2%
State Operating Funds	**4,530**	**5,143**	**613**	**13.5%**
Capital Projects Funds	**0**	**0**	**0**	**0.0%**
Total All Funds	**4,530**	**5,143**	**613**	**13.5%**

** Unaudited Year-End Results.*

All Funds debt service is projected at $5.1 billion in 2009-10, of which $1.8 billion is paid from the General Fund through transfers and $3.4 billion from other State funds. The General Fund transfer primarily finances debt service payments on general obligation and service contract bonds. Debt service is paid directly from other State funds for the State's revenue bonds, including PIT revenue bonds, DHBTF bonds, and mental health facilities bonds.

The Enacted Budget Financial Plan includes $12 million in savings from debt management actions. Legislation was enacted to provide greater flexibility in administering the PIT Revenue Bond program by permitting DASNY and ESDC to issue bonds for any authorized PIT Revenue Bond purpose. This is expected to result in improved scheduling and sizing for PIT Revenue Bond sales, producing savings through efficiencies in bond pricing and administration. Administrative actions to reduce costs will be continued. These include a goal of selling 25 percent of bonds on a competitive basis, market conditions permitting, and maximizing refunding opportunities, including through consolidated service contract structures.

Capital Projects

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

CAPITAL PROJECTS SPENDING PROJECTIONS (millions of dollars)	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**473**	**551**	**78**	**16.5%**
Other State Support	4,505	5,364	859	19.1%
State Funds	**4,978**	**5,915**	**937**	**18.8%**
Federal Funds	1,852	2,917	1,065	57.5%
All Funds	**6,830**	**8,832**	**2,002**	**29.3%**

** Unaudited Year-End Results.*

All Funds capital spending is expected to total $8.8 billion in 2009-10. Transportation spending, primarily for improvements and maintenance to the State's highways and bridges, continues to account for the largest share (51 percent) of this total. The balance of projected spending will support capital investments in the areas of economic development (14 percent), education (11 percent), mental hygiene and public protection (7 percent), and parks and the environment (10 percent). The remainder of projected capital projects spending is spread across health and social welfare, general government and other areas (7 percent). State funds are expected to increase by $937 million, or 19 percent, primarily attributable to changes in transportation spending for the Five-Year Capital Plan ($200 million), education spending for SUNY and infrastructure improvements for private colleges and universities ($295 million), and economic development for previously authorized projects ($195 million). Federal ARRA funds represent 98 percent of the annual change in Federal spending. These funds are projected to increase Federal spending by $1.0 billion, providing significant investments in the State's capital infrastructure. Nearly half of this amount will be directed to DOT for infrastructure improvements.

Other Financing Sources/(Uses)

The most significant General Fund transfers to other funds in 2009-10 include transfers for State share Medicaid ($2.4 billion), general debt service ($1.8 billion), and capital projects ($551 million, including $168 million for PAYGO projects and a $383 million subsidy to the DHBTF). Judiciary funding includes money transferred to the Court Facilities Incentive Aid Fund, New York City County Clerks Fund, and Judiciary Data Processing Fund ($149 million). Also included in General Fund transfers to other funds are transfers representing payments for patients residing in State-operated health and SUNY facilities ($193 million), and SUNY hospital subsidy payments ($135 million).

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 ($3.5 billion), a transfer from HCRA to the Capital Projects Fund to finance anticipated non-bondable spending for HEAL-NY ($140 million) and transfer of moneys from several Special Revenue accounts in excess of spending requirements ($1.0 billion).

Capital Projects funds transfers include transfers to the General Debt Service Fund from the DHBTF ($1.0 billion), and transfers from the Hazardous Waste Remedial Fund ($27 million), and the Environmental Protection Fund ($95 million), to the General Fund.

Debt Service Fund transfers to the General Fund include tax receipts in excess of debt service requirements for general obligation, LGAC and PIT Revenue Bonds ($10.4 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 for DOH, mental hygiene, and SUNY ($3.8 billion).

CASH FINANCIAL PLAN
GENERAL FUND
2008-2009 and 2009-2010
(millions of dollars)

	2008-2009 Year-End*	2009-2010 Enacted	Annual $ Change	Annual % Change
Opening fund balance	2,754	1,948	(806)	
Receipts:				
Taxes:				
Personal income tax	23,196	24,404	1,208	5.2%
User taxes and fees	8,361	8,520	159	1.9%
Business taxes	5,556	5,495	(61)	-1.1%
Other taxes	1,188	982	(206)	-17.3%
Miscellaneous receipts	3,105	3,381	276	8.9%
Federal grants	45	0	(45)	-100.0%
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	8,404	8,130	(274)	-3.3%
Sales tax in excess of LGAC debt service	2,195	2,200	5	0.2%
Real estate taxes in excess of CW/CA debt service	352	57	(295)	-83.8%
All other transfers	1,399	1,169	(230)	-16.4%
Total receipts	53,801	54,338	537	1.0%
Disbursements:				
Grants to local governments	37,040	37,086	46	0.1%
State operations:				
Personal Service	6,168	6,465	297	4.8%
Non-Personal Service	2,144	2,194	50	2.3%
General State charges	3,084	3,704	620	20.1%
Transfers to other funds:				
Debt service	1,734	1,783	49	2.8%
Capital projects	473	551	78	16.5%
State Share Medicaid	2,625	2,362	(263)	-10.0%
Other purposes	1,339	763	(576)	-43.0%
Total disbursements	54,607	54,908	301	0.6%
Change in fund balance	(806)	(570)	236	-29.3%
Closing fund balance	1,948	1,378	(570)	-29.3%
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	145	78	(67)	
Debt Reduction Reserve Fund **	73	73	0	
Reserve for Timing Related Delays**	163	0	(163)	
Remaining Reserve for 2009-10 Use**	340	0	(340)	

**Unaudited Year-end Results*

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

Source: NYS DOB

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

	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
Receipts:				
Taxes:				
Personal income tax	24,404	26,612	27,447	26,625
User taxes and fees	8,520	8,819	9,193	9,469
Business taxes	5,495	5,828	5,925	6,398
Other taxes	982	959	1,015	1,077
Miscellaneous receipts	3,381	3,022	3,017	3,043
Federal grants	0	0	0	0
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	8,130	8,532	8,579	8,110
Sales tax in excess of LGAC debt service	2,200	2,254	2,344	2,463
Real estate taxes in excess of CW/CA debt service	57	147	244	329
All other transfers	1,169	723	684	695
Total receipts	54,338	56,896	58,448	58,209
Disbursements:				
Grants to local governments	37,086	39,664	46,467	50,283
State operations:				
Personal Service	6,465	6,621	6,801	6,870
Non-Personal Service	2,194	2,304	2,374	2,442
General State charges	3,704	4,042	4,344	4,760
Transfers to other funds:				
Debt service	1,783	1,762	1,739	1,725
Capital projects	551	1,162	1,319	1,491
State Share Medicaid	2,362	2,388	2,887	2,888
Other purposes	763	1,079	1,320	1,586
Total disbursements	54,908	59,022	67,251	72,045
Deposit to/(use of) Community Projects Fund	(67)	55	(41)	(92)
Deposit to/(use of) Reserve for Timing Related Delays	(163)	0	0	0
Deposit to/(use of) Remaining Prior Year Reserves	(340)	0	0	0
General Fund Margin	0	(2,181)	(8,762)	(13,744)
HCRA Operating Surplus	0	15	5	38
Combined General Fund/HCRA Margin	0	(2,166)	(8,757)	(13,706)

Source: NYS DOB

CURRENT STATE RECEIPTS
GENERAL FUND
2008-2009 and 2009-2010
(millions of dollars)

	2008-2009 Year-End*	2009-2010 Enacted	Annual $ Change	Annual % Change
Taxes:				
Withholdings	27,686	30,626	2,940	10.6%
Estimated Payments	12,690	10,193	(2,497)	-19.7%
Final Payments	2,686	2,136	(550)	-20.5%
Other Payments	949	1,115	166	17.5%
Gross Collections	44,011	44,070	59	0.1%
State/City Offset	(475)	(500)	(25)	5.3%
Refunds	(6,696)	(6,332)	364	-5.4%
Reported Tax Collections	36,840	37,238	398	1.1%
STAR (dedicated deposits)	(4,434)	(3,524)	910	-20.5%
RBTF (dedicated transfers)	(9,210)	(9,310)	(100)	1.1%
Personal income tax	23,196	24,404	1,208	5.2%
Sales and use tax	10,274	10,389	115	1.1%
Cigarette and tobacco taxes	446	425	(21)	-4.7%
Motor fuel tax	0	0	0	--
Motor vehicle fees	(42)	19	61	-145.2%
Alcoholic beverages taxes	206	235	29	14.1%
Highway Use tax	0	0	0	--
Alcoholic beverage control license fees	44	48	4	9.1%
Auto rental tax	0	0	0	--
Gross Utility Taxes and fees	10,928	11,116	188	1.7%
LGAC Sales Tax (dedicated transfers)	(2,567)	(2,596)	(29)	1.1%
User Taxes and fees	8,361	8,520	159	1.9%
Corporation franchise tax	2,755	2,916	161	5.8%
Corporation and utilities tax	654	729	75	11.5%
Insurance taxes	1,086	1,171	85	7.8%
Bank tax	1,061	679	(382)	-36.0%
Petroleum business tax	0	0	0	--
Business taxes	5,556	5,495	(61)	-1.1%
Estate tax	1,163	958	(205)	-17.6%
Real estate transfer tax	701	375	(326)	-46.5%
Gift tax	2	0	(2)	-100.0%
Real property gains tax	0	0	0	--
Pari-mutuel taxes	22	23	1	4.5%
Other taxes	1	1	0	0.0%
Gross Other taxes	1,889	1,357	(532)	-28.2%
Real estate transfer tax (dedicated)	(701)	(375)	326	-46.5%
Other taxes	1,188	982	(206)	-17.3%
Total Taxes	38,301	39,401	1,100	2.9%
Licenses, fees, etc.	1,006	690	(316)	-31.4%
Abandoned property	698	700	2	0.3%
Reimbursements	1,089	172	(917)	-84.2%
Investment income	104	155	51	49.0%
Other transactions	208	1,664	1,456	700.0%
Miscellaneous receipts	3,105	3,381	276	8.9%
Federal grants	45	0	(45)	-100.0%
Total	41,451	42,782	1,331	3.2%

**Unaudited Year-end Results*

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	38,301	7,780	12,241	58,322
Miscellaneous receipts	3,105	12,911	845	16,861
Federal grants	45	0	0	45
Total receipts	41,451	20,691	13,086	75,228
Disbursements:				
Grants to local governments	37,040	16,944	0	53,984
State operations:				
Personal Service	6,168	4,161	0	10,329
Non-Personal Service	2,144	2,725	56	4,925
General State charges	3,084	1,307	0	4,391
Debt service	0	0	4,530	4,530
Capital projects	0	9	0	9
Total disbursements	48,436	25,146	4,586	78,168
Other financing sources (uses):				
Transfers from other funds	12,350	4,562	5,976	22,888
Transfers to other funds	(6,171)	(1,156)	(14,464)	(21,791)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,179	3,406	(8,488)	1,097
Change in fund balance:	(806)	(1,049)	12	(1,843)
Deposit to/(use of) Community Projects Fund	(195)			
Deposit to/(use of) Prior Year Reserves	(562)			
Deposit to/(use of) Debt Reduction Reserve	(49)			
Closing fund balance	1,948	2,471	298	4,717

**Unaudited Year-end Results*

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	1,948	2,471	298	4,717
Receipts:				
Taxes	39,401	7,076	12,082	58,559
Miscellaneous receipts	3,381	14,076	830	18,287
Federal grants	0	1	0	1
Total receipts	42,782	21,153	12,912	76,847
Disbursements:				
Grants to local governments	37,086	16,199	0	53,285
State operations:				
Personal Service	6,465	4,005	0	10,470
Non-Personal Service	2,194	2,888	75	5,157
General State charges	3,704	980	0	4,684
Debt service	0	0	5,143	5,143
Capital projects	0	3	0	3
Total disbursements	49,449	24,075	5,218	78,742
Other financing sources (uses):				
Transfers from other funds	11,556	3,769	6,520	21,845
Transfers to other funds	(5,459)	(1,287)	(14,223)	(20,969)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,097	2,482	(7,703)	876
Deposit to/(use of) Community Projects Fund	(67)	0	0	(67)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	(503)
Change in fund balance	0	(440)	(9)	(449)
Closing fund balance	1,378	2,031	289	3,698

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	2,031	289	2,320
Receipts:				
Taxes	42,218	7,098	12,945	62,261
Miscellaneous receipts	3,022	14,069	820	17,911
Federal grants	0	1	0	1
Total receipts	45,240	21,168	13,765	80,173
Disbursements:				
Grants to local governments	39,664	15,985	0	55,649
State operations:				
Personal Service	6,621	4,167	0	10,788
Non-Personal Service	2,304	2,953	75	5,332
General State charges	4,042	1,039	0	5,081
Debt service	0	0	5,791	5,791
Capital projects	0	2	0	2
Total disbursements	52,631	24,146	5,866	82,643
Other financing sources (uses):				
Transfers from other funds	11,656	3,874	6,830	22,360
Transfers to other funds	(6,391)	(1,076)	(14,737)	(22,204)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,265	2,798	(7,907)	156
Deposit to/(use of) Community Projects Fund	55	0	0	55
Change in fund balance	(2,181)	(180)	(8)	(2,369)
Closing fund balance	(2,181)	1,851	281	(49)

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	1,851	281	2,132
Receipts:				
Taxes	43,580	7,342	13,468	64,390
Miscellaneous receipts	3,017	15,054	839	18,910
Federal grants	0	1	0	1
Total receipts	46,597	22,397	14,307	83,301
Disbursements:				
Grants to local governments	46,467	17,061	0	63,528
State operations:				
Personal Service	6,801	4,551	0	11,352
Non-Personal Service	2,374	2,976	75	5,425
General State charges	4,344	1,239	0	5,583
Debt service	0	0	6,183	6,183
Capital projects	0	2	0	2
Total disbursements	59,986	25,829	6,258	92,073
Other financing sources (uses):				
Transfers from other funds	11,851	4,534	6,378	22,763
Transfers to other funds	(7,265)	(1,138)	(14,419)	(22,822)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,586	3,396	(8,041)	(59)
Deposit to/(use of) Community Projects Fund	(41)	0	0	(41)
Change in fund balance	(8,762)	(36)	8	(8,790)
Closing fund balance	(8,762)	1,815	289	(6,658)

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	1,815	289	2,104
Receipts:				
Taxes	43,569	7,580	13,453	64,602
Miscellaneous receipts	3,043	15,101	858	19,002
Federal grants	0	1	0	1
Total receipts	46,612	22,682	14,311	83,605
Disbursements:				
Grants to local governments	50,283	17,345	0	67,628
State operations:				
Personal Service	6,870	4,565	0	11,435
Non-Personal Service	2,442	3,159	75	5,676
General State charges	4,760	1,297	0	6,057
Debt service	0	0	6,549	6,549
Capital projects	0	2	0	2
Total disbursements	64,355	26,368	6,624	97,347
Other financing sources (uses):				
Transfers from other funds	11,597	4,710	6,446	22,753
Transfers to other funds	(7,690)	(967)	(14,138)	(22,795)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	3,907	3,743	(7,692)	(42)
Deposit to/(use of) Community Projects Fund	(92)	0	0	(92)
Change in fund balance	(13,744)	57	(5)	(13,692)
Closing fund balance	(13,744)	1,872	284	(11,588)

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	38,301	7,780	2,015	12,241	60,337
Miscellaneous receipts	3,105	13,089	3,025	845	20,064
Federal grants	45	36,907	1,882	0	38,834
Total receipts	41,451	57,776	6,922	13,086	119,235
Disbursements:					
Grants to local governments	37,040	48,871	1,356	0	87,267
State operations:					
Personal Service	6,168	6,441	0	0	12,609
Non-Personal Service	2,144	4,157	0	56	6,357
General State charges	3,084	2,241	0	0	5,325
Debt service	0	0	0	4,530	4,530
Capital projects	0	9	5,474	0	5,483
Total disbursements	48,436	61,719	6,830	4,586	121,571
Other financing sources (uses):					
Transfers from other funds	12,350	7,308	790	5,976	26,424
Transfers to other funds	(6,171)	(4,397)	(1,413)	(14,464)	(26,445)
Bond and note proceeds	0	0	457	0	457
Net other financing sources (uses)	6,179	2,911	(166)	(8,488)	436
Change in fund balance	(806)	(1,032)	(74)	12	(1,900)
Deposit to/(use of) Community Projects Fund	(195)				
Deposit to/(use of) Prior Year Reserves	(562)				
Deposit to/(use of) Debt Reduction Reserve	(49)				
Closing fund balance	1,948	2,847	(507)	298	4,586

**Unaudited Year-end Results*

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,847	(507)	298	4,586
Receipts:					
Taxes	39,401	7,076	2,088	12,082	60,647
Miscellaneous receipts	3,381	14,234	3,740	830	22,185
Federal grants	0	44,779	2,939	0	47,718
Total receipts	42,782	66,089	8,767	12,912	130,550
Disbursements:					
Grants to local governments	37,086	55,245	860	0	93,191
State operations:					
Personal Service	6,465	6,494	0	0	12,959
Non-Personal Service	2,194	4,683	0	75	6,952
General State charges	3,704	2,011	0	0	5,715
Debt service	0	0	0	5,143	5,143
Capital projects	0	3	7,972	0	7,975
Total disbursements	49,449	68,436	8,832	5,218	131,935
Other financing sources (uses):					
Transfers from other funds	11,556	6,841	785	6,520	25,702
Transfers to other funds	(5,459)	(4,845)	(1,187)	(14,223)	(25,714)
Bond and note proceeds	0	0	532	0	532
Net other financing sources (uses)	6,097	1,996	130	(7,703)	520
Deposit to/(use of) Community Projects Fund	(67)	0	0	0	(67)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	0	(503)
Change in fund balance	0	(351)	65	(9)	(295)
Closing fund balance	1,378	2,496	(442)	289	3,721

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	2,496	(442)	289	2,343
Receipts:					
Taxes	42,218	7,098	2,122	12,945	64,383
Miscellaneous receipts	3,022	14,221	3,590	820	21,653
Federal grants	0	45,448	3,070	0	48,518
Total receipts	45,240	66,767	8,782	13,765	134,554
Disbursements:					
Grants to local governments	39,664	55,844	855	0	96,363
State operations:					
Personal Service	6,621	6,707	0	0	13,328
Non-Personal Service	2,304	4,626	0	75	7,005
General State charges	4,042	2,119	0	0	6,161
Debt service	0	0	0	5,791	5,791
Capital projects	0	2	8,525	0	8,527
Total disbursements	52,631	69,298	9,380	5,866	137,175
Other financing sources (uses):					
Transfers from other funds	11,656	7,136	1,524	6,830	27,146
Transfers to other funds	(6,391)	(4,637)	(1,416)	(14,737)	(27,181)
Bond and note proceeds	0	0	597	0	597
Net other financing sources (uses)	5,265	2,499	705	(7,907)	562
Deposit to/(use of) Community Projects Fund	55	0	0	0	55
Change in fund balance	(2,181)	(32)	107	(8)	(2,114)
Closing fund balance	(2,181)	2,464	(335)	281	229

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	(335)	281	2,410
Receipts:					
Taxes	43,580	7,342	2,135	13,468	66,525
Miscellaneous receipts	3,017	15,157	3,561	839	22,574
Federal grants	0	40,426	2,677	0	43,103
Total receipts	46,597	62,925	8,373	14,307	132,202
Disbursements:					
Grants to local governments	46,467	52,440	916	0	99,823
State operations:					
Personal Service	6,801	6,736	0	0	13,537
Non-Personal Service	2,374	4,608	0	75	7,057
General State charges	4,344	2,174	0	0	6,518
Debt service	0	0	0	6,183	6,183
Capital projects	0	2	8,086	0	8,088
Total disbursements	59,986	65,960	9,002	6,258	141,206
Other financing sources (uses):					
Transfers from other funds	11,851	7,323	1,749	6,378	27,301
Transfers to other funds	(7,265)	(4,183)	(1,472)	(14,419)	(27,339)
Bond and note proceeds	0	0	454	0	454
Net other financing sources (uses)	4,586	3,140	731	(8,041)	416
Deposit to/(use of) Community Projects Fund	(41)	0	0	0	(41)
Change in fund balance	(8,762)	105	102	8	(8,547)
Closing fund balance	(8,762)	2,569	(233)	289	(6,137)

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	2,569	(233)	289	2,625
Receipts:					
Taxes	43,569	7,580	2,140	13,453	66,742
Miscellaneous receipts	3,043	15,204	2,860	858	21,965
Federal grants	0	39,954	2,443	0	42,397
Total receipts	46,612	62,738	7,443	14,311	131,104
Disbursements:					
Grants to local governments	50,283	52,267	922	0	103,472
State operations:					
Personal Service	6,870	6,760	0	0	13,630
Non-Personal Service	2,442	4,794	0	75	7,311
General State charges	4,760	2,296	0	0	7,056
Debt service	0	0	0	6,549	6,549
Capital projects	0	2	7,000	0	7,002
Total disbursements	64,355	66,119	7,922	6,624	145,020
Other financing sources (uses):					
Transfers from other funds	11,597	7,589	1,708	6,446	27,340
Transfers to other funds	(7,690)	(4,014)	(1,507)	(14,138)	(27,349)
Bond and note proceeds	0	0	382	0	382
Net other financing sources (uses)	3,907	3,575	583	(7,692)	373
Deposit to/(use of) Community Projects Fund	(92)	0	0	0	(92)
Change in fund balance	(13,744)	194	104	(5)	(13,451)
Closing fund balance	(13,744)	2,763	(129)	284	(10,826)

Source: NYS DOB

CASHFLOW
GENERAL FUND
2009-2010
(dollars in millions)

	2009 April Projected	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2010 January Projected	February Projected	March Projected	Total
OPENING BALANCE	1,948	2,860	134	111	1,076	1,113	2,777	2,516	762	1,231	5,621	4,827	1,948
RECEIPTS:													
Personal Income Tax	2,983	1,004	2,083	1,987	1,764	2,964	1,236	433	2,105	4,729	1,210	1,906	24,404
User Taxes and Fees	627	643	860	684	678	855	666	657	797	711	571	771	8,520
Business Taxes	10	27	958	96	99	1,145	93	42	1,123	83	126	1,693	5,495
Other Taxes	52	84	86	85	85	85	84	84	84	84	84	85	982
Total Taxes	3,672	1,758	3,987	2,852	2,626	5,049	2,079	1,216	4,109	5,607	1,991	4,455	39,401
Licenses, Fees, etc.	45	70	50	35	60	45	55	50	35	40	70	135	690
Abandoned Property	19	0	16	16	10	52	14	172	38	69	56	238	700
Reimbursements	4	9	23	5	13	20	10	11	24	6	11	36	172
Investment Income	39	7	25	22	0	6	18	15	3	14	0	6	155
Other Transactions	40	45	81	47	57	758	48	37	89	41	36	385	1,664
Total Miscellaneous Receipts	147	131	195	125	140	881	145	285	189	170	173	800	3,381
Federal Grants	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	1,049	256	926	661	312	1,090	616	110	1,024	979	217	890	8,130
Sales Tax in Excess of LGAC Debt Service	178	22	430	202	202	211	199	195	239	212	1	109	2,200
Real Estate Taxes in Excess of CW/CA Debt Service	20	20	0	0	0	0	0	0	0	5	5	7	57
All Other	1	0	187	44	0	70	12	0	133	10	10	702	1,169
Total Transfers from Other Funds	1,248	298	1,543	907	514	1,371	827	305	1,396	1,206	233	1,708	11,556
TOTAL RECEIPTS	5,067	2,187	5,725	3,884	3,280	7,301	3,051	1,806	5,694	6,983	2,397	6,963	54,338
DISBURSEMENTS:													
School Aid	578	2,656	2,017	129	526	1,261	554	982	1,598	288	785	6,645	18,019
Higher Education	28	20	764	84	224	163	368	26	240	47	332	540	2,836
All Other Education	57	150	280	115	117	66	109	94	142	98	153	259	1,640
Medicaid - DOH	974	666	107	793	714	322	543	822	429	433	549	49	6,401
Public Health	55	57	45	62	34	59	61	38	45	111	27	59	653
Mental Hygiene	12	38	366	44	16	506	45	8	453	125	142	393	2,148
Children and Families	27	198	91	278	98	107	91	110	283	71	82	387	1,823
Temporary & Disability Assistance	60	60	361	60	60	287	60	60	(13)	60	3	216	1,274
Transportation	0	16	28	0	16	3	0	19	4	0	10	4	100
All Other	37	38	494	63	56	215	58	53	534	44	43	557	2,192
Total Local Assistance Grants	1,828	3,899	4,553	1,628	1,861	2,989	1,889	2,212	3,715	1,277	2,126	9,109	37,086
Personal Service	735	546	478	641	515	853	437	484	551	455	377	393	6,465
Non-Personal Service	182	186	176	182	190	201	164	159	193	181	192	188	2,194
Total State Operations	917	732	654	823	705	1,054	601	643	744	636	569	581	8,659
General State Charges	409	(24)	168	348	290	999	422	292	82	375	219	124	3,704
Debt Service	617	0	0	13	50	278	16	107	436	12	47	207	1,783
Capital Projects	27	78	127	(113)	102	8	166	46	(1)	75	11	25	551
State Share Medicaid	238	197	197	197	197	197	197	197	197	197	197	154	2,362
Other Purposes	119	31	49	23	38	112	21	63	52	21	22	212	763
Total Transfers to Other Funds	1,001	306	373	120	387	595	400	413	684	305	277	598	5,459
TOTAL DISBURSEMENTS	4,155	4,913	5,748	2,919	3,243	5,637	3,312	3,560	5,225	2,593	3,191	10,412	54,908
Excess/(Deficiency) of Receipts over Disbursements	912	(2,726)	(23)	965	37	1,664	(261)	(1,754)	469	4,390	(794)	(3,449)	(570)
CLOSING BALANCE	2,860	134	111	1,076	1,113	2,777	2,516	762	1,231	5,621	4,827	1,378	1,378

Source: NYS DOB

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

	2008-2009 Year-End*	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT					
Agriculture and Markets, Department of	109,631	109,190	122,793	116,827	105,495
Alcoholic Beverage Control	17,022	18,075	18,781	19,114	19,607
Banking Department	78,971	79,009	81,698	80,831	82,212
Consumer Protection Board	3,840	3,096	3,266	3,231	3,321
Economic Development Capital Programs	21,176	18,300	0	0	0
Economic Development, Department of	104,306	106,845	137,389	128,966	89,257
Empire State Development Corporation	620,568	749,723	745,739	733,604	455,754
Energy Research and Development Authority	22,786	29,560	29,798	30,041	30,041
Housing and Community Renewal, Division of	320,605	878,541	441,678	303,489	302,846
Insurance Department	292,668	521,987	540,616	564,639	569,531
Olympic Regional Development Authority	9,503	9,509	7,714	7,924	7,924
Public Service, Department of	78,697	79,427	84,615	87,440	90,004
Science, Technology and Innovation, Foundation for	27,186	26,122	26,674	27,455	27,455
Strategic Investment	3,195	9,000	14,000	10,376	5,000
Functional Total	1,710,154	2,638,384	2,254,761	2,113,937	1,788,447
PARKS AND THE ENVIRONMENT					
Adirondack Park Agency	5,510	5,567	5,738	5,741	5,743
Environmental Conservation, Department of	878,910	1,151,980	1,165,955	917,116	908,565
Environmental Facilities Corporation	14,758	9,967	10,246	10,428	10,612
Hudson River Park Trust	14,290	21,392	10,000	0	0
Parks, Recreation and Historic Preservation, Office of	337,061	312,021	260,581	247,962	249,580
Functional Total	1,250,529	1,500,927	1,452,520	1,181,247	1,174,500
TRANSPORTATION					
Motor Vehicles, Department of	318,270	325,285	340,192	350,227	353,770
Thruway Authority	1,419	1,804	1,876	1,951	2,029
Metropolitan Transportation Authority	160,000	195,300	206,500	194,500	183,600
Transportation, Department of	6,498,414	6,810,399	7,347,377	7,081,440	6,855,123
Functional Total	6,978,103	7,332,788	7,895,945	7,628,118	7,394,522
HEALTH AND SOCIAL WELFARE					
Aging, Office for the	239,660	227,132	230,296	229,686	229,686
Children and Family Services, Office of	3,143,806	3,327,059	3,466,221	3,570,622	3,722,697
OCFS	3,097,973	3,256,215	3,349,535	3,432,267	3,580,011
OCFS - Medicaid	45,833	70,844	116,686	138,355	142,686
Health, Department of	38,097,712	41,689,321	44,116,173	47,156,679	48,176,383
Medical Assistance	32,427,350	36,017,967	38,410,425	41,261,545	42,420,513
Medicaid Administration	900,664	915,500	959,500	1,003,750	1,049,750
Public Health	4,769,698	4,755,854	4,746,248	4,891,384	4,706,120
Health - Medicaid Assistance	0	0	0	0	0
Human Rights, Division of	19,043	22,579	21,103	21,159	21,351
Labor, Department of	581,613	917,791	736,053	629,520	620,267
Medicaid Inspector General, Office of	61,224	80,022	82,520	85,937	85,937
Prevention of Domestic Violence, Office for	2,482	2,374	2,311	2,323	2,344
Stem Cell and Innovation	7,797	46,321	71,500	50,000	167,826

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

	2008-2009 Year-End*	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
HEALTH AND SOCIAL WELFARE (Continued)					
Temporary and Disability Assistance, Office of	5,084,635	5,146,806	5,045,459	5,120,793	5,132,029
Welfare Assistance	3,339,685	3,707,723	3,593,383	3,694,344	3,696,450
Welfare Administration	361,065	56,433	55,041	55,041	55,041
All Other	1,383,885	1,382,650	1,397,035	1,371,408	1,380,538
Welfare Inspector General, Office of	1,180	1,403	1,432	1,456	1,472
Workers' Compensation Board	205,090	209,201	193,424	197,598	202,483
Functional Total	47,444,242	51,670,009	53,966,492	57,065,773	58,362,475
MENTAL HEALTH					
Mental Health, Office of	3,084,590	3,246,186	3,515,210	3,697,727	3,817,148
OMH	1,423,983	1,496,517	1,649,787	1,776,465	1,822,807
OMH - Medicaid	1,660,607	1,749,669	1,865,423	1,921,262	1,994,341
Mental Hygiene, Department of	308,318	1,570	1,997	1,484	1,484
Mental Retardation and Developmental Disabilities, Office of	4,183,851	4,220,703	4,443,119	4,607,926	4,795,837
OMRDD	559,080	544,435	551,643	569,908	593,245
OMRDD - Medicaid	3,624,771	3,676,268	3,891,476	4,038,018	4,202,592
Alcoholism and Substance Abuse Services, Office of	584,954	647,810	686,399	760,870	796,435
OASAS	484,789	545,856	579,021	650,770	684,794
OASAS - Medicaid	100,165	101,954	107,378	110,100	111,641
Developmental Disabilities Planning Council	4,915	4,200	4,200	4,200	4,200
Quality of Care for the Mentally Disabled, Commission on	15,207	16,676	18,319	18,404	18,612
Functional Total	8,181,835	8,137,145	8,669,244	9,090,611	9,433,716
PUBLIC PROTECTION					
Capital Defenders Office	370	0	0	0	0
Correction, Commission of	2,687	2,658	2,785	2,814	2,848
Correctional Services, Department of	2,699,307	2,672,125	2,698,627	2,724,797	2,763,547
Crime Victims Board	65,521	69,822	65,216	65,318	65,511
Criminal Justice Services, Division of	295,559	273,675	269,244	253,587	233,034
Homeland Security	108,459	362,166	285,458	551,984	549,093
Investigation, Temporary State Commission of	3,554	0	0	0	0
Judicial Commissions	5,288	5,214	5,208	5,311	5,385
Military and Naval Affairs, Division of	234,686	308,508	222,387	188,491	189,502
Parole, Division of	196,590	188,700	191,630	195,984	199,977
Probation and Correctional Alternatives, Division of	79,273	69,144	70,783	76,971	78,506
State Police, Division of	653,750	740,746	736,005	732,627	708,703
Functional Total	4,345,044	4,692,758	4,547,343	4,797,884	4,796,106
EDUCATION					
Arts, Council on the	45,842	49,183	48,729	48,827	48,827
City University of New York	1,071,277	1,716,892	1,502,408	1,549,843	1,583,274
Education, Department of	30,553,372	31,794,871	33,257,387	33,060,194	35,005,696
School Aid	23,164,174	24,722,363	26,154,513	26,122,156	27,923,190
School Aid - Medicaid Assistance	106,331	40,000	80,000	80,000	80,000
STAR Property Tax Relief	4,435,383	3,524,450	3,480,270	3,677,620	3,854,167
Special Education Categorical Programs	1,783,639	2,264,890	2,376,750	2,057,470	2,058,790
All Other	1,063,845	1,243,168	1,165,854	1,122,948	1,089,549
Higher Education Services Corporation	909,663	1,035,721	991,406	991,014	994,546
Higher Education Capital Grants	4,254	67,746	40,000	38,000	0
State University Construction Fund	16,482	19,586	20,992	21,463	21,822
State University of New York	6,484,894	7,098,551	7,596,072	7,705,386	7,775,743
Functional Total	39,085,784	41,782,550	43,456,994	43,414,727	45,429,908

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

	2008-2009 Year-End*	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
GENERAL GOVERNMENT					
Audit and Control, Department of	258,126	263,980	265,052	269,832	274,416
Budget, Division of the	43,813	77,301	84,259	97,199	107,291
Civil Service, Department of	23,744	21,679	22,551	22,763	23,014
Elections, State Board of	97,117	157,241	7,175	7,284	7,426
Employee Relations, Office of	3,694	3,465	3,795	3,833	3,872
Executive Chamber	19,252	17,077	18,023	18,647	18,924
General Services, Office of **	215,793	230,610	224,397	231,139	235,329
Inspector General, Office of	6,446	6,462	6,776	6,852	6,937
Law, Department of	231,205	239,390	240,144	247,122	251,646
Lieutenant Governor, Office of the	133	0	276	1,193	1,208
Lottery, Division of	200,951	188,151	193,807	194,069	194,751
Public Employment Relations Board	3,660	4,270	4,561	4,600	4,648
Public Integrity, Commission on	4,879	4,865	5,017	5,350	5,530
Racing and Wagering Board, State	24,307	21,065	21,802	21,902	22,235
Real Property Services, Office of	58,369	46,269	42,761	43,772	44,359
Regulatory Reform, Governor's Office of	3,438	542	697	697	697
State, Department of	181,137	217,311	205,566	158,531	161,067
Tax Appeals, Division of	3,422	3,025	3,152	3,152	3,152
Taxation and Finance, Department of	372,992	412,154	427,072	427,511	428,627
Technology, Office for	21,364	141,081	149,275	147,592	120,543
Lobbying, Temporary State Commission on	(77)	0	0	0	0
Veterans Affairs, Division of	15,720	17,122	18,000	17,574	17,700
Functional Total	1,789,485	2,073,060	1,944,158	1,930,614	1,933,372
ALL OTHER CATEGORIES					
Legislature	221,729	225,717	220,717	220,717	220,717
Judiciary (excluding fringe benefits)	2,425,844	2,513,026	2,725,941	2,919,326	2,946,710
World Trade Center	48,622	54,119	44,119	34,118	20,000
Local Government Assistance	1,037,389	1,134,517	1,129,524	1,132,764	1,135,888
Long-Term Debt Service	4,537,236	5,218,118	5,865,330	6,257,784	6,623,514
Capital Projects	0	0	0	0	0
General State Charges	2,443,102	3,035,762	3,336,744	3,610,540	4,022,379
Miscellaneous	72,506	(73,262)	(334,318)	(192,762)	(261,662)
Functional Total	10,786,428	12,107,997	12,988,057	13,982,487	14,707,546
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	121,571,604	131,935,618	137,175,514	141,205,398	145,020,592

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.

**Unaudited Year-end Results*

*** 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-Basis Financial Plans/GASB Statement 45

The State Budget is statutorily 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. OSC will issue the 2008-09 GAAP-basis Financial Statements in July 2009.

In 2009-10, the General Fund GAAP Financial Plan shows total revenues of $46.5 billion, total expenditures of $54.6 billion, and net other financing sources of $8.7 billion, resulting in an operating surplus of $561 million. These results reflect the impact of the Enacted 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 4.2 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.

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*	1,639	1,068	2,707
2009-10*	1,712	1,123	2,835
2010-11*	1,906	1,247	3,153
2011-12*	2,056	1,348	3,404
2012-13*	2,217	1,456	3,673

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

** Estimated.*

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.

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DOB's detailed GAAP Financial Plan for 2009-10 is provided below.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	40,058	7,081	2,088	12,094	61,321
Public Health/Patient fees	0	3,881	0	473	4,354
Miscellaneous revenues	6,426	1,541	261	26	8,254
Federal grants	0	47,140	2,939	0	50,079
Total revenues	46,484	59,643	5,288	12,593	124,008
Expenditures:					
Grants to local governments	38,494	55,895	858	0	95,247
State operations	12,201	2,173	0	75	14,449
General State charges	3,932	363	0	0	4,295
Debt service	0	2	0	4,159	4,161
Capital projects	1	0	8,675	0	8,676
Total expenditures	54,628	58,433	9,533	4,234	126,828
Other financing sources (uses):					
Transfers from other funds	14,942	2,468	755	6,520	24,685
Transfers to other funds	(6,552)	(3,865)	(1,187)	(14,873)	(26,477)
Proceeds of general obligation bonds	0	0	532	0	532
Proceeds from financing arrangements/ advance refundings	315	0	4,031	0	4,346
Net other financing sources (uses)	8,705	(1,397)	4,131	(8,353)	3,086
Operating Surplus/(Deficit)	561	(187)	(114)	6	266

Source: NYS DOB

Special Considerations

Complex political, social, environmental and economic forces influence the State's economy and finances, many of which are outside the ability of the State to control. These include, but are not limited to, the performance of the national and State economies; the impact of continuing write-downs and other costs affecting the profitability of the financial services sector, and the concomitant effect on bonus income and capital gains realizations; the impact of calendar year 2008 wage and bonus activity on the State tax settlement in fiscal year 2009-10; access to the capital markets in light of the disruption in the municipal bond market; litigation against the State, including challenges to certain tax actions and other actions authorized in the Enacted Budget; and actions taken by the Federal government, including audits, disallowances, and changes in aid levels. Such forces may affect the State Financial Plan unpredictably from fiscal year to fiscal year.

For example, 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 in 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's outlook calls for an end to the current recession sometime in the third quarter of calendar year 2009, making it the longest since the Great Depression. However, there are a number of risks to the forecast. The large economic stimulus package passed by Congress in February and a Federal Reserve interest rate target of near zero, along with its massive injections of liquidity into the financial system, are expected to contribute to positive, albeit low growth in real U.S. GDP by the third quarter of 2009. However, the response of the economy to this stimulus depends in part on the normal functioning of credit markets. Further delay in the return of normalcy to markets could in turn delay the onset of the recovery. A weaker labor market than projected could result in even lower incomes and weaker household spending than projected. The global economy could contract further than anticipated, further depressing demand for U.S. exports and putting additional downward pressure on corporate earnings. Improving equity prices as markets look beyond the current crisis have been a recent bright spot, but slower corporate earnings growth than expected could further depress equity markets, delaying their recovery and that of Wall Street. On the other hand, a stronger response to the stimulus package, higher equity 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. Lower levels of financial market activity 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. Weaker equity and real estate activity than anticipated could negatively affect household spending and taxable capital gains realizations. These effects could ripple though 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.

State Cash Flow Projections

DOB currently projects that each month of the 2009-10 fiscal year will end with a positive cash balance in the General Fund. However, the General Fund’s 2009-10 opening cash position of $1.9 billion was lower than in recent fiscal years and DOB expects extremely tight operating margins, including periodic negative balances in the General Fund, especially in the first quarter of the fiscal year, before the benefit of approved actions in the Enacted Budget are fully realized. The June 2009 closing balance of $111 million is the lowest projected for the fiscal year, based on the current forecast. DOB projects cash balances of $2.8 billion by September 30, 2009, $1.2 billion by December 30, 2009, and $1.4 billion by March 31, 2010. The settlement of tax liabilities for calendar year 2008, which primarily takes place in April and May 2009, has the potential to significantly alter the cash flow position of the State. DOB and the Department of Taxation and Finance are monitoring collections and refund activity closely.

The Enacted Budget authorizes the General Fund to borrow resources temporarily from other funds for a period not to exceed four months. In addition, under existing law, the General Fund is authorized to use resources in the State's Tax Stabilization Reserve for cash flow purposes, but is required to repay the amounts in full by the close of the fiscal year. Technical legislation approved in the Enacted Budget expands this authorization to include funds available in the Rainy Day Reserve and Contingency Reserve.

State Workforce Reductions

On March 24, 2009, the Executive announced that it would implement a WRP. DOB expects that the WRP will result in a State workforce reduction equivalent to approximately 8,700 employees, and will generate savings of approximately $160 million in 2009-10 growing to over $300 million in 2010-11. On April 7, 2009, DOB directed all State agencies to prepare WRPs to be submitted to DOB by April 21, 2009. The State workforce subject to Executive control finished 2008-09 at 136,490 positions compared to the Executive Budget estimate of 137,745, a decline of 1,255. In 2009-10, this portion of the workforce is expected to be reduced to 128,803 positions, a reduction of 7,687. DOB's plans to reflect the impact of the approved plans in the First Quarterly Update to the Financial Plan. There can be no assurance that the WRP will achieve the level of savings projected in the Financial Plan.

Labor Settlements

The State has reached labor settlements with several labor unions, CSEA, PEF, UUP, District Council 37, and the Police Benevolent Association. Under terms of these four-year contracts, which run from April 1, 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 through 2010-11 and 4 percent in 2011-12. Pursuant to the Governor's directive, most non-unionized "management/confidential" will not receive the planned general salary increase, merit awards, longevity payments, and performance advances in 2009-10.

Other unions representing uniformed correctional officers, graduate students, and security/park police 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 $400 million in 2009-10, assuming a retroactive component for fiscal years 2007-08 and 2008-09, and approximately $275 million in both 2010-11 and 2011-12. The Enacted Budget for 2009-10 assumes spending related to these settlements. 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.

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. As part of the Federal ARRA, implementation has been delayed until July 1, 2009.

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. As part of the Federal ARRA, implementation has been delayed indefinitely.

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. On May 6, 2009 CMS extended the delayed implementation through June 30, 2010.

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. On May 6, 2009, CMS issued a proposed regulation that would partially rescind the revised definitions of services covered and provide states with the necessary flexibility to ensure beneficiary access to case management services.

Further, CMS has proposed to restrict Medicaid coverage for rehabilitative services and reimbursement for school based health services, which could pose a risk to the Financial Plan and result in hundreds of millions of dollars in reduced Federal-share funding. As part of the ARRA, implementation of restrictions for rehabilitation services has been delayed indefinitely, while school based health services has been deferred until July 1, 2009. As a result of issues brought forward by states, the school based regulation was rescinded on May 6, 2009.

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.

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 DOH disagree with these findings and have since conducted their own claims review. On February 10, 2009, DOH submitted its formal response to OIG contesting the audit findings. To date, OIG has shared no additional comments.

Bond Market Issues

Current projections reflect that the level of State-supported debt outstanding and debt service costs will continue to remain below the limits imposed by the Debt Reform Act of 2000 through 2011-12. However, the State has entered into a period of significantly declining debt capacity. Based on the most recent personal income and debt outstanding forecasts, the State is now expected to exceed the debt outstanding cap in 2012-13 by approximately $300 million. The State expects to propose actions in the 2010-11 Executive Budget in order to stay within the statutory limitations.

Other Financial Plan Risks

The Financial Plan forecast also contains specific transaction risks and other uncertainties including, but not limited to, the development of new VLT facilities; the receipt of certain payments from public authorities; the receipt of miscellaneous revenues at the levels expected in the Financial Plan; the enforcement of certain tax regulations on Native American reservations; the timing and value of proceeds from the sale of Wellpoint stock expected to finance certain health care spending; and the achievement of cost-saving measures, including, but not limited to, administrative savings in State agencies through the WRP and the transfer of available fund balances to the General Fund, at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Financial Plan.

Finally, there can be no assurance that (1) receipts will not fall below current projections, requiring additional budget-balancing actions in the current year, and (2) the gaps projected for future years will not increase materially from the projections set forth in this AIS.

PART III

STATE OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED MARCH 31, 2009

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, 2009 (FY 2009 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 2009 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, 2009, which are included in the FY 2009 CAFR, were filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system. An official copy of the Basic Financial Statements and Other Supplementary Information may be obtained by contacting 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 2009 CAFR is available on the Internet at:

http://www.osc.state.ny.us/finance/finreports/cafr09.pdf