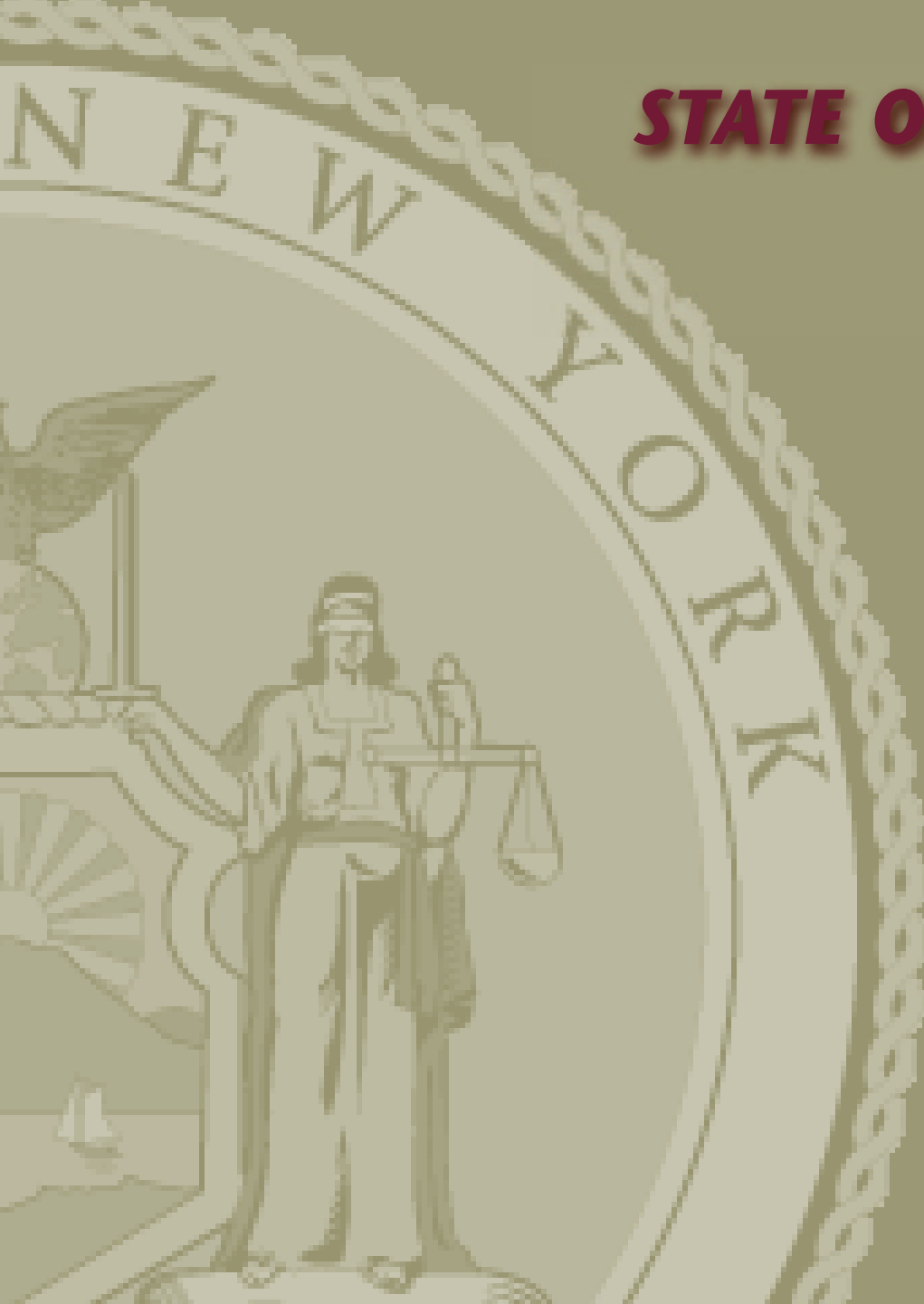


# STATE OF NEW YORK



## FINANCIAL CONDITION REPORT

For Fiscal Year Ended March 31, 2009



**Thomas P. DiNapoli**  
STATE COMPTROLLER

For a copy of the *Comprehensive Annual Financial Report* or additional copies of this report contact:

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This report and the *Comprehensive Annual Financial Report* may also be obtained in Adobe Acrobat format from the Office of the State Comptroller's website at [www.osc.state.ny.us](http://www.osc.state.ny.us).

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## COMPTROLLER'S 2009 REPORT ON THE FINANCIAL CONDITION OF NEW YORK STATE

### Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

State of New York

for the Fiscal Year Ended

March 31, 2008



*Michael R. ...*  
President

*Jeffrey L. Esser*  
Executive Director

This report provides citizens with an overview of the financial condition of New York State. It presents selected financial, economic, and demographic information in an easy-to-understand format.

It also presents basic information on trends in State receipts (revenues) and spending (disbursements), the State's financial position as measured by Generally Accepted Accounting Principles (GAAP), and selected economic and demographic trends affecting the State. Although it fills an information need not met by the traditional, more detailed financial reports issued by the Comptroller's Office, it is not meant to replace them. Detailed accounting data still can be found in reports such as the *Comprehensive Annual Financial Report*.

Financial condition is a broad concept aimed at assessing the ability of a government to meet current and future financial and service obligations. It deals with the State's ability to deliver acceptable levels of services at acceptable levels of taxation, while achieving budget balance and making required debt service payments and pension contributions.

The Office of the State Comptroller was honored this past year when it received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the *2008 Financial Condition Report*.

## MESSAGE FROM THE COMPTROLLER

It is my responsibility to present the Financial Condition Report for the State of New York for the fiscal year ended March 31, 2009.

The State of New York continues to face serious challenges to its fiscal health. The State has continued on the unsustainable course of making recurring spending commitments that are not backed by recurring revenues, and it continues to rely heavily on debt.

Total State spending increased to \$121.6 billion in State Fiscal Year (SFY) 2008-09 from \$100.6 billion in SFY 2004-05, a 20.8 percent spending increase. This increase is significantly higher than the rate of inflation as measured by the Consumer Price Index, which rose 13.1 percent during that period. Total General Fund spending is forecast in the SFY 2009-10 Enacted Budget Financial Plan First Quarterly Update to increase 36.4 percent over the next four years, outpacing the forecast of 4.5 percent revenue growth and creating a roughly \$33.2 billion cumulative spending gap through SFY 2012-13.

Before the SFY 2009-10 budget was enacted, the State faced an estimated cumulative current services General Fund deficit that exceeded \$20 billion for SFY 2008-09 through SFY 2009-10. This deficit was largely closed with non-recurring and temporary resources including federal stimulus funds and a temporary tax increase on high incomes. Receipt projections are already proving to be too ambitious. The SFY 2009-10 Financial Plan First Quarterly Update projected a General Fund budget deficit of \$2.1 billion largely due to declines in projected revenue. Additional actions will be necessary to end SFY 2009-10 in balance.

State-funded debt outstanding is expected to increase to over \$67.5 billion by March 31, 2014, from the SFY 2008-09 level of \$57.0 billion. This increase will drive State-funded annual debt service costs to an estimated \$7.8 billion from \$5.3 billion, making debt service one of the fastest growing major spending categories in the State budget. While debt can be an effective and appropriate funding mechanism to finance capital assets, New York has also issued debt to finance operating deficits and other budget relief, with approximately \$10.4 billion outstanding for this purpose.

The State budget was developed against the backdrop of the most serious economic crisis since the Great Depression. Due primarily to the availability of federal stimulus funds, the State budget deferred difficult decisions in spending needed to set the State on a path towards fiscal stability. Instead of constraining spending to available revenues, the State again used temporary revenue and non-recurring funds as a solution to the State's budget crisis and did not address the State's long-term budget imbalance.

New York can no longer afford to allow spending increases to outpace the growth in revenues. New York needs a strong dose of fiscal discipline, which has been lacking for far too long. The stakes are high and the consequences are real. The State must make difficult decisions today to help prepare for a prosperous tomorrow.



**Thomas P. DiNapoli**  
STATE COMPTROLLER

## GOVERNMENT-WIDE FINANCIAL DATA

New York State's government-wide financial statements include a Statement of Net Assets and a Statement of Activities, both of which distinguish between the State's governmental and business-type activities. (Component Unit data not shown.)

### GOVERNMENTAL ACTIVITIES

Most of the State's basic services are reported here, including education, public health, public welfare, public safety, transportation, environment and recreation, support and regulation of business, general government, and interest on long-term debt. Federal grants, personal income taxes, consumption and use taxes, business and other taxes, lottery revenues, and bond proceeds finance most of these activities.

### BUSINESS-TYPE ACTIVITIES

Revenues are received by the State from its customers to help it cover all or part of the cost of certain services it provides. The State's Lottery Fund, Unemployment Insurance Benefit Fund, the State University of New York and the City University of New York-senior colleges are reported here.

### Condensed Statement of Activities - Primary Government For the year ended March 31, 2009

(amounts in millions)

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues
<b>Governmental activities:</b>			
Education	\$32,184	\$3,684	\$(28,500)
Public health	47,233	31,402	(15,831)
Public welfare	13,824	9,056	(4,768)
Public safety	6,066	481	(5,585)
Transportation	7,164	2,158	(5,006)
Environment and recreation	1,276	413	(863)
Support and regulate business	1,911	835	(1,076)
General government	9,457	2,275	(7,182)
Interest on debt	1,752	—	(1,752)
<b>Total governmental activities</b>	<b>120,867</b>	<b>50,304</b>	<b>(70,563)</b>
<b>Business-type activities:</b>			
Lottery	5,235	7,660	2,425
Unemployment insurance	4,562	3,582	(980)
State University of New York	8,379	4,740	(3,639)
City University of New York	2,617	1,212	(1,405)
<b>Total business-type activities</b>	<b>20,793</b>	<b>17,194</b>	<b>(3,599)</b>
<b>Total primary government</b>	<b>\$141,660</b>	<b>\$67,498</b>	<b>(74,162)</b>
<b>General revenues and net transfers:</b>			
Taxes			56,577
Other			4,809
Net transfers			(381)
<b>Total general revenues and net transfers</b>			<b>61,005</b>
<b>Change in Net Assets (decrease)</b>			<b>\$(13,157)</b>

The full accrual method of accounting is used by many businesses and recognizes revenue and expenses when the earning process is complete regardless of when cash is received or disbursed. This results in a long-term perspective on finances.

The Statement of Net Assets reports the State's total assets and liabilities. The Statement of Net Assets reports the difference between assets and liabilities in three categories: Capital Assets, Net of Related Debt; Restricted Net Assets; and Unrestricted Net Assets.

The Statement of Activities reports the expenses of each of the State's programs, reduced by the revenues generated by those programs, to arrive at net program expense. The net program expense is then reduced by general revenues and other gains and losses to arrive at a change in net assets for the year.

### Condensed Statement of Net Assets - Primary Government

As of March 31, 2009

(amounts in millions)

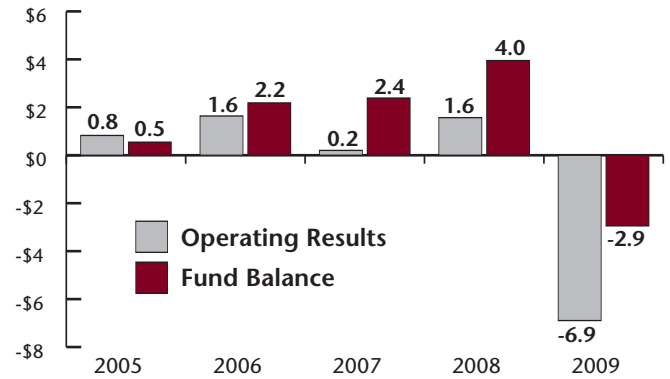
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$9,631	\$6,831	\$16,462
Receivables, net	16,741	3,065	19,806
Internal balances	(882)	508	(374)
Other assets	965	219	1,184
Capital assets	80,419	8,445	88,864
<b>Total Assets</b>	<b>106,874</b>	<b>19,068</b>	<b>125,942</b>
<b>Liabilities</b>			
Tax refunds payable	7,959	—	7,959
Payable to local governments	3,901	—	3,901
Accrued liabilities and accounts payable	8,644	1,630	10,274
Other liabilities due within one year	4,168	2,560	6,728
Liabilities due in more than one year	51,308	11,847	63,155
<b>Total Liabilities</b>	<b>75,980</b>	<b>16,037</b>	<b>92,017</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	63,476	569	64,045
Restricted for debt service and other purposes	2,838	2,042	4,880
Unrestricted (deficit)	(35,420)	420	(35,000)
<b>Total Net Assets</b>	<b>\$30,894</b>	<b>\$3,031</b>	<b>\$33,925</b>

## FUND FINANCIAL DATA

- The State also prepares fund financial statements. Funds represent sources of funding and spending for particular purposes. The General Fund is used to report sources of funds and expenditures that are not required to be accounted for in another separate fund. In New York, significant sources of funds that normally would be reported in the General Fund have been pledged or dedicated to other funds for repayment of debt or project funding and are therefore reported in other governmental funds.
- Fund financial statements provide a short-term view of government finances. Thus, payment of fund expenditures from proceeds of long-term borrowing will not have any impact on the fund balance, because the liability to repay the borrowing is not reported in the fund.
- The relationship between fund operating results and accumulated fund balance (or deficit) is graphically depicted at right.
- As of the year ended March 31, 2009, the State reported a \$6.9 billion operating deficit in the General Fund, and an \$8 billion combined governmental funds operating deficit. The General Fund deficit is primarily due to decreased tax revenues related to the downturn in the State's economy. The combined governmental fund balance decreased from \$11.8 billion to \$3.8 billion.

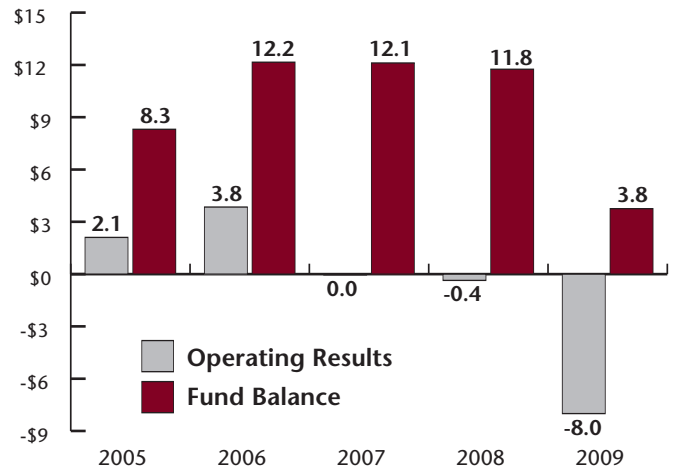
### General Fund Operating Results versus Accumulated Surplus (Deficit)

(amounts in billions)



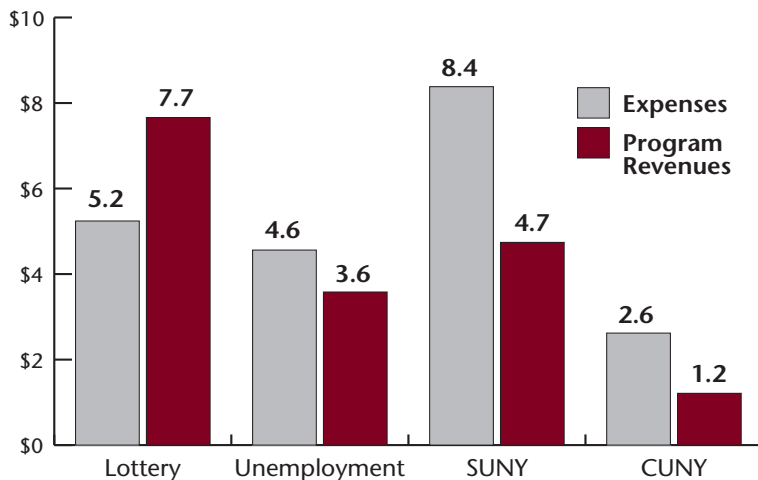
### Governmental Operating Results versus Accumulated Surplus

(amounts in billions)



### Business-Type Activities

(amounts in billions)

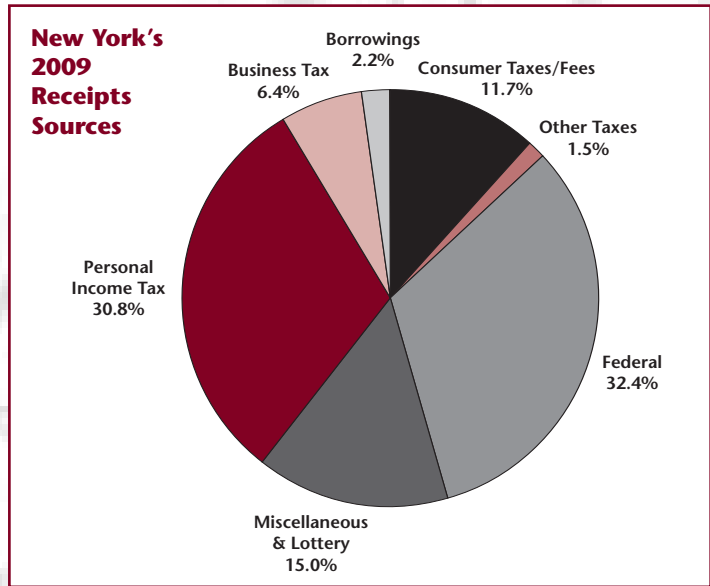


For details, please see Statement of Activities, page 4.

## TOTAL RECEIPTS

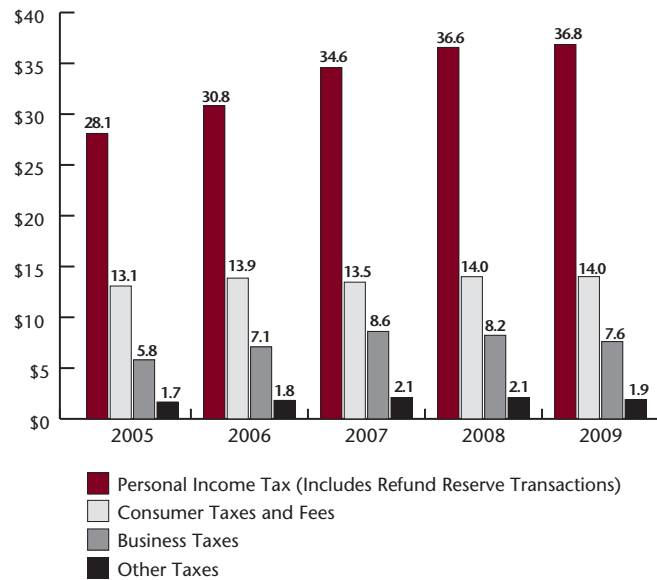
Revenues are affected by economic changes and changes in federal and State policies. Tax base is a measure of the State's ability to generate revenue. A decreasing tax base may force spending reductions and/or increased taxes. Receipts are revenues that have been recorded on a cash basis. Appendix 3 contains State receipts by major source for the past five fiscal years.

- Receipts have increased \$18.4 billion (18.2 percent) since 2005.
- In 2009, total tax receipts of \$60.3 billion represented a 24 percent increase over 2005 tax receipts.
- Receipts from the federal government increased 7.2 percent since 2005. Medicaid was responsible for the largest increase in federal cash receipts.



### Tax Receipts by Year

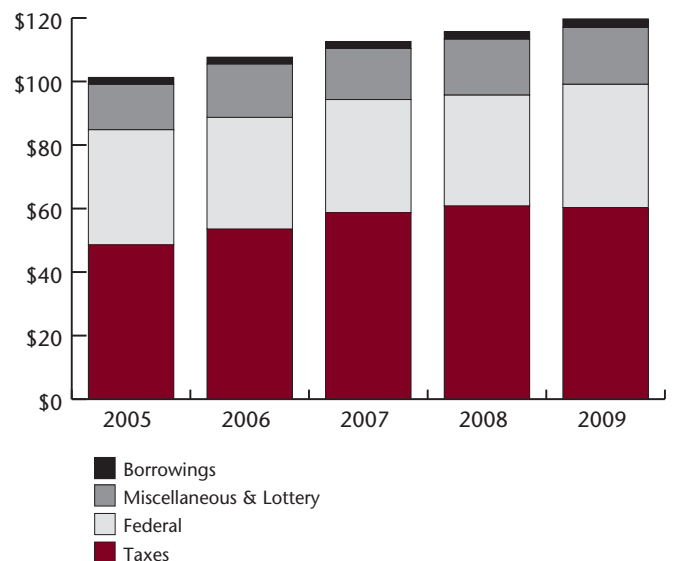
(amounts in billions)



- Personal income tax and consumer taxes and fees accounted for 42.5 percent of 2009 receipts, and have increased 23.5 percent since 2005.
- During fiscal year 2009, the State experienced a 0.8 percent increase in personal income tax (PIT) receipts — its largest tax revenue source.
- The State received additional Federal funding of \$1.7 billion in Medicaid and \$59 million for unemployment benefits from the American Recovery and Reinvestment Act (Federal Stimulus) as of March 31, 2009.

### Total State Receipts

(amounts in billions)





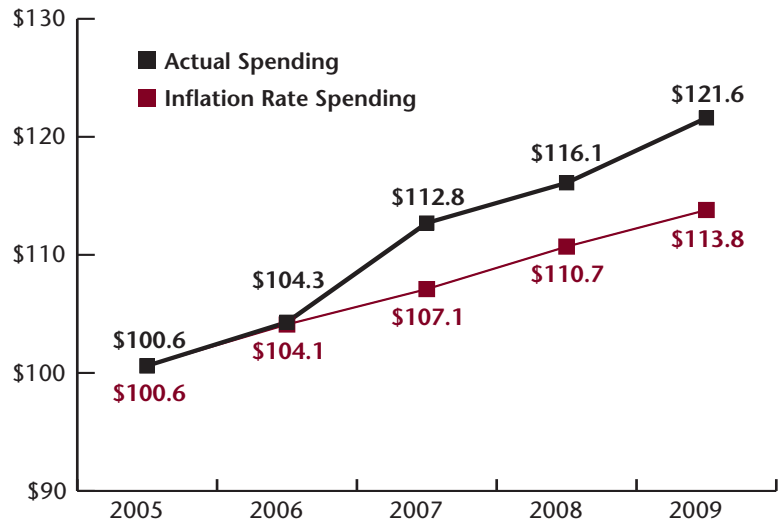
## TOTAL SPENDING

Spending data (disbursements) can be used to evaluate the State's program priorities and, compared to revenue data, can be used to measure the State's ability to support continuing programs. Appendices 1 and 2 show a history of State spending by major program for the past five fiscal years.

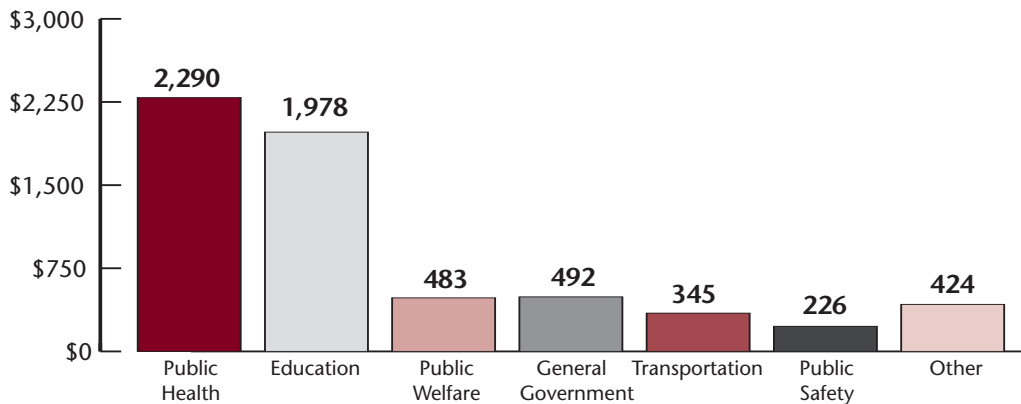
- State spending, including spending from federal funds, totaled \$121.6 billion in 2009, an increase of \$5.5 billion (4.7 percent) from the prior year.
- Since 2005, growth in State spending (20.8 percent) has outpaced inflation (Consumer Price Index of 13.1 percent).
- State spending has been partially paid for by borrowing \$12.4 billion since 2005, including \$3.4 billion in 2009.
- New York's spending in 2009 was \$6,238 per person.
- Education and public health spending represents 68.4 percent of total State spending.

### Actual State Spending versus Spending at the Rate of Inflation

(amounts in billions)



### 2009 Total State Spending per Person by Program Area

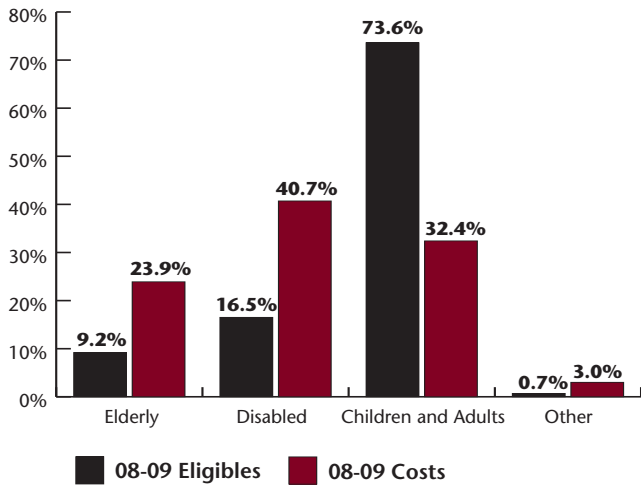


## PUBLIC HEALTH

- Medicaid costs increased in SFY 2008-09 by approximately \$1.5 billion, or 4.6 percent, over SFY 2007-08, while the average monthly number of eligible recipients increased by over 100,000, or 2.5 percent, to 4.2 million. These increases largely reflect the impact of the economic downturn.
- Adults accounted for the largest portion of the average monthly increase in eligible recipients, growing by approximately 46,000, or 3.2 percent, to nearly 1.5 million eligibles in SFY 2008-09. Children continued to account for the largest share of all eligible recipients, with the number of children with Medicaid coverage increasing by nearly 30,000, or 1.9 percent, to 1.6 million last year. The numbers of eligible elderly and disabled recipients also increased, by 1.8 and 2.4 percent, to almost 387,000 and 694,000, respectively. The number of eligible immigrants increased by 6 percent to approximately 31,000.

### Medicaid Costs and Eligibles

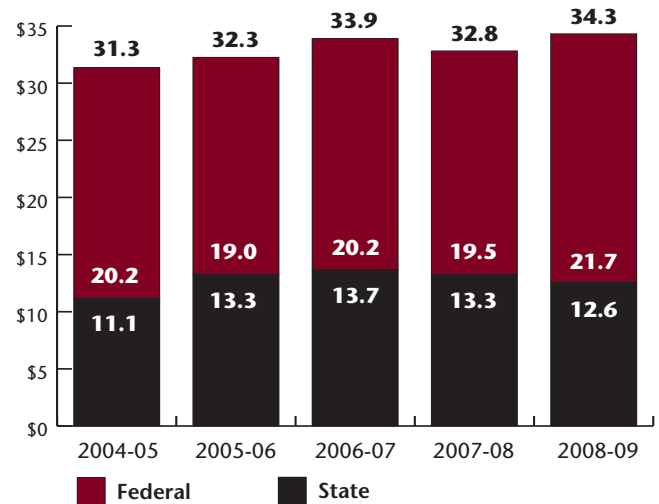
Department of Health – Current Claims, 2008



- While children and adults continued to comprise nearly three-quarters of all average monthly eligible recipients, they accounted for less than one-third of Medicaid costs. Elderly, blind and disabled recipients continued to make up about a quarter of eligible recipients, but accounted for nearly two-thirds of Medicaid costs.
- Family Health Plus, the Medicaid expansion program implemented in SFY 2001-02 for adults without health insurance but with income or resources too high to qualify for Medicaid, registered a 6.6 percent decrease in average monthly eligible recipients in SFY 2008-09 and a 10.8 percent decrease in costs. Eligible recipients decreased by about 36,000 to approximately 509,000, primarily because of changes in allowable Medicaid resource levels that made people eligible for Medicaid instead. Costs based on payment date, including retroactive payments, decreased by \$169 million to \$1.4 billion in SFY 2008-09.

### Medicaid Costs

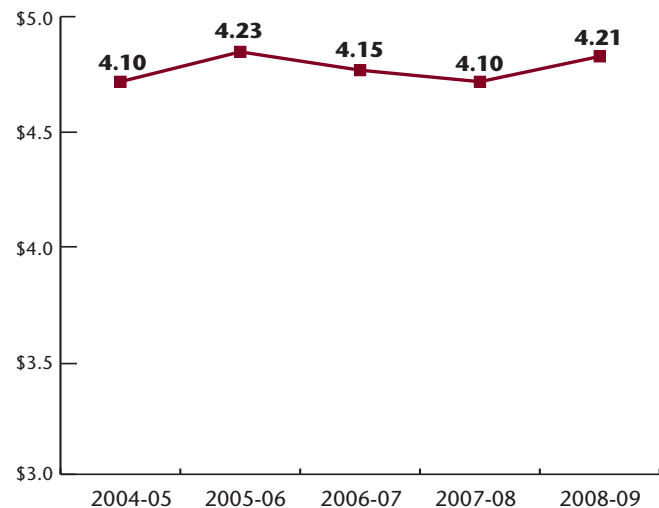
(amounts in billions)



### Medicaid Eligibles in New York

Department of Health – Current Claims, 2008

(amounts in millions)



Medicaid eligibles for 2008-09 includes draft data for the months of January through March 2009.

## PUBLIC WELFARE

- The number of public assistance recipients decreased to 513,000 through March 2008 but then increased to 520,000 in 2009 (a net decrease of 93,000, or 15 percent, from 2005). In contrast, the number of food stamp recipients increased each year, from nearly 1.8 million in March 2005 to nearly 2.3 million in March 2009 (a total increase of 512,000, or 28.7 percent).

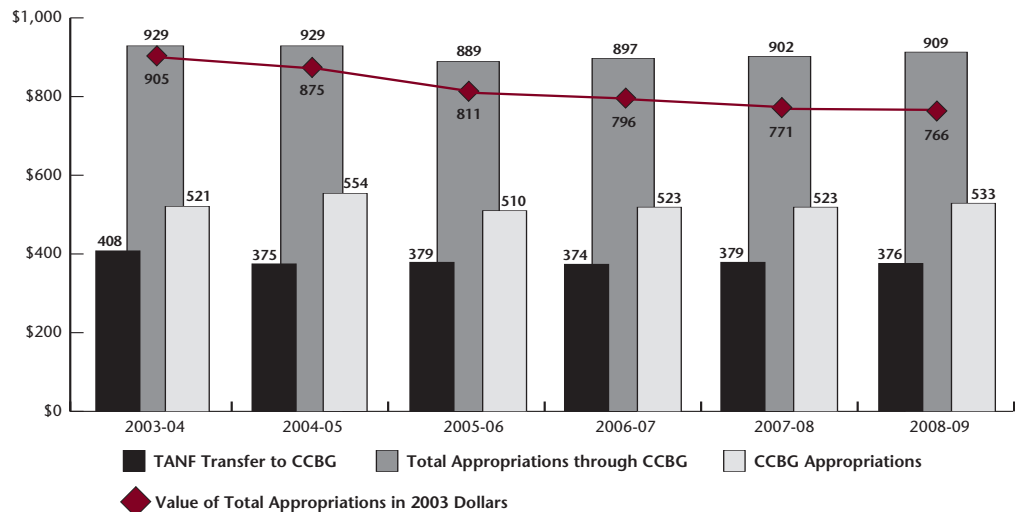
- New work participation requirements for Temporary Assistance for Needy Families (TANF) recipients, included in the Deficit Reduction Act approved by Congress in early 2006, will increase the need for child care; yet, funding for the Child Care Block Grant (CCBG), including TANF funds directed to it, remained relatively flat in New York State in 2009, and has continued to decline in value since 2005 when adjusted for inflation.

- Federal funding for the CCBG remained at \$4.8 billion from 2002 until it was increased by \$200 million in 2006. In 2008, the federal CCBG was funded at nearly \$5 billion, but its real value continued to remain below the 2002 inflation-adjusted level. States would have needed an additional \$945 million to return to the 2002 funding level.

- While New York associated a specific number of child care slots with CCBG appropriations in past years, accurate estimates have not been possible because each locality has the flexibility to meet its particular child care needs by providing either full- or part-time slots.

### Child Care Block Grant (CCBG)

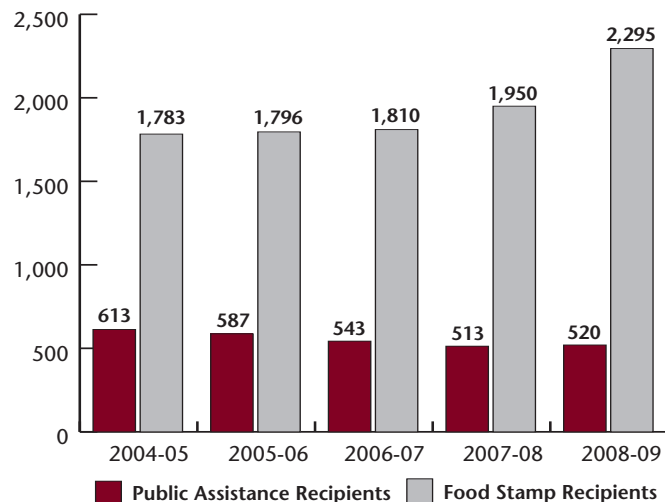
(amounts in millions)



- To date, no comprehensive analysis of day care availability or the number of TANF/low-income working parents who are waiting for day care slots in New York State has been undertaken.

### Recipients of Public Assistance and Food Stamps

(amounts in thousands)



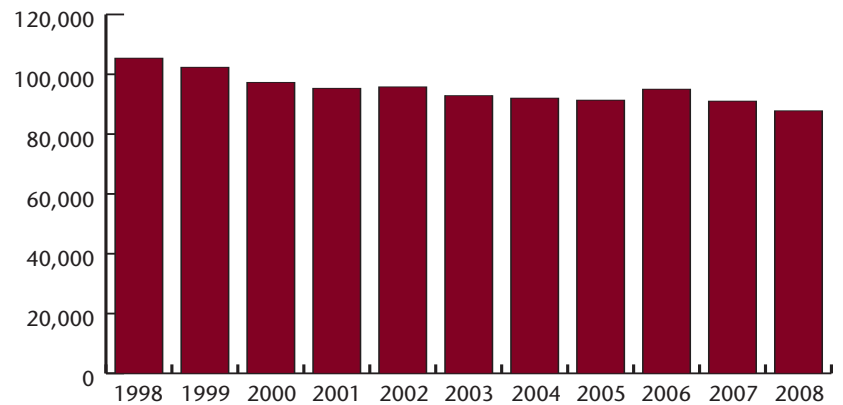
## PUBLIC SAFETY

The Department of Correctional Services held 87,779 inmates at 70 New York State correctional facilities at the end of 2008. The inmate population declined by 17,595, or 16.7 percent, from a peak of approximately 105,370 at the end of 1998 to 2008.

The total number of crimes reported in New York State declined by 140,204, or 23 percent, from 1999 to 2008.

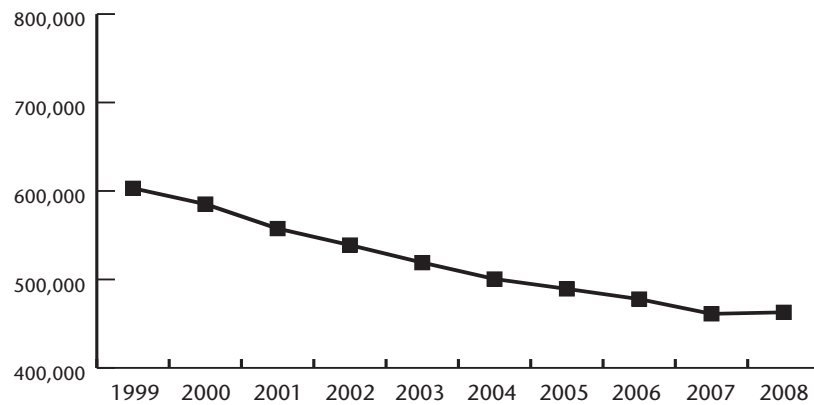
### Inmates Held by New York State

(number of inmates)



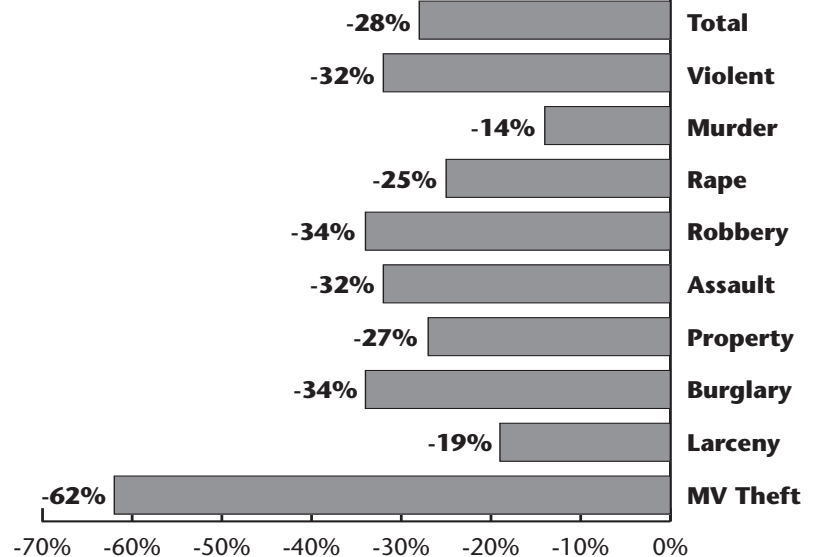
### New York State Total Crimes Reported

(number of crimes)



### Percentage Change in Crime Rates

1999 versus 2008

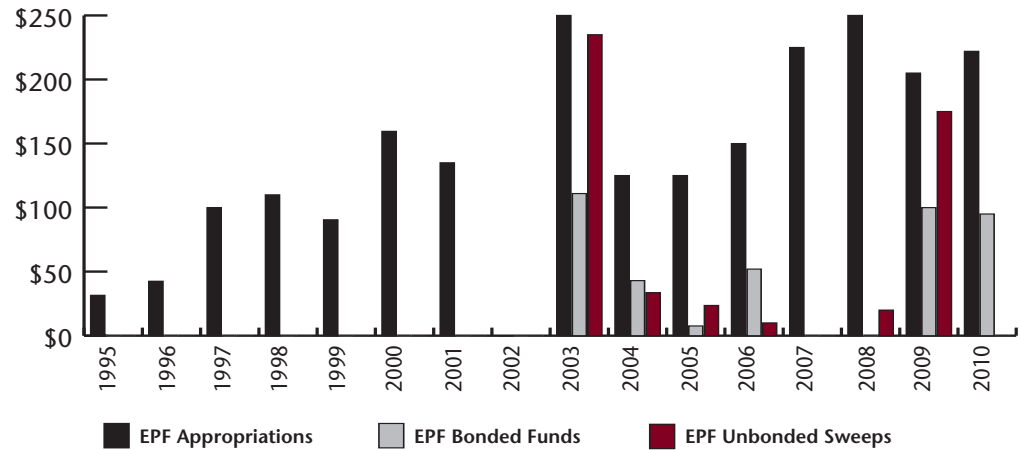


## ENVIRONMENT

The Environmental Protection Fund (EPF) is New York State's primary source of funding for the purchase of land for conservation and recreational purposes; assistance to local governments for recycling, parks and waterfront programs; and non-point source pollution control programs. The funding level in the EPF has increased from \$31 million in fiscal year ending 1995 to a high of \$250 million in fiscal year ending 2008. The Enacted Budget for the fiscal year ending in 2009 contained an appropriation of \$255 million for the EPF, although subsequent amendments to the Enacted Budget to address declining State revenues reduced this appropriation to \$205 million.

### History of EPF Appropriations, Sweeps and Bonding

(amounts in millions)



\* No appropriation was enacted for the EPF in SFY 2001-02; there were two EPF appropriations enacted in SFY 2002-03.

\*\* Funding level reflects actions accomplished in the Deficit Reduction Package – Chapter 1 and Chapter 2 of the Laws of 2009

### EPF Cash Sweeps and Bonding

When established by the State Legislature and Governor in 1993, the EPF was intended to be a dedicated, pay-as-you-go source of funding for environmental programs. However, in fiscal year ending 2003, the enacted budget included a sweep of \$346 million in funds from the EPF. In subsequent fiscal years, additional cash sweeps have occurred. Through the fiscal year ending 2010, sweeps totaling over \$905 million are expected to have been made. A portion of these funds have been replaced by approximately \$408 million in bonding authorization, creating long-term obligations for the State.

### Parks, Environment, and Agriculture

- New York State ranked first in the nation in the number of State parks, recreation areas and natural areas available to its residents in 2007.
- With 55 million park visits in 2007, New York State ranked second in the nation in this category.
- New York State ranked fourth in the nation in the number of hazardous waste sites on the National Priority List in 2007 with a total of 87 sites, yet ranked third in the number of sites removed from the list (23).
- New York's farms generated \$4.4 billion in cash receipts from commodities in 2007.
- New York is the nation's third leading milk producing state with 12 billion pounds produced in 2007.
- With a per-capita use of 295 gallons of gasoline, New York State ranked last in the country in the amount of gasoline used per person.

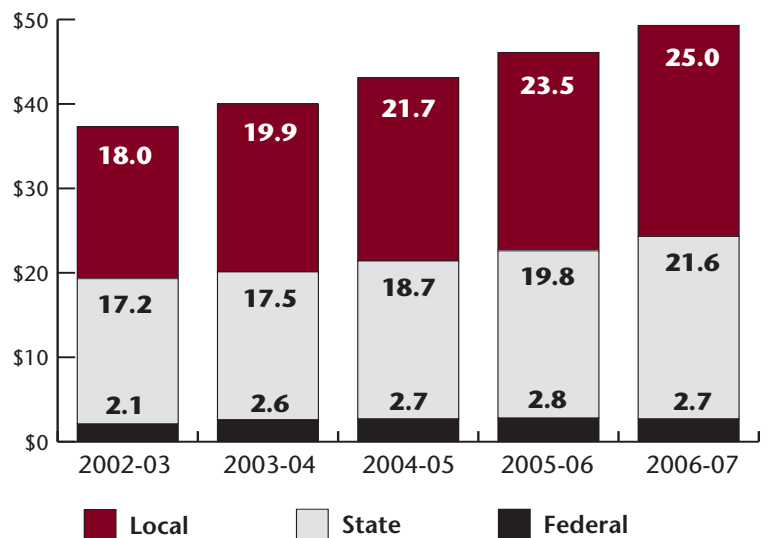
## EDUCATION

### ELEMENTARY AND SECONDARY

- For the 2007-08 school year, New York State was the second highest state in per pupil expenditures, estimated to be \$15,286 in the public elementary and secondary system. This amount is 48 percent higher than the national average of \$10,356 per pupil, and second only to New Jersey.
- In 2006-07, support for public elementary and secondary schools came from local, State and federal sources in the amounts of \$25 billion, \$21.6 billion and \$2.7 billion respectively. Between school years 2005-06 and 2006-07, local support increased from \$23.5 billion to \$25 billion (6.4 percent), while State support increased from \$19.8 billion to \$21.6 billion (9.1 percent), and federal support decreased from \$2.8 billion to \$2.7 billion (-3.6 percent).
- In 2006, New York State began administering a grade 3-8 testing program to comply with the federally mandated *No Child Left Behind Act* (NCLB). Between 2008 and 2009, the percentage of students in grades 3 through 8 who met the achievement standards increased from 81 percent to 86 percent in Math and from 68 percent to 77 percent in English.
- The State Fiscal Year 2009-10 Enacted Budget included a \$405 million increase in school funding, to a total of \$21.9 billion on a school year basis.

#### Federal, State and Local Funding Elementary and Secondary Schools

(amounts in billions)



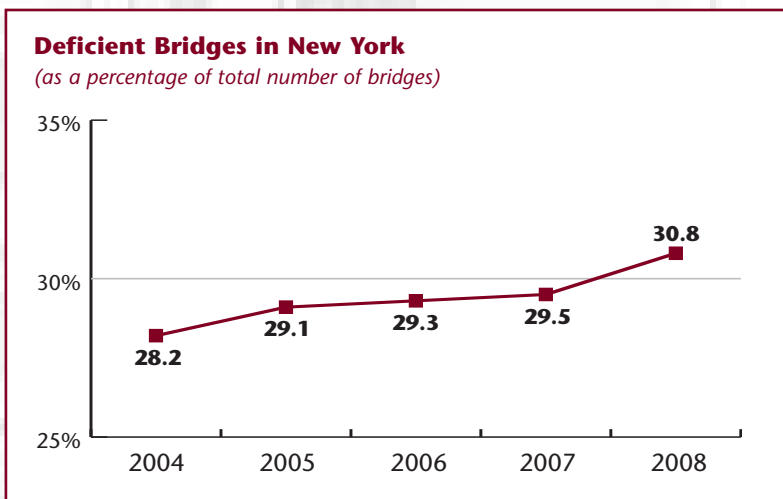
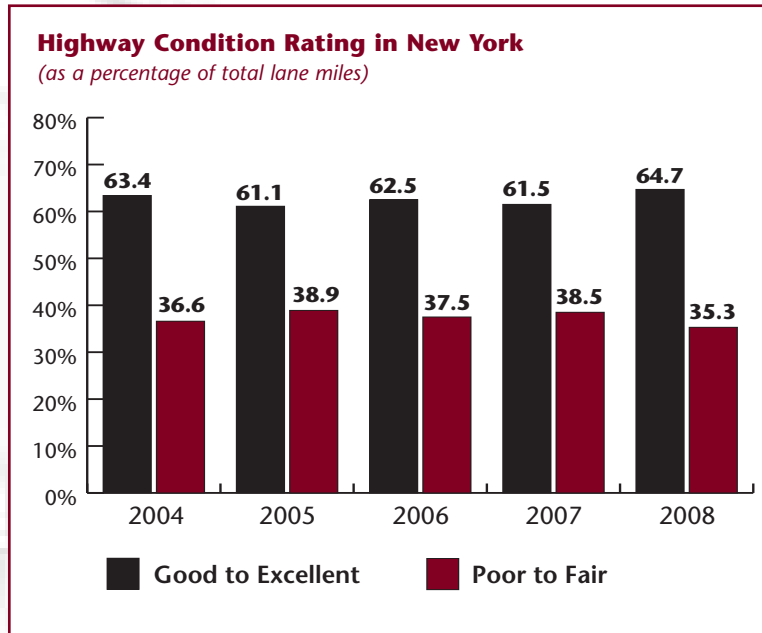
### HIGHER EDUCATION

- There were over 809,000 full-time and nearly 344,000 part-time students in degree-credit enrollments in New York higher education institutions in 2006. More than 312,000 undergraduate students received State Tuition Assistance Program (TAP) aid in the 2006-07 school year, up 2.4 percent from 2002-03.
- The average cost of tuition and fees paid by full-time, in-state students at public four-year institutions in New York State in 2008-09 was \$5,799 for resident SUNY students and \$4,000 for resident CUNY students.
- For the 2008-09 school year, the average full-time, in-state tuition and fees at SUNY community colleges totaled \$3,695 and \$2,800 at CUNY.
- The State spent \$272 per person on higher education in SFY 2008-09. This 5.7 percent growth increase is lower than the national average growth of 6.5 percent. New York ranked 24th in the nation for higher education spending per capita.

## TRANSPORTATION

Data on the condition of highways and bridges, as supplied by the State Department of Transportation, provides insight into the quality of infrastructure which is used daily by residents and businesses.

- The State is responsible for maintaining more than 42,500 lane miles of highway.
- The number of highway lane miles rated poor/fair has decreased by 2.2 percent since 2004.
- In 2008, 64.7 percent of the State's highways were rated good to excellent, a 1.3 percent improvement since 2004.
- The State is responsible for maintaining more than 7,800 bridges, of which 30.8 percent were rated deficient in 2008 as compared to 28.2 percent in 2004, reflecting little change.
- The State's 2008 percentage (30.8 percent) of deficient bridges is higher than the nationwide percentage of 21.9 percent. A deficient rating means a bridge is either structurally or functionally deficient, but not a current safety threat.



## LOCAL GOVERNMENT

### Weathering the Recession

The financial downturn that began in 2007 with the collapse of the housing market hit hard in 2008 and has continued into 2009: New York's unemployment rate rose to over 7 percent by April 2009, foreclosures continue to increase, and data on housing sales and prices show a continued decline in housing market activity. The economic downturn has affected local government revenues, especially sales taxes and State aid, even as it generates demand for some local services, such as social programs. New York State's local governments are facing difficult fiscal decisions.

### Sales Taxes Down

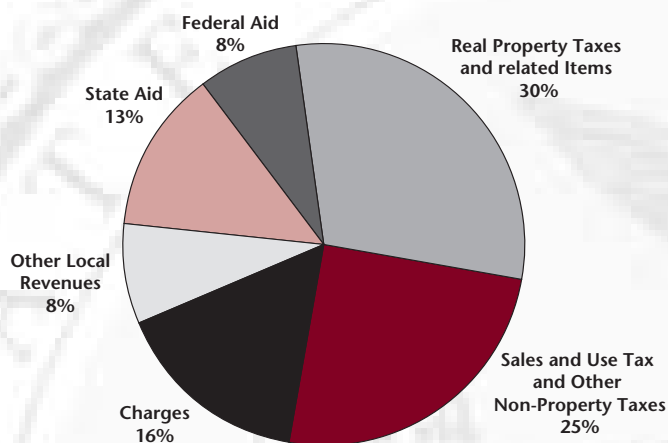
- In 2007, sales and other non-property taxes accounted for 25 percent of general government revenues (counties, cities, towns and villages). Most of this was from the sales tax, which represented 24 percent of revenues, up from 18 percent in 1997.
- Local sales tax revenues plunged 6.8 percent in the first four months of 2009, compared with the same period in 2008.
- The greatest sales tax losses were in Long Island and the Lower Hudson Valley.

### State Aid Below Projections

- State aid made up 13 percent of general purpose local government revenue in 2007, and 28 percent of all local government revenue (including school and fire districts).
- Over the past decade, State aid increased 78 percent, primarily due to major multiyear increases in school aid and revenue sharing. The 2009-10 State budget sharply curtailed this growth.

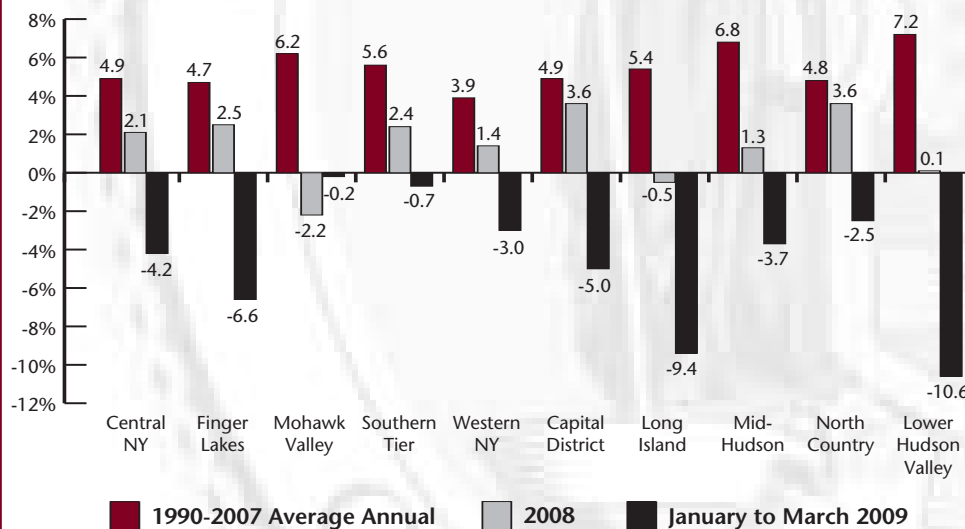
### Major Sources of Revenue for Counties, Cities, Towns and Villages, 2007

(excluding New York City)



### Sales Tax Collections by Region

Change, Year-Over-Year





## Property Tax Under Pressure

- Foreclosures have increased substantially in New York State. In 2008, over 50,000 New York homeowners experienced a foreclosure, which represents an increase of 29 percent over 2007 and 129 percent over 2006.
- A comparison of first quarter housing values shows a decline of 21 percent in median sale price between 2007 and 2009. Decreased property values could push some municipalities closer to their constitutional tax limits. Municipalities that don't reassess property values to reflect lower property values may be exposing themselves to the risk of successful tax assessment challenges (certiorari).
- School districts avoided large property tax increases in their 2009-10 budgets, even though much of State aid was frozen for the year. The federal stimulus package kept foundation aid from being cut outright, which could have led to higher property tax increases.

## Volatile Debt Markets

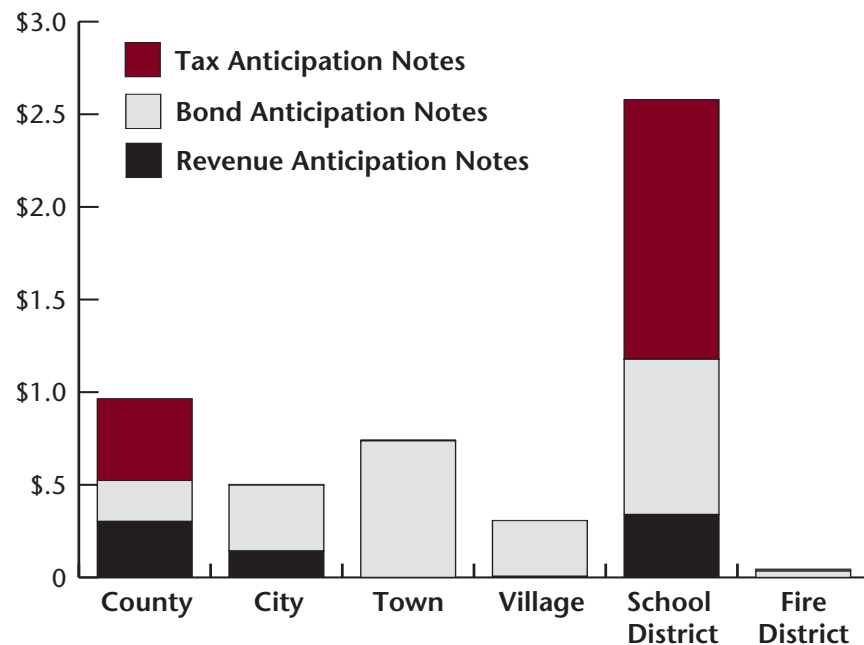
- Access to the municipal credit markets has been constrained since 2008 due to decreased demand for municipal notes and bonds and interest rate volatility. The volume of new municipal bond issues in September 2008 declined by 40 percent nationwide compared to September 2007, and over \$11 billion in bond and note sales were postponed.

## Local Government Finances: Information at Your Fingertips

- In September of 2008, local government revenue and expenditure data were added to the Open Book New York website. This new searchable, flexible format makes local government data more transparent and easier to access.

## Short-Term Debt for Municipalities by Type and Class, 2007 excluding New York City

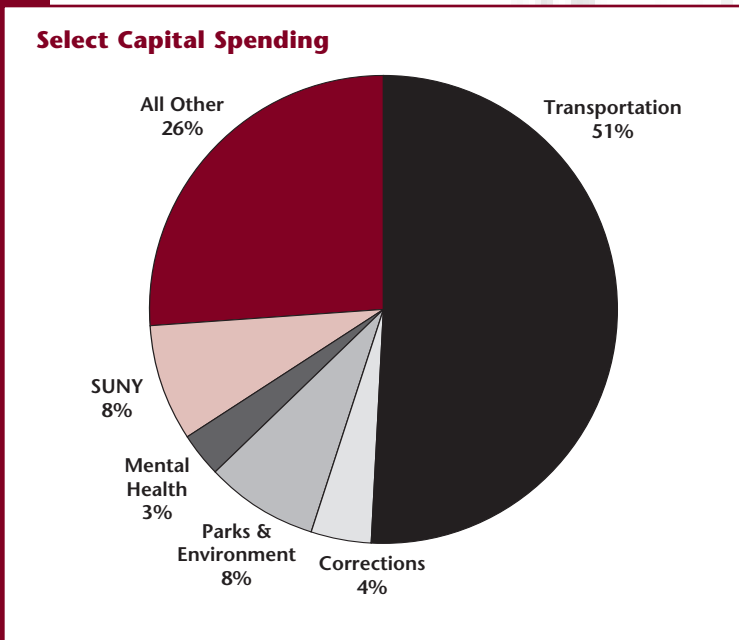
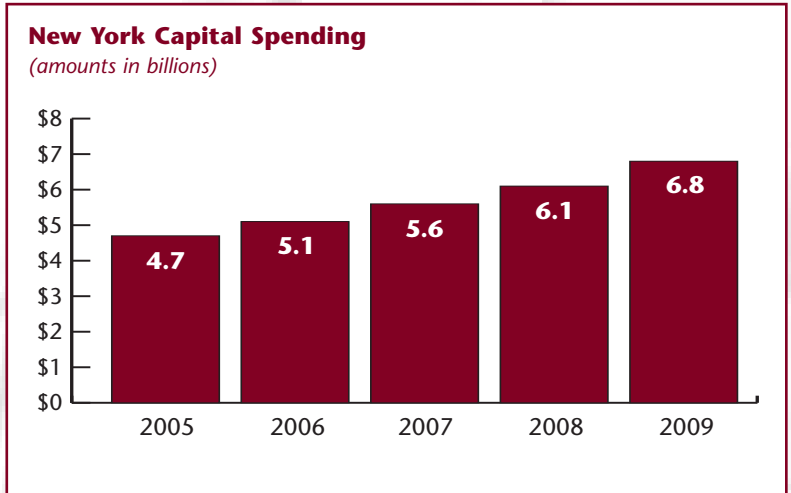
(amounts in billions)



## CAPITAL

A deterioration in capital assets can have a direct impact on the State's economy and its ability to attract and retain business. Capital assets include facilities for transportation, education, government, health and recreation.

- Overall capital spending in 2009 was \$2.1 billion (45 percent) higher than in 2005. Transportation and other related spending accounts for most of the increase.
- In 1994, the pay-as-you-go share of non-federal capital financing was 51 percent. Since then, pay-as-you-go financing has averaged 40 percent.
- In the current Capital Program and Financing Plan, spending is projected to average \$10.3 billion per year through 2013-14. At the same time, the projected share of non-federal capital spending financed on a pay-as-you-go basis will average 32 percent over the 5 year period.
- At March 31, 2009 the State reported \$88.9 billion in capital assets, an increase of \$1.9 billion or 2.2 percent from the prior year. Capital assets include buildings, construction in progress, equipment, land preparation, and infrastructure such as roads and bridges.



## NEW YORK'S PUBLIC AUTHORITIES

Public authorities are legally separate entities that are created by government to provide services to the public as well as to State and local governments. While public authorities are generally supported through revenues derived from their activities, State and local governments do, in some cases, provide financial assistance and support for operating and other expenses. New Yorkers pay for public authorities in the form of rates, tolls or fees, and New York taxes offset authority-related tax exemptions and pay the debt service on certain authority-issued debt.

- As of December 31, 2008, the 19 public authorities shown in the chart below had outstanding debt of \$100 million or more, and the aggregate outstanding debt, including refunding bonds, of these public authorities was over \$140 billion, only a portion of which constitutes State-supported or State-related debt.
- Public authorities and subsidiaries that submit annual employee data to the Comptroller via the Public Authorities Reporting Information System (PARIS) reported over 96,000 employees in 2008.\*
- Public authorities and subsidiaries that submit annual procurement data to the Comptroller via PARIS reported making payments of over \$5.9 billion pursuant to contracts in 2008.\*

The fiscal stability of the State is related in part to the fiscal stability of certain public authorities closely related to the State. The State's access to public credit markets could be impaired if certain public authorities closely associated to the State were to default on their obligations.

\* The data contained in PARIS and used in this report is self-reported by the authorities. Not all authorities have complied with reporting requirements for 2008.

### Outstanding Debt of Certain Authorities <sup>(1)(2)(3)</sup> as of December 31, 2008

(millions of dollars)

Source: Office of the State Comptroller

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

<sup>(2)</sup> Amounts outstanding reflect 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.

<sup>(3)</sup> Includes short-term and long-term debt.

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

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

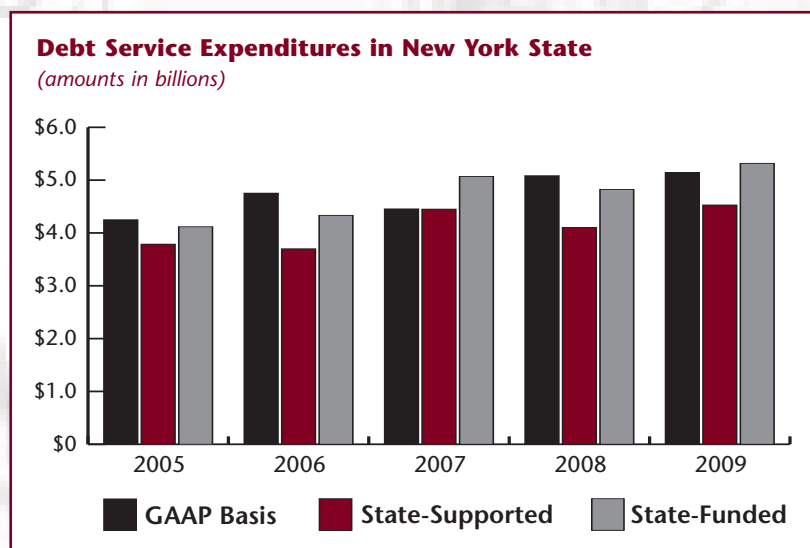
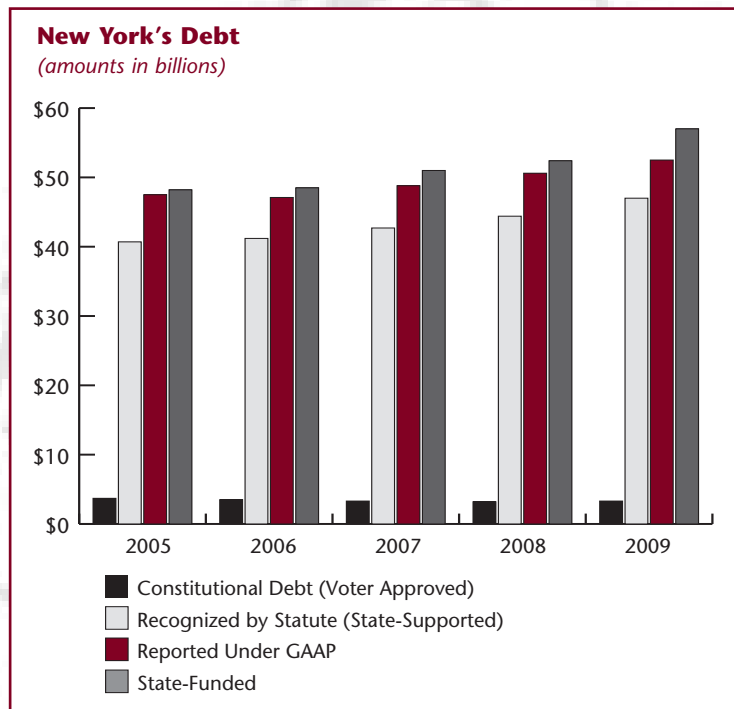
<sup>(6)</sup> Includes \$155 million in bonds issued by ERDA and contained in amounts reported for both ERDA and LIPA.

Authority	Total Debt	State Debt <sup>(4)</sup>
Dormitory Authority <sup>(5)</sup>	\$38,092	\$17,109
Metropolitan Transportation Authority	18,105	2,194
Port Authority of NY & NJ	12,991	—
Thruway Authority	12,640	10,312
Housing Finance Agency	9,251	1,497
Triborough Bridge and Tunnel Authority	8,426	119
Environmental Facilities Corporation	8,167	830
Long Island Power Authority (LIPA) <sup>(6)</sup>	6,864	—
Empire State Development Corporation/UDC	6,655	6,348
Local Government Assistance Corporation	3,848	3,848
Energy Research and Development Authority (ERDA) <sup>(6)</sup>	3,632	2
Tobacco Settlement Financing Corporation	3,588	3,588
State of New York Mortgage Agency	3,237	—
Power Authority	2,096	—
Battery Park City Authority	1,023	—
Convention Center Development Corporation	700	—
Municipal Bond Bank Agency	481	442
Niagara Frontier Transportation Authority	185	—
United Nations Development Corporation	123	—
<b>TOTAL OUTSTANDING</b>	<b>\$140,104</b>	<b>\$46,289</b>

## DEBT

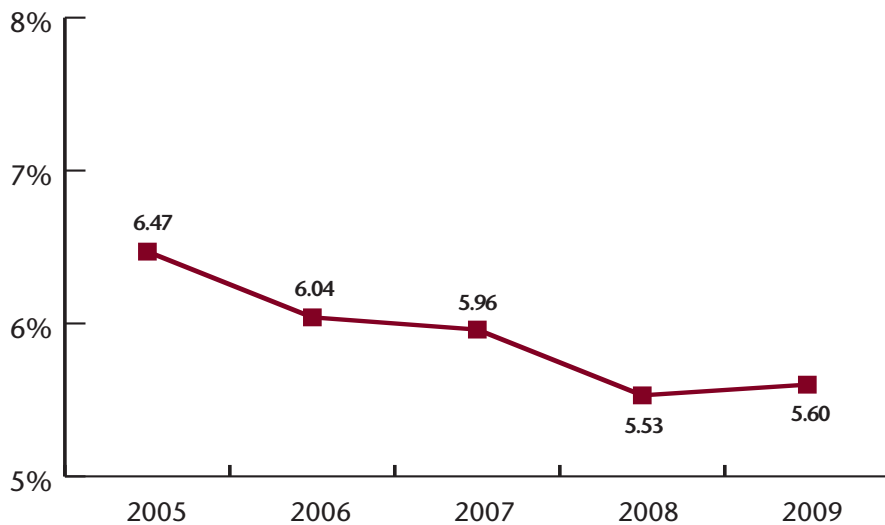
The debt burden of a governmental entity directly affects its ability to provide current services as well as its long term fiscal health. Existence of high levels of government borrowing may:

- Indicate that the State is unable to support current programs with current revenues.
- Force future program reductions, increased taxation or additional borrowing when future resources are needed to repay debt.
- Limit capacity to finance additional capital assets, budgetary deficits, and capital grants.
- Several different measurements of the State's debt burden are reported at March 31, 2009 as follows:
  - Constitutionally recognized (voter-approved) general obligation debt (\$3.3 billion).
  - State-supported debt as statutorily defined in the Debt Reform Act of 2000, certificates of participation and certain capital leases for state facilities (\$47 billion).
  - Debt reported in accordance with full accrual accounting – GAAP (\$52.5 billion).
  - State-funded debt (\$57 billion). This category has been defined by the State Comptroller as a comprehensive measurement of the State's debt burden, and includes all instances where the State makes payments with State resources, directly or indirectly, to a public authority, bank trustee or municipal issuer to enable them to make payments on debt issued for State purposes.
- Since 2005 debt recognized under the State Constitution (voter-approved) has decreased 11 percent, State-supported debt has increased 15 percent, debt recognized in accordance with GAAP has increased 11 percent, and State-funded debt has increased 18 percent.
- In 2008, New York State was the 2nd most indebted state behind California and had nearly twice as much debt as the 3rd most indebted state. In 2008, New York State also ranked 5th among all states in debt per person.
- On March 31, 2009, New York State's outstanding debt per person was \$2,693 which was equal to nearly 6 percent of New Yorkers' personal income.
- The State's general obligation bond ratings are assigned as follows: Aa3 by Moody's Investors Service, AA- by Fitch Ratings, and AA by Standard & Poor's (S&P) Rating Services.
- Significant differences exist between debt reported under the State-funded measurement (cash reporting) criteria and debt reported under GAAP: State-funded debt includes certain obligations that are not recognized as a State liability under GAAP, including \$2.4 billion in bonds outstanding issued in fiscal year 2005 that will be repaid from future sales tax revenues of the State and \$3.7 billion in bonds outstanding issued since fiscal year 2007 that will be repaid with dedicated local assistance payments from the State; debt reported under GAAP but not counted in the State-funded debt measurement includes bond premiums (\$1.4 billion), accumulated accretion on capital appreciation bonds (\$175 million), and vendor financed capital lease obligations and mortgage loan commitments (\$388 million).



### Total State Debt (GAAP Basis)

(as a percentage of personal income)



*Note that much of the decline is due to personal income growing faster than debt outstanding.*

- The State's current Capital Program & Financing Plan (updated July 30, 2009) projects \$26.8 billion in new State-supported debt issuance and \$16.5 billion in State-supported debt retirement through March 31, 2014, meaning the State will issue debt almost twice as fast as it retires debt.
- State-funded debt service totaled \$5.3 billion in SFY 2008-09 and is expected to grow to nearly \$7.8 billion by 2014.
- Based upon scheduled repayment dates, the State's accumulated deficit financing (\$7.9 billion as of March 31, 2009) will not be fully repaid until 2025. This includes bonds issued by the New York Local Government Assistance Corporation, Municipal Bond Bank Agency, and the Tobacco Settlement Financing Corporation. There is an additional \$2.5 billion in debt outstanding associated with budget relief, including debt issued by the Sales Tax Asset Receivable Corporation.
- The State has relied upon variable rate debt and interest rate exchange agreements (swaps) to lower the cost of borrowing and facilitate restructuring of its debt portfolio. As of March 31, 2009, the State had \$4.3 billion in variable-to-fixed swaps, \$596 million of fixed-to-variable rate swaps, \$1.7 billion in un-hedged variable rate bonds outstanding, and \$1.8 billion in convertible bonds whose interest rates reset to either a new fixed or new variable rate at dates ranging from 2011 to 2013.

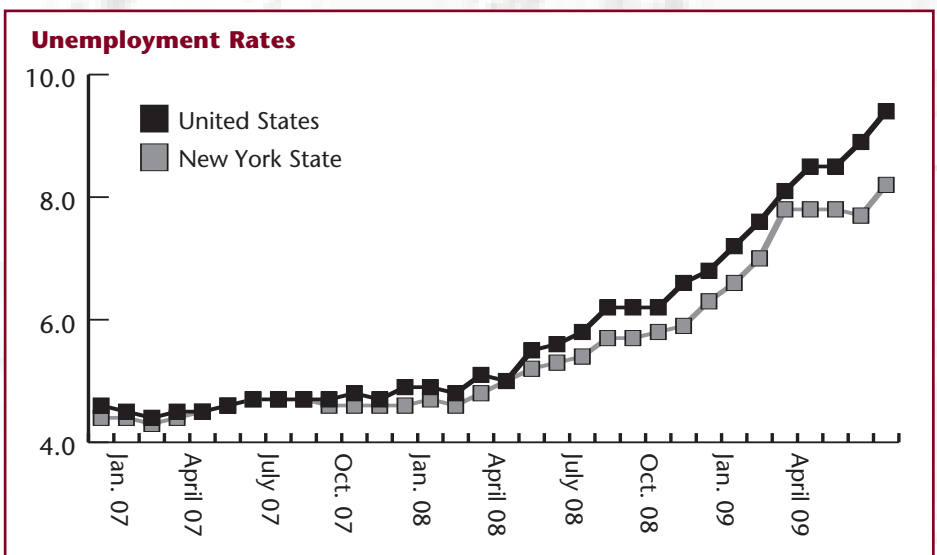
## ECONOMIC AND DEMOGRAPHIC TRENDS

Economic and demographic trends affect both the demand for State programs (such as education, Medicaid, social assistance, and economic development) and the level of resources that can be generated to fund these programs.

- The downturn in the housing market and the worldwide financial crisis caused the nation's economy to enter into recession in December 2007. Although the nation's inflation-adjusted Gross Domestic Product (GDP) still grew at an average annual rate of 0.4 percent for all of 2008, in the fourth quarter of 2008 the GDP declined at a 5.4 percent annualized rate. During the first quarter of 2009, the GDP declined at a 6.4 percent annualized rate. These were the sharpest declines in any two consecutive quarters in more than 30 years.
- The recession has been particularly severe in parts of the nation where home prices have fallen sharply and foreclosures have surged. Nationwide, home prices (as measured by the S&P/Case-Shiller Home Price Index) fell by 32 percent between June 2006 and April 2009. In some metropolitan areas, notably in Arizona, California, Florida, and Nevada, price declines have approached 50 percent. In the downstate New York metropolitan area, the decline has reached 20.9 percent.
- The worldwide financial crisis has resulted in a significant reduction in the value of financial assets. The Dow Jones Industrial Average, for example, fell from its historic peak of 14,164 in October 2007 to 6,547 in early March 2009, a decline of 53.8 percent.
- The decline in home prices and financial assets contributed to a \$10.9 trillion reduction in the net worth of American households in 2008, a decline of 17.4 percent. This loss of wealth, combined with the impact of the recession on jobs and income, caused consumers to cut back on their spending (which declined by 4.1 percent in the second half of 2008) and to begin boosting their savings. The savings rate rose from zero percent in April 2008 to 5.7 percent in April 2009.
- Growth in New York's inflation-adjusted GDP slowed to 1.6 percent in 2008, the lowest rate of increase since 2003. While growth in the State exceeded that of the nation, New York State's ranking for GDP growth among the states fell from 7th in 2007 to 18th in 2008. IHS Global Insight estimates that the statewide GDP declined at annualized rates of 5.9 percent in the fourth quarter of 2008 and 4.3 percent in the first quarter of 2009.
- Nationally, average annual employment declined by 0.4 percent in 2008, the first annual decline since

2003. Employment declined in 28 states in 2008 (up from 3 states in 2007). The states hit the hardest had high concentrations of jobs in construction and manufacturing. For the first five months of 2009, average national employment declined by 3.4 percent compared to the same period in 2008. Through May 2009, the nation lost a total of 6 million jobs since its employment peaked in December 2007 (on a seasonally adjusted basis).

- In New York State, employment still increased on an average annual basis in 2008 (by 0.7 percent), although job losses began in the second half of the year. Because annual employment rose in New York but declined in the majority of the other states, New York's ranking for job growth rose to 12th in 2008 from 20th in 2007. During the first five months of



2009, employment in the State declined at an average rate of 1.8 percent compared to the same period in 2008. Through May 2009, New York State lost a total of 227,200 jobs since its employment peaked in July 2008 (on a seasonally adjusted basis).

- Within the State, New York City had the highest rate of average annual job growth in 2008 (1.2 percent), followed by the Ithaca and Buffalo metropolitan areas (1.1 percent and 0.8 percent, respectively). Average annual employment declined in only one region of the State in 2008 (the Mid-Hudson Valley). In the first five months of 2009, however, average employment has declined in all parts of the State when compared to the same period of 2008. The largest rates of decline were in New York City, Long Island, and Buffalo (each declined by 2.2 percent).
- The recession has caused unemployment rates to rise sharply. Nationally, the seasonally adjusted unemployment rate rose from 4.9 percent in January 2008 to 9.4 percent in May 2009. Although New York State's unemployment rate has also risen during this period, from 4.7 percent to 8.2 percent, the increase has been less severe than in the nation as a whole.

## Job Growth and Employment Levels — New York State versus the United States

(thousands of jobs)

	New York State			United States		
	Percentage Change 2007-08	Percentage Change 2008-09	2009 Level	Percentage Change 2007-08	Percentage Change 2008-09	2009 Level
Manufacturing	-3.2%	-6.7%	500.5	-2.3%	-10.0%	12,211.6
Mining and Construction	4.7%	-6.5%	326.8	-3.1%	-11.5%	6,963.2
Trade, Transportation and Utilities	0.8%	-3.4%	1,461.8	0.1%	-4.2%	25,254.4
Information	-0.3%	-2.7%	254.5	-0.5%	-4.0%	2,890.2
Financial Activities	-0.3%	-4.2%	692.7	-1.6%	-4.3%	7,822.4
Professionals and Business Services	2.7%	-3.1%	1,109.9	0.5%	-5.7%	16,757.8
Educational and Health Services	1.9%	1.9%	1,665.1	2.9%	2.5%	19,229.0
Leisure and Hospitality	3.1%	-1.0%	681.6	1.2%	-2.4%	12,919.2
Other Services	1.4%	0.4%	366.7	0.9%	-1.8%	5,408.4
Government	<u>0.6%</u>	<u>-0.2%</u>	<u>1,513.4</u>	<u>1.3%</u>	<u>0.6%</u>	<u>22,850.2</u>
Total Nonfarm	1.2%	-1.8%	8,573.0	0.3%	-3.4%	132,306.4

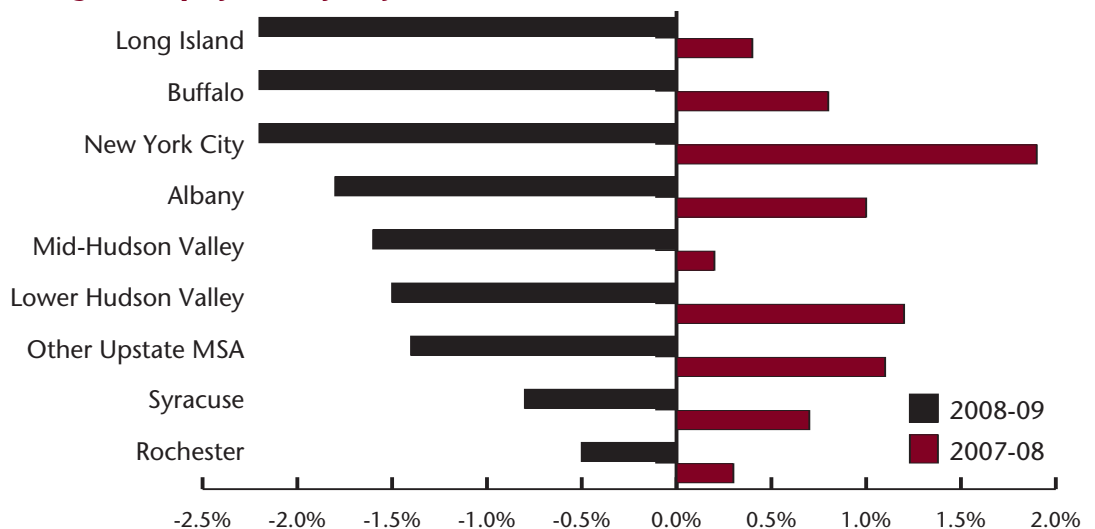
- New York City's unemployment rate has been following the same upward trend as the State's. During the first five months of 2009, the unemployment rate in the City averaged 8.1 percent, compared to 7.9 percent for the State in this period.

- Across New York State, average unemployment rates for the first five months of 2009 were highest in Lewis (11 percent), Hamilton (10.9 percent), and Essex (10.7 percent) counties, and lowest in Tompkins (5.5 percent), Putnam (6.5 percent), and Albany (6.6 percent) counties. Compared to the first five months of 2008, the unemployment rate increased in every county in the State.

- The economic health of both the State and New York City is closely tied to the securities industry. In 2006, before the current downturn began, the industry represented only 2.3 percent of all jobs in the State but accounted for 15.4 percent of the total compensation paid. In New York City, which contains 89 percent of all securities industry jobs in the State, the industry accounted for 5.1 percent of all City jobs and 25.3 percent of all City wages paid. Wall Street was also responsible for about 20 percent of State tax revenues and 12 percent of City tax revenues.

- The financial crisis that began in the subprime mortgage sector in early 2007 intensified during 2008 and reached a peak in the fall of that year. The crisis brought about the failure of a major investment bank,

### Change in Employment by Major Area



the sale of two other investment firms, and the conversion of the remaining independent investment firms into bank holding companies. Government intervention was used to stabilize the industry and prevent further failures. Overall, the broker/dealer operations of the securities industry lost a record \$42.9 billion in 2008.

- The downturn in the financial sector will have a greater impact on New York State than the declines in housing and manufacturing. The State Comptroller estimates that every securities industry job added in New York City creates two other jobs in the City and one job in the City's suburbs. During a financial downturn, the reverse is also true. As a result, Wall Street-related job losses are spreading throughout the State and City economies.

- Between its peak in November 2007 and May 2009, seasonally adjusted employment in New York City's securities industry fell by 24,200 jobs. For the City as a whole, employment peaked in July 2008, and losses through May 2009 have reached 109,900 jobs.

- Jobs in the securities sector are among the highest paid in the State. In 2007, the average salary was \$380,250 compared with \$86,600 in the rest of the financial sector and \$49,230 in nonfinancial industries. A large component of the industry's compensation is paid in the form of year-end bonuses. In 2008, these bonuses declined by 44 percent to \$18.4 billion. The sharp decline in Wall Street compensation has had a significant impact on tax receipts and income levels for the State.

- Between 2003 and 2007, statewide personal income rose at an average annual rate of 6.8 percent, helped by strong gains on Wall Street during that period. With the slowdown in the financial sector, growth in personal income in New York State slowed to 4 percent in 2008. As the financial crisis has had a more significant impact on New York State than on many other states, New York's ranking for income growth fell from 18th in 2007 to 29th in 2008.

- Although income growth in the State has slowed, New York State's per capita income in 2008 (\$48,076) continued to be higher than the national level (\$39,751), and ranked sixth among the states, behind Connecticut, New Jersey, Massachusetts, Wyoming, and Maryland.

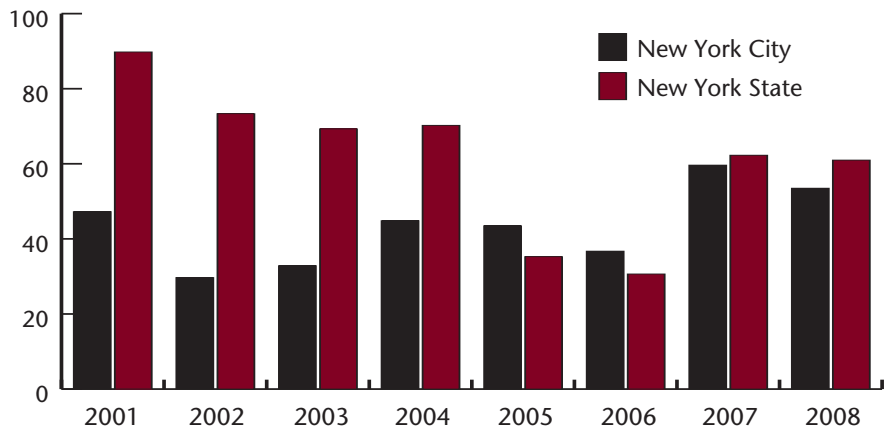
- Between 2000 and 2008, New York State's population grew by almost 500,000 people to reach 19.5 million people. New York's rate of population increase during this period (2.6 percent)

ranked 40th among the states. Although during the decade the State had the second-highest rate of international immigration and the third-highest rate of natural increase (i.e., births exceeding deaths) in the nation, overall population growth has been held down by the large number of residents who moved out of New York to other parts of the nation. The rate of relocation, however, slowed markedly in 2008 as the recession reduced economic opportunities and the decline in home prices made moving more difficult.

- New York City accounts for 42.2 percent of the total population in the State, and since 2000 the City's population has increased at a faster rate (4.3 percent) than in the State as a whole (2.6 percent). Since 2005, virtually all of the State's population increase has occurred in New York City.

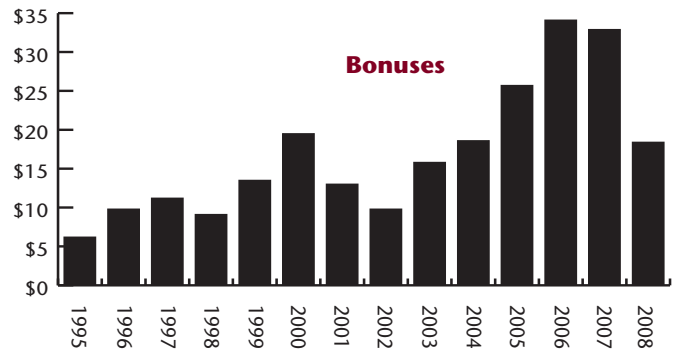
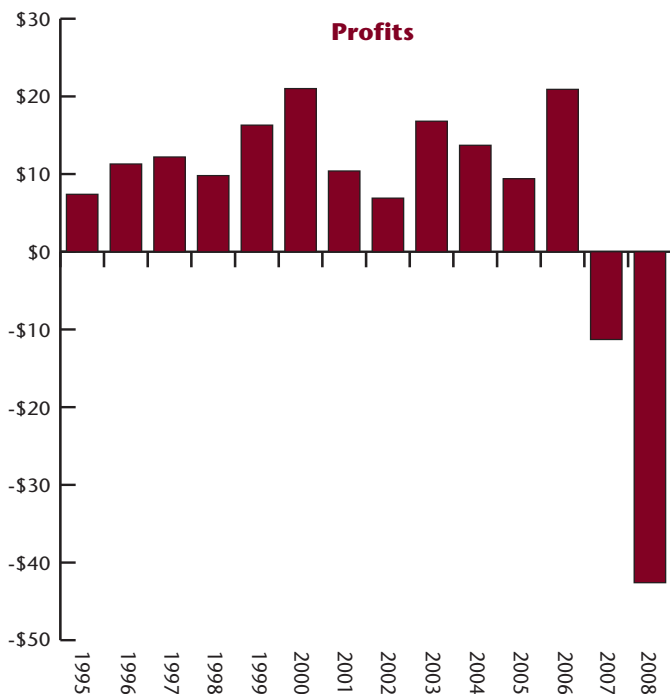
### Population Change in New York State and New York City

(amounts in thousands)



### Wall Street Profits and Bonuses

(amounts in billions)



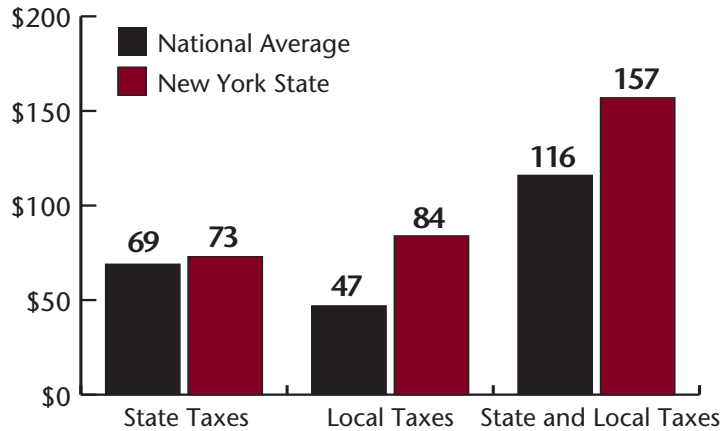


## TAXES: WHERE NEW YORK STANDS

- In fiscal year 2006, New York's combined State and local tax revenues were 35.3 percent above the national average per \$1,000 of personal income. Local taxes were 78.7 percent above the national average while State taxes were only 5.8 percent above the national average.
- New York has the second highest combined State and local taxes as a percentage of personal income in the nation with local taxes ranking first and State taxes ranking 24th.
- Local property tax levies grew by 73 percent from 1998 to 2008, more than twice the rate of inflation during that period (32 percent).
- In 2006, New York taxpayers with incomes exceeding \$200,000 represented 5.2 percent of all taxpayers, but accounted for 55.2 percent of all State personal income taxes paid in New York.
- New York relies more heavily on the personal income tax as a source of revenue than most states. In 2008, personal income tax as a percentage of total taxes was 55.9 percent in New York while the national average was 35.9 percent.

### Taxes per \$1,000 of Personal Income — New York versus the National Average

fiscal year ending in 2006



## IMPLICATIONS FOR THE FUTURE

Total State spending from all governmental funds is expected to approach \$150 billion by 2012-13, representing an increase of 22.6 percent over 2008-09 and 67.4 percent from 2002-03, representing average annual growth of 5.3 percent.

The First Quarter Update to the SFY 2009-10 Enacted Budget Financial Plan follows a historic trend in which budget growth is dominated by Medicaid, aid to local school districts and debt service, which, when counted together, made up 50.2 percent of All Governmental Funds spending in SFY 2008-09. By SFY 2012-13, combined spending for Medicaid, school aid and debt service will account for 52.4 percent of the budget. In addition, these three areas make up nearly 62 percent of the projected growth between SFY 2008-09 and SFY 2012-13. While average annual growth in school aid is expected to decline, compared to historic figures, average annual growth in Medicaid and debt service are projected to increase significantly.

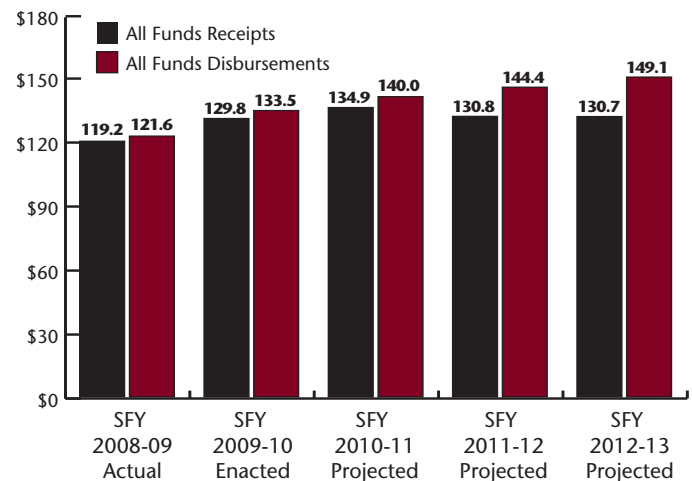
Currently, only the General Fund (approximately 45 percent of All Governmental Funds in 2008-09) is required to be balanced in the Enacted Budget. The SFY 2009-10 Enacted Budget had to close a General Fund current services gap of \$17.9 billion. Lawmakers utilized either temporary or non-recurring actions to close 62 percent of the gap with recurring measures being used for the remaining 38 percent.

According to the First Quarterly Update to the SFY 2009-10 Enacted Budget Financial Plan, All Governmental Funds revenue collections are projected to grow only 9.6 percent between March 31, 2009 and March 31, 2013, as compared to spending growth of 22.6 percent, resulting in a spending gap of nearly \$18 billion by the end of 2013.

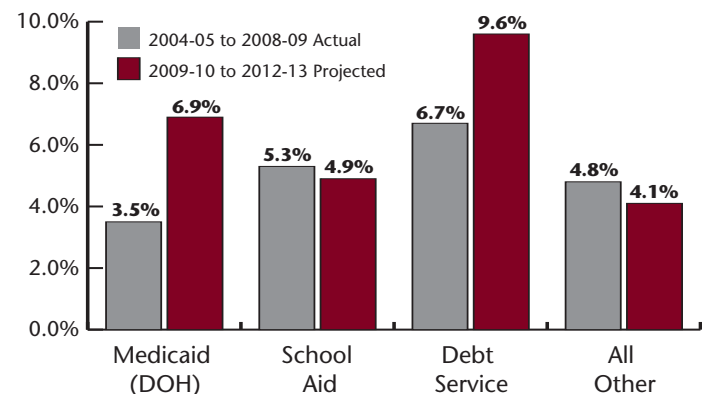
New York has a history of structural imbalance with recurring spending exceeding recurring revenue. In the past, to address the structural imbalance, the State has borrowed money to provide either budget relief or deficit financing. As of March 31, 2009, over 18 percent or \$10.4 billion of New York's State Funded debt outstanding was issued to provide budget relief or deficit financing. The State paid over \$1.1 billion in debt service for these obligations in 2008-09. In addition, to pay for recurring expenses in the last five years, the State has also relied on nearly \$25 billion in non-recurring resources, or one-shots, including dedicated fund sweeps, the sale of the State's share of the Master Settlement Agreement tobacco revenue, insurance conversion proceeds and the sale of assets. The regular use of these one-time resources only exacerbates the structural deficit.

### All Governmental Funds Projected Growth

(amounts in billions)



### Average Annual Growth Comparison

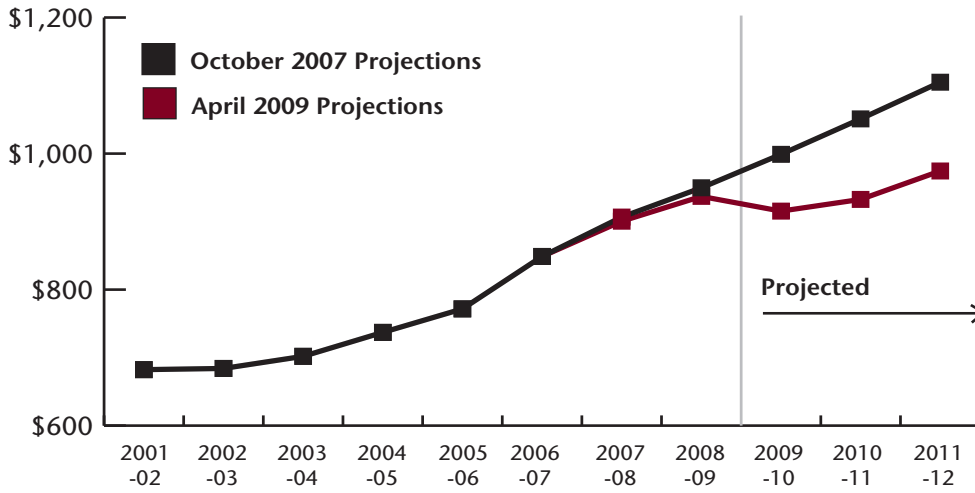


The State continues to rely heavily on debt to finance its infrastructure. Annual State-Supported debt issuance is increasing significantly and the SFY 2009-10 Enacted Capital Program and Financing Plan projects it will continue to increase. Average annual debt issuance over the next five years is projected to be 50 percent greater than the previous five years.

While New York faces challenges with its ongoing structural deficit and how it is annually addressed, other challenges directly related to the current economic conditions are beginning to become more apparent. In addition, the current recession has caused economists to significantly lower projections for personal income. According to the Debt Reform Act of 2000, State-Supported debt outstanding is limited to four percent of personal income within the State.

### Comparison of Personal Income Projections

(amounts in billions)

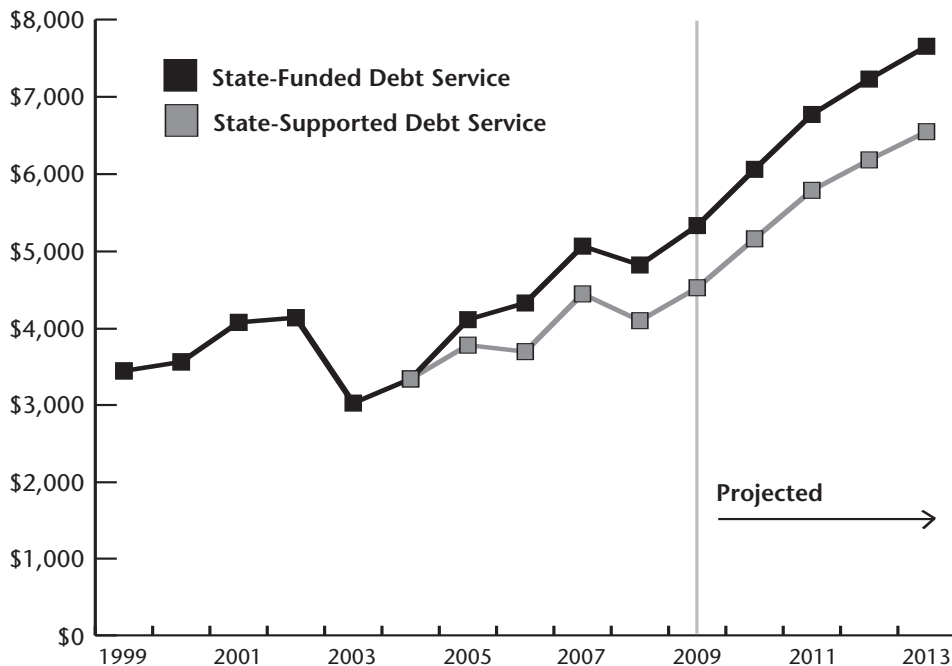


Between October 2007 and July 2009, SFY 2011-12 personal income projections were reduced over 10 percent, thus reducing available debt capacity by over \$4.5 billion in that year. According to the Division of the Budget, the State will have less than \$700 million in available debt capacity by the end of SFY 2013-14 when the cap on debt outstanding is fully phased in, compared to over \$9 billion in available capacity in SFY 2008-09.

The State's increased reliance on debt contributes to increased debt service requirements in the future. The First Quarter Update to the SFY 2009-10 Enacted Budget Financial Plan projects debt service will grow an average of 9.6 percent annually over the next four years, making debt service one of the fastest growing budget areas.

### Projected State-Funded and State-Supported Debt Service

(amounts in millions)



## APPENDIX 1

### STATE FUNDS SPENDING BY MAJOR SERVICE FUNCTION

(amounts in millions)

STATE FUNDS SPENDING FOR THE FISCAL YEAR ENDING MARCH 31:	2005	2006	2007	2008	2009
<b>EDUCATION</b>	<b>\$25,981</b>	<b>\$27,094</b>	<b>\$29,733</b>	<b>\$32,079</b>	<b>\$33,606</b>
Public Schools	16,581	17,394	19,051	20,868	22,523
School Tax Relief (STAR)	3,059	3,213	3,321	3,559	3,224
State University of New York	4,438	4,804	5,289	5,546	5,844
City University of New York	860	620	1,065	1,101	1,067
Tuition Assistance Program	929	943	866	860	812
Higher Education Services Corporation	69	76	89	90	87
Cultural Programs	45	44	52	55	49
<b>STAR PROPERTY TAX REBATES</b>	<b>—</b>	<b>—</b>	<b>673</b>	<b>1,099</b>	<b>1,212</b>
<b>PUBLIC HEALTH</b>	<b>14,577</b>	<b>17,623</b>	<b>19,477</b>	<b>19,151</b>	<b>18,344</b>
Health and Mental Health Services	3,450	4,371	5,815	5,896	5,781
Medical Assistance (Medicaid)	11,127	13,252	13,662	13,255	12,563
<b>PUBLIC WELFARE</b>	<b>3,590</b>	<b>3,594</b>	<b>3,681</b>	<b>4,254</b>	<b>4,049</b>
Public Welfare	3,175	3,182	3,275	3,819	3,596
Public Housing	188	191	198	220	232
Employment Services	227	221	208	215	221
<b>PUBLIC SAFETY</b>	<b>3,262</b>	<b>3,443</b>	<b>4,049</b>	<b>4,075</b>	<b>4,011</b>
Criminal Justice & Correctional Alternatives	947	1,070	1,161	1,226	1,240
Emergency Management & Security Services	78	90	183	163	118
Prisons and Reformatories	2,237	2,283	2,705	2,686	2,653
<b>TRANSPORTATION</b>	<b>3,600</b>	<b>4,143</b>	<b>4,288</b>	<b>4,880</b>	<b>5,238</b>
Traffic Safety	187	189	198	210	220
Transportation	3,413	3,954	4,090	4,670	5,018
<b>ENVIRONMENT AND RECREATION</b>	<b>780</b>	<b>859</b>	<b>920</b>	<b>998</b>	<b>1,030</b>
Environmental Protection	515	551	583	658	613
Parks, Recreation & Historic Preservation	265	308	337	340	417
<b>SUPPORT AND REGULATE BUSINESS</b>	<b>474</b>	<b>754</b>	<b>599</b>	<b>900</b>	<b>1,155</b>
Commerce, Industry & Agriculture	262	459	439	604	812
Regulate Business	212	295	160	296	343
<b>SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS</b>	<b>1,034</b>	<b>1,079</b>	<b>1,198</b>	<b>949</b>	<b>1,240</b>
<b>REPAY BORROWED MONEY AND REDUCE DEBT</b>	<b>3,788</b>	<b>3,701</b>	<b>4,451</b>	<b>4,104</b>	<b>4,530</b>
<b>GENERAL GOVERNMENT</b>	<b>7,428</b>	<b>8,113</b>	<b>8,771</b>	<b>9,135</b>	<b>9,218</b>
Executive Agencies	1,014	1,094	1,148	1,174	1,186
Office of the State Comptroller	160	171	177	176	186
Office of the Attorney General	161	166	180	176	199
Legislature	207	210	213	217	222
Court Administration	1,506	1,616	1,729	1,794	1,967
Pension Contributions & Other Employee Benefits	4,090	4,505	4,953	5,248	5,152
Other	290	351	371	350	306
<b>TOTAL STATE FUNDS SPENDING</b>	<b><u>\$64,514</u></b>	<b><u>\$70,403</u></b>	<b><u>\$77,840</u></b>	<b><u>\$81,624</u></b>	<b><u>\$83,633</u></b>

## APPENDIX 2

### FEDERAL FUNDS SPENDING BY MAJOR SERVICE FUNCTION

(amounts in millions)

FEDERAL FUNDS SPENDING FOR THE FISCAL YEAR ENDING MARCH 31:	2005	2006	2007	2008	2009
<b>EDUCATION</b>	<b>\$3,506</b>	<b>\$3,815</b>	<b>\$3,780</b>	<b>\$3,539</b>	<b>\$3,733</b>
Public Schools	3,319	3,649	3,600	3,330	3,515
State University of New York	167	159	167	188	206
Tuition Assistance Program	12	2	7	17	8
Higher Education Services Corporation	7	4	6	3	4
Cultural Programs	1	1	—	1	—
<b>PUBLIC HEALTH</b>	<b>23,920</b>	<b>22,799</b>	<b>24,126</b>	<b>23,715</b>	<b>26,297</b>
Health and Mental Health Services	3,700	3,790	3,897	4,152	4,538
Medical Assistance (Medicaid)	20,220	19,009	20,229	19,563	21,759
<b>PUBLIC WELFARE</b>	<b>5,053</b>	<b>5,127</b>	<b>4,635</b>	<b>4,608</b>	<b>5,362</b>
Public Welfare	4,490	4,617	4,170	4,177	4,909
Public Housing	13	17	15	15	15
Employment Services	550	493	450	416	438
<b>PUBLIC SAFETY</b>	<b>1,731</b>	<b>302</b>	<b>467</b>	<b>550</b>	<b>400</b>
Criminal Justice & Correctional Alternatives	306	125	172	182	204
Emergency Management & Security Services	1,410	147	266	335	152
Prisons and Reformatories	15	30	29	33	44
<b>TRANSPORTATION</b>	<b>1,353</b>	<b>1,233</b>	<b>1,308</b>	<b>1,392</b>	<b>1,479</b>
Traffic Safety	14	12	12	14	16
Transportation	1,339	1,221	1,296	1,378	1,463
<b>ENVIRONMENT AND RECREATION</b>	<b>242</b>	<b>269</b>	<b>195</b>	<b>220</b>	<b>175</b>
Environmental Protection	235	263	187	213	164
Parks, Recreation & Historic Preservation	7	6	8	7	11
<b>SUPPORT AND REGULATE BUSINESS</b>	<b>16</b>	<b>22</b>	<b>19</b>	<b>12</b>	<b>13</b>
Commerce, Industry & Agriculture	15	21	18	11	12
Regulate Business	1	1	1	1	1
<b>SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS</b>	<b>102</b>	<b>107</b>	<b>105</b>	<b>121</b>	<b>116</b>
<b>GENERAL GOVERNMENT</b>	<b>231</b>	<b>264</b>	<b>289</b>	<b>277</b>	<b>364</b>
Executive Agencies	24	29	41	34	110
Office of the Attorney General	22	24	24	22	26
Court Administration	3	5	5	5	6
Pension Contributions & Other Employee Benefits	182	206	219	216	222
<b>TOTAL FEDERAL FUNDS SPENDING</b>	<b><u>\$36,154</u></b>	<b><u>\$33,938</u></b>	<b><u>\$34,924</u></b>	<b><u>\$34,434</u></b>	<b><u>\$37,939</u></b>

## APPENDIX 3

### STATE RECEIPTS BY MAJOR SOURCE

(amounts in millions)

STATE RECEIPTS FOR THE FISCAL YEAR ENDING MARCH 31:	2005	2006	2007	2008	2009
<b>TOTAL TAXES</b>	<b>\$48,642</b>	<b>\$53,578</b>	<b>\$58,739</b>	<b>\$60,871</b>	<b>\$60,338</b>
<b>PERSONAL INCOME TAX(1)</b>	<b>28,100</b>	<b>30,813</b>	<b>34,580</b>	<b>36,564</b>	<b>36,840</b>
<b>CONSUMER TAXES AND FEES</b>	<b>13,080</b>	<b>13,857</b>	<b>13,456</b>	<b>13,993</b>	<b>14,004</b>
Sales Tax	11,016	11,196	10,739	11,296	10,985
Motor Vehicle Fees	710	720	769	748	723
Tobacco Products Taxes	406	974	985	976	1,340
Motor Fuel Tax	530	531	513	525	504
Beverage Taxes	227	234	252	253	250
Highway Use Tax	151	160	153	148	141
Auto Rental Tax	40	42	45	47	61
<b>BUSINESS TAXES</b>	<b>5,806</b>	<b>7,088</b>	<b>8,606</b>	<b>8,231</b>	<b>7,604</b>
Corporation Franchise Tax	2,111	3,053	4,228	3,997	3,220
Corporation and Utilities Taxes	827	832	820	802	863
Insurance Taxes	1,108	1,083	1,258	1,219	1,181
Bank Tax	675	974	1,210	1,058	1,233
Petroleum Business Tax	1,085	1,146	1,090	1,155	1,107
<b>OTHER TAXES</b>	<b>1,656</b>	<b>1,820</b>	<b>2,097</b>	<b>2,083</b>	<b>1,890</b>
Real Property Gains Tax	1	1	-	-	-
Estate and Gift Taxes	898	857	1,053	1,037	1,165
Parimutuel Taxes	26	23	21	24	23
Real Estate Transfer Taxes	730	938	1,022	1,021	701
Racing and Exhibition Taxes	1	1	1	1	1
<b>GAMING - LOTTERY INCOME, VLT &amp; CASINO</b>	<b>2,222</b>	<b>2,413</b>	<b>2,611</b>	<b>2,904</b>	<b>2,800</b>
<b>FEDERAL RECEIPTS</b>	<b>36,213</b>	<b>35,129</b>	<b>35,579</b>	<b>34,909</b>	<b>38,833</b>
<b>OTHER RECEIPTS</b>	<b>11,819</b>	<b>14,186</b>	<b>13,273</b>	<b>14,192</b>	<b>14,330</b>
Student Tuition and Fees (SUNY/CUNY)	1,800	1,965	2,096	2,123	2,279
Patient/Client Care	1,412	1,337	1,638	1,533	1,585
Income from Investments	78	264	501	535	225
Abandoned Property	563	541	701	686	692
Refunds and Reimbursements	704	740	710	1,003	1,039
Public Benefit Corporations (2)	430	225	238	498	679
Regulatory Assessments	1,242	1,310	1,594	1,496	1,876
EPIC Fees and Rebates	260	284	308	264	203
Public Asset Sale — Non-Profit Conversion	-	2,743	514	1,003	233
Transfers from Public Goods Pool	3,202	2,725	2,936	3,014	3,274
Transfers from Tobacco Settlement Fund	183	-	-	-	-
Miscellaneous Licenses, Fees and Other	1,945	2,052	2,037	2,037	2,245
<b>BORROWED AND ADDED TO DEBT</b>	<b>1,961</b>	<b>1,880</b>	<b>2,376</b>	<b>2,816</b>	<b>3,391</b>
Bonds and Notes Issued by the State	178	159	181	269	457
Public Authority Financings	1,783	1,721	2,195	2,547	2,934
<b>TOTAL RECEIPTS</b>	<b>\$100,857</b>	<b>\$107,186</b>	<b>\$112,578</b>	<b>\$115,692</b>	<b>\$119,692</b>

<sup>(1)</sup> Personal Income Tax (PIT) receipts have been restated to include funds that had been set aside to pay Personal Income Tax refunds in the following fiscal year and therefore, were not previously reported as receipts in 2004-2005.

<sup>(2)</sup> Includes General Receipts and Public Authority Cost Recoveries.

The seal of the Office of the State Comptroller of New York is a large, circular emblem on the left side of the page. It features a central figure of a woman in classical attire holding a scale of justice. The words "NEW YORK" are arched across the top, and "COMPTROLLER" is arched across the bottom. A banner at the bottom left contains the word "FIDELIUS".

# 2009 COMPTROLLER'S REPORT ON THE FINANCIAL CONDITION OF NEW YORK STATE

FOR FISCAL YEAR ENDED MARCH 31, 2009

Office of the State Comptroller • Thomas P. DiNapoli

## DATA SOURCES:

NYS Office of the State Comptroller  
NYS Department of Taxation and Finance  
NYS Division of the Budget  
NYS Commission on Correction  
NYS Division of Criminal Justice Services  
NYS Education Department  
NYS Department of Health  
NYS Department of Labor  
NYS Office of Temporary and Disability Assistance  
NYS Department of Transportation  
State University of New York  
NYS Statistical Yearbook, Rockefeller Institute of Government, 2007  
City University of New York  
NYC Office of Management and Budget  
Board of Governors of the Federal Reserve System  
Center for Law and Social Policy  
Children's Defense Fund  
IHS Global Insight  
National Center for Education Statistics  
National Education Association  
NYSE Euronext  
Standard & Poor's  
Statistical View of the Empire State - Congressional Quarterly  
Securities Industry and Financial Markets Association  
The Center for the Study of Education Policy, Illinois State University  
U.S. Commerce Department — Bureau of the Census and Bureau of Economic Analysis  
U.S. Department of Labor — Bureau of Labor Statistics



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