NEW ISSUE

In the opinion of the Attorney General of the State of New York, under existing law and assuming compliance with the tax covenants described herein, interest on the Series 2011A Tax-Exempt Bonds and the 2011C Tax-Exempt Bonds (collectively, the "Tax-Exempt Bonds") is excludable from gross income for Federal income tax purposes and is not a specific preference item for purposes of the Federal alternative minimum tax; 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 Tax-Exempt Bonds is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers, as described more fully herein.

Interest on the Series 2011B Taxable Bonds and the Series 2011D Taxable Bonds (collectively, the "Taxable Bonds") will be subject to Federal income taxes and personal income taxes imposed by the State and any political subdivision thereof, including The City of New York and the City of Yonkers.

See "PART I – SECTION 4 – TAX MATTERS" herein regarding certain other tax considerations.

STATE OF NEW YORK
GENERAL OBLIGATION BONDS

$478,185,000 Series 2011A Tax-Exempt Bonds
$21,865,000 Series 2011B Taxable Bonds
$231,125,000 Series 2011C Tax-Exempt Refunding Bonds
$97,925,000 Series 2011D Taxable Refunding Bonds

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

The Series 2011A Tax-Exempt Bonds (the "Series 2011A Tax-Exempt Bonds"), the Series 2011B Taxable Bonds (the "Series 2011B Taxable Bonds"), the Series 2011C Tax-Exempt Refunding Bonds (the "Series 2011C Tax-Exempt Refunding Bonds"), and the Series 2011D Taxable Refunding Bonds (the "Series 2011D Taxable Refunding Bonds", together with the Series 2011A Tax-Exempt Bonds, the Series 2011B Taxable Bonds, the Series 2011C 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." Principal on the Bonds will be payable as shown on the inside cover pages hereof. Interest on the 2011A Tax-Exempt Bonds and the Series 2011B Taxable Bonds will be payable beginning on August 15, 2011 and semi-annually thereafter on each February 15 and August 15 until maturity. Interest on the Series 2011C Tax-Exempt Refunding Bonds and the Series 2011D Taxable Refunding Bonds will be payable beginning on September 1, 2011 and semi-annually thereafter on each March 1 and September 1 until maturity. The Bonds will be subject to redemption prior to maturity as set forth herein.

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

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

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

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

Public Resources Advisory Group, New York, New York, is acting as financial advisor to the State in connection with the issuance of the Bonds. The Bonds will be available for delivery through the facilities of DTC on or about March 30, 2011.

Dated: March 22, 2011

STATE OF NEW YORK GENERAL OBLIGATION BONDS
AMOUNTS, MATURITIES, INTEREST RATES, AND YIELDS OR PRICES

$478,185,000 Series 2011A Tax-Exempt Bonds
(Base CUSIP Number†: 649791)

Amount	Maturity February 15	Interest Rate	Yield	CUSIP†	Amount	Maturity February 15	Interest Rate	Yield	CUSIP†
$11,995,000	2012	3.00%	0.38%	CY4	$18,555,000	2024	5.25%	3.69%	DL1
$12,350,000	2013	5.00%	0.70%	CZ1	$19,530,000	2025	5.25%	3.85%	DM9
$12,975,000	2014	5.00%	1.05%	DA5	$20,550,000	2026	4.00%	4.15%	DN7
$13,620,000	2015	5.00%	1.52%	DB3	$21,360,000	2027	4.00%	4.24%	DP2
$14,305,000	2016	5.00%	1.82%	DC1	$22,215,000	2028	5.00%	4.17%	DQ0
$15,020,000	2017	5.00%	2.12%	DD9	$23,325,000	2029	4.25%	4.43%	DR8
$15,765,000	2018	5.00%	2.47%	DE7	$24,315,000	2030	5.00%	4.34%	DS6
$16,560,000	2019	5.00%	2.75%	DF4	$25,530,000	2031	4.50%	4.60%	DT4
$17,385,000	2020	5.00%	3.00%	DG2	$ 9,575,000	2032	4.50%	4.66%	DU1
$18,255,000	2021	5.00%	3.22%	DH0	$11,030,000	2035	4.75%	4.86%	DW7
$17,075,000	2022	5.00%	3.42%	DJ6	$11,555,000	2036	5.00%	4.87%	DZ0
$17,925,000	2023	3.50%	3.65%	DK3	$12,130,000	2037	4.75%	4.90%	DX5

$20,510,000 5.00% Term Bonds due February 15, 2034, at a yield of 4.72%
(CUSIP†: 649791DV9)
$54,775,000 5.00% Term Bonds due February 15, 2041, at a yield of 4.90%
(CUSIP†: 649791DY3)

$21,865,000 Series 2011B Taxable Bonds
(Base CUSIP Number†: 649791)

Amount	Maturity February 15	Interest Rate	Yield	CUSIP†	Amount	Maturity February 15	Interest Rate	Yield	CUSIP†
$2,000,000	2012	1.00%	0.65%	EN6	$2,175,000	2017	2.90%	2.90%	ET3
$2,015,000	2013	1.15%	1.15%	EP1	$2,240,000	2018	3.25%	3.25%	EU0
$2,040,000	2014	1.60%	1.60%	EQ9	$2,315,000	2019	3.60%	3.60%	EV8
$2,075,000	2015	2.20%	2.20%	ER7	$2,395,000	2020	3.95%	3.95%	EW6
$2,120,000	2016	2.75%	2.75%	ES5	$2,490,000	2021	4.05%	4.05%	EX4

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† Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. 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.

$231,125,000 Series 2011C Tax-Exempt Refunding Bonds
(Base CUSIP Number†: 649791)

Amount	Maturity September 1	Interest Rate	Yield	CUSIP†	Amount	Maturity September 1	Interest Rate	Yield	CUSIP†
$77,075,000	2011	5.00%	0.295%	EY2	$ 485,000	2016	3.00%	1.920%	FD7
$57,305,000	2012	5.00%	0.470%	EZ9	$4,205,000	2017	3.00%	2.220%	FE5
$43,475,000	2013	5.00%	0.800%	FA3	$5,450,000	2018	3.00%	2.520%	FF2
$29,825,000	2014	5.00%	1.150%	FB1	$4,320,000	2019	3.00%	2.780%	FG0
$ 7,830,000	2015	4.00%	1.580%	FC9	$1,150,000	2020	3.00%	3.010%	FH8

$97,925,000 Series 2011D Taxable Refunding Bonds
(Base CUSIP Number†: 649791)

Amount	Maturity September 1	Interest Rate	Price	CUSIP†	Amount	Maturity September 1	Interest Rate	Price	CUSIP†
$24,940,000	2011	0.30%	100%	EA4	$2,700,000	2017	2.90%	100%	EG1
$23,040,000	2012	0.65%	100%	EB2	$2,735,000	2018	3.25%	100%	EH9
$15,605,000	2013	1.16%	100%	EC0	$2,785,000	2019	3.60%	100%	EJ5
$11,380,000	2014	1.60%	100%	ED8	$2,240,000	2020	3.95%	100%	EK2
$ 5,460,000	2015	2.20%	100%	EE6	$2,285,000	2021	4.05%	100%	EL0
$ 4,240,000	2016	2.75%	100%	EF3	$ 515,000	2022	4.10%	100%	EM8

† Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. 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.

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No dealer, broker, salesperson or other person has been authorized by the State of New York 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 BONDS

$478,185,000 Series 2011A Tax-Exempt Bonds

$21,865,000 Series 2011B Taxable Bonds

$231,125,000 Series 2011C Tax-Exempt Refunding Bonds

$97,925,000 Series 2011D Taxable Refunding Bonds

INTRODUCTION

This Official Statement of the State of New York (the "State"), including the cover page, inside cover pages and exhibits, is provided for the purpose of setting forth information in connection with the sale of $478,185,000 aggregate principal amount of its Series 2011A Tax-Exempt Bonds (the "Series 2011A Tax-Exempt Bonds"), $21,865,000 aggregate principal amount of its Series 2011B Taxable Bonds (the "Series 2011B Taxable Bonds"), $231,125,000 aggregate principal amount of its Series 2011C Tax-Exempt Refunding Bonds (the "Series 2011C Tax-Exempt Refunding Bonds") and $97,925,000 aggregate principal amount of its Series 2011D Taxable Refunding Bonds (the "Series 2011D Taxable Refunding Bonds", together with the Series 2011A Tax-Exempt Bonds, the Series 2011B Taxable Bonds and the Series 2011C Tax-Exempt Refunding Bonds, the "Bonds"). The Series 2011A Tax-Exempt Bonds and the Series 2011C Tax-Exempt Refunding Bonds are collectively referred to herein as the "Tax-Exempt Bonds" and the Series 2011B Taxable Bonds and the Series 2011D Taxable Refunding Bonds are collectively referred to herein as the "Taxable 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 proceeds of the Series 2011A Tax-Exempt Bonds and Series 2011B Taxable Bonds will be allocated to such purposes as set forth below. The Series 2011A Tax-Exempt Bonds and Series 2011B Taxable Bonds are being issued for the purposes, in the principal amounts and with maturities as follows:

$478,185,000 Series 2011A Tax-Exempt Bonds

Purpose	Amount	Maturing February 15
Accelerated Capacity and Transportation Improvements of the Nineties Bonds	$ 5,346,191	2012-2031
Pure Waters	1,699,534	2012-2041
Environmental Quality 1972		
Water	1,041,816	2012-2041
Land	15,082	2012-2021

Purpose	Amount	Maturing February 15
Rebuild New York Through Transportation Infrastructure Renewal Bonds		
Highways	$ 201,147	2012-2021
Rebuild and Renew New York Transportation Bonds		
Highway Facilities	124,628	2012-2041
Highway Facilities	203,647,522	2012-2031
Highway Facilities	173,794	2012-2021
Rails & Ports	29,019,947	2012-2041
Rails & Ports	145,475	2012-2026
DOT – Mass Transit	4,435,987	2012-2021
MTA – Mass Transit	192,356,788	2012-2041
MTA – Mass Transit	1,400,885	2012-2021
Aviation	9,673,316	2012-2041
Aviation	4,435,987	2012-2021
Environmental Quality 1986		
Land	277,192	2012-2031
Solid Waste	8,035,894	2012-2031
Clean Water/Clean Air		
Air Quality	938,114	2012-2021
Clean Water	8,432,128	2012-2041
Clean Water	2,188,867	2012-2031
Clean Water	4,443,971	2012-2021
Solid Waste	150,735	2012-2021
	$478,185,000	

$21,865,000 Series 2011B Taxable Bonds

Purpose	Amount	Maturing February 15
Clean Water/Clean Air		
Air Quality	$ 668,971	2012-2021
Environmental Restoration	15,551,546	2012-2021
Environmental Quality 1972		
Air	27,961	2012-2021
Rebuild and Renew New York Transportation Bonds		
Aviation	8,704	2012-2021
MTA – Mass Transit	5,607,818	2012-2021
	$21,865,000	

The Series 2011C Tax-Exempt Refunding Bonds and the Series 2011D Taxable Refunding Bonds are being issued to provide funds to refund certain outstanding general obligation bonds of the State as set forth and described in Exhibit C - DESCRIPTION OF THE REFUNDED BONDS (herein called the "Refunded Bonds").

The Bonds mature on the dates and bear interest at the respective interest rates set forth on the inside cover pages 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 issued on September 3, 2010, and reissued on September 7, 2010 (the "AIS"), and the Quarterly Update to the AIS dated March 15, 2011 (the "Update"), both prepared by the State Division of the Budget ("DOB"). 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 electronically filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system on September 7, 2010.

Part III includes by reference the Comprehensive Annual Financial Report of the State for the fiscal year ended March 31, 2010 (FY 2010 CAFR) prepared by the State Comptroller (the "Comptroller"). The Basic Financial Statements and Other Supplementary Information of the State for the fiscal year ended March 31, 2010 were electronically filed with the MSRB through its EMMA system on July 29, 2010. 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.

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

PART I: INFORMATION CONCERNING THE BONDS BEING OFFERED

SECTION 1 – DESCRIPTION OF THE BONDS

General

The Bonds will constitute general obligations of the State to which its full faith and credit will be pledged. The Series 2011A Tax-Exempt Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The Series 2011B Taxable Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The Series

2011C Tax-Exempt Refunding Bonds and 2011D Taxable Refunding Bonds will be issued pursuant to the authority contained in Article VII, Section 13 of the State Constitution and Sections 56 and 57 of the State Finance Law.

The Bonds will be dated the date of delivery. Principal on the Series 2011A Tax-Exempt Bonds and the Series 2011B Taxable Bonds will be payable on February 15, 2012 and on each February 15 thereafter, until maturity, as shown on the inside cover pages hereof and below under the heading "Mandatory Redemption". Interest on the Series 2011A Tax-Exempt Bonds and Series 2011B Taxable Bonds will be payable August 15, 2011 and semi-annually thereafter on February 15 and August 15 until maturity. Principal on the Series 2011C Tax-Exempt Refunding Bonds and the Series 2011D Taxable Refunding Bonds will be payable on September 1, 2011 and on each September 1 thereafter, until maturity, as shown on the inside cover pages hereof. Interest on the Series 2011C Tax-Exempt Refunding Bonds and the Series 2011D Taxable Refunding Bonds will be payable September 1, 2011 and semi-annually thereafter on March 1 and September 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 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.

Redemption Prior to Maturity

Optional Redemption for the Series 2011A Tax-Exempt Bonds. The Comptroller reserves to the State the right to redeem on and after February 15, 2021 the Series 2011A Tax-Exempt Bonds maturing on or after February 15, 2022 and then outstanding, in whole or in part, at any time, priority among maturities to be directed by the State, and by lot, to be chosen by Depository Trust Company ("DTC") or any successor and its Participants, within a maturity at par plus accrued interest to the date fixed for redemption. The State will give notice of any such redemption, to the registered owners of the Series 2011A Tax-Exempt Bonds to be redeemed at their addresses as they appear in the registration books of the State or its fiscal agent, not less than thirty nor more than sixty days prior to the redemption. So long as all of the Tax-Exempt Bonds of a series remain immobilized in the custody of DTC, any such notice of redemption of any Tax-Exempt Bond 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 will cease to accrue on the Series 2011A Tax-Exempt Bonds called for redemption from and after the date fixed for redemption thereof.

No Optional Redemption for the Series 2011C Tax-Exempt Bonds. The Series 2011C Tax-Exempt Refunding Bonds are not subject to optional redemption prior to maturity.

No Optional Redemption for the Taxable Bonds. The Series 2011B Taxable Bonds and the Series 2011D Taxable Refunding Bonds are not subject to optional redemption prior to maturity.

Mandatory Redemption

The Series 2011A Tax-Exempt Bonds that mature on February 15, 2034 and February 15, 2041, (the "2034 Term Bonds" and the "2041 Term Bonds") are subject to mandatory redemption, in part, by lot in accordance with DTC procedures, on February 15 in the years shown below, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, in an amount equal to the Sinking Fund Installment for such Bonds for such date:

SERIES 2011A TAX-EXEMPT BONDS

2034 Term Bonds		2041 Term Bonds	
February 15	Sinking Fund Installments	February 15	Sinking Fund Installments
2033	$10,005,000	2038	$12,710,000
2034*	$10,505,000	2039	$13,345,000
		2040	$14,010,000
		2041*	$14,710,000

*Stated maturity.

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 MATTERS" 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.

Global Settlement Procedures

Reference to the Bonds under this caption "Global Clearance Procedures" shall mean the Taxable Bonds, the beneficial interests in which are owned in Europe. The Bonds initially will be registered in the name of Cede & Co. as registered owner and nominee for DTC, which will act as securities depository for the Bonds. Purchases of the Bonds will be in book-entry form only. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of their respective U.S. Depositories, which, in turn, hold such positions in customers' securities accounts in the U.S. Depositories' names on the books of DTC. Citibank, N.A. acts as the U.S. Depository for Clearstream and JPMorgan Chase Bank acts as the U.S. Depository for Euroclear.

Clearstream

Clearstream Banking, société anonyme, 42 Avenue J.F. Kennedy, L-1855 Luxembourg ("Clearstream, Luxembourg") is successor in name to Cedel Bank, S.A. Clearstream Banking, Luxembourg is a wholly-owned subsidiary of Clearstream International S.A.. On 1 January 1995, Clearstream, Luxembourg was granted a banking license in Luxembourg.

Clearstream International S.A., which is domiciled in Luxembourg, is as from June 2009, 51% owned by Clearstream Holding AG and 49% owned by Deutsche Börse AG ("DBAG").

Clearstream Holding AG is domiciled in Germany and wholly owned by DBAG.

DBAG is a publicly held company organized under German law and traded on the Frankfurt Stock Exchange.

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in many countries through established depository and custodial relationships.

Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier, "CSSF", which supervises Luxembourg banks. Since 12 February 2001, Clearstream, Luxembourg has also been supervised by the Central Bank of Luxembourg according to the Settlement Finality Directive Implementation of 12 January 2001, following the official notification to the regulators of the Clearstream, Luxembourg's role as a payment system provider operating a securities settlement system.

Clearstream, Luxembourg's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank S.A./N.V. as the Operator of the Euroclear System (the "Euroclear Operator") in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Clearstream Banking AG, which is domiciled in Germany, is a fully-owned subsidiary of Clearstream International. Clearstream Banking AG provides clearing and settlement services for the German domestic and international market.

Euroclear

Euroclear Bank S.A./N.V. ("Euroclear Bank") holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Participants as defined in the Terms and Conditions Governing Use of Euroclear as amended from time to time (the "Terms and Conditions") and between Euroclear Participants and Participants of certain other securities intermediaries through electronic book-entry changes in accounts of such Participants or other securities intermediaries.

Euroclear Bank provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear Participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations.

Non-Participants in the Euroclear System may hold and transfer book-entry interests in the securities through accounts with a Participant in the Euroclear System or any other securities intermediary that holds a book-entry interest in the securities through one or more securities intermediaries standing between such other securities intermediary and Euroclear Bank.

Clearance and Settlement. Although Euroclear Bank has agreed to the procedures provided below in order to facilitate transfers of securities among Participants in the Euroclear System, and between Euroclear Participants and Participants of other securities settlement systems, it is under no

obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time.

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

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

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

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

Euroclear Bank has advised as follows:

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

Under Belgian law, Euroclear Bank is required to pass on the benefits of ownership in any interests in securities on deposit with it (such as dividends, voting rights and other entitlements) to any person credited with such interests in securities on its records.

Initial Settlement; Distributions; Actions on Behalf of the Owners. All of the Bonds will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of their respective U.S. Depository, which, in turn, holds such positions in customers' securities accounts in its U.S. Depository's name on the books of DTC. Citibank, N.A. acts as depository for Clearstream and JPMorgan Chase Bank acts as depository for Euroclear (the "U.S. Depositories"). Holders of the Bonds may hold their Bonds through DTC (in the United States) or

Clearstream or Euroclear (in Europe) if they are participants of such systems, or directly through organizations that are participants in such systems. Investors electing to hold their Bonds through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional EuroBonds in registered form. Securities will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

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

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

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

Secondary Market Trading. Secondary market trading between Participants (other than U.S. Depositories) will be settled using the procedures applicable to U.S. corporate debt obligations in same-day funds. Secondary market trading between Euroclear Participants and/or Clearstream customers will be settled using the procedures applicable to conventional EuroBonds in same-day funds. When securities are to be transferred from the account of a Participant (other than U.S. Depositories) to the account of a Euroclear Participant or a Clearstream customer, the purchaser must send instructions to the applicable U.S. Depository one business day before the settlement date. Euroclear or Clearstream, as the case may be, will instruct its U.S. Depository to receive securities against payment. Its U.S. Depository will then make payment to the Participant's account against delivery of the securities. After settlement has been completed, the securities will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear Participant's or Clearstream customers' accounts. Credit for the securities will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Bonds will accrue from the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream cash debit will be valued instead as of the actual settlement date.

Euroclear Participants and Clearstream customers will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream. Under this approach, they may take on credit exposure to Euroclear or Clearstream until the securities are credited to their accounts one day later. As an alternative, if Euroclear or Clearstream has extended a line of credit to them, participants/customers can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear Participants or Clearstream customers purchasing securities would incur overdraft charges for one day, assuming they cleared the overdraft when the securities were credited to their accounts. However, interest on the securities would accrue from the value date. Therefore, in many cases, the investment income on securities earned during that one day period

may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's/customer's particular cost of funds. Because the settlement is taking place during New York business hours, Participants can employ their usual procedures for sending securities to the applicable U.S. Depository for the benefit of Euroclear Participants or Clearstream customers. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the participant, a cross-market transaction will settle no differently from a trade between two participants.

Due to time zone differences in their favor, Euroclear Participants and Clearstream customers may employ their customary procedure for transactions in which securities are to be transferred by the respective clearing system, through the applicable U.S. Depository to another participant's. In these cases, Euroclear will instruct its U.S. Depository to credit the securities to the participant's account against payment. The payment will then be reflected in the account of the Euroclear Participant or Clearstream customer the following business day, and receipt of the cash proceeds in the Euroclear Participant's or Clearstream customers' accounts will be back valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear Participant or Clearstream customer has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over that one day period.

If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear Participant's or Clearstream customer's accounts would instead be valued as of the actual settlement date.

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

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

THE INFORMATION CONTAINED HEREIN CONCERNING DTC, CLEARSTREAM AND EUROCLEAR AND THEIR BOOK-ENTRY SYSTEMS HAS BEEN OBTAINED FROM DTC, CLEARSTREAM AND EUROCLEAR, RESPECTIVELY, AND NEITHER THE STATE NOR THE INITIAL PURCHASERS MAKE ANY REPRESENTATIONS 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

Estimated Sources And Uses Of Funds

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

Sources	**Series 2011A**	**Series 2011B**	**Series 2011C**	**Series 2011D**
Principal Amount	$478,185,000	$21,865,000	$231,125,000	$97,925,000
Net Original Issue Premium	27,437,877	6,080	14,664,539	0
Payment from the State for Costs of Issuance	176,089	22,080	0	0
Total Sources	$505,798,966	$21,893,160	$245,789,539	$97,925,000
Uses				
Deposit to Escrow Funds	$ 0	$ 0	$245,529,612	$97,559,764
Deposit to Bond Proceeds Funds	503,437,572	21,716,730	0	0
Initial Purchaser's Discount	2,185,305	154,350	126,462	208,706
Costs of Issuance	176,089	22,080	133,465	156,530
Total Uses	$505,798,966	$21,893,160	$245,789,539	$97,925,000

Application of Series 2011A Tax-Exempt Bonds and Series 2011B Taxable Bonds Proceeds

The net proceeds ("Net Proceeds") of the Series 2011A Tax-Exempt Bonds will be used to finance capital expenditures made or anticipated to be made, during prior, current or subsequent State fiscal years for Accelerated Capacity and Transportation Improvements of the Nineties, Clean Water/Clean Air, Pure Waters, Environmental Quality 1972, Rebuild New York Through Transportation Infrastructure Renewal Bonds, Environmental Quality 1986 and Rebuild and Renew New York Transportation Bonds purposes.

The Net Proceeds of the Series 2011B Taxable Bonds will be used to finance capital expenditures made or anticipated to be made, during prior, current or subsequent State fiscal years for Rebuild and Renew New York Transportation Bonds, Environmental Quality 1972 and Clean Water/Clean Air purposes.

Refunding Plan

The Series 2011C Tax-Exempt Refunding Bonds and the Series 2011D Taxable Refunding Bonds (together, the "Refunding Bonds") are being issued to provide funds to refund the Refunded Bonds. The principal amounts and the maturity dates of the Refunded Bonds are as shown in Exhibit C - DESCRIPTION OF THE REFUNDED BONDS.

Substantially all of the proceeds of the Series 2011C Tax-Exempt Refunding Bonds and Series 2011D Taxable Refunding Bonds will be deposited with The Bank of New York Mellon (the "Escrow Agent") pursuant to separate escrow deposit agreements (the "Escrow Agreements") to be entered into, at or prior to the issuance of the Refunding Bonds, between the State and the Escrow Agent. Such proceeds, together with any other amounts deposited with the Escrow Agent under the Escrow Agreements, will be used to acquire non-callable direct obligations of the United States government (the "Government Obligations"), the principal of and interest on which when due will be sufficient, together with any other moneys deposited with the Escrow Agent under each Escrow Agreement, to redeem the Refunded Bonds at the applicable redemption prices on the respective dates of redemption, together with interest to become due on such Refunded Bonds on or prior to their respective redemption dates. The moneys deposited with and the Government Obligations acquired by the Escrow Agent with the proceeds of the Refunding Bonds pursuant to the Escrow Agreements will be deposited in irrevocable escrow funds established under the Escrow Agreements and pledged to secure the payment of the Refunded Bonds. Upon the deposit of proceeds of the Refunding Bonds with the Escrow Agent as described in the preceding paragraph, the Refunded Bonds shall be deemed to be paid and shall no longer be deemed outstanding, and the holders thereof shall be paid solely out of the Government Obligations and moneys held by the Escrow Agent pursuant to the applicable Escrow Agreement. Accordingly, the redemption price of the Refunded Bonds, together with interest to become due thereon, will be payable from the Escrow Fund.

The Comptroller has determined that the refunding transaction will achieve actual debt service savings in each fiscal year during the term to maturity of the Refunding Bonds and will provide an aggregate savings over the life of the Refunding Bonds, based on the difference between the debt service payable on the Refunding Bonds and the debt service payable on the Refunded Bonds.

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 MATTERS

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

Tax-Exempt Bonds

The Code sets forth certain requirements that must be met after the Tax-Exempt Bonds have been validly issued and delivered in order that interest on the Tax-Exempt Bonds will be and will remain excludable from gross income pursuant to Section 103 of the Code. Such requirements may include the rebating of certain amounts earned from the investment of the proceeds of the Tax-Exempt Bonds. Rebates of any such amounts are subject to future appropriation by the State Legislature. The Tax Certificate to be prepared and executed by the Comptroller and dated as of the date of delivery of the Series 2011A Tax-Exempt Bonds (the "Certificate"), which will be delivered concurrently with the delivery of the Series 2011A Tax-Exempt Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Tax Certificate to be prepared and executed by the Comptroller and dated as of the date of delivery of the Series 2011C Tax-Exempt Refunding Bonds ("the Refunding Certificate") which will be delivered concurrently with the delivery of the Series 2011C Tax-Exempt Refunding Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Comptroller, in executing the Certificate and the Refunding 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 and the Refunding 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 Tax-Exempt Bonds is excludable from gross income under Section 103 of the Code. By the time the Tax-Exempt Bonds have been delivered, the Comptroller will also have received certificates from other governmental officers and entities relating to the use of the proceeds of the Tax-Exempt Bonds.

Assuming compliance with the provisions and procedures set forth in the Certificate and the Refunding 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 Tax-Exempt Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes pursuant to Section 103 of the Code and that such interest will not be treated as a specific preference item in calculating the alternative minimum tax that may be imposed under the Code with respect to individuals and corporations. However, interest on the Tax-Exempt 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 the Refunding 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 Tax-Exempt Bonds. The Attorney General renders its opinion under existing law as of the date of issue, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. The Attorney General expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Bonds, or under state and local law.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Tax-Exempt Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Tax-Exempt Bonds of that

maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Tax-Exempt Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. The Attorney General is further of the opinion that, for any Tax-Exempt Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Tax-Exempt Bonds.

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

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

Bond Premium

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

Collateral Tax Consequences

Ownership of tax-exempt obligations may result in tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty and life insurance companies, corporations subject to the environmental tax, certain foreign corporations doing business in the United States, certain S Corporations, individuals who otherwise qualify for the earned income credit or who are recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have

incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Tax-Exempt Bonds should consult their tax advisors as to applicability of any such consequences.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Tax-Exempt Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Tax-Exempt Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Tax-Exempt Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

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 Tax-Exempt Bonds under Federal or state law and could affect the market price or marketability of the Tax-Exempt Bonds.

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

Legislation

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

Taxable Bonds

Tax Status of the Taxable Bonds

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

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

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

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Taxable Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Taxable 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 Taxable Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement.

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

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

Bond Premium

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

Market Discount

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

Backup Withholding

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

Defeasance of Taxable Bonds

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

Foreign Investors

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

IRS Circular 230 Taxable Disclosure

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

SECTION 5 – RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned the Bonds a rating of "Aa2", 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 B to Part I of this Official Statement, as to the validity and binding effect of the Bonds, and the extent to which interest on the Tax-Exempt Bonds is exempt from Federal and State income taxes.

SECTION 7 – LITIGATION

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 section entitled "Litigation and Arbitration" 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 of the Bonds to comply with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the State, through the Division of the Budget will undertake in a written agreement for the benefit of the Holders of the Bonds (the "Disclosure Agreement") to provide in electronic form to the Electronic Municipal Market Access ("EMMA") system maintained by the Municipal Securities Rulemaking Board (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, 2011, 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 of the State prepared in accordance with GAAP 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 electronically file the notices described below (the "Notices") with the MSRB, in a timely manner not in excess of ten business days after the occurrence of any of the events described below.

The Annual Information shall consist of (a) financial and operating data of the type included in the Annual Information Statement of the State set forth or referred to 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 then 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 include notices of any of the following fourteen events with respect to the Bonds to be provided in a timely manner not in excess of ten (10) business days after the occurrence of the event: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security; (7) modifications to the rights of security holders, if material; (8) bond calls, if material and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of any obligated person; (13) the consummation of a merger, consolidation or acquisition involving any obligated person, or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. In addition, the State will undertake, for the benefit of the Holders of the Bonds, to provide, in electronic form, to the MSRB in a timely manner, notice of any failure by the State to electronically file 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 Disclosure 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 Disclosure 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 because the operations to which it is related have been materially changed or discontinued, a statement to that effect will be provided. As a result, the parties to the Disclosure Agreement do not anticipate that it often will be necessary to amend the information undertakings. The Disclosure Agreement, however, may be amended or modified without Bondholders' consent 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.

SECTION 10 – MISCELLANEOUS

In connection with offers and sales of the Taxable Bonds, no action has been taken by the State that would permit a public offering of the Taxable Bonds, or possession or distribution of any information relating to the pricing of the Taxable Bonds, this Official Statement or any other offering or publicity material relating to the Taxable Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, each initial purchaser has agreed to comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Taxable Bonds or possesses or distributes this Official Statement or any other offering or publicity material relating to the Taxable Bonds and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Taxable Bonds under the laws and regulations in force in any country or jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the State shall have no responsibility therefor.

STATE OF NEW YORK
Thomas P. DiNapoli
State Comptroller

By: /s/ Thomas Nitido
Thomas Nitido
Deputy Comptroller

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 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, 2010 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).

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 and 1958, the voters approved the creation of additional housing debt in the amounts of $135 million, $300 million, $200 million and $200 million, respectively. The $300 million of original authorization was not segregated by type of housing project. Subsequent authorizations, however, were designated for low income housing, middle income housing or urban renewal.

Outdoor Recreation Development Bonds

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

Park and Recreation Land Acquisition Bonds

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

Pure Waters Bonds

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

GENERAL OBLIGATION BONDS

TABLE OF ISSUANCE

Dated:

March 22, 2011

(Dollars in Thousands)

Purpose	Authorized But Unissued Prior to Issuance of the Bonds	Amount of Bonds Being Issued (Net Proceeds)	Remaining Authorized But Unissued
Accelerated Capacity and Transportation Improvements of the Nineties	$26,274	$5,711	$20,563
Pure Waters	$24,580	$1,757	$22,823
Environmental Quality 1972			
Air	$12,381	$28	$12,353
Water	$4,963	$1,077	$3,886
Land	$10,394	$17	$10,377
Rebuild New York Through Transportation Infrastructure Renewal Bonds			
Highways	$22,530	$227	$22,303
Rebuild & Renew New York Transportation Bonds			
Highway Facilities, Rails & Ports, Aviation, Canals and DOT – Mass Transit	$781,449	$268,052	$513,397
MTA – Mass Transit	$970,214	$206,002	$764,212
Environmental Quality 1986			
Solid Waste	$78,698	$8,585	$70,113
Land	$3,037	$296	$2,741
Clean Water/Clean Air			
Air Quality	$31,739	$1,722	$30,017
Clean Water	$154,817	$16,064	$138,753
Solid Waste	$3,369	$170	$3,199
Environmental Restoration	$83,692	$15,446	$68,246

PART I – EXHIBIT B

FORM OF ATTORNEY GENERAL'S OPINION

[Closing Date]

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

Dear Sir:

The Comptroller has requested my opinion regarding the validity of General Obligation Bonds of the State of New York, $478,185,000 Series 2011A Tax-Exempt Bonds (the "Series 2011A Tax-Exempt Bonds"), $21,865,000 Series 2011B Taxable Bonds (the "Series 2011B Taxable Bonds"), $231,125,000 Series 2011C Tax-Exempt Refunding Bonds (the "Series 2011C Tax-Exempt Refunding Bonds") and $97,925,000 Series 2011D Taxable Refunding Bonds (the "Series 2011D Taxable Refunding Bonds") (the Series 2011A Tax-Exempt Bonds, the Series 2011B Taxable Bonds, the Series 2011C Tax-Exempt Refunding Bonds and the Series 2011D Taxable Refunding Bonds being collectively referred to as the "Bonds") which were sold on March 22, 2011.

The Comptroller advises that the Series 2011A Tax-Exempt Bonds and the Series 2011B Taxable Bonds are being issued for the purposes and in the amounts set forth below.

$478,915,000 Series 2011A Tax-Exempt Bonds

Purpose	Amount	Maturing February 15
Accelerated Capacity and Transportation Improvements of the Nineties Bonds	$ 5,346,191	2012-2031
Pure Waters	1,699,534	2012-2041
Environmental Quality 1972		
Water	1,041,816	2012-2041
Land	15,082	2012-2021
Rebuild New York Through Transportation Infrastructure Renewal Bonds		
Highways	201,147	2012-2021
Rebuild and Renew New York Transportation Bonds		
Highway Facilities	124,628	2012-2041
Highway Facilities	203,647,522	2012-2031
Highway Facilities	173,794	2012-2021
Rails & Ports	29,019,947	2012-2041
Rails & Ports	145,475	2012-2026
DOT – Mass Transit	4,435,987	2012-2021
MTA – Mass Transit	192,356,788	2012-2041
MTA – Mass Transit	1,400,885	2012-2021
Aviation	9,673,316	2012-2041
Aviation	4,435,987	2012-2021

Purpose	Amount	Maturing February 15
Environmental Quality 1986		
Land	$ 277,192	2012-2031
Solid Waste	8,035,894	2012-2031
Clean Water/Clean Air		
Air Quality	938,114	2012-2021
Clean Water	8,432,128	2012-2041
Clean Water	2,188,867	2012-2031
Clean Water	4,443,971	2012-2021
Solid Waste	150,735	2012-2021
	$478,185,000	

$21,825,000 Series 2011B Taxable Bonds

Purpose	Amount	Maturing February 15
Clean Water/Clean Air		
Air Quality	$ 668,971	2012-2021
Environmental Restoration	15,551,546	2012-2021
Environmental Quality 1972		
Air	27,961	2012-2021
Rebuild and Renew New York Transportation Bonds		
Aviation	8,704	2012-2021
MTA – Mass Transit	5,607,818	2012-2021
	$21,865,000	

The Comptroller further advises that the proceeds of the Series 2011C Tax-Exempt Refunding Bonds and the Series 2011D Taxable Refunding Bonds will be used to pay certain costs of issuance of the Series 2011C Tax-Exempt Refunding Bonds and the Series 2011D Taxable Refunding Bonds and to purchase United States government obligations, the interest and maturing principal of which, will be used to pay the principal and redemption price of, and interest on the State's General Obligation Bonds to be refunded which are described in Exhibit C of Part I of the Official Statement.

You further advise the following with respect to the Bonds. The Bonds will be dated the date of delivery and will mature or be subject to mandatory redemption on February 15 (in the case of the Series 2011A Tax-Exempt Bonds and the Series 2011B Taxable Bonds) and September 1 (in the case of the Series 2011C Tax-Exempt Refunding Bonds and the Series 2011D Taxable Refunding Bonds), in each of the years set forth in the respective tables in 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 Series 2011A Tax-Exempt Bonds and the Series 2011B Taxable Bonds will be payable semi-annually on February 15 and August 15, commencing on August 15, 2011 and thereafter until maturity. Interest on the Series 2011C Tax-Exempt Refunding Bonds and the Series 2011D Taxable Refunding Bonds will be payable

semi-annually on September 1 and March 1, commencing on September 1, 2011 and thereafter until maturity.

The Series 2011A Tax-Exempt Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The Series 2011B Taxable Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The Series 2011C Tax-Exempt Refunding Bonds and the Series 2011D Taxable Refunding Bonds will be issued pursuant to Article VII , Section 13 of the Constitution of the State of New York and Sections 56 and 57 of the State Finance Law.

The transcript of the proceedings and the forms 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 Series 2011A Tax-Exempt Bonds and the Series 2011C Tax-Exempt Refunding Bonds (collectively, the "Tax-Exempt Bonds") have been validly issued and delivered in order that interest on the Tax-Exempt Bonds will be and will remain excludable from gross income pursuant to Section 103 of the Code. Such requirements may include the rebating of certain amounts earned from the investment of the proceeds of the Tax-Exempt Bonds. Rebates of any such amounts are subject to future appropriations by the State Legislature. You have provided me with an Arbitrage and Use of Proceeds Certificate prepared and executed by you, dated the date hereof with respect to the Series 2011A Tax-Exempt Bonds and an Arbitrage and Use of Proceeds Certificate prepared and executed by you, dated the date hereof with respect to the Series 2011C Tax-Exempt Refunding Bonds (collectively, the "Certificates"), which contain provisions and procedures regarding compliance with the requirements of the Code. In executing the Certificates, you have certified to the effect that you expect to be able to and will comply with the provisions and procedures set forth therein, including any attachments thereto, and that to the extent authorized by law you will do and perform all acts and things necessary or desirable to assure that interest paid on the Tax-Exempt Bonds is excludable from gross income under Section 103 of the Code. You have also provided me with executed certificates of other governmental officers and entities relating to the use of the proceeds of the Tax-Exempt Bonds. No matters have come to my personal attention which would lead me to believe that the Certificates are incorrect or unreasonable.

Based on the contents of the Certificates 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 Tax-Exempt Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes pursuant to Section 103 of the Code and that such interest will not be treated as a specific preference item in calculating the alternative minimum tax that may be imposed under the Code with respect to individuals and corporations. However, interest on the Tax-Exempt Bonds will be includable in adjusted current earnings for purposes of calculating the Federal alternative minimum that may be imposed on corporations. Based on the contents of such Certificates, and assuming compliance therewith and with subsequent rebating and other requirements, it is my further opinion that interest on the Tax-Exempt Bonds is exempt from personal income taxes imposed by the

State of New York or any political subdivision thereof, including The City of New York and the City of Yonkers.

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

Except as stated in the two preceding paragraphs, I express no opinion as to any Federal, state or local tax consequences arising with respect to the 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 Tax-Exempt Bonds, or under state and local law.

Ownership of the Tax-Exempt 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,

ERIC T. SCHNEIDERMAN
Attorney General

DESCRIPTION OF THE REFUNDED BONDS

Dated Date	Maturity Date	Principal Amount	Coupon	Redemption Date	Redemption Price	CUSIP
11/1/1964	11/1/2012	$ 1,315,000	3.400%	5/1/2011	100.00	649786BK5
11/1/1964	11/1/2013	1,360,000	3.400%	5/1/2011	100.00	649786BQ2
11/1/1964	11/1/2014	1,405,000	3.400%	5/1/2011	100.00	649786BU3
		$ 4,080,000				
12/1/1966	12/1/2011	1,275,000	3.750%	6/1/2011	100.00	649786BD1
12/1/1966	12/1/2012	1,325,000	3.750%	6/1/2011	100.00	649786BL3
12/1/1966	12/1/2013	1,375,000	3.750%	6/1/2011	100.00	649786BR0
12/1/1966	12/1/2014	1,425,000	3.750%	6/1/2011	100.00	649786BV1
12/1/1966	12/1/2015	1,475,000	3.750%	6/1/2011	100.00	649786BY5
12/1/1966	12/1/2016	1,535,000	3.750%	6/1/2011	100.00	649786CA6
		$ 8,410,000				
12/1/1969	12/1/2011	340,000	6.600%	6/1/2011	100.00	649786CE8
12/1/1969	12/1/2012	360,000	6.600%	6/1/2011	100.00	649786CF5
12/1/1969	12/1/2013	385,000	6.600%	6/1/2011	100.00	649786CG3
12/1/1969	12/1/2014	410,000	6.600%	6/1/2011	100.00	649786CH1
12/1/1969	12/1/2015	435,000	6.600%	6/1/2011	100.00	649786CJ7
12/1/1969	12/1/2016	465,000	6.600%	6/1/2011	100.00	649786CK4
12/1/1969	12/1/2017	495,000	6.600%	6/1/2011	100.00	649786CL2
12/1/1969	12/1/2018	530,000	5.500%	6/1/2011	100.00	649786CM0
12/1/1969	12/1/2019	560,000	5.500%	6/1/2011	100.00	649786CN8
		$ 3,980,000				
5/1/1971	5/1/2012	625,000	5.250%	5/1/2011	100.00	649786CS7
5/1/1971	5/1/2013	655,000	5.250%	5/1/2011	100.00	649786CT5
5/1/1971	5/1/2014	690,000	5.250%	5/1/2011	100.00	649786CU2
5/1/1971	5/1/2015	725,000	5.250%	5/1/2011	100.00	649786CV0
5/1/1971	5/1/2016	765,000	5.250%	5/1/2011	100.00	649786CW8
5/1/1971	5/1/2017	805,000	5.250%	5/1/2011	100.00	649786CX6
5/1/1971	5/1/2018	845,000	5.250%	5/1/2011	100.00	649786CY4
5/1/1971	5/1/2019	890,000	5.250%	5/1/2011	100.00	649786CZ1
5/1/1971	5/1/2020	935,000	5.250%	5/1/2011	100.00	649786DA5
5/1/1971	5/1/2021	985,000	5.250%	5/1/2011	100.00	649786DB3
		$ 7,920,000				
11/15/1972	11/15/2011	520,000	5.250%	5/15/2011	100.00	649786DU1
11/15/1972	11/15/2012	545,000	5.250%	5/15/2011	100.00	649786DV9
11/15/1972	11/15/2013	575,000	5.250%	5/15/2011	100.00	649786DW7
11/15/1972	11/15/2014	605,000	5.250%	5/15/2011	100.00	649786DX5
11/15/1972	11/15/2015	635,000	5.250%	5/15/2011	100.00	649786DY3
11/15/1972	11/15/2016	670,000	5.250%	5/15/2011	100.00	649786DZ0
11/15/1972	11/15/2017	705,000	5.250%	5/15/2011	100.00	649786EA4
11/15/1972	11/15/2018	740,000	5.250%	5/15/2011	100.00	649786EB2
11/15/1972	11/15/2019	780,000	5.250%	5/15/2011	100.00	649786EC0
11/15/1972	11/15/2020	820,000	5.250%	5/15/2011	100.00	649786ED8
11/15/1972	11/15/2021	865,000	5.250%	5/15/2011	100.00	649786EE6
11/15/1972	11/15/2022	910,000	5.250%	5/15/2011	100.00	649786EF3
		$ 8,370,000				

DESCRIPTION OF THE REFUNDED BONDS

Series	Dated Date	Maturity Date	Principal Amount	Coupon	Redemption Date	Redemption Price	CUSIP
Series 1995C	10/1/1995	10/1/2011	$ 11,685,000	5.375%	4/29/2011	100.00	649787BQ0
	10/1/1995	10/1/2012	6,010,000	5.250%	4/29/2011	100.00	649787BR8
	10/1/1995	10/1/2020	14,920,000	5.625%	4/29/2011	100.00	6497872W7
			$ 32,615,000				
Series 1996A	8/1/1996	7/15/2011	940,000	5.250%	4/29/2011	100.00	6497873K2
	8/1/1996	7/15/2012	945,000	5.250%	4/29/2011	100.00	6497873L0
	8/1/1996	7/15/2013	950,000	5.250%	4/29/2011	100.00	6497873M8
	8/1/1996	7/15/2014	955,000	5.250%	4/29/2011	100.00	6497873N6
	8/1/1996	7/15/2015	955,000	5.300%	4/29/2011	100.00	6497873P1
	8/1/1996	7/15/2016	960,000	5.300%	4/29/2011	100.00	6497873Q9
	8/1/1996	7/15/2017	970,000	5.300%	4/29/2011	100.00	6497873R7
	8/1/1996	7/15/2024	4,500,000	5.500%	4/29/2011	100.00	6497873S5
			$ 11,175,000				
Series 1998F	7/15/1998	9/15/2011	50,880,000	5.250%	4/29/2011	100.00	649787LU0
	7/15/1998	9/15/2012	35,025,000	5.250%	4/29/2011	100.00	649787LV8
	7/15/1998	9/15/2013	17,360,000	5.250%	4/29/2011	100.00	649787LW6
	7/15/1998	9/15/2014	13,640,000	5.000%	4/29/2011	100.00	649787LX4
	7/15/1998	9/15/2015	4,780,000	5.000%	4/29/2011	100.00	649787LY2
	7/15/1998	9/15/2016	1,450,000	5.000%	4/29/2011	100.00	649787LZ9
	7/15/1998	9/15/2017	1,420,000	5.000%	4/29/2011	100.00	649787MA3
	7/15/1998	9/15/2018	1,390,000	5.000%	4/29/2011	100.00	649787MB1
	7/15/1998	9/15/2021	3,175,000	5.000%	4/29/2011	100.00	649787MC9
			$129,120,000				
Series 2001A	2/22/2001	3/15/2012	33,715,000	4.375%	4/29/2011	101.00	649787TA6
	2/22/2001	3/15/2013	4,600,000	4.600%	4/29/2011	101.00	649787TB4
	2/22/2001	3/15/2013	4,500,000	5.000%	4/29/2011	101.00	649787TR9
	2/22/2001	3/15/2013	23,595,000	5.250%	4/29/2011	101.00	649787TQ1
	2/22/2001	3/15/2014	1,315,000	4.700%	4/29/2011	101.00	649787TC2
	2/22/2001	3/15/2014	34,520,000	5.250%	4/29/2011	101.00	649787TS7
	2/22/2001	3/15/2015	6,620,000	4.800%	4/29/2011	101.00	649787TD0
	2/22/2001	3/15/2015	15,760,000	5.250%	4/29/2011	101.00	649787TT5
	2/22/2001	3/15/2016	5,395,000	4.800%	4/29/2011	101.00	649787TE8
	2/22/2001	3/15/2017	325,000	4.800%	4/29/2011	101.00	649787TF5
	2/22/2001	3/15/2018	360,000	4.900%	4/29/2011	101.00	649787TG3
	2/22/2001	3/15/2019	355,000	4.900%	4/29/2011	101.00	649787TH1
	2/22/2001	3/15/2020	455,000	5.000%	4/29/2011	101.00	649787TJ7
	2/22/2001	3/15/2021	465,000	5.000%	4/29/2011	101.00	649787TK4
	2/22/2001	3/15/2022	470,000	5.000%	4/29/2011	101.00	649787TL2
	2/22/2001	3/15/2023	475,000	5.000%	4/29/2011	101.00	649787TM0
	2/22/2001	3/15/2024	225,000	5.000%	4/29/2011	101.00	649787TN8
	2/22/2001	3/15/2025	235,000	5.000%	4/29/2011	101.00	649787TP3
			$133,385,000				
			$339,055,000				

PART II

INFORMATION CONCERNING THE STATE OF NEW YORK

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PART II

INFORMATION CONCERNING THE STATE OF NEW YORK

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

The AIS set forth in this Part II is dated September 7, 2010. It was updated on March 15, 2011 and contains information only through those dates. Part II sets forth the section of the AIS entitled "Current Fiscal Year". The remaining sections of the AIS set out under the headings "Prior Fiscal Years", "Economics and Demographics", "Debt and Other Financing Activities", "State Organization", "Authorities and Localities", "Litigation", and "Exhibits" are hereby included by cross reference. The AIS was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS can be accessed through the EMMA system at www.emma.msrb.org. An official copy of the AIS may be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705. An informational copy of the AIS is available on the Internet at http://www.budget.state.ny.us.

The Basic Financial Statements and Other Supplementary Information for the State fiscal year ended March 31, 2010 were prepared by the State Comptroller in accordance with accounting principles generally accepted in the United States of America and independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information were issued on July 29, 2010 and have been referred to or set forth thereafter in appendices of information concerning the State in Preliminary Official Statements and Official Statements of the State and certain of the State's public authorities. The Basic Financial Statements and Other Supplementary Information, which are included in the Comprehensive Annual Financial Report, for the State fiscal year ended March 31, 2010 may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 Tel: (518) 474-4015.

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

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UPDATE TO ANNUAL INFORMATION STATEMENT (AIS) STATE OF NEW YORK

March 15, 2011

This quarterly update (the "AIS Update") updates the Annual Information Statement of the State of New York (the "AIS") that was dated September 7, 2010. The AIS Update contains information only through March 15, 2011 and should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Extracts from the Governor's Executive Budget Financial Plan for 2011-12, as updated for forecast revisions and Governor's amendments (the "Updated Financial Plan"), which the Division of the Budget ("DOB") issued on March 3, 2011. The Updated Financial Plan includes (a) a summary of recent events and changes to the Financial Plan made since the last quarterly update to the AIS dated November 9, 2010 (the "Mid-Year Update"), (b) revised Financial Plan projections for fiscal years 2010-11 through 2013-14, and initial projections through 2014-15, including the estimated impact of the Governor's proposed budget (c) preliminary operating results for the first eleven months of fiscal year 2010-11, (d) an updated economic forecast, and (e) pro forma Generally Accepted Accounting Principles (GAAP)-basis Financial Plan projections for 2010-11 and 2011-12 and information on the category of Other Post-Employment Benefits (OPEB). 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.

3. Updated information regarding the State Retirement Systems.

4. Updated information on certain localities of the State.

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 furnished by other sources that it believes to be reliable. Information contained in the section entitled "State Retirement Systems" and certain statistical information concerning local governments contained in the section entitled "Authorities and Localities" is furnished by the Office of the State Comptroller ("OSC"). Information relating to matters described in the section entitled "Litigation and Arbitration" is furnished by the State Office of the Attorney General. DOB has not undertaken any independent verification of the information concerning the information contained in the sections entitled "State Retirement Systems", "litigation and arbitration" and certain local government information.

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 refer to the AIS, as updated, or supplemented from time to time, for the most current official information regarding the financial condition of the State.

The State may issue AIS supplements 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-related 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 for municipal securities. An electronic copy of this AIS Update can be accessed through 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) 474-7705.

USAGE NOTICE

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

This AIS Update is available on the DOB website (www.budget.state.ny.us) and is being provided on the DOB website solely as a matter of convenience to readers and does not create any implication that there have been no changes in the financial condition of the State at any time subsequent to its release date. Maintenance of this AIS Update on the DOB website, or on EMMA website, is not intended as a republication of the information therein on any date subsequent to its release date.

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

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OVERVIEW OF THE UPDATED FINANCIAL PLAN

INTRODUCTION

State law requires the Governor to submit an Executive Budget proposal that is balanced on a cash basis in the General Fund — the fund that receives the majority of State taxes and all income not earmarked for a particular program or activity. The General Fund is typically the financing source of last resort for the State's other major funds, including Health Care Reform Act ("HCRA") funds, the Dedicated Highway and Bridge Trust Fund, the School Tax Relief Fund, and the Lottery Fund. Therefore, the General Fund projections account for any estimated funding shortfalls in these funds. Since the General Fund 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 Governor submitted his Executive Budget proposal for 2011-12 on February 1, 2011, and amendments on February 24 and March 1, 2011, as permitted by law. On March 3, 2011, the DOB issued the Updated Financial Plan, extracts and summaries of which are set forth herein. The Updated Financial Plan includes updated estimates for the current fiscal year (2010-11) and projections for 2011-12 through 2014-15. The projections for 2011-12 through 2014-15 reflect the estimated impact of the Governor's Executive Budget proposal.

The projections assume that the Legislature enacts the Governor's Executive Budget proposal in its entirety and without modification by the start of the 2011-12 fiscal year, which begins April 1, 2011. The Governor's proposal is awaiting action by the Legislature. There can be no assurance that the Legislature will adopt a budget for the 2011-12 fiscal year by April 1, 2011, or that it will adopt all or any portion of the Executive Budget as proposed, Accordingly, there can be no assurance that the fiscal impact of the budget for 2011-12, when adopted, will not differ materially and adversely from the estimates and projections contained in the Updated Financial Plan.

The factors affecting the State's financial condition are complex. This AIS Update contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect the fiscal and economic conditions in the State, the inclusion in this AIS Update of such forecasts, projections and estimates should not be regarded as a representation that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. If and when included in this AIS Update, the words "expects," "forecasts," "projects," "intends,""anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the State. These forward-looking statements speak only as of the date they were prepared.

The State accounts for all of its receipts and disbursements 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 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 certain 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 debt issued by the State and its public authorities.

SUMMARY

DOB expects the General Fund to end the current fiscal year in balance on a cash basis, although risks remain. In 2011-12, the State faces a projected budget gap of $10 billion. The budget gaps in future years are projected at $14.9 billion in 2012-13, $17.4 billion in 2013-14, and $20.9 billion in 2014-15. The budget gaps represent the difference between the projected General Fund disbursements, including transfers to other funds, needed to maintain anticipated service levels and specific commitments, and the expected level of resources to pay for them.[1] The gaps are based on a number of assumptions and projections developed by the DOB in consultation with other State agencies. The assumptions reflect the impact of current statutory provisions on out-year spending growth. Statutory mandates and entitlements, combined with enrollment increases and assumed reductions in Federal grants, account for a significant portion of projected spending increases.

The estimated gaps, reflect in part the short-term impact of the recession on State tax receipts and economically-sensitive programs, the long-term impact of rapidly growing entitlement programs (especially, Medicaid and School Aid) and other spending commitments, and the phase-out[2] of the Federal government's increased support for Medicaid, education, and other costs through the Federal stimulus funding.

The Governor's Executive Budget, if enacted as proposed, is expected to eliminate the General Fund budget gap of $10 billion in 2011-12, and reduce the future projected budget gaps to $2.2 billion in 2012-13, $2.5 billion in 2013-14, and $4.4 billion in 2014-15.

The Executive Budget proposes savings of approximately $2.85 billion each for School Aid and Medicaid, $1.4 billion for State agency operations, including a 10 percent year-to-year reduction in State Operations spending in the General Fund, and corresponding reductions in other funds, where appropriate, and $1.8 billion for a range of other programs and activities. The Executive Budget does not recommend any tax increases.

The Governor has appointed advisory commissions charged with redesigning current operations and recommending specific savings from Medicaid, prison closures, and State agency operations. On February 24, 2010, the Medicaid Redesign Team submitted its proposals to achieve $2.85 billion in savings in 2011-12, which is reflected in the Executive Budget. Recommendations by the other commissions are due in the coming months.

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[1] Typically referred to as the "current services" or "base" gaps.

[2] Under the American Recovery and Reinvestment Act (ARRA), the Federal government increased the matching amount it paid on eligible State Medicaid expenditures from 50 percent to approximately 62 percent. This temporary increase in the Federal Medical Assistance Percentage ("FMAP") ends on June 30, 2011. The ARRA also provided a temporary increase in Federal funding for other governmental services, including aid to public education.

To begin addressing the out-year gaps, the Executive Budget proposes limits on the annual growth rates for major programs, including Medicaid and School Aid. The target growth rate for Department of Health Medicaid State Funds spending would be the ten-year average change in the medical component of the Consumer Price Index. The target growth rate for School Aid would be limited to the multi-year average rate of growth in New York State personal income. The Executive Budget includes two-year appropriations and changes to permanent law for Medicaid and School Aid, which are intended to effectively limit the growth in these programs to the target rates.

Under the Executive Budget proposal reflected in the Updated Financial Plan, All Governmental Funds spending, the broadest measure of State spending, would decrease by $3.6 billion (-2.6 percent) in 2011-12. State Operating Funds disbursements would increase by 2 percent.

The State's new fiscal year begins on April 1, 2011 and the Executive Budget, as amended, is awaiting action by the Legislature. The General Fund gap-closing measures included as part of the Executive Budget proposal assume the enactment of a budget by the start of the 2011-12 fiscal year. There can be no assurance that the Legislature will adopt a budget for the 2011-12 fiscal year by April 1, 2011, or that it will adopt all or any portion of the Executive Budget as proposed, or that the fiscal impact of the budget for 2011-12, when enacted, will not differ materially and adversely from the estimates and projections contained in the Updated Financial Plan.

The following table summarizes certain fiscal information presented on a budgetary basis of accounting. The information in the columns entitled "Before Actions ("Base")" is based on DOB's current Financial Plan projections, before taking into account the estimated impact of the Governor's Executive Budget proposal. The information in the column entitled "Executive Budget Proposal" assumes that the Legislature will approve the Executive Budget proposal without modification by April 1, 2011.

EXECUTIVE BUDGET FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES
(AS AMENDED)
(millions of dollars)

		2010-11 (Current Year)		2011-12 (Budget Year)		
				Before Actions ("Base")		
	2009-10 Results[1]	Mid-Year Update [1]	Revised [1]	Mid-Year [1,2]	Revised [1,2]	Executive Proposal [1]
State Operating Funds Budget						
Size of Budget	$80,659	$85,507	$84,964	$96,014	$95,047	$86,677
Annual Growth	-1.2%	6.0%	5.3%	13.0%	11.9%	2.0%
Other Budget Measures						
General Fund (with transfers)	$52,202	$55,746	$55,049	$66,161	$65,346	$56,766
	-4.4%	6.8%	5.5%	20.2%	18.7%	3.1%
State Funds (Including Capital)	$86,044	$91,982	$91,196	$102,622	$95,047	$92,838
	-1.0%	6.9%	6.0%	12.5%	4.2%	1.8%
Capital Budget (Federal and State)	$7,112	$8,508	$8,274	$8,617	$8,273	$8,169
	4.1%	19.6%	16.3%	4.1%	0.0%	-1.3%
Federal Operating	$39,107	$43,382	$42,876	$39,686	$40,273	$37,688
	18.1%	10.9%	9.6%	-7.4%	-6.1%	-12.1%
All Funds	$126,878	$137,397	$136,114	$144,317	$143,593	$132,534
	4.4%	8.3%	7.3%	6.0%	5.5%	-2.6%
All Funds (Including "Off-Budget" Capital)	$128,555	$139,178	$137,763	$145,919	$145,251	$134,192
	3.8%	8.3%	7.2%	5.9%	5.4%	-2.6%
All Funds Receipts						
Taxes	$57,668	$61,452	$60,793	$65,516	$64,538	$64,758
	-4.4%	6.6%	5.4%	7.8%	6.2%	6.5%
Miscellaneous Receipts	$23,556	$23,218	$23,702	$22,870	$22,809	$23,617
	17.4%	-1.4%	0.6%	-3.5%	-3.8%	-0.4%
Federal Grants	$45,525	$50,565	$50,013	$46,280	$46,753	$44,302
	17.2%	11.1%	9.9%	-7.5%	-6.5%	-11.4%
Total Receipts	$126,749	$135,235	$134,508	$134,666	$134,100	$132,677
	6.3%	6.7%	6.1%	0.1%	-0.3%	-1.4%
Base Tax Growth/(Decline) [3]	-12.3%	2.3%	2.1%	8.1%	7.5%	7.5%
Inflation (CPI)	0.3%	1.3%	1.4%	1.7%	1.9%	2.1%
Budget Gaps						
2011-12	N/A	N/A	N/A	($9,026)	($10,001)	0
2012-13	N/A	N/A	N/A	($14,644)	($14,945)	($2,198)
2013-14	N/A	N/A	N/A	($17,232)	($17,429)	($2,463)
2014-15	N/A	N/A	N/A	N/A	($20,903)	($4,368)
Total General Fund Reserves	$2,302	$1,385	$1,357	$1,337	N/A	$1,609
Rainy Day Reserve Funds	$1,206	$1,206	$1,206	$1,206	N/A	$1,206
Reserved for Deferred Payments [4]	$906	$0	$0	$0	N/A	$0
All Other Reserves	$190	$179	$151	$131	N/A	$403
State Workforce (Subject to Direct Executive Control) [5]	131,741	126,493	126,634	127,032.0	127,032	126,367
State-Related Debt						
Debt Service as % All Funds Receipts	4.4%	4.4%	4.5%	4.9%	4.9%	5.0%
State-Related Debt Outstanding	$54,694	$56,630	$56,438	$57,855	$57,855	$58,017

[1] Spending in State Operating Funds, State Funds, and Federal Operating Funds has been restated to the classification of State and Federal special revenue accounts followed by the State Comptroller. See note on following page for more information on how this change impacts reporting.

[2] Before proposed spending reductions to eliminate the projected budget gap.

[3] The base tax growth rate for the current year equals current year actual collections, less the incremental values of tax law changes and involuntary collections, divided by actual collections from the prior year.

[4] The State deferred more payments than were needed to carry forward the 2009-10 budget shortfall. This created a temporary increase in the year-end balance in 2009-10. The balance was used when the deferred payments were made in the first quarter of 2010-11.

[5] This table does not reflect layoffs that may be necessary in the absence of negotiated workforce savings.

SPENDING ADJUSTMENTS

With this AIS Update, DOB has altered its classification of State and Federal special revenue funds to conform to the accounting classifications used by the Office of State Comptroller. This means that certain special revenue accounts formerly reported in the State's Financial Plan as Federal Operating Funds have been reclassified to State Operating Funds. This change has the effect of increasing the reported disbursements from State Operating Funds, and reducing reported disbursements from Federal Operating Funds by an equal amount. Accordingly, there is no impact on the State's reported All Governmental Funds spending totals. The impact of the reclassification is summarized in the following table for comparability.

STATE OPERATING FUNDS AS RESTATED
(millions of dollars)

	Before Restatement	Reporting Adjustment*	Restated
2005-06	66,240	3,065	69,305
2006-07	73,476	3,031	76,507
2007-08	76,989	3,029	80,018
2008-09	78,166	3,459	81,625
2009-10	76,873	3,786	80,659
2010-11 Mid-Year	81,261	4,246	85,507
2010-11 Revised	80,807	4,157	84,964
2011-12 Mid-Year	92,315	3,699	96,014
2011-12 Revised	91,348	3,699	95,047
2011-12 Proposed	83,109	3,568	86,677

*DOB has reclassified certain special revenue accounts from Federal Operating Funds to State Operating Funds to be consistent with the methodology used by the Office of the State Comptroller.

Source: NYS DOB

CURRENT FISCAL YEAR UPDATE (2010-11)
SUMMARY OF REVISIONS TO MID-YEAR UPDATE

In the Mid-Year Update dated November 9, 2010, DOB estimated that the General Fund had a potential budget gap of $315 million in the current fiscal year. Based on a review of updated information for receipts and disbursements, DOB expects to end the current fiscal year in balance[3] on a cash basis in the General Fund, although risks remain. Tax receipts have continued to fall substantially below anticipated levels, but a combination of unplanned miscellaneous receipts and lower than anticipated disbursements across a range of programs and activities are expected to be sufficient to end the fiscal year in balance. The table below summarizes the revisions to the 2010-11 Financial Plan since the Mid-Year Update.

GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) ESTIMATE FOR 2010-11
SUMMARY OF CHANGES FROM MID-YEAR UPDATE
(millions of dollars)

	2010-11
MID-YEAR ESTIMATE	**(315)**
Total Receipts Revisions	**(410)**
Tax Receipts	(721)
Fund Sweeps Shortfall	(181)
18-a Assessment	266
Workers Compensation Surplus Recapture	38
All Other	188
Total Disbursements Revisions	**697**
Local Assistance	502
State Operations	100
Debt Service	61
All Other	34
Use of Unreserved Fund Balance	**37**
Increase in Community Projects Fund Reserve	**(9)**
CURRENT ESTIMATE	**0**

General Fund receipts, including transfers from other funds, are expected to total $54.1 billion in 2010-11, a decrease of $410 million compared to the Mid-Year Update. Based on collections experience to date, DOB lowered the estimate for General Fund tax receipts by approximately $721 million compared to the Mid-Year Update.

[3] Neither the State Constitution nor State Finance Law provides a precise meaning of budget balance. In practice, the General Fund is considered "balanced" on a cash-basis of accounting if, at the end of a State fiscal year, all required payments, including personal income tax refunds, have been made without the issuance of deficit notes or bonds, and the balances in the Tax Stabilization Reserve and Rainy Day Reserve have been restored to levels at or above the levels on deposit when the fiscal year began.

The reduction in estimated annual tax receipts and transfers from other funds in 2010-11 is expected to be offset in part by higher than expected receipts from other sources. The most significant change reflects payment of public utility assessments that were not previously incorporated in the Financial Plan estimates, as they were not expected to be received in the 2010-11 fiscal year. This is expected to result in $266 million in additional miscellaneous receipts in the current year. Other transactions are also expected to exceed budgeted levels in the final quarter of the fiscal year.

General Fund disbursements, including transfers to other funds, are estimated at $55.0 billion, a decrease of $697 million from the estimate in the Mid-Year Update. Estimated disbursements have been reduced across a range of programs and activities in local assistance, State agency operations, and debt service. The revisions reflect operating results to date, the continuing impact of cost control measures imposed on discretionary spending, and the conservative estimation of General Fund costs. In addition, the Updated Financial Plan reflects a technical adjustment that aligns School Aid disbursements with available appropriation authority (a reduction in General Fund spending of $50 million).

The Updated Financial Plan assumes the General Fund will use approximately $37 million of the $73 million in unreserved fund balances to make all planned payments in the current year.

It is expected that the General Fund will end 2010-11 with a cash balance of $1.36 billion. The balance consists of $1.03 billion in the Tax Stabilization Reserve, $175 million in the Rainy Day Reserve, $94 million in the Community Projects Fund, $21 million in the Contingency Reserve, and $36 million in undesignated fund balance.

Risks to budget balance in the current fiscal year remain. They include the potential that actual tax receipts may fall below the revised estimates; year-end transactions, such as the transfer of excess balances from other funds or payments from non-State entities, may occur at lower levels than assumed in the Updated Financial Plan; and disbursements in certain programs, especially economically-sensitive programs such as Medicaid, may exceed budgeted amounts. In addition, the State expects to price and close a General Obligation bond sale by March 30, 2011. A portion of the sale proceeds will be used to reimburse the State's General Fund for capital expenditures through the end of the 2010-11 fiscal year. See “Other Matters Affecting the Updated Financial Plan - Financial Plan Risks” herein.

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PRELIMINARY YEAR-TO-DATE OPERATING RESULTS

The following discussion summarizes DOB's estimate of operating results through February 2011. The State Comptroller is expected to publish in mid-March 2011 the official monthly operating results through February 2011. DOB does not anticipate material changes between the results reported herein and the official monthly results that will be published in mid-March 2011.

GENERAL FUND

DOB estimates that the General Fund ended February 2011 with a closing balance of approximately $6.4 billion, or $734 million higher than the estimated closing balance in the Mid-Year Update. General Fund receipts, including transfers from other funds, were $694 million below the Mid-Year Update forecast, reflecting lower tax collections and lower miscellaneous receipts to date. General Fund disbursements, including transfers to other funds, were $1.4 billion below the Mid-Year Update forecast, due to lower than expected Medicaid spending, the timing of payments for a number of programs, earlier than expected payment of fringe benefit bills this year (paid to the General Fund from other funds), and slower than expected spending across various local programs. DOB took into account actual operating results through January 2011 and preliminary results through February 2011 in preparing the forecasts and projections in the Updated Financial Plan.

The following table compares preliminary, unaudited results through February 2011 to the estimates included in the Mid-Year Update and the AIS.

GENERAL FUND RESULTS VS. PROJECTIONS: APRIL 2010 to FEBRUARY 2011
(millions of dollars)

	Projections			Favorable/ (Unfavorable) vs.	
	2010-11 Enacted Budget	2011-12 Mid-Year	Preliminary Results *	2010-11 Enacted Budget	2011-12 Mid-Year
Opening Balance (April 1, 2010)	**2,302**	**2,302**	**2,302**	**n/a**	**n/a**
Receipts	**48,265**	**47,687**	**46,993**	**(1,272)**	**(694)**
Personal Income Tax**	29,688	29,449	28,769	(919)	(680)
User Taxes and Fees**	10,314	10,092	10,124	(190)	32
Business Taxes	3,988	3,736	3,673	(315)	(63)
Other Taxes**	1,232	1,275	1,485	253	210
Non-Tax Revenue**	3,043	3,135	2,942	(101)	(193)
Disbursements	**43,716**	**44,305**	**42,877**	**839**	**1,428**
Medicaid (including admin)	6,845	7,104	6,828	17	276
Higher Education	1,985	1,975	1,724	261	251
All Other Education	1,415	1,411	1,195	220	216
Children and Families	1,440	1,396	1,301	139	95
All Other Local	17,060	16,980	16,756	304	224
Personal Service	5,426	5,596	5,550	(124)	46
Non-Personal Service	1,625	1,777	1,597	28	180
General State Charges	2,522	2,783	2,788	(266)	(5)
Transfers To Other Funds	5,398	5,283	5,138	260	145
Change in Operations	**4,549**	**3,382**	**4,116**	**(433)**	**734**
Closing Balance (February 28, 2011) * **	**6,851**	**5,794**	**6,418**	**(433)**	**734**

* The Office of State Comptroller will publish actual results in mid-March, 2011, following release of this AIS Update.
** Includes transfers from other funds after debt service.
*** Mid-year closing balance includes $110 million of proposed spending reductions.

General Fund tax receipts, including transfers after debt service, were $694 million below the Mid-Year estimate, primarily attributable to lower-than-expected personal income tax receipts during this time period. Disbursements, including transfers to other funds, were $1.4 billion below the Mid-Year forecast, largely due to Medicaid, higher education, and other education aid. Disbursements in these areas were lower than expected due to variations in claiming and the timing of local aid payments.

GENERAL FUND ANNUAL CHANGE

GENERAL FUND PRELIMINARY RESULTS: APRIL 2010 THROUGH FEBRUARY 2011
(millions of dollars)

	2009-10 Actual	2010-11 Preliminary (unaudited)	Increase/ (Decrease) from Prior Year
Opening Balance (April 1)	**1,948**	**2,302**	**354**
Receipts	**45,241**	**46,993**	**1,752**
Personal Income Tax*	27,480	28,769	1,289
User Taxes and Fees*	9,334	10,124	790
Business Taxes	3,744	3,673	(71)
Other Taxes*	975	1,485	510
Non-Tax Revenue	3,708	2,942	(766)
Disbursements	**42,651**	**42,877**	**226**
School Aid	10,926	10,155	(771)
School Aid End of Year Payment Delay	-	2,060	2,060
Medicaid (including admin)	6,612	6,828	216
Higher Education	2,103	1,724	(379)
Temporary and Disability Assistance	1,248	1,052	(196)
All Other Education	1,361	1,195	(166)
All Other Local	5,228	4,790	(438)
Personal Service	5,962	5,550	(412)
Non-Personal Service	1,739	1,597	(142)
General State Charges	2,567	2,788	221
Transfers To Other Funds	4,905	5,138	233
Change in Operations	**2,590**	**4,116**	**1,526**
Closing Balance (February 28)	**4,538**	**6,418**	**1,880**

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

Receipts through February 2011 were $1.8 billion, or 3.9 percent higher than the same period in the prior fiscal year. Total tax receipts are $2.5 billion higher mainly due to the growth in personal income tax collections, user taxes and fees, estate taxes, and the real estate transfer tax, resulting from both law changes and the economic recovery. Business tax collections fell, due mainly to the timing of refunds. The decline in non-tax revenue is mainly due to receipts that were not received or received in lower amounts in 2010-11, including 18-a assessment ($382 million), the Energy Research and Development Authority ($90 million), Tribal Nations ($78 million), Insurance ($65 million), SUNY non-tuition revenues ($55 million), and lower fine collections.

Disbursements through February 2011 were $226 million, or 0.5 percent, higher than the same period in the prior fiscal year. Spending growth is affected by the delay of the end of year school aid payment ($2.06 billion) from March 2010 to the statutory deadline of June 1, 2010. Excluding the school aid delay, spending through February 2011 totaled $40.8 billion, or $1.8 billion below the 2009-10 level.

The most significant annual spending changes include: lower general school aid spending to date that results mainly from savings enacted in the 2010-11 Budget ($771 million); roughly $550 million in lower state operations spending, reflecting in part, the one-time payment of retroactive salary settlements for employees represented by NYSCOPBA, PBA and BCI in 2009-10 and the impact of strict spending controls; the elimination of approximately $300 million in annual AIM funding for New York City that would have been paid by December; delay of a $300 million CUNY Senior College payment from 2008-09 to June of 2009-10, which increased 2009-10 spending relative to the current year; higher State payments for employee and retiree health insurance ($221 million); and the availability of Federal funding for public assistance benefit costs which reduced General Fund spending ($196 million).

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2011-12 FISCAL YEAR

UPDATED BUDGET GAPS (BEFORE EXECUTIVE BUDGET PROPOSAL)

The budget gap for 2011-12 that must be closed is projected at $10 billion, an increase of $975 million from the Mid-Year Update. The projected gaps in future years have also increased since the Mid-Year Update. DOB has revised the multi-year forecast of receipts and disbursements since the Mid-Year Update based on a review of operating results to date, updated forecasts for the State and national economies, and other information. The following table summarizes the revisions to the base budget gaps, that is, before reflecting the estimated impact of the Executive Budget proposal.

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

	2011-12	2012-13	2013-14	2014-15[4]
Mid-Year Budget Surplus/(Gap) Estimates	**(9,026)**	**(14,644)**	**(17,232)**	
Current-Services Revisions[1]	**(975)**	**(301)**	**(197)**	
Receipts Forecast Revisions	(1,326)	(620)	(841)	
Tax Forecast Receipts	(936)	(617)	(531)	
Miscellaneous Receipts	(66)	(75)	(125)	
18-a Assessment	0	0	(265)	
All Other	(324)	72	80	
Disbursements Forecast Revisions[2]	351	319	644	
School Aid Database Update	215	298	433	
Judiciary	90	(50)	(72)	
Transfers/All Other	46	71	283	
Current Services Surplus/(Gap) Estimates[3]	**(10,001)**	**(14,945)**	**(17,429)**	**(20,903)**

[1] Excludes the reclassification of certain mental hygiene activities between receipts and disbursements, which has no impact on Financial Plan operating results.
[2] Excluding the impact of showing the potential cost of retroactive labor settlements as a reserve, rather than as spending. This change has the effect of reducing disbursements, and increasing the projected closing balance in the General Fund. See Financial Plan Table on page 66 of this AIS Update.
[3] Does not include the potential $155 million in additional receipts for 2010-11 and 2011-12 as identified in the March 1, 2011 consensus forecast report.
[4] Added for the first time in the Executive Budget released on February 1, 2011.

The forecast for General Fund tax receipts in each fiscal year of the Updated Financial Plan has been lowered, consistent with the reductions made to the 2010-11 forecast (see above). The forecast for tax receipts reflects updated forecasts for the State and national economies, as well as current-year results to date. Reductions to projected receipts across the plan period account for most of the increase in the gaps compared to the Mid-Year forecast.

DOB has also made a number of other revisions to the multi-year forecast that, in total, have a relatively modest impact on the base gap projections. The more significant changes include the results of the November 2010 database update for School Aid, which reduced projected spending in each fiscal year of the plan (by $215 million in 2011-12, from $19.9 billion to $19.7 billion; by $298 million in 2012-13, from $22.4 billion to $22.1 billion; by $433 million in 2013-14, from $24.8 billion to $24.4 billion; and by $444 million in 2014-15, from $26.6 billion to $26.2 billion); a downward adjustment to the level of

resources expected to be transferred from other funds to the General Fund in 2011-12, based on an updated analysis of existing fund balances and administrative constraints ($336 million); and reestimates to the spending projections for a number of agencies, based on updated information.

ESTIMATED IMPACT OF EXECUTIVE BUDGET PROPOSAL ON BUDGET GAPS

DOB estimates that the Governor's Executive Budget proposal would eliminate the General Fund budget gap of $10 billion in 2011-12 and reduce the budget gaps to $2.2 billion in 2012-13, $2.5 billion in 2013-14, and $4.4 billion in 2014-15. This assumes the Legislature enacts the Governor's proposal in its entirety and without modification by the start of the 2011-12 fiscal year on April 1, 2011. The following table summarizes the projected multi-year fiscal impact of the Governor's proposal.

GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS
SUMMARY OF CHANGES FROM REVISED CURRENT-SERVICES THROUGH EXECUTIVE BUDGET RECOMMENDATION
AMENDED
(millions of dollars)

	2011-12	2012-13	2013-14	2014-15
REVISED CURRENT-SERVICES ESTIMATE (BEFORE ACTIONS)	**(10,001)**	**(14,945)**	**(17,429)**	**(20,903)**
Executive Budget Proposals	**10,001**	**12,747**	**14,966**	**16,535**
Spending Control	8,856	12,394	14,662	16,246
Aid to Localities Reductions [1]	*7,482*	*10,927*	*13,179*	*14,768*
State Agency Redesign	*1,374*	*1,467*	*1,483*	*1,478*
Revenue Enhancements	340	351	304	289
Non-Recurring Resources	805	2	0	0
BUDGET SURPLUS/(GAPS) AFTER ACTIONS	**0**	**(2,198)**	**(2,463)**	**(4,368)**

[1] Outyear savings assume Medicaid and School Aid grow at their proposed target rates.

To help accomplish the goal of fundamentally reducing the level of State long-term spending, the Governor appointed advisory commissions charged with redesigning current operations and recommending specific savings in the areas of Medicaid, prison closures, and State agency operations.

- The Medicaid Redesign Team has identified cost-containment measures and reestimates that are expected to provide approximately $2.85 billion in gap-closing savings in 2011-12, and restrain growth in Department of Health Medicaid State funds spending for future years to the ten-year average change of the medical component of the Consumer Price Index (currently estimated at approximately 4 percent annually). The Executive Budget includes specific proposals to achieve the savings identified by the Medicaid Redesign Team.

- The Prison Closure Advisory Task Force will be charged with undertaking an extensive review of the State prison system and recommending correctional facilities for closure during 2011-12. The Task Force will base its determinations using specified selection criteria with the intent of eliminating excess capacity to achieve a more efficiently operating prison system.

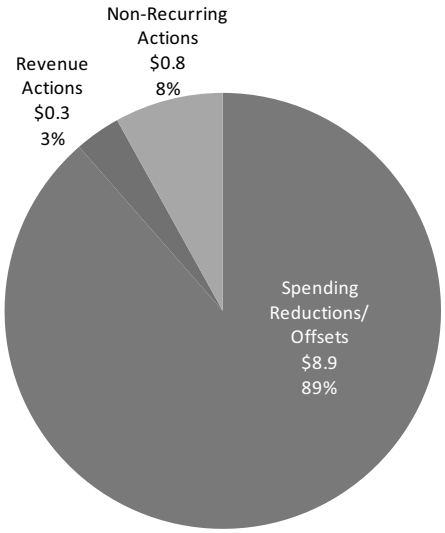
- The Spending and Government Efficiency Commission ("SAGE") is charged with making recommendations to reduce the number of State agencies, authorities, and commissions by 20 percent over the next four years. The Updated Financial Plan does not currently include specific savings from the SAGE Commission, but the Commission is expected to aid in achieving the

aggressive savings targets for State agencies. Further, the projections for State Operations include significant reductions beginning in 2011-12.

COMPOSITION OF THE PROPOSED 2011-12 GAP-CLOSING PLAN

The chart below summarizes the shares of the proposed $10 billion gap-closing plan by broad category.

Shares of 2011-12 Gap-Closing Plan
(billions of dollars)



The gap-closing plan includes proposals to lower spending by approximately $8.9 billion in 2011-12 compared to the current-services forecast. The Executive Budget proposes savings of $2.85 billion each for School Aid and Medicaid, $1.4 billion for State agency operations, and $1.8 billion for a range of other programs and activities. In total, actions to reduce spending from base projections comprise nearly 90 percent of the overall gap-closing plan.

The gap-closing plan also anticipates $340 million in additional revenues in 2011-12. The additional revenues are expected to be derived from modernizing the State's tax system, improving voluntary compliance with tax law, and increasing the level of resources available from the Abandoned Property Fund.

Proposed non-recurring actions total $805 million in 2011-12, comprising approximately 8 percent of the gap-closing plan. The actions are expected to be derived from contributions by the State's public authorities, use of fund balances, and maintaining a consistent level of pay-as-you-go financing for eligible capital expenses.

ESTIMATED IMPACT ON SPENDING

DOB estimates that State Operating Funds spending would total $86.7 billion in 2011-12, an increase of $1.7 billion (2.0 percent) from the estimate for the current fiscal year. All Governmental Funds spending, which includes capital projects and Federal operating spending, would total $132.5 billion, a decrease of $3.6 billion from the current year.

TOTAL DISBURSEMENTS
(millions of dollars)

			Before Actions			After Actions	
	2010-11 Revised	2011-12 Base	Annual $ Change	Annual % Change	2011-12 Proposed	Annual $ Change	Annual % Change
State Operating Funds	**84,964**	**95,047**	**10,083**	**11.9%**	**86,677**	**1,713**	**2.0%**
General Fund (excluding transfers)	49,403	58,591	9,188	18.6%	50,502	1,099	2.2%
Other State Funds	29,997	30,364	367	1.2%	30,092	95	0.3%
Debt Service Funds	5,564	6,092	528	9.5%	6,083	519	9.3%
All Governmental Funds	**136,114**	**143,593**	**7,479**	**5.5%**	**132,534**	**(3,580)**	**-2.6%**
State Operating Funds	84,964	95,047	10,083	11.9%	86,677	1,713	2.0%
Capital Projects Funds	8,274	8,273	(1)	0.0%	8,169	(105)	-1.3%
Federal Operating Funds	42,876	40,273	(2,603)	-6.1%	37,688	(5,188)	-12.1%
General Fund, including Transfers	**55,049**	**65,346**	**10,297**	**18.7%**	**56,766**	**1,717**	**3.1%**
State Funds	**91,196**	**101,311**	**10,115**	**11.1%**	**92,838**	**1,642**	**1.8%**

Adjusted for several factors, State Operating Funds spending would increase by approximately $900 million in 2011-12, or 1.0 percent. By comparison, inflation is projected at 2.1 percent. The annual growth in State Operating Funds spending is affected by several factors: (a) the deferral of a School Aid payment from 2009-10 to 2010-11; (b) the planned amortization of the State's pension costs above a certain percentage of payroll, as authorized in 2010; (c) the set-aside of a reserve to pay for potential retroactive labor settlements through 2010-11, rather than assuming spending for these settlements in 2011-12; and (d) accounting for the phase-out of the Federal government's payment of an increased share of State Medicaid costs. The State Operating Funds spending total in the table below is adjusted to exclude the impact of these factors.

STATE OPERATING FUNDS TOTAL DISBURSEMENTS (ADJUSTED)
(millions of dollars)

			Before Actions			After Actions	
	2010-11 Revised	2011-12 Base	Annual $ Change	Annual % Change	2011-12 Proposed	Annual $ Change	Annual % Change
State Operating Funds	**84,964**	**95,047**	**10,083**	**11.9%**	**86,677**	**1,713**	**2.0%**
Adjustments [1]	**2,137**	**1,334**	**(803)**	**-37.6%**	**1,334**	**(803)**	**-37.6%**
2010 School Aid Deferral	(2,060)	0	2,060	-100.0%	0	2,060	-100.0%
Pension Amortization (Authorized 2010)	249	635	386	155.0%	635	386	155.0%
Retroactive Labor Settlements	0	346	346	n/ap	346	346	N/A
Enhanced FMAP (DOH Medicaid)	3,948	353	(3,595)	-91.1%	353	(3,595)	-91.1%
STATE OPERATING FUNDS (ADJUSTED)	**87,101**	**96,381**	**9,280**	**10.7%**	**88,011**	**910**	**1.0%**

[1] See text above.

The annual spending growth in State Operating Funds is affected by the rapid annual increase in debt service and fringe benefits, which are difficult to control in the short-term due to existing constitutional,

statutory and contractual obligations. Together, these costs are projected to increase by nearly $1.0 billion in 2011-12. Debt service on State-supported debt is projected to increase by $519 million (9.3 percent) in 2011-12. Spending on fringe benefits and fixed costs is projected to increase by $473 million (7.8 percent). Growth in fringe benefits is due to increases in the State's annual contribution to the New York State and Local Retirement System and the cost of providing health insurance for active and retired State employees. Pension costs, including State contributions to SUNY's optional retirement program, are expected to increase by $204 million (13.9 percent) in 2011-12, even with the amortization (i.e., deferral with interest expense) of contributions in excess of 10.5 percent of payroll, as authorized in the 2010-11 Enacted Budget. Without amortization, the State contribution to the State pension system in 2011-12 would total approximately $2.1 billion, or $635 million above the amount in the Updated Financial Plan.[4] See "State Retirement Systems" and pages 26 and 27 of this AIS Update for a discussion of the pension amortization. The following table summarizes the major sources of annual change in State spending by major program, purpose, and Fund perspective.

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[4] The Financial Plan assumes that the State will amortize pension costs, consistent with the provisions of the authorizing legislation. The State amortized $249 million of its fiscal year 2010-11 pension bill of $1.5 billion and paid the balance on or before March 1, 2011. The amounts assumed to be amortized over the Financial Plan period are $635 million in 2011-12, $789 million in 2012-13, $1.0 billion in 2013-14, and $1.1 billion in 2014-15.

STATE SPENDING PROJECTIONS: BEFORE AND AFTER PROPOSED BUDGET ACTIONS
(millions of dollars)

STATE OPERATING FUNDS	2010-11 Revised	2011-12 Base	Annual Change Before Actions $	Annual Change Before Actions %	2011-12 Proposed	Annual Change After Actions $	Annual Change After Actions %
Local Assistance	**55,732**	**64,509**	**8,777**	**15.7%**	**57,295**	**1,563**	**2.8%**
School Aid [1]	19,798	22,453	2,655	13.4%	19,502	(296)	-1.5%
Medicaid [2]	14,152	19,992	5,840	41.3%	17,329	3,177	22.4%
Department of Health	15,900	17,943	2,043	12.8%	15,461	(439)	-2.8%
Enhanced FMAP (DOH Only)	(3,948)	(353)	3,595	-91.1%	(353)	3,595	-91.1%
Mental Hygiene	2,131	2,290	159	7.5%	2,110	(21)	-1.0%
Children and Family Services	69	112	43	62.3%	111	42	60.9%
Transportation	4,271	4,298	27	0.6%	4,246	(25)	-0.6%
STAR	3,270	3,418	148	4.5%	3,293	23	0.7%
Social Services (Non-Medicaid)	2,755	3,302	547	19.9%	2,929	174	6.3%
Higher Education	2,640	2,711	71	2.7%	2,571	(69)	-2.6%
Public Health/Aging	2,256	2,412	156	6.9%	2,307	51	2.3%
Other Education Aid	1,821	1,833	12	0.7%	1,657	(164)	-9.0%
Mental Hygiene (Non-Medicaid)	1,486	1,661	175	11.8%	1,512	26	1.7%
Local Government Assistance	776	1,070	294	37.9%	736	(40)	-5.2%
All Other [3]	2,507	1,359	(1,148)	-45.8%	1,213	(1,294)	-51.6%
State Operations	**17,689**	**17,908**	**219**	**1.2%**	**16,830**	**(859)**	**-4.9%**
Personal Service:	12,462	12,485	23	0.2%	11,717	(745)	-6.0%
Executive Agencies	7,344	7,168	(176)	-2.4%	6,603	(741)	-10.1%
SUNY	3,183	3,343	160	5.0%	3,165	(18)	-0.6%
Judiciary	1,540	1,568	28	1.8%	1,568	28	1.8%
Legislature	167	165	(2)	-1.2%	165	(2)	-1.2%
Department of Law	112	117	5	4.5%	109	(3)	-2.7%
Audit & Control	116	124	8	6.9%	107	(9)	-7.8%
Non-Personal Service	5,227	5,423	196	3.7%	5,113	(114)	-2.2%
Fringe Benefits/Fixed Costs	**6,056**	**6,598**	**542**	**8.9%**	**6,529**	**473**	**7.8%**
Pensions	1,468	1,664	196	13.4%	1,672	204	13.9%
Health Insurance	3,053	3,389	336	11.0%	3,409	356	11.7%
All Other Fringe Benefits	1,198	1,217	19	1.6%	1,120	(78)	-6.5%
Fixed Costs	337	328	(9)	-2.7%	328	(9)	-2.7%
Debt Service	**5,485**	**6,030**	**545**	**9.9%**	**6,021**	**536**	**9.8%**
Capital Projects	**2**	**2**	**0**	**0.0%**	**2**	**0**	**0.0%**
TOTAL STATE OPERATING FUNDS	**84,964**	**95,047**	**10,083**	**11.9%**	**86,677**	**1,713**	**2.0%**
Capital Projects (State Funded)	**6,232**	**6,264**	**32**	**0.5%**	**6,161**	**(71)**	**-1.1%**
TOTAL STATE FUNDS	**91,196**	**101,311**	**10,115**	**11.1%**	**92,838**	**1,642**	**1.8%**
Federal Aid (Including Capital Grants)	**44,918**	**42,282**	**(2,636)**	**-5.9%**	**39,696**	**(5,222)**	**-11.6%**
TOTAL ALL GOVERNMENTAL FUNDS	**136,114**	**143,593**	**7,479**	**5.5%**	**132,534**	**(3,580)**	**-2.6%**

[1] Excludes payment deferral. Includes Medicaid spending for School Supportive Health Services in 2010-11.

[2] An additional $3.6 billion in Medicaid spending for mental hygiene agencies is included in state operations and fringe benefits spending totals.

[3] All other includes ARRA, school aid deferral, local aid spending in a number of other programs, including parks and the environment, economic development, and public safety, and reclassification of money between Financial Plan categories.

EXPLANATION OF EXECUTIVE BUDGET GAP-CLOSING PLAN

The table below summarizes the Executive Budget gap-closing plan.

GENERAL FUND GAP-CLOSING PLAN FOR 2011-12
(millions of dollars)

	2011-12	2012-13	2013-14	2014-15
CURRENT-SERVICES GAP ESTIMATES (BEFORE ACTIONS)	**(10,001)**	**(14,945)**	**(17,429)**	**(20,903)**
Total Executive Budget Gap-Closing Proposals	**10,001**	**12,747**	**14,966**	**16,535**
Spending Reductions/Offsets	**8,856**	**12,394**	**14,662**	**16,246**
Local Assistance	**7,482**	**10,927**	**13,179**	**14,768**
Medicaid	2,850	4,357	5,152	5,888
Public Health/Aging	81	226	233	240
School Aid	2,851	4,651	6,091	6,947
Lottery Aid	155	200	200	200
School Tax Relief	125	262	262	262
Education/Special Education	181	61	66	72
Higher Education	69	87	89	89
Human Services/Labor/Housing	385	396	409	428
Local Government Aid	334	304	304	304
Mental Hygiene	307	327	317	280
Member Item Fund Deposit Repeal	85	0	0	0
All Other	59	56	56	58
State Agency Redesign	**1,374**	**1,467**	**1,483**	**1,478**
Revenue Enhancements	**340**	**351**	**304**	**289**
Tax Modernization/Voluntary Compliance	200	200	200	200
Abandoned Property	100	115	60	45
All Other	40	36	44	44
Non-Recurring Resources	**805**	**2**	**0**	**0**
MTA Transaction	200	0	0	0
NYPA/Other Authorities	150	0	0	0
Debt Management/Capital Financing	200	0	0	0
School Aid Claims Limited to Nov 2010 Database	100	0	0	0
Recoveries	75	0	0	0
All Other	80	2	0	0
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(2,198)**	**(2,463)**	**(4,368)**

The 2011-12 gap-closing actions are organized into three general categories: (a) actions that reduce current-services spending in the General Fund on a recurring basis (Spending Reductions/Offsets); (b) actions that increase revenues on a recurring basis (Revenue Actions); and (c) transactions that increase revenues or lower spending in 2011-12, but that cannot be relied on in the future (Non-Recurring Resources).

The sections below provide details on the actions that are recommended for 2011-12 under each category. For additional information on the Executive Budget recommendations for major programs and activities, see "Multi-Year Financial Plan Projections" herein.

REDUCTIONS/OFFSETS

LOCAL ASSISTANCE

Local assistance spending includes financial aid to local governments and non-profit organizations, as well as entitlement payments to individuals. State Operating Funds spending for local assistance is estimated at $57.3 billion in 2011-12, an increase of $1.6 billion (2.8 percent) from the current year. Reductions from the 2011-12 current-services forecast for local assistance contribute $7.5 billion to the General Fund gap-closing plan.

The most significant gap-closing actions in local assistance include the following:

- **Medicaid ($2.85 billion in savings and reestimates):** The Medicaid Redesign Team (MRT) has identified a series of programmatic changes and cost-containment measures that are expected to generate gap-closing savings in 2011-12, and are expected to restrain growth in future years. Specifically, the MRT recommended a series of programmatic reforms to Medicaid payments and program structures ($1.1 billion); the elimination of annual statutory inflation factors for hospitals, nursing homes and home and personal care providers ($186 million); further spending reduction achieved, either by a 2 percent across the board rate reduction or other industry-specific measures ($345 million); the acceleration of certain payments to take advantage of additional enhanced Federal Medical Assistance Percentage payments ($66 million); and an industry-led effort to generate additional savings ($640 million). In addition, the plan recognizes the impact of slower caseload growth and changes in provider spending patterns ($475 million). See "Special Considerations" for a discussion of potential implementation risks. The following table summarizes the most significant MRT savings proposals included in the Updated Financial Plan.

SUMMARY OF MEDICAID REDESIGN TEAM SAVINGS ACTIONS
SAVINGS/(COSTS)
(millions of dollars)

	2011-12	2012-13	2013-14	2014-15
Total	**2,850**	**4,357**	**5,152**	**5,888**
Hospitals/Clinics	**402**	**520**	**555**	**557**
Establish Medical Malpractice Reforms	209	209	209	209
2 Percent Reduction	85	88	88	88
Permanently Eliminate Inflationary Rate Increases	28	61	93	126
Implement Health Homes for High-Cost/High-Need Population	33	112	119	95
All Other	47	50	46	39
Managed Care	**296**	**329**	**339**	**341**
Reduce Profit Margin from 3% to 1%	94	100	100	100
2 Percent Reduction	86	89	89	89
Reduce Premium Rates	84	86	86	86
Eliminate Marketing Funding	23	23	23	23
All Other	9	31	41	43
Home Care	**250**	**204**	**224**	**258**
Reduce Utilization	157	127	88	69
2 Percent Reduction	58	60	60	60
Permanently Eliminate Inflationary Rate Increases	27	58	89	120
Establish Supportive Housing Initiative	0	(75)	(75)	(75)
All Other	8	34	62	84
Nursing Home	**181**	**258**	**310**	**365**
2 Percent Reduction	70	73	73	73
Permanently Eliminate Inflationary Rate Increases	48	102	157	211
Restructure Reimbursement for Proprietary Homes	44	44	44	44
All Other	19	39	36	37
All Other	**1,721**	**3,046**	**3,724**	**4,367**
Contingency Industry Utilization Reduction	328	1,058	1,572	2,140
Program Growth Revision	475	650	850	850
Pharmaceutical Savings	182	276	276	276
HCRA Actions	370	570	570	570
Enhance Program Integrity	80	160	160	160
All Other	286	332	296	371

- **Public Health/Aging ($81 million):** Reducing the EPIC program to only provide coverage for enrollees during the Medicare Part D coverage gap; modifying the payment rates, eligibility standards, and operation of the Early Intervention ("EI") program; eliminating reimbursement for optional services provided through the General Public Health Work program ("GPHW"); and, eliminating various Department of Health and New York State Office for the Aging programs and reinvesting 50 percent of the savings in a new Local Competitive Performance Grant Program.

- **School Aid ($2.85 billion on a State fiscal year basis):** Applying a Gap Elimination Adjustment to School Aid that would reduce aid progressively, with low-wealth districts receiving proportionally smaller reductions, and extending the phase-in of the Foundation Aid and Universal Prekindergarten ("UPK") programs from seven to ten years. Additional savings are expected to be realized in future years by limiting annual School Aid increases to growth in personal income and through reforms to building aid, transportation aid and the Board of Cooperative Education Services ("BOCES") aid.

- **Lottery Aid ($155 million):** Enhancing the operation of the State's lottery games and Video Lottery Terminal ("VLT") facilities (including increased promotion of VLTs and enhancements to Quick Draw and other lottery games) to increase lottery revenues for financing School Aid.

- **STAR ($125 million):** Capping growth in School Tax Relief ("STAR") exemption benefits per property taxpayer at 2 percent annually.

- **Education/Special Education ($181 million):** Realigning reimbursement for certain special education programs, and reducing funding for various other education programs.

- **Human Services/Labor/Housing ($385 million):**

  - In the area of public assistance, maximizing Federal Temporary Assistance for Needy Families ("TANF") funds to pay the full benefit costs for TANF-eligible households on public assistance; delaying by one year the final 10 percent increase to the public assistance grant that is scheduled to start on July 1, 2011; eliminating State participation for New York City's shelter supplement program; withholding the public assistance grant for those households not in compliance with Federal work requirements; and reducing reimbursement to New York City for adult homeless shelter costs.

  - In the area of Children and Family Services, reducing Child Welfare disbursements based on improved program performance data; decreasing the State share of the Adoption Subsidy Program from 73.5 to 62 percent; requiring local districts to utilize certain Federal Title XX funds for Child Welfare Services; establishing a competitive grant program to replace a number of separately appropriated programs; increasing the share of Committee on Special Education program costs paid by school districts to better align costs with funding responsibility; restructuring funding for local detention costs and replacing it with increased funding for alternatives to detention and a new competitive grant program; and eliminating the 1.2 percent Human Services Cost of Living Adjustment ("COLA") scheduled for 2011-12.

- **Local Government Aid ($334 million):** Continuing the State's current Aid and Incentives for Municipalities ("AIM") policy that excludes payments for New York City and reduces AIM for other municipalities, and eliminates additional aid provided to municipalities, other than Yonkers, that host a VLT facility. In the outyears, the savings would be offset in part by new funding for the Local Government Performance and Efficiency Program to reward municipal efficiencies.

- **Mental Hygiene ($307 million):** Eliminating the planned 1.2 percent Human Services COLA; reforming and restructuring the Office of Mental Health ("OMH"), the Office for People with Developmental Disabilities ("OPWDD") and the Office of Alcoholism and Substance Abuse Services ("OASAS") programs; enhancing billing and auditing recovery; freezing community bed development and planned program expansion; and, maintaining existing funding levels related to the implementation of the Rockefeller drug law reforms and other programs.

- **Higher Education ($69 million):** Reducing State support for the State University of New York ("SUNY") and the City University of New York ("CUNY") community colleges and reducing the Tuition Assistance Program ("TAP") program spending by changing eligibility standards and reducing certain grant awards. Savings would be offset in part by renewal of funding for certain scholarship programs.

- **Member Item Deposit ($85 million):** Repealing the planned deposit of $85 million and eliminating the fund, which finances legislative and gubernatorial initiatives.

STATE AGENCY REDESIGN

Agency redesign savings are expected to be achieved through several means including, but not limited to, facility closures reflecting excess capacity conditions, operational efficiencies, and wage and benefit changes negotiated with the State's employee unions. In total, the proposed reductions are expected to provide an estimated $1.4 billion in savings compared to the current-services forecast. If the State is unsuccessful in negotiating changes, DOB expects that significant layoffs would be necessary to achieve the State agency savings expected in the Updated Financial Plan. Implementation of the savings in State agencies may be affected by, among other things, statutory or regulatory constraints, negotiations with State employee unions, and other factors. Accordingly, there can be no assurance that the actual savings will not differ materially and adversely from the Updated Financial Plan projections.

To achieve the overall savings target, the Executive Budget proposes a 10 percent year-to-year reduction to State agencies financed from the General Fund, and comparable reductions to the following: health care and mental hygiene institutions, City University Senior Colleges (for parity with SUNY), and the operations of the Department of Transportation and Department of Motor Vehicles. The 10 percent reduction was calculated as part of the February 1, 2011 Financial Plan. Accordingly, subsequent revisions to estimated disbursements in 2010-11 have modestly altered the reductions in some agencies. The Judiciary and Legislature, and activities financed with specific dedicated revenues such as tuition, are not included in the reductions.

State agency operations are financed from a number of different appropriations and funds. The following table summarizes the annual reductions in State Operations by major agency. In some instances, only a portion of an agency's operations were exempt from reduction (e.g., SUNY).

REVENUE ENHANCEMENTS

The Executive Budget proposes $340 million in revenue enhancements. The following table summarizes the specific proposals.

COMBINED GENERAL FUND GAP-CLOSING PLAN FOR 2011-12 - REVENUE ENHANCEMENTS
(millions of dollars)

	2011-12	2012-13	2013-14	2014-15
Revenue Enhancements	**340**	**351**	**304**	**289**
Tax Modernization/Voluntary Compliance	200	200	200	200
Abandoned Property	100	115	60	45
All Other	40	36	44	44

NON-RECURRING RESOURCES

The Executive Budget relies on $805 million in non-recurring resources in 2011-12. Non-recurring resources include using available funds in the Metropolitan Mass Transportation Operating Assistance Account ("MMTOA"); maintaining a consistent annual level of discretionary pay-as-you-go capital spending, rather than increasing it as previously planned; negotiating funding agreements with the State's public authorities, including $100 million from the New York Power Authority; limiting the State's liability for School Aid claims; and a number of routine transactions. The table below lists the non-recurring resources.

COMBINED GENERAL FUND GAP-CLOSING PLAN FOR 2011-12
NON-RECURRING RESOURCES SAVINGS/(COSTS)
(millions of dollars)

	2011-12
Non-Recurring Resources	**805**
MTA Transaction	200
NYPA/Other Authorities	150
Debt Management/Capital Financing	200
School Aid Claims Limited to Nov 2010 Database	100
Recoveries	75
All Other	80

DOB estimates that the value of non-recurring resources in the Executive Budget proposal is less than the annual growth in savings achieved by the recurring gap-closing actions, which are estimated to increase in value by approximately $3.5 billion from 2010-11 to 2011-12. As a result, non-recurring resources have no adverse impact on the gap for 2012-13 because they are more than offset by the growth in recurring savings.

PROJECTED CLOSING BALANCES

If the Executive Budget is enacted as proposed, DOB estimates the State would end 2011-12 with a General Fund balance of $1.6 billion. Balances in the principal reserve funds would remain unchanged.

GENERAL FUND ESTIMATED CLOSING BALANCE
(millions of dollars)

	2010-11	Planned Deposit	Planned Uses	2011-12
Projected Year-End Fund Balance	**1,357**	**346**	**(94)**	**1,609**
Tax Stabilization Reserve Fund	1,031	0	0	1,031
Rainy Day Reserve Fund	175	0	0	175
Contingency Reserve Fund	21	0	0	21
Community Projects Fund	94	0	(94)	0
Prior Year Labor Agreements (2007-2011)	0	346	0	346
Reserved for Debt Reduction	36	0	0	36

The closing balance includes $346 million identified to cover the costs of potential retroactive labor settlements with unions that have not agreed to contracts through 2010-11. The amount is calculated based on the pattern settlement for the 2006-07 through 2010-11 period agreed to by the State's largest unions. In prior years, this amount has been carried in the annual spending totals. Therefore, this change in presentation has no impact on net operating results. If settlements are reached in 2011-12, the fund balance in the General Fund will decline.

The Community Projects Fund, which finances discretionary ("member item") grants allocated by the Legislature and Governor, is expected to decrease by $94 million, reflecting the proposed repeal of a scheduled $85 million deposit, elimination of the fund, and the final spend-down of the balance.

OTHER MATTERS AFFECTING THE FINANCIAL PLAN

CURRENT CASH-FLOW PROJECTIONS

The General Fund is authorized to borrow resources temporarily from other available funds in the State's Short-Term Investment Pool ("STIP") for up to four months, or to the end of the fiscal year, whichever period is shorter. 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 (labeled "All Funds" in the table below), as well relatively small amounts of other money belonging to the State.

The General Fund has used this authorization to meet certain payment obligations in May, June, September, November, and December 2010. The General Fund may need to rely on this borrowing authority at times during the remainder of the fiscal year (See "Preliminary Year-to-Date Operating Results Through February 2011" herein).

The State continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. 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.

FORECAST OF 2011-12 MONTH-END CASH BALANCES

The projected month-end balances for 2011-12 are shown in the table below. The projections assume that the Executive Budget gap-closing plan is enacted in its entirety by the start of the fiscal year. General Fund cash balances are expected to be relatively low, especially during the first half of the fiscal year. It is expected that the General Fund will continue to borrow periodically from STIP.

DOB will continue to monitor and manage the State's cash position closely during the fiscal year in an effort to maintain adequate operating balances.

PROJECTED ALL FUNDS MONTH-END CASH BALANCES
FISCAL YEAR 2011-12
(millions of dollars)

	General Fund	Other Funds	All Funds
April 2011	3,591	3,993	7,584
May	400	4,174	4,574
June	594	3,228	3,822
July	663	4,103	4,766
August	265	4,540	4,805
September	3,340	2,336	5,676
October	2,256	3,414	5,670
November	1,409	3,714	5,123
December	2,017	2,424	4,441
January 2012	6,318	3,643	9,961
February	6,168	3,765	9,933
March	1,609	2,823	4,432

CONSENSUS REVENUE FORECAST

On March 1, 2011, as required by State law, the Executive and Legislature issued a joint report containing a consensus forecast for the economy and estimates of receipts for the current and upcoming fiscal years. The consensus forecast is intended to provide a common agreement on tax receipts as a precursor to legislative deliberations on the Executive Budget proposal. In the consensus forecast report, the parties agreed that tax receipts over the two-year period (2010-11 and 2011-12) were likely to exceed the Executive Budget forecast by approximately $155 million. The consensus forecast will be taken into consideration in negotiations to adopt a budget for 2011-12, but is not reflected in the Updated Financial Plan.

BUDGET TIMELINE

The Legislature has announced a tentative schedule for deliberating on the proposed budget. According to the schedule, joint legislative conference committees will begin on March 15 and issue final conference reports by March 28, and the Legislature will consider joint budget bills from March 28 through March 31. The State's new fiscal year begins on April 1, 2011.

PENSION AMORTIZATION

Under legislation enacted in 2010, the State and local governments may defer paying (or "amortize") a portion of their pension costs beginning in 2010-11. Amortization temporarily reduces the pension costs that must be paid by participating employers in a given fiscal year, but results in substantially higher costs overall. Specifically, pension contribution costs in excess of the amortization thresholds that would otherwise be paid in a given fiscal year, which are 9.5 percent of payroll for the Employees' Retirement System ("ERS") and 17.5 percent for the Police and Fire Retirement System ("PFRS") in 2010-11, may

be amortized by certain governmental entities. The threshold for amortization in the legislation increases by 1 percentage point annually (e.g., from 9.5 percent in 2010-11 to 10.5 percent in 2011-12). The State's ERS pension contribution rate as a percentage of payroll is expected to grow from 10.5 percent in 2011-12 to 13.5 percent in 2014-15, after amortization. The PFRS pension contribution rate is expected to be 18.5 percent in 2011-12, growing to 21.5 percent by 2014-15. The authorizing legislation also permits amortization in all future years if the actuarial contribution rate is greater than the amortization threshold, which may increase or decrease by no more than one percentage point for each year. Repayment of the amortized amounts will be made over a ten-year period at an interest rate to be determined by the State Comptroller. For amounts amortized in 2010-11, the Comptroller set an interest rate of 5 percent.

In March 2011, the State made a pension payment of $1.078 billion for 2010-11, and amortized $216 million. In addition, the State's Office of Court Administration (OCA) made its pension payment of $179 million, and amortized $33 million. The $249 million in total deferred payments will be repaid with interest over the next ten years, beginning in 2011-12. The Updated Financial Plan assumes that the State will amortize pension costs, consistent with the provisions of the authorizing legislation, and repay such amounts at an interest cost assumed by DOB to be 5 percent over 10 years from the date of each deferred payment. OCA elected to amortize for fiscal year 2010-11. DOB assumes that OCA will amortize $83 million for fiscal year 2011-12. DOB's Updated Financial Plan does not assume any additional amortizations by the OCA for fiscal years beyond 2011-12.

The following table summarizes DOB's amortization assumptions and their impact on the Updated Financial Plan.

Employee Retirement System (ERS) and Police and Fire Retirement System (PFRS) Pension Contributions and Outyear Projections

(millions of dollars)

Fiscal Year	Normal Costs	Excess Contributions	Amortized Contributions*	New Amortization Costs	Total	Side Account Balance	Plus Interest at 5%
2010-11 Actual	1,552.4	0.0	(249.0)	0.0	1,303.4	0.0	0.0
2011-12 Projected	2,110.2	0.0	(635.0)	31.5	1,506.7	0.0	0.0
2012-13 Projected	2,424.9	0.0	(789.0)	104.8	1,740.7	0.0	0.0
2013-14 Projected	2,763.7	0.0	(1,013.0)	209.5	1,960.2	0.0	0.0
2014-15 Projected	3,068.7	0.0	(1,115.0)	343.6	2,297.3	0.0	0.0
2015-16 Projected	2,733.0	0.0	(705.3)	491.6	2,519.4	0.0	0.0
2016-17 Projected	2,481.2	0.0	(395.6)	585.2	2,670.9	0.0	0.0
2017-18 Projected	2,393.8	0.0	(143.8)	637.7	2,887.7	0.0	0.0
2018-19 Projected	2,361.2	80.5	0.0	656.8	3,098.5	0.0	0.0
2019-20 Projected	2,083.0	321.6	0.0	621.1	3,025.7	0.0	0.0
2020-21 Projected	1,663.1	699.9	0.0	502.4	2,865.4	0.0	0.0
2021-22 Projected	1,104.9	1,124.1	0.0	313.2	2,542.2	508.2	533.6
2022-23 Projected	1,037.0	1,087.9	0.0	0.0	2,124.9	1,596.1	1,702.6
2023-24 Projected	1,006.4	1,006.3	0.0	0.0	2,012.7	2,602.4	2,844.3
2024-25 Projected	993.6	898.2	0.0	0.0	1,891.8	3,500.6	3,929.7
2025-26 Projected	957.2	782.8	0.0	0.0	1,740.0	4,283.4	4,948.1

*Amortized contributions in 2012-13 through 2017-18 do not assume any amortized amounts for the Office of Court Administration.

Source: NYS DOB

DEBT REFORM ACT LIMIT

The Debt Reform Act of 2000 limits outstanding State-supported debt to no greater than 4 percent of New York State personal income, and debt service on State-supported debt to no greater than 5 percent of All Governmental Funds receipts. The limits apply to all State-supported debt issued after April 1, 2000. The State projects that $33.6 billion of State-supported debt outstanding will be subject to the cap as of March 31, 2011, which is equal to approximately 3.55 percent of personal income. Debt service subject to the cap will be approximately $3.1 billion, equal to 2.34 percent of All Governmental Funds receipts.

Based on the updated forecast, debt outstanding and debt service costs over the Updated Financial 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 $4.2 billion in 2010-11 to approximately $850 million in 2013-14. The estimates do not include the potential impact of new capital spending that may be authorized in future budgets, or efforts to curtail existing bonded programs. The debt reform projections are sensitive to changes in State personal income levels. Measures to adjust capital spending and debt financing practices will continue to be needed for the State to stay in compliance with the statutory debt limit. The table below reflects the State's available debt capacity, after factoring in the SUNY transaction described below, which adds $152 million to the State's outstanding debt, and other adjustments, such as changes to projected bond-financed capital spending and estimated growth in State personal income over the plan period.

STATE DEBT REFORM ACT - DEBT OUTSTANDING
DEBT OUTSTANDING ISSUED AFTER APRIL 1, 2000 -- LIMITED TO 4 PERCENT OF PERSONAL INCOME
(millions of dollars)

Year	Personal Income	Cap %	Actual/ Recommended %	$ (Above)/Below	% (Above)/Below
2010-11	945,392	4.00%	3.55%	4,229	0.45%
2011-12	993,986	4.00%	3.74%	2,599	0.26%
2012-13	1,025,348	4.00%	3.90%	978	0.10%
2013-14	1,078,785	4.00%	3.92%	849	0.08%
2014-15	1,136,349	4.00%	3.88%	1,409	0.12%
2015-16	1,196,626	4.00%	3.81%	2,312	0.19%

SUNY ACQUISITION OF LONG ISLAND COLLEGE HOSPITAL AND ASSUMPTION OF DEBT

SUNY has initiated plans to acquire the Long Island College Hospital ("LICH"), a 500-licensed bed facility located in Brooklyn, New York. SUNY indicates that the operations of LICH would be merged into those of SUNY's Downstate Medical Center. As part of the proposed transaction, which requires the approval of the State Legislature, the State Comptroller, DOB, and the Attorney General, SUNY would assume $152 million of LICH debt. SUNY indicates that it expects that annual debt service payments of approximately $17.3 million associated with the LICH debt will be paid from patient revenues. However, there can be no assurance that patient revenues will be sufficient to cover the cost of the debt service, and that the State will not need to make the debt service payments directly, resulting in a cost to the General Fund. Based on the structure of the transaction, it is expected that the debt will be classified as State-supported debt and subject to the State's statutory debt caps. Legislation has been proposed in the Executive Budget that would authorize SUNY to make lease payments to pay this debt. SUNY reports that New York State appropriations remain the largest single source of revenues for SUNY, and SUNY's continued operational viability is substantially dependent upon a consistent and proportionate level of ongoing State support.

SPECIAL CONSIDERATIONS

GENERAL

The Updated Financial Plan forecasts are subject to many complex economic, social, financial, and political risks and uncertainties, some of which are outside the ability of the State to control. DOB believes that the projections of receipts and disbursements in the Updated Financial Plan are based on reasonable assumptions, but there can be no assurance that actual results will not differ materially and adversely from these projections. In recent fiscal years, actual receipts collections have fallen substantially below the levels forecast in the Financial Plan.

The Updated Financial Plan is based on numerous assumptions, including the condition of the State and national economies and the concomitant receipt of economically sensitive tax receipts in the amounts projected. The Updated Financial Plan is subject to various other uncertainties and contingencies relating to, among other factors, the extent, if any, to which wage increases for State employees exceed the annual wage costs assumed; realization of projected earnings for pension fund assets and current assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the Federal government to provide the aid contemplated by the Updated Financial Plan; the impact on adoption of the State's budgets by the Legislature in substantially the forms submitted by the Governor; the ability of the State to implement cost reduction initiatives, including the reduction in State agency operations, and the success with which the State controls expenditures; and the ability of the State and its public authorities to market securities successfully in the public credit markets. Some of these specific issues are described in more detail in this AIS Update. The projections and assumptions contained in the Financial Plan are subject to revision which may involve substantial change, and no assurance can be given that these estimates and projections, which include actions the State expects to be taken but which are not within the State's control, will be realized.

BUDGET RISKS AND UNCERTAINTIES

The Executive Budget is a proposal. There can be no assurance that the Legislature will not make changes to the Executive Budget proposal that have an adverse impact on the budgetary projections set forth herein, or that it will take final action on the Executive Budget before the start of the new fiscal year on April 1, 2011. In prior years when a budget has not been enacted by the start of the fiscal year, the State has enacted interim appropriation bills to maintain certain governmental services. Starting in fiscal year 1995-96, the Legislature has annually approved the State’s debt service appropriations by the start of each State fiscal year.

Although the Executive Budget includes the statutory tools necessary to implement the recommendations of the Medicaid Redesign Team, there can be no assurance that these proposals will achieve the level of gap-closing savings anticipated in 2011-12 or limit the rate of annual growth in Department of Health State Funds Medicaid spending. These recommendations are subject to the same risks identified for other Executive Budget proposals discussed above. In addition, these recommendations are dependent upon timely Federal approvals, appropriate amendments to existing systems and processes and a collaborative working relationship with health care industry stakeholders.

There can be no assurance that the budget gaps 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; delays in payments to

local governments or other recipients of State aid; suspension of capital maintenance and construction; extraordinary financing of operating expenses; or other measures. In nearly all 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 Governor.

The forecast contains specific transaction risks and other uncertainties including, but not limited to, the receipt of certain payments from public authorities; the receipt of miscellaneous revenues at the levels expected in the Updated Financial Plan, including payments pursuant to the Tribal State Compact; and, the achievement of cost-saving measures including, but not limited to, administrative savings in State agencies, including workforce management initiatives, the transfer of available fund balances to the General Fund at the levels currently projected; and increased demand in entitlement and claims-based programs such as Medicaid, public assistance and general public health, above the levels anticipated in the Updated Financial Plan. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Updated Financial Plan in the current year or future years.

ECONOMIC OUTLOOK

The Updated Financial Plan is based on numerous assumptions, including the performance of the national and State economies and the concomitant receipt of economically sensitive tax revenues in the amounts projected. Other uncertainties and risks concerning the economic and receipt forecasts include the impact of international events in Japan, the Middle East, and elsewhere, on consumer confidence, oil supplies, and oil prices, the impact of Federal statutory and regulatory changes concerning financial sector activities; the impact of changes concerning financial sector bonus payouts, as well as any future legislation governing the structure of compensation; the impact of an anticipated shift in monetary policy actions on interest rates and the financial markets; the impact of financial and real estate market developments on bonus income and capital gains realizations; and, the impact of household deleveraging on consumer spending and the impact of possible reduced household consumption on State tax collections. See full section on "Economic Outlook" later in this AIS Update

BOND MARKET

Implementation of the Updated Financial Plan is dependent on the State's ability to market successfully its bonds. The State finances much of its capital spending in the first instance through loans from the General Fund or STIP, which it then repays with proceeds from the sale of bonds. If the State cannot sell bonds at the levels (or on the timetable) expected in the capital plan, it couldamong other things, be required to contain capital spending, incur increased costs in the General Fund, and face a deterioration in its overall cash position. The success of projected public sales will be subject to prevailing market conditions. Future developments in the financial markets generally, as well as future developments concerning the State, and public discussion of such developments, may affect the market for outstanding State-supported and State-related debt.

LITIGATION

Litigation against the State may include potential challenges to the constitutionality of various actions. The State may also be affected by adverse decisions that are the result of various lawsuits, which do not meet the materiality threshold to warrant individual description in the “Litigation and Arbitration” section of this AIS Update, but, in the aggregate, could still adversely affect the State's Financial Plan.

FEDERAL ISSUES

The State receives a substantial amount of Federal aid for health care, education, transportation, and other governmental purposes. The Updated Financial Plan assumes relatively stable levels of Federal aid over the forecast period. Changes in Federal funding levels could have a materially adverse impact on the State's Financial Plan.

The Updated Financial Plan may be adversely affected by actions taken by the Federal government, including audits, disallowances, changes in aid levels, and changes to Medicaid rules. For example, all Medicaid claims are subject to audit and review by the Federal government. Most recently, the Federal Centers for Medicare and Medicaid Services ("CMS") requested additional information pertaining to claims for services provided to individuals in developmental centers operated by OPWDD. Among other information, CMS requested that the State provide a detailed description of how rates are developed. Although no official audit has commenced and the rates paid for these services are established in accordance with the methodology set forth in the approved State Plan, adverse action by CMS relative to these claims could jeopardize a significant amount of Federal financial participation in the State Medicaid program.

HEALTH INSURANCE COMPANY CONVERSIONS

State law permits a health insurance company to convert its organizational status from a not-for-profit to a for-profit corporation (a "health care conversion"), subject to a number of terms, conditions, and approvals. Under State law, the State must use the proceeds from a health care company conversion for health care related expenses included in the Health Care Reform Act (HCRA) Account. For planning purposes, the Updated Financial Plan assumes that approximately $150 million in proceeds from a health care conversion in 2011-12, and additional amounts in future years, would be deposited into HCRA. If the conversion does not occur on the timetable or at the levels assumed in the Updated Financial Plan, the State would be required to take other actions to increase available resources or to reduce planned spending to fund projected HCRA expenditures.

LABOR SETTLEMENTS

The Updated Financial Plan for 2011-12 includes a reserve of $346 million to cover the costs of a pattern settlement with all unions that have not agreed to contracts through 2010-11. The pattern is based on the terms agreed to by the State's largest unions for this period. There can be no assurance that actual settlements, some of which are subject to binding arbitration, will not exceed the amounts included in the Updated Financial Plan. An additional risk is the cost of salary increases for judges which could occur in 2012-13 and beyond as a result of the actions of a statutorily authorized judicial compensation commission. The Updated Financial Plan does not include any costs for potential general wage increases after the current labor agreements expire, or salary increases for judges.

GENERAL FUND OUT-YEAR BUDGET PROJECTIONS

This section presents the State's updated multi-year projections for receipts and disbursements based on the Updated Financial Plan, including the impact of the 2011-12 Executive Budget proposals. The projections for School Aid and Medicaid assume that spending will be held to target levels, as described earlier. State law requires the Governor to submit, and the Legislature to enact, a balanced plan of receipts and disbursements on a cash-basis for the General Fund. However, over 40 percent of total State spending for operating purposes is accounted for outside of the General Fund and is primarily concentrated in the areas of health care, School Aid, higher education, transportation and mental hygiene. Thus, the multi-year projections and growth rates are presented, where appropriate, on both a General Fund and State Operating Funds basis.

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates as a predictor of the State's future financial position is likely to diminish as one moves further from the current year and budget year estimates. Accordingly, in terms of the out-year projections, 2012-13 is the most relevant from a planning perspective.

BUDGET GAPS

DOB estimates that the Executive Budget, if enacted as proposed, would result in a balanced General Fund Financial Plan in 2011-12 and leave projected gaps that total approximately $2.2 billion in 2012-13, $2.5 billion in 2013-14, and $4.4 billion in 2014-15. The net operating deficits in State Operating Funds are projected at $1.7 billion in 2012-13, $1.9 billion in 2013-14, and $3.7 billion in 2014-15.

The imbalances projected for the General Fund and State Operating Funds in future years are similar because the General Fund is the financing source of last resort for many State programs. Imbalances in other funds are typically financed by the General Fund.

SPENDING

Over the multi-year Financial Plan, spending is expected to increase by an average annual rate of 4.6 percent in the General Fund and 4.0 percent in State Operating Funds. The spending projections incorporate the target growth rates in the areas of Medicaid and School Aid, as well as an estimate of the effect of national health care reform on State health care costs. Spending growth reflects an expected return to a lower Federal matching rate for Medicaid expenditures after June 30, 2011, which will increase the share of Medicaid costs that must be financed by State resources, and the expected loss of temporary Federal aid for education. Spending growth is driven primarily by Medicaid, education, pension costs (including contributions to SUNY's optional retirement program), employee and retiree health benefits, social services programs and debt service.

RECEIPTS

Overall, tax receipts growth in the three fiscal years following 2011-12 is expected to remain in the range of 1.9 percent to 5.1 percent. This is consistent with the end of the personal income tax temporary rate increase and projected modest economic growth in the New York economy during this period.

GENERAL FUND PROJECTIONS (EXECUTIVE BUDGET PROPOSAL)

MULTI-YEAR GENERAL FUND PROJECTIONS
(millions of dollars)

	2011-12	2012-13	2013-14	2014-15
Receipts				
Taxes (After Debt Service)	52,805	53,591	56,494	58,051
Miscellaneous Receipts/Federal Grants	3,148	2,887	2,466	2,036
Other Transfers	1,065	757	660	656
Total Receipts	**57,018**	**57,235**	**59,620**	**60,743**
Disbursements				
Local Assistance Grants	**38,333**	**39,329**	**41,257**	**43,177**
School Aid	16,610	17,257	18,135	19,020
Medicaid (incl. administration)	10,190	9,971	10,456	11,059
Higher Education	2,555	2,678	2,766	2,854
Mental Hygiene	1,861	1,958	2,141	2,260
Social Services	3,029	3,355	3,628	3,787
Other Education Aid	1,639	1,852	1,935	1,998
All Other	2,449	2,258	2,196	2,199
State Operations	**7,511**	**8,091**	**8,060**	**8,355**
Personal Service	5,647	5,866	5,973	6,141
Non-Personal Service	1,864	2,225	2,087	2,214
General State Charges	**4,658**	**5,119**	**5,477**	**5,650**
Pensions	1,672	1,904	2,126	2,460
Health Insurance	3,409	3,737	4,113	4,113
All Other	(423)	(522)	(762)	(923)
Transfers to Other Funds	**6,264**	**6,752**	**7,147**	**7,787**
State Share Medicaid	3,032	3,119	3,082	3,082
Debt Service	1,615	1,722	1,668	1,576
Capital Projects	895	1,186	1,350	1,449
All Other	722	725	1,047	1,680
Total Disbursements	**56,766**	**59,291**	**61,941**	**64,969**
Change in Reserves	**252**	**142**	**142**	**142**
Community Projects Fund	(94)	0	0	0
Prior-Year Labor Agreement (2007-2011)	346	142	142	142
Proposed Budget Surplus/(Gap)	**0**	**(2,198)**	**(2,463)**	**(4,368)**

STATE OPERATING FUNDS PROJECTIONS (EXECUTIVE BUDGET PROPOSAL)

STATE OPERATING FUNDS PROJECTIONS (millions of dollars)	2011-12	2012-13	2013-14	2014-15
Receipts:				
Taxes	63,391	64,602	67,936	69,972
Personal Income Tax	38,659	38,924	41,162	42,938
User Taxes and Fees	14,196	14,517	15,020	15,509
Business Taxes	7,569	7,984	8,334	7,889
Other Taxes	2,967	3,177	3,420	3,636
Miscellaneous Receipts/Federal Grants	19,562	20,279	20,271	20,112
Total Receipts	**82,953**	**84,881**	**88,207**	**90,084**
Disbursements:				
Local Assistance Grants	57,295	59,558	62,156	64,512
School Aid	19,502	20,352	21,299	22,204
Medicaid (incl. administration)	15,063	15,665	16,295	16,947
Transportation	4,246	4,345	4,425	4,515
STAR	3,293	3,322	3,510	3,693
Mental Hygiene	3,623	3,854	4,170	4,371
Social Services	3,040	3,365	3,628	3,787
Higher Education	2,571	2,678	2,766	2,854
Public Health/Aging	2,307	2,205	2,228	2,267
Other Education Aid	1,654	1,863	1,945	2,008
Local Government Assistance	737	767	759	759
All Other	1,259	1,142	1,131	1,107
State Operations	16,830	17,708	17,871	18,341
Personal Service	11,717	12,088	12,286	12,569
Non-Personal Service	5,113	5,620	5,585	5,772
General State Charges	6,529	7,145	7,648	8,004
Pensions	1,672	1,904	2,126	2,460
Health Insurance (Active Employees)	2,059	2,244	2,469	2,509
Health Insurance (Retired Employees)	1,351	1,493	1,643	1,603
All Other	1,447	1,504	1,410	1,432
Debt Service	6,021	6,335	6,502	6,560
Capital Projects	2	2	2	2
Total Disbursements	**86,677**	**90,748**	**94,179**	**97,419**
Net Other Financing Sources/(Uses)	**4,367**	**4,204**	**4,100**	**3,624**
Net Operating Surplus/(Deficit)	**643**	**(1,663)**	**(1,872)**	**(3,711)**
Reconciliation to General Fund Gap:				
Designated Fund Balances	**(643)**	**(535)**	**(591)**	**(657)**
Prior-Year Labor Agreements (2007-2011) Reserve	(346)	0	0	0
Community Projects Fund	94	0	0	0
Special Revenue Funds	(271)	(435)	(490)	(517)
Debt Service Funds	(120)	(100)	(101)	(140)
General Fund Budget Gap	**0**	**(2,198)**	**(2,463)**	**(4,368)**

LOCAL ASSISTANCE GRANTS

MEDICAID

The Updated Financial Plan projects growth in the range of 4 percent annually for overall State Medicaid spending, after adjusting for the phase-out of enhanced FMAP. This reflects the target growth rate for Medicaid proposed in the Executive Budget, which is the long-term average change in the medical component of the Consumer Price Index.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS [1]
(millions of dollars)

	2011-12	2012-13	2013-14	2014-15
Department of Health[2]	15,109	15,711	16,341	16,994
State Share Without FMAP	15,462	15,457	16,341	16,994
Enhanced FMAP	(353)	254	0	0
Mental Hygiene	5,732	5,958	6,277	6,547
Foster Care	111	121	132	138
State Share Total	**20,952**	**21,790**	**22,750**	**23,679**
Annual $ Change - Total State Share		838	960	929
Annual % Change - Total State Share		4.0%	4.4%	4.1%
Annual $ Change - DOH Only		602	630	653
Annual % Change - DOH Only		4.0%	4.0%	4.0%

[1] To conform the Financial Plan classification of State Operating Funds spending to the classification followed by the State Comptroller, approximately $3 billion in Medicaid spending supported by a transfer from Federal Funds to the State Mental Hygiene Patient Income Account is now classified as State spending.

[2] Includes operational costs that support contracts related to the management of the Medicaid program and various activities to ensure appropriate utilization.

Medicaid growth over the plan period is affected by estimates of increasing Medicaid enrollment, rising costs of provider health care services (particularly in managed care), and higher levels of utilization, as well as the expiration of enhanced levels of Federal aid. The number of Medicaid recipients is expected to exceed 5.4 million at the end of 2012-13, an increase of 12.3 percent from the 2010-11 caseload of 4.9 million.

DEPARTMENT OF HEALTH - MEDICAID

MAJOR SOURCES OF ANNUAL CHANGE IN MEDICAID (DOH ONLY) -- LOCAL ASSISTANCE
(millions of dollars)

	2011-12	2012-13	Annual $ Change	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
State Operating Funds (Before FMAP) [1]	**15,416**	**15,411**	**(5)**	**0.0%**	**16,295**	**5.7%**	**16,947**	**4.0%**
Enhanced FMAP -- State Share [2]	**(353)**	**254**	**607**	**-172.0%**	**0**	**-100.0%**	**0**	**0.0%**
State Operating Funds (After FMAP)	**15,063**	**15,665**	**602**	**4.0%**	**16,295**	**4.0%**	**16,947**	**4.0%**
Other State Funds Support	**(4,873)**	**(5,694)**	**(821)**	**16.8%**	**(5,839)**	**2.5%**	**(5,888)**	**0.8%**
HCRA Financing	(3,331)	(4,152)	(821)	24.6%	(4,297)	3.5%	(4,346)	1.1%
Provider Assessment Revenue	(750)	(750)	0	0.0%	(750)	0.0%	(750)	0.0%
Indigent Care Revenue	(792)	(792)	0	0.0%	(792)	0.0%	(792)	0.0%
Total General Fund	**10,190**	**9,971**	**(219)**	**-2.1%**	**10,456**	**4.9%**	**11,059**	**5.8%**

[1] Does not include Medicaid spending in other State agencies, DOH State operations spending, or the local government share of total Medicaid program spending.

[2] Excludes benefits in other State agencies. Costs in 2012-13 reflect the reconciliation of the local share benefit for 2011-12 that will occur in 2012-13.

The expiration of the enhanced FMAP will increase spending by over $600 million from 2011-12 to 2012-13, primarily due to the reconciliation of costs between the State and counties related to the Medicaid cap. After adjusting for the impact of enhanced FMAP, State spending for Medicaid is expected to grow from $15.1 billion in 2011-12 to $16.9 billion in 2014-15. Overall Medicaid growth results, in part, from the takeover of local Medicaid costs under the cap, the combination of projected increases in service utilization, and medical care cost inflation that affects nearly all categories of service (e.g., hospitals, nursing homes), as well as rising enrollment levels.

MENTAL HYGIENE

Local assistance spending in mental hygiene is projected to grow on average by 4.4 percent annually over the plan period, reaching a total of $4.4 billion in 2014-15. This growth is attributable to increases in the projected State share of Medicaid costs and projected expansion of the various mental hygiene service systems, including: increases primarily associated with the OPWDD NYS-CARES program; the New York/New York III Supportive Housing agreement and community beds that are currently under development in the OMH pipeline, as well as funds for additional supported housing beds and associated support services for individuals leaving certain New York city adult homes, pursuant to a Federal district court order; and several chemical dependence treatment and prevention initiatives in OASAS.

SCHOOL AID

State funding for School Aid is paid from two State sources, the General Fund and lottery revenues (including VLTs). On a school year basis, following a reduction in 2011-12, School Aid is projected to grow at rates based on changes in New York State personal income. The Executive Budget proposes a $2.8 billion Gap Elimination Adjustment ("GEA") for the 2011-12 school year. Low wealth districts would receive proportionately smaller reductions than high-wealth districts. In the future, the GEA would be scaled to limit growth in School Aid to the target rate, which is based on growth in New York State personal income. The Executive Budget recommends maintaining operating aid categories at current levels. Foundation Aid, the largest formula aid, is recommended to remain at $14.9 billion in both 2011-12 and 2012-13.

FIVE-YEAR SCHOOL AID PROJECTION - SCHOOL YEAR BASIS
(millions of dollars)

	2010-11	2011-12	Annual $ Change	2012-13	Annual $ Change	2013-14	Annual $ Change	2014-15	Annual $ Change
Foundation Aid/Academic Achievement Grant	$14,894	$14,894	$0	$14,894	$0	$16,381	$1,487	$17,804	$1,423
Universal Prekindergarten	$393	$393	$0	$393	$0	$452	$59	$511	$59
Expense-Based Aids[1]	$5,769	$6,074	$305	$6,280	$206	$6,680	$400	$7,150	$470
Other Aid Categories/Initiatives	$806	$815	$9	$868	$53	$923	$55	$971	$48
Gap Elimination Adjustment	($805)	($2,786)	($1,981)	($2,250)	$536	($3,306)	($1,056)	($4,566)	($1,260)
FMAP Contingency Reduction	($132)	$0	$132	$0	$0	$0	$0	$0	$0
Total School Aid (School Year)	**$20,925**	**$19,390**	**($1,535)**	**$20,185**	**$795**	**$21,130**	**$945**	**$21,870**	**$740**

[1]Building, Transportation, High Cost and Private Special Education, BOCES, and Special Services Aids

Over the multi-year Financial Plan period, revenues available to finance School Aid from lottery sales are expected to increase nominally. Increasing revenues from VLTs in 2012-13 and 2013-14 reflect the anticipated opening of a VLT facility at Aqueduct Racetrack by October 2011.

SOCIAL SERVICES

The Office of Children and Family Services ("OCFS") provides funding for programs including foster care, adoption, child protective services, preventive services, delinquency prevention, and child care. OCFS oversees the State's system of family support and child welfare services administered by local departments of social services and community-based organizations. OCFS spending is projected to increase by $540 million, from $1.7 billion in 2011-12 to $2.2 billion by 2014-15, driven by expected growth in claims-based programs, including Child Welfare Services.

The Office of Temporary and Disability Assistance ("OTDA") administers local assistance programs that provide cash benefits and supportive services to low-income families. The agency also provides a State supplement to the Federal Supplemental Security Income benefit for the elderly, visually handicapped, and disabled. The State share of OTDA spending is expected to grow by approximately 5 percent annually from 2011-12 through 2014-15, primarily due to higher costs of public assistance programs.

STATE OPERATIONS

Personal service spending includes wages and compensation for overtime, holiday and temporary services. It does not include fringe benefits, which are accounted for under General State Charges. Non-personal service spending accounts for the costs of operations other than employee wages and benefits. It includes utilities, rent, equipment, supplies and materials, telecommunications, information technology, travel, training, medical supplies, prescription drugs, and certain contractual obligations.

Growth in State Operations spending over the multi-year Financial Plan is concentrated in agencies that operate large facilities, such as the SUNY, the Mental Hygiene agencies, Corrections and Community Supervision, and Children and Family Services. The main causes of growth include inflationary increases in operating costs expected for food, medical care and prescription drugs, and energy costs in State facilities. It also reflects higher costs for ongoing initiatives, including the civil commitment program for sexual offenders.

GENERAL STATE CHARGES

The General State Charges ("GSCs") account for the costs of fringe benefits provided to State employees and retirees of the Executive, Legislative and Judicial branches, as well as for certain fixed costs. GSCs are projected to grow at an average annual rate of 7 percent over the plan period. The growth is mainly due to anticipated cost increases in pensions and health insurance for active and retired State employees.

Pension costs also include the State's payment for the retirement incentives approved in 2010. The Updated Financial Plan currently assumes an annual State payment of $70 million.

Spending for employee and retiree health insurance costs is expected to grow at a consistently high rate through 2014-15, with annual growth reflecting expected annual premium increases of over 8 percent. See "GAAP-Basis Financial Plan/GASB Statement 45" section on Other Post-Employment Benefits later in this AIS Update for a discussion of the valuation of future State health insurance costs for State employees.

TRANSFERS TO OTHER FUNDS (GENERAL FUND BASIS)

General Fund transfers help finance certain capital activities, the State's share of Medicaid costs for State-operated mental hygiene facilities, debt service for bonds that do not have dedicated revenues, and a range of other activities.

A significant portion of the capital and operating expenses of the Department of Motor Vehicles ("DMV") are funded from the Dedicated Highway and Bridge Trust Fund ("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 the Department of Transportation ("DOT") and DMV, debt service on DHBTF bonds and transfers for debt service on bonds that fund the Consolidated Highway Improvement Programs ("CHIPs") and local transportation programs – exceed current and projected revenue deposits and bond proceeds.

MULTI-YEAR DISBURSEMENT PROJECTIONS - GENERAL FUND TRANSFERS TO OTHER FUNDS
(millions of dollars)

	2011-12	2012-13	Annual $ Change	2013-14	Annual $ Change	2014-15	Annual $ Change
Transfers to Other Funds:	**6,264**	**6,752**	**488**	**7,147**	**395**	**7,787**	**640**
Medicaid State Share	3,032	3,119	87	3,082	(37)	3,082	0
Debt Service	1,615	1,722	107	1,668	(54)	1,576	(92)
Capital Projects	895	1,186	291	1,350	164	1,449	99
Dedicated Highway and Bridge Trust Fund	523	588	65	671	83	664	(7)
All Other Capital	372	598	226	679	81	785	106
All Other Transfers	722	725	3	1,047	322	1,680	633
SUNY- Hospital Medicaid	200	200	0	200	0	200	0
Judiciary Funds	156	156	0	160	4	162	2
Banking Services	66	66	0	66	0	66	0
Indigent Legal Services	40	40	0	40	0	40	0
Public Transportation Systems	12	12	0	12	0	12	0
Department of Transportation (MTA Tax)	25	25	0	25	0	25	0
Mass Transportation Operating Assistance	12	12	0	12	0	12	0
Medicaid Payments for State Facility Patients	16	16	0	16	0	16	0
DCJS - Crimes Against Revenues Account	16	16	0	16	0	16	0
Alcoholic Beverage Control	17	17	0	19	2	20	1
Correctional Industries	14	14	0	14	0	14	0
Mental Hygiene	0	0	0	317	317	960	643
All Other	148	151	3	150	(1)	137	(13)

Transfers to other funds are expected to total $6.8 billion in 2012-13, an annual increase of over $488 million, or 7.8 percent. This increase is mainly due to higher costs related to the Medicaid State share transfers, capital projects and projected debt service payments.

Support for capital projects is expected to increase by 32.5 percent in 2012-13, mainly for economic development projects and statewide technology initiatives.

With the exception of the mental hygiene system, the subsidies to all other operational areas are projected to remain relatively flat through 2014-15. Mental hygiene transfers to other funds are offset in part by transfers from other funds (not displayed on table).

ECONOMIC OUTLOOK

THE NATIONAL ECONOMY

Real household spending grew over 4 percent in the fourth quarter of 2010, the first quarter of such growth since 2006, with real spending finally surpassing its fourth quarter 2007 prerecession peak. The national economy overall, as measured by real U.S. GDP, grew 2.8 percent in the fourth quarter. Real U.S. GDP is currently projected to grow by 3.2 percent in 2011, following an increase of 2.9 percent for 2010.

The U.S. Bureau of Labor Statistics has released its 2010 benchmark revision to the national employment data. The revised data indicate that about 8.8 million jobs were lost during the last downturn, compared to the pre-revision estimate of 8.4 million. In addition, the labor market now appears to have turned around in March 2010 rather than in January as originally estimated. Since February of last year, the private sector has added 1.3 million jobs, an average of 114,000 per month, while total employment has increased by about 1 million, or an average of 93,000 per month. The labor market is expected to add an average of about 200,000 jobs per month for the remainder of the year. On an annual average basis, DOB projects an increase in total employment of 1.3 percent for 2011, following a decline of 0.7 percent for 2010.

Personal income is projected to rise 5.3 percent in 2011, following growth of 3.0 percent in 2010. In addition, several indicators of confidence in the sustainability of the national economic recovery have strengthened since earlier in the year, including equity market activity, price growth, and interest rates. DOB projects inflation, as measured by growth in the Consumer Price Index, of 2.0 percent for 2011. A 10-year Treasury yield of 3.8 percent is anticipated for the current year.

The economic outlook calls for the national recovery to continue its growth, in large part led by strong demand from both consumers and businesses. However, there are significant risks to this forecast. With conflict continuing to spread across the Middle East, the risk of oil and gasoline prices remaining elevated is heightened. Higher energy prices act effectively as a tax on household and business spending, and would likely result in lower spending in other areas. This lower spending could diminish the pace of job growth relative to current projections, which could result in an even greater pullback in spending on the part of households. Lower household spending and weaker job growth could both add to the strain already being faced by state and local governments. In contrast, a quick resolution to the turmoil in the Middle East, accompanied by faster global growth than projected could result in stronger growth than is reflected in this forecast.

THE NEW YORK STATE ECONOMY

State wage growth for 2010 is estimated at 4.4 percent while wage growth for 2011 is projected to be 3.1 percent. All of the risks to the U.S. forecast apply to the State forecast as well, although with New York the nation's financial capital, the volume of financial market activity and equity market volatility pose a particularly large degree of uncertainty for the State. In addition, with Wall Street still adjusting their compensation practices in the wake of the passage of financial reform, the cash portion of bonus payments for the current and subsequent fiscal years could be lower than projected. In turn, the economic activity generated by the spending of that income could also be lower. An even weaker labor market than projected could also result in lower wages, which in turn could result in weaker household consumption. Similarly, should financial and real estate markets be weaker than anticipated, taxable capital gains

realizations could be negatively affected. These effects would ripple though the State economy, depressing both employment and wage growth. In contrast, stronger national and world economic growth, or 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.

SELECTED ECONOMIC INDICATORS
(Calendar Year)

	2009 (actual[1])	2010 (estimate)	2011 (forecast)	2012 (forecast)	2013 (forecast)	2014 (forecast)
U.S. Indicators[2]						
Real Gross Domestic Product ($ billions)	12,881	13,249	13,670	14,172	14,686	15,192
Percent Change	(2.6)	2.9	3.2	3.7	3.6	3.4
Personal Income ($ billions)	12,175	12,545	13,214	13,753	14,537	15,410
Percent Change	(1.7)	3.0	5.3	4.1	5.7	6.0
Nonagricultural Employment (millions)	130.8	129.8	131.5	134.1	136.8	139.6
Percent Change	(4.4)	(0.7)	1.3	2.0	2.0	2.1
Unemployment Rate	9.3	9.6	8.8	7.9	7.0	6.2
CPI Inflation	(0.3)	1.6	2.0	1.9	2.3	2.6
New York State Indicators						
Personal Income[2] ($ billions)	891.2	928.1	975.8	1,006.6	1,059.0	1,115.5
Percent Change	(3.1)	4.1	5.1	3.2	5.2	5.3
Wages and Salaries[2] ($ billions)	481.1	502.4	518.0	544.5	572.8	601.5
Percent Change	(7.2)	4.4	3.1	5.1	5.2	5.0
Bonuses[3] ($ billions)	56.5	68.2	66.9	72.0	76.7	81.6
Percent Change	(31.6)	20.8	(2.0)	7.8	6.5	6.4
Employment[2] (thousands)	8,312.0	8,307.5	8,360.5	8,457.0	8,555.1	8,637.1
Percent Change	(3.1)	(0.1)	0.6	1.2	1.2	1.0
Unemployment Rate (percent)	8.4	8.4	8.0	7.6	7.3	6.9
NYS Adjusted Gross Income (NYSAGI)						
Capital Gains ($ millions)	32,430	38,993	43,933	56,170	46,013	49,443
Percent Change	(43.1)	20.2	12.7	27.9	(18.1)	7.5
Total NYSAGI ($ millions)	590,308	622,234	651,693	697,576	725,061	767,218
Percent Change	(10.8)	5.4	4.7	7.0	3.9	5.8

[1] For NYSAGI variables, 2009 is an estimate based on preliminary processing data.
[2] Nonagricultural employment, wage, and personal income numbers are based on QCEW data.
[3] Series created by the Division of the Budget.

Source: Moody's Economy.com; NYS Department of Labor; NYS Department of Taxation and Finance; DOB staff estimates.

ALL FUNDS RECEIPTS PROJECTIONS

THE REVENUE SITUATION

Consistent with the slow pace of the economic recovery, revenue growth in the State has been weak. After plunging 12.3 percent in fiscal year 2009-10, tax receipts growth (after correcting for law changes) is estimated to be a tepid 2.1 percent in 2010-11; a more robust 7.5 percent is projected for 2011-12. Unadjusted State funds tax receipts are estimated to increase 5.4 percent in 2010-11 and are projected to increase 6.5 percent in 2011-12. In addition to below average growth, revenue collections have exhibited volatility. The uncertainty surrounding the year-end sunset of the Federal tax cuts and the last minute extension created significant taxpayer confusion. The impacts of potential changes in the timing and level of financial sector bonus payments and in the way employees in this sector are compensated as a result of recent financial reforms are unknown. Extreme volatility in the volume of taxable capital gains, the large overhang of residential and commercial mortgage debt, the continuation of recent gains in consumer spending, and the expected recovery from the apparent decline in the value of property being insured have provided obstacles to accurate forecasting. In addition, the lag between the realization of profits as well as the use of previous overpayments by taxpayers, make projecting business tax receipts very difficult. Further, inconsistent personal income and business taxpayer behavior related to the timing and level of estimated and final payments has caused large swings in quarterly receipts.

As a result of these and other factors, the tax receipts forecast has been revised downward by $699 million for 2010-11, $950 million for 2011-12, and $587 million for 2012-13, mainly reflecting the weakness seen in personal income tax and business tax collections for the current year when compared with the Mid-year Update. For the most part, the downward revisions to out-year projections reflect reductions in the current-year base forecast.

A modest acceleration in State employment and average wage growth, as well as the stock market recovery, are expected to provide growth of 8.0 percent in personal income tax receipts in 2011-12. Projected corporate profits growth for the 2011 calendar year combined with the tax credit deferral legislation enacted in 2010 is expected to provide a second consecutive year of growth in business tax receipts in 2011-12. The return of consumers to the marketplace, partially offset by the return of a limited version of the tax exemption on clothing is projected to produce sales tax growth of 4.3 percent in 2011-12.

Governmental Funds
Actual and Base Tax Receipts Growth
(percent growth)

State Fiscal Year	Actual Receipts	Base Receipts	Inflation Adjusted Base Receipts
1987-88	6.2	6.4	1.9
1988-89	1.6	2.9	(2.3)
1989-90	6.8	8.3	2.4
1990-91	(0.8)	(3.8)	(8.2)
1991-92	7.2	1.4	(2.0)
1992-93	6.1	5.0	2.0
1993-94	4.3	0.7	(1.8)
1994-95	0.1	1.5	(1.1)
1995-96	2.6	3.6	0.6
1996-97	2.0	2.6	0.2
1997-98	3.7	5.6	4.0
1998-99	7.2	7.9	5.8
1999-00	7.5	9.1	5.9
2000-01	7.9	10.1	7.4
2001-02	(4.9)	(4.2)	(6.4)
2002-03	(6.7)	(8.0)	(10.8)
2003-04	8.2	5.8	2.5
2004-05	13.4	11.5	7.7
2005-06	10.2	9.3	2.7
2006-07	9.7	4.9	2.1
2007-08	3.7	13.4	9.5
2008-09	(0.8)	(3.2)	(3.3)
2009-10	(3.2)	(12.3)	(14.0)
2010-11*	5.4	2.1	0.1
2011-12**	6.5	7.5	5.3
2012-13**	1.9	7.3	4.8
2013-14**	5.1	5.5	2.9
2014-15**	3.0	5.5	2.9

	Actual Change	Base Change	Adjusted Base Change
Historical Average (87-88 to 09-10)	**4.0**	**3.4**	**0.2**
Forecast Average (10-11 to 14-15)	**4.4**	**5.6**	**3.2**
Forecast Average (11-12 to 14-15)	**4.1**	**6.4**	**4.0**
Recessions	**1.3**	**(1.2)**	**(4.2)**
Expansions	**5.7**	**6.4**	**3.0**

*Estimated Receipts
**Projected Receipts

TOTAL RECEIPTS (millions of dollars)	2009-10 Actual	2010-11 Estimated	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund	**52,556**	**54,104**	**1,548**	**2.9%**	**57,018**	**2,914**	**5.4%**
Taxes	36,997	39,187	2,190	5.9%	41,985	2,798	7.1%
Miscellaneous Receipts	3,888	3,083	(805)	-20.7%	3,088	5	0.2%
Federal Grants	71	60	(11)	-15.5%	60	0	0.0%
Transfers	11,600	11,774	174	1.5%	11,885	111	0.9%
State Funds	**81,150**	**84,440**	**3,290**	**4.1%**	**88,388**	**3,948**	**4.7%**
Taxes	57,668	60,793	3,125	5.4%	64,758	3,965	6.5%
Miscellaneous Receipts	23,397	23,520	123	0.5%	23,485	(35)	-0.1%
Federal Grants	85	127	42	49.4%	145	18	14.2%
All Funds	**126,748**	**134,508**	**7,760**	**6.1%**	**132,677**	**(1,831)**	**-1.4%**
Taxes	57,668	60,793	3,125	5.4%	64,758	3,965	6.5%
Miscellaneous Receipts	23,557	23,702	145	0.6%	23,617	(85)	-0.4%
Federal Grants	45,523	50,013	4,490	9.9%	44,302	(5,711)	-11.4%

FISCAL YEAR 2010-11 OVERVIEW

- Total All Funds receipts for 2010-11 are estimated to reach $134.5 billion, an increase of $7.8 billion, or 6.1 percent from 2009-10 results. All Funds tax receipts are estimated to increase by $3.1 billion, or 5.4 percent. The majority of the increase in tax receipts is attributable to growth in personal income tax, sales tax, estate tax, and cigarette and tobacco tax collections.

- All Funds miscellaneous receipts are projected to reach $23.7 billion in 2010-11, an increase of $145 million from 2009-10. General Fund miscellaneous receipts reductions of $805 million are more than offset by growth in other areas, primarily SUNY revenue growth from expansions at the three SUNY teaching hospitals ($170 million), enrollment growth, and greater bond proceeds available for SUNY capital projects ($397 million), and increased lottery fund receipts which reflect the one-time receipt of the franchise fee for rights to operate a VLT facility at Aqueduct ($380 million).

- Total State Funds receipts are estimated to reach over $84.4 billion in 2010-11, an increase of $3.3 billion, or 4.1 percent.

- Total General Fund receipts are estimated at $54.1 billion, an increase of over $1.5 billion, or 2.9 percent from 2009-10 results. General Fund tax receipts are estimated to increase by 5.9 percent, reflecting the modest economic recovery, full year compliance with the personal income tax surcharge, and the temporary elimination of the sales tax clothing exemption. General Fund miscellaneous receipts are estimated to decrease by 20.7 percent, reflecting the loss of several one-time receipts in 2009-10.

- Base tax receipts growth, which nets out the impact of law changes, will increase by an estimated 2.1 percent in 2010-11 after a base decline of 12.3 percent in 2009-10. The rebound in economic activity is estimated to increase base growth in tax receipts for the first time since 2007-08.

FISCAL YEAR 2011-12 OVERVIEW

- Total All Funds receipts are projected to reach $132.7 billion, a decrease of $1.8 billion, or 1.4 percent from 2010-11 reflecting the significant loss in Federal grants. All Funds tax receipts are projected to grow by nearly $4.0 billion or 6.5 percent. This increase is attributable to the full year impact of the economic recovery, legislation enacted in 2010 and positive revenue actions proposed with the Executive Budget. All Funds Miscellaneous receipts are projected to decrease by $85 million, or 0.4 percent. All Funds Federal grants are expected to decrease by $5.7 billion, or 11.4 percent.

- Total State Funds receipts are projected to be $88.4 billion, an increase of $3.9 billion, or 4.7 percent from the 2010-11 estimate.

- Total General Fund receipts are projected to be $57.0 billion, an increase of $2.9 billion, or 5.3 percent from 2010-11 estimates. General Fund tax receipts are projected to grow by 7.1 percent, while General Fund miscellaneous receipts are projected to grow by 0.2 percent. Federal grants revenues are projected to remain constant.

- After controlling for the impact of policy changes, base tax revenue growth is estimated to increase by 7.5 percent for fiscal year 2011-12.

FISCAL YEARS 2012-13, 2013-14, AND 2014-15 OVERVIEW

TOTAL RECEIPTS (millions of dollars)							
	2011-12 Projected	2012-13 Projected	Annual $ Change	2013-14 Projected	Annual $ Change	2014-15 Projected	Annual $ Change
General Fund	**56,966**	**57,235**	**269**	**59,620**	**2,385**	**60,743**	**1,123**
Taxes	41,986	42,754	768	44,967	2,213	46,004	1,037
State Funds	**88,388**	**90,010**	**1,622**	**93,193**	**3,183**	**94,800**	**1,607**
Taxes	64,758	66,002	1,244	69,342	3,340	71,388	2,046
All Funds	**132,677**	**130,450**	**(2,227)**	**135,688**	**5,238**	**142,503**	**6,815**
Taxes	64,758	66,002	1,244	69,342	3,340	71,388	2,046

Overall, tax receipts growth in the three fiscal years following 2011-12 is expected to remain in the range of 1.9 percent to 5.1 percent. This is consistent with the end of the personal income tax temporary rate increase and projected modest economic growth in the New York economy during this period. Receipts growth is supported by modest proposals contained with the Executive Budget that eliminate a single tax loophole and improve taxpayer compliance. These factors are expected to continue to enhance expected receipts growth through 2014-15.

- Total All Funds receipts in 2012-13 are projected to be $130.5 billion, a decrease of $2.2 billion over the prior year. All Funds receipts in 2013-14 are expected to increase by $5.2 billion over 2012-13 projections. In 2014-15, receipts are expected to increase by $6.8 billion over 2013-14 projections.

- Total State Funds receipts are projected to be $90.0 billion in 2012-13, close to $93.2 billion in 2013-14 and $94.8 billion in 2014-15.

- Total General Fund receipts are projected to reach just over $57.2 billion in 2012-13, $59.6 billion in 2013-14 and over $60.7 billion in 2014-15.

- All Funds tax receipts are expected to increase by 1.9 percent in 2012-13, 5.1 percent in 2013-14 and 3.0 percent in 2014-15. Again, the growth pattern is consistent with an economic forecast for continued but slower economic growth.

BASE GROWTH

Base growth, adjusted for law changes, in tax receipts for fiscal year 2010-11 is estimated to grow 2.1 percent and 7.5 percent in 2011-12. Overall base growth in tax receipts is dependent on a multitude of factors.

The estimated return to positive base receipts growth in 2010-11 results from:

- Full year growth in employment and wages;

- Strong corporate profits growth;

- Positive capital gains from a resurgent stock market; and

- An end to consumption declines.

The acceleration in base growth in 2011-12 results from:

- A second consecutive year of corporate profits growth; and

- A return to historical trend growth in consumption and income.

GAAP-BASIS FINANCIAL PLANS/GASB STATEMENT 45

The State Budget is required to be balanced on a cash basis in the General Fund, 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. The pro forma GAAP-basis plans presented here model, to the extent practicable, the accounting principles applied by the Office of the State Comptroller ("OSC") in preparation of the annual Financial Statements. Tables comparing the cash-basis and GAAP-basis General Fund Financial Plans are provided later in this AIS Update.

In 2010-11, the General Fund GAAP Financial Plan shows total estimated revenues of $46.4 billion, total expenditures of $55.8 billion, and net other financing sources of $9.4 billion, resulting in an estimated operating deficit of $23 million, which increases the projected accumulated deficit to $3.6 billion.

In 2011-12, the General Fund GAAP Financial Plan shows total projected revenues of $48.3 billion, total projected expenditures of $57.4 billion, and net other financing sources of $9.4 billion, resulting in a projected operating surplus of $267 million. These results reflect the net impact of the Executive Budget gap-closing actions.

OTHER POST-EMPLOYMENT BENEFITS

Substantially all of the State's employees become eligible for post-retirement benefits if they reach retirement while working for the State. In accordance with the Governmental Accounting Standards Board Statement 45 ("GASBS 45"), the State must perform an actuarial valuation every two years for purposes of calculating Other Post Employment Benefits ("OPEB") liabilities. As disclosed in Note 13 of the State's Basic Financial Statements for fiscal year 2009-10[5], the Annual Required Contribution ("ARC") represents the annual level of funding that, if set-aside on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded liabilities of the plan over a period not to exceed 30 years. Amounts required but not actually set aside to pay for these benefits are accumulated with interest as part of the net OPEB obligation, after adjusting for amounts previously required.

As reported in the State's Basic Financial Statements for 2009-10, an actuarial valuation of OPEB liabilities was performed as of April 1, 2008, with results projected to April 1, 2009 for the fiscal year ended March 31, 2010. The valuation calculated the present value of the actuarial accrued total liability for benefits as of March 31, 2010 at $55.9 billion ($46.3 billion for the State and $9.6 billion for SUNY). This was determined using the Frozen Entry Age actuarial cost method, and is amortized over an open period of 30 years using the level percentage of projected payroll amortization method.

The net OPEB liability for 2009-10 totaled $3.3 billion ($2.7 billion for the State and $0.6 billion for SUNY) under the Frozen Entry Age actuarial cost method, allocating costs on a level basis over earnings. This was $2.1 billion ($1.7 billion for the State and $0.4 billion for SUNY) above the payments for retiree costs made by the State in 2009-10. This difference between the State's Pay-As-You-Go ("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 2009-10 by $2.1 billion.

The State's actuarial consultant has provided an updated calculation of the ARC and annual OPEB costs. The updated calculation shows the present value of the actuarial accrued total liability for benefits

[5] See the State Comptroller's Comprehensive Annual Financial Report, 2009-10 at http://www.osc.state.ny.us/finance/finreports/cafr10.pdf

at $60.2 billion ($50.1 billion for the State and $10.1 billion for SUNY). The updated calculation will ultimately be reflected in the financial statements for the State and SUNY for fiscal year 2010-11. In future updates, DOB expects the estimate of OPEB costs to increase substantially. The causes of this anticipated increase include: higher assumed increases in the cost of health care, implementation of the Federal Patient Protection and Affordable Care Act, and decreased interest rates.

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 Updated 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. The following table summarizes the actual and budgeted payments for health insurance in the Updated Financial Plan.

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)	1,639	1,068	2,707
2009-10 (Actual)	1,609	1,072	2,681
2010-11 (Projected)	1,833	1,220	3,053
2011-12 (Projected)	2,059	1,351	3,410
2012-13 (Projected)	2,244	1,493	3,737
2013-14 (Projected)	2,469	1,643	4,112
2014-15 (Projected)	2,509	1,603	4,112

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

As noted, there is no provision in the Updated Financial Plan to pre-fund 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 the Governor's Office of Employee Relations ("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 conditions.

SELECTED STATE GOVERNMENT SUMMARY

STATE GOVERNMENT ORGANIZATION

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, 2014.

Name	Office	Party Affiliation	First Elected
Andrew M. Cuomo	Governor	Democrat	2010
Robert J. Duffy	Lieutenant Governor	Democrat	2010
Thomas P. DiNapoli*	Comptroller	Democrat	2007
Eric T. Schneiderman	Attorney General	Democrat	2010

*Elected by the State Legislature on February 7, 2007 following the December 2006 resignation of Comptroller Hevesi. Comptroller DiNapoli subsequently was elected by the voters during the November 2010 general election.

The Governor and Lieutenant Governor are elected jointly. 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 (see "Fiscal Controls" and "Investment of State Moneys" below). 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 obligation bonds and notes.

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, 2012. 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 are President Pro Tempore Dean Skelos (Republican) in the Senate and Sheldon Silver (Democrat), Speaker of the Assembly. The minority leaders are John Sampson (Democrat) 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 ("ERS") 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 34 percent of the membership during the 2009-10 fiscal year. There were 3,035 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, 2010, 679,217 persons were members and 375,803 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.

The investment losses experienced in fiscal year 2009 have negatively impacted the value of assets held for the Systems. The current actuarial smoothing method spreads the impact over a 5-year period, and thus contribution rates increased for fiscal years 2011 and 2012 and further increases are expected for fiscal years 2013 through 2015. The amount of such future 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 2012 were released in early September 2010. The average ERS rate increased from 11.9 percent of salary in fiscal year 2011 to 16.3 percent of salary in fiscal year 2012, while the average PFRS rate increased from 18.2 percent of salary in fiscal year 2011 to 21.6 percent of salary in fiscal year 2012. The contribution rates for fiscal year 2012 reflect the System's Actuary's recommendations, including a reduction in the assumed investment rate of return from 8 percent to 7.5 percent, based on the legally required five year review of actuarial assumptions.

On December 10, 2009, the Governor signed a bill that amended Articles 14, 15 and 19 and created Article 22 of the Retirement and Social Security Law. This resulted in significant changes to benefits for members of ERS and PFRS. ERS members joining on or after January 1, 2010 will be covered by these benefits and will be in Tier 5. PFRS members joining on or after January 9, 2010 will be in Tier 5 and may also be covered by these changed benefits.

Legislation enacted in June 2010 provided the State and local employers with the option to offer a temporary Retirement Incentive Program (ERI) for certain ERS members. This program did not apply to PFRS members. The Program had two distinct parts:

- Part A was a targeted incentive. Employers identified eligible titles. Part A provided one additional month of service credit for each year of credited service an eligible member had at retirement. The maximum additional incentive service credit was three years.

- Part B was not targeted. It was open to all eligible Tier 2, 3 and 4 members unless an employer deemed a member's position critical to the maintenance of public health and safety. Part B allowed members who were at least age 55 and had 25 years or more of service credit to retire without a benefit reduction.

Members whose employer offered both parts of the program, and who met the eligibility requirements of both parts, had to choose between the two. Employers established a 30-to-90-day window for Part A and/or a 90-day window for Part B. The incentive window for State Executive Branch employees was July 1 through September 28, 2010. Other public employers were able to establish incentive windows which could extend through December 31, 2010. The cost of the incentive will be borne by the State and each employer electing the incentive over a five-year period commencing with a payment in the fiscal year 2011-12. The number of members who retired under the State ERI is 6,412. Three hundred ninety-nine (399) participating employers elected to participate in Part A of the ERI. Two hundred eleven (211) participating employers elected to participate in Part B of the ERI. Five thousand four hundred fifty three (5,453) members from participating employers retired under the ERI. While members are receiving payments based on estimates, costs cannot be determined until final calculations have been completed.

Part TT of Chapter 57 of the Laws of 2010, authorized the State and local employers to amortize a portion of their annual pension costs during periods of significant rate increases. Amortized amounts will be paid in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers would pay interest on the amortized amount at a rate determined by the Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate will be set annually. Rates will vary according to market performance. The interest rate on the amount an employer chooses to amortize in a particular rate year will be the rate for that year and will be fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year, which may be different from the previous rate year. For amounts amortized in 2011, the Comptroller has set an interest rate of 5 percent. The first payment will be due in the fiscal year following the decision to amortize. Part TT of Chapter 57 further provides that when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into a reserve fund that will be used when employer contribution rates begin to rise in the future. Over time, it is expected that this will reduce the budgetary volatility of employer contributions (See the table on page 27 of this AIS Update for the Division of Budget's projections of amounts amortized in fiscal year 2010-11 and amounts expected to be amortized in fiscal years 2011-12 through 2017-18.) The State elected to amortize $249,574,168 for fiscal year 2010-11, and 57 participating employers amortized a total of $43,683,088.

CONTRIBUTIONS

Contributions to the Systems are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 are required to contribute 3 percent of their salaries for the first ten years of membership. All ERS members joining after 2009 are required to contribute 3 percent of their salaries for their career. Certain PFRS members joining since mid-2009 are required to contribute 3 percent of their salaries for their career, depending upon their contract.

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.

Chapter 260 of the Laws of 2004 authorized the State and local employers to amortize over ten years, at five percent interest, a portion of their annual bill for fiscal years ended 2005, 2006 and 2007. As of March 31, 2010, the amortized amount receivable for fiscal year 2004-05 from the State is $280.14 million and from participating employers is $60.53 million; the amortized amount receivable for fiscal year 2005-06 from the State is $102.62 million and from participating employers is $20.61 million; and the amortized amount receivable for fiscal year 2006-07 from participating employers is $18.07 million. The State did not amortize any portion of its 2007 contributions.

The State paid, in full, its employer contributions for the fiscal year ended March 31, 2010. Payments totaled $994.4 million, including amortization payments of $87 million for the 2005 and 2006 bills.

In March 2011, the State paid $1,257.0 million in contributions for the fiscal year ending March 31, 2011, including amortization payments of some $87 million for 2005 and 2006 bills. As noted above, the State elected to amortize $249,574,168 for fiscal year 2010-11 under Part TT of Chapter 57 of the laws of 2010.

PENSION 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, 2010 were $134.2 billion (including $2.6 billion in receivables, which consist of employer contributions, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables) an increase of $23.3 billion or 21 percent from the 2008-09 level of $110.9 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 $176.6 billion on April 1, 2009 to $186.8 billion (including $75.6 billion for current retirees and beneficiaries) on April 1, 2010. 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, 2010 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 2010 fiscal year, 40 percent of the unexpected loss for the 2009 fiscal year, 60 percent of the unexpected loss for the 2008 fiscal year and

80 percent of the unexpected gain for the 2007 fiscal year. Actuarial assets decreased from $149.0 billion on April 1, 2009 to $147.7 billion on April 1, 2010. The funded ratio, as of April 1, 2010, using the entry age normal funding method and actuarial assets, was 94 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.

CONTRIBUTIONS AND BENEFITS
NEW YORK STATE AND LOCAL RETIREMENT SYSTEMS
(millions of dollars)

Fiscal Year Ended March 31	Contributions Recorded				Total Benefits Paid(3)
	All Participating Employers(1)(2)	Local Employers(1)(2)	State(1)(2)	Employees	
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
2010	2,344	1,447	897	284	7,719

(1) Contributions recorded include the full amount of unpaid amortized contributions.

(2) The annual required contributions (ARC) include the employers' normal costs, the Group Life Insurance Plan amounts, and other supplemental amounts.

(3) Includes payments from Group Life Insurance Plan.

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)
2010	134,252	21.0

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, 2010 includes approximately $2.6 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.

AUTHORITIES AND LOCALITIES

THE CITY OF NEW YORK

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

DEBT OF NEW YORK CITY
AS OF JUNE 30 OF EACH YEAR
(millions of dollars)

Year	General Obligation Bonds	Obligations of TFA (1)	Obligations of MAC	Obligations of STAR Corp. (2)	Obligations of TSASC, Inc.	HYIC (3)	Other(4) Obligations	Treasury Obligations	Total
1980	6,179	---	6,116	---	---	---	995	(295)	12,995
1990	13,499	---	7,122	---	---	---	1,077	(1,671)	20,027
1995	24,992	---	4,882	---	---	---	1,299	(1,243)	29,930
1996	26,627	---	4,724	---	---	---	1,394	(1,122)	31,623
1997	27,549	---	4,424	---	---	---	1,464	(391)	33,046
1998	27,310	2,150	4,066	---	---	---	1,529	(365)	34,690
1999	27,834	4,150	3,832	---	---	---	1,835	(299)	37,352
2000	27,245	6,438 (5)	3,532	---	709	---	2,065	(230)	39,759
2001	27,147	7,386	3,217	---	704	---	2,019	(168)	40,305
2002	28,465	10,489 (6)	2,880	---	740	---	2,463	(116)	44,921
2003	29,679	13,134 (7)	2,151	---	1,258	---	2,328	(64)	48,486
2004	31,378	13,364	1,758	---	1,256	---	2,561	(52)	50,265
2005	33,903	12,977	---	2,551	1,283	---	3,746	(39)	54,421
2006	35,844	12,233	---	2,470	1,334	---	3,500	---	55,381
2007	34,506	14,607	---	2,368	1,317	2,100	3,394	---	58,292
2008	36,100	14,828	---	2,339	1,297	2,067	2,556	---	59,187
2009	39,991	16,913	---	2,253	1,274	2,033	2,442	---	64,906
2010	41,555	20,094	---	2,178	1,265	2,000	2,402	---	69,494

Source: Office of the State Comptroller.

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

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

(3) Includes a $100 million obligation to the MTA, which has been fully paid as of June 30, 2010.

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

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

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

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

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

OTHER LOCALITIES

Certain localities outside New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing has become more common in recent years. Between 2004 and July 2010, the State Legislature authorized 21 bond issuances to finance local government operating deficits. There were four new or additional deficit financing authorizations during 2009-2010. Furthermore, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within a locality. The Buffalo Fiscal Stability Authority has exercised Control Period powers with respect to the City of Buffalo since the City's 2003-04 fiscal year, but may transition to Advisory Period powers during the City's 2011-12 fiscal year. In January 2011, the Nassau County Interim Finance Authority ("NIFA") declared that it was entering a Control Period, citing the "substantial likelihood and imminence" that the County will incur a major operating funds deficit of 1% or more during the County's 2011 fiscal year. Nassau County has commenced a lawsuit challenging NIFA's determination and authority to impose a Control Period. Erie County as well as the cities of New York and Troy have fiscal stability boards exercising Advisory Period powers. The City of Yonkers no longer operates under an oversight board but must adhere to a separate fiscal agent act. The City of Newburgh will operate under fiscal monitoring by the State Comptroller. 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 2010-11 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. The expected loss of temporary Federal stimulus funding in 2011 will particularly impact counties and school districts in New York State. The State's cashflow problems have resulted in delays to the payment of State aid, and in some cases, have necessitated borrowing by the localities. Similarly, some 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. Changes to sales tax distributions resulting from the 2010 Federal population census may also have a material impact on certain local governments. Ultimately, localities as well as local 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, declines in the real property tax base, increasing pension, health care and other fixed costs, and the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate requests for State assistance.

LITIGATION AND ARBITRATION

REAL PROPERTY CLAIMS

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

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

Further efforts at settlement of this action failed to reach a successful outcome. While such discussions were underway, two significant decisions were rendered by the United States Supreme Court and the Second Circuit Court of Appeals which changed the legal landscape pertaining to ancient land claims: *City of Sherrill v. Oneida Indian Nation of New York*, 544 U.S. 197 (2005), and *Cayuga Indian Nation of New York v. Pataki,* 413 F.3d 266 (2d Cir. 2005), *cert. denied*, 126 S.Ct. 2021, 2022 (2006). Taken together, these cases have made clear that the equitable doctrines of laches, acquiescence, and impossibility can bar ancient land claims. These decisions prompted the District Court to reassess its 2002 decision, which in part had struck such defenses, and to permit the filing of a motion for summary judgment predicated on the *Sherrill* and *Cayuga* holdings. On August 11, 2006, the defendants moved for summary judgment dismissing the action, based on the defenses of laches, acquiescence, and impossibility. By order dated May 21, 2007, the District Court dismissed plaintiffs' claims to the extent that they asserted a possessory interest, but permitted plaintiffs to pursue a claim seeking the difference between the amount paid and the fair market value of the lands at the time of the transaction. The District Court certified the May 21, 2007 order for interlocutory appeal and, on July 13, 2007, the Second Circuit granted motions by both sides seeking leave to pursue interlocutory appeals of that order. On August 9, 2010, the Circuit Court rendered a decision which affirmed the summary judgment order insofar as it dismissed the *Oneida* land claim and reversed it insofar as it would have allowed plaintiffs to pursue a fair compensation claim against the State. *Oneida Indian Nation et al v. County of Oneida et al*, 617 F.3d 114 (2d Cir. 2010). This decision mandates dismissal of the *Oneida* land claim. The U.S. and the Oneidas filed an application for *en banc* review before the Second Circuit on October 21, 2010, which was denied on December 16, 2010. The plaintiffs would have had until March 16, 2011 to apply for a writ of certiorari before the Supreme Court, but have applied for a 30-day extension.

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

In the *Canadian St. Regis Band of Mohawk Indians* case, plaintiffs seek ejectment and monetary damages with respect to their claim that approximately 15,000 acres in Franklin and St. Lawrence Counties were illegally transferred from their predecessors-in-interest. By decision dated July 28, 2003, the District Court granted, in most respects, a motion by plaintiffs to strike defenses and dismiss counterclaims contained in defendants' answers. By decision dated October 20, 2003, the District Court denied the State's motion for reconsideration of that portion of the July 28, 2003 decision which struck a counterclaim against the United States for contribution. On February 10, 2006, after renewed efforts at settlement failed to resolve this action, and recognizing the potential significance of the *Sherrill* and *Cayuga* appeals, the District Court stayed all further proceedings in this case until 45 days after the United States Supreme Court issued a final decision in the *Cayuga Indian Nation of New York* Case. On November 6, 2006, after certiorari was denied in *Cayuga*, the defendants moved for judgment on the pleadings. On April 16, 2008, the District Court issued an order staying the case until a decision is rendered with respect to the appeal in the *Oneida* case. Once the *Oneida* decision was rendered, supplemental briefs were field on February 7, 2011. Reply briefs were filed on March 9, 2011.

In *The Onondaga Nation v. The State of New York, et al*., plaintiff seeks a judgment declaring that certain lands allegedly constituting the aboriginal territory of the Onondaga Nation within the State are the property of the Onondaga Nation and the Haudenosaunee, or "Six Nations Iroquois Confederacy," and that conveyances of portions of that land pursuant to treaties during the period 1788 to 1822 are null and void. The "aboriginal territory" described in the complaint consists of an area or strip of land running generally north and south from the St. Lawrence River in the north, along the east side of Lake Ontario, and south as far as the Pennsylvania border, varying in width from about 10 miles to more than 40 miles, including the area constituting the City of Syracuse. On August 15, 2006, based on *Sherrill* and *Cayuga,* the defendants moved for an order dismissing this action, based on laches. On September 22, 2010, the Court granted this motion. It is now on appeal before the Second Circuit.

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

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

This case was closed but recently became active when the Cayuga plaintiffs filed a FRCP 60(b)(6) motion to have the judgment vacated. Along with this motion a letter was sent to Judge McCurn's chamber seeking a stay of the 60 (b)(6) motion until after the Second Circuit decides the appeal in the *Oneida* Land Claim case. The motion is premised on Judge Kahn's ruling in *Oneida*, discussed above, that in spite of the Second Circuit decision in *Cayuga*, the tribe may proceed to prove a non-possessory claim for unjust compensation against the State defendant. By stipulation of the parties, so-ordered by Judge McCurn, further briefing on the Cayugas' motion for relief from judgment was suspended, pending the outcome of the Oneida appeal. That stay was recently lifted in light of the August 9, 2010 *Oneida* decision, and further briefing regarding the pending Rule 60(b) motion was filed on September 10, 2010.

On January 6, 2011, the Court denied the Rule 60(b) motion. Plaintiff's time to appeal expired on March 6, 2011.

METROPOLITAN TRANSPORTATION

In *Hampton Transportation Ventures, Inc. et al. v. Silver et al. (Sup. Ct., Suffolk Co.), and other similar cases, including William Floyd Union Free School District v. State (Sup. Ct., Suffolk Co.), Town of Brookhaven v. Silver, et al. (Sup. Ct., Suffolk Co.), Town of Southampton and Town of Southold v. Silver (Sup. Ct. Suffolk Co.), Town of Huntington v. Silver (Sup. Ct. Suffolk Co.), Town of Smithtown v. Silver (Sup. Ct. Suffolk Co.), Mangano v. Silver (Sup. Ct. Nassau Co.) and Vanderhoef v. Silver (now in Sup. Ct. Albany Co.),* plaintiffs challenge the constitutionality of 2009 Laws of New York chapter 25, which imposed certain taxes and fees, including a regional payroll tax, in the Metropolitan Commuter Transportation District, the revenue from which is directed to the Metropolitan Transportation Authority. Plaintiffs seek a judgment declaring that enactment of chapter 25 violated State constitutional provisions relating to the need for a home rule message, supermajority requirements for enactment of special or local laws, single purpose appropriation bills, and liability for the debts of public authorities. Plaintiffs also seek a judgment declaring that enactment of chapter 25 violated provisions of the Public Authority Law § 1266 requiring that the Metropolitan Transportation Authority be self-sustaining.

With the consent of the plaintiff (the County Executive of Rockland County), the Vanderhoef case was transferred to Albany County from Rockland County and the defendants have moved for judgment in their favor. By order of the Supreme Court, Albany County, the *Huntington* case has been transferred from Albany County to Suffolk County, from which order the plaintiff is appealing, and the state defendants have moved for judgment in their favor. Also by order of the Supreme Court, Albany County, the *William Floyd* case is to be transferred to New York County from Suffolk County. Defendants in each of the other cases have moved to change the venue of their respective cases to Albany County or New York County. A number of additional towns and a village in various counties, Suffolk County and the Orange County Chamber of Commerce have joined the Mangano case as plaintiffs.

SCHOOL AID

In *Becker et al. v. Paterson et al. (Sup. Ct., Albany Co.),* plaintiffs seek a judgment declaring that the governor's determination to delay payment of school aid due by statute on December 15, 2009, violated State constitutional provisions related to, among other things, the separation of powers doctrine. After the commencement of the suit, the moneys at issue were released. Following a February 3, 2010 conference with the court to discuss the status of the case, plaintiffs amended their complaint to reflect late payment of the moneys at issue. Pursuant to a Court-directed schedule, following defendants' answer, plaintiffs moved for summary judgment on March 5, 2010. Defendants cross-moved for summary judgment on April 15, 2010.

In a second case involving the parties *(Becker et al. v. Paterson [Sup. Ct., Albany Co.])*, plaintiffs seek a judgment declaring that the governor's determination to delay payment of school aid from March 31, 2010 to June 1, 2010, also violated State constitutional provisions related to, among other things, the separation of powers doctrine. Since the commencement of the suit, the moneys at issue were also released. The defendants answered, claiming that the statue in question, Education Law §3609-a, permitted payment on June 1, 2010, and that March 31, 2010 was merely an authorized pre-payment date. Plaintiffs moved for summary judgment on July 21, 2010 and defendants responded and cross-moved for summary judgment on September 16, 2010.

On January 14, 2011, the Court issued a joint order and decision dismissing both actions as moot because of the payments made after the commencement of the actions. On February 25, 2011, plaintiffs appealed to the Appellate Division, Third Department.

In *Hussein v. State of New York*, plaintiffs seek a judgment declaring that the State's system of financing public education violates section 1 of article 11 of the State Constitution, on the ground that it fails to provide a sound basic education. In a decision and order dated July 21, 2009, Supreme Court, Albany County, denied the State's motion to dismiss the action. The State has appealed this denial to the Appellate Division, Third Department. On January 13, 2011, the Appellate Division, Third Department, affirmed the denial of the motion to dismiss. Defendants have until March 25, 2011 to seek leave to appeal to the Court of Appeals.

REPRESENTATIVE PAYEES

In *Weaver et ano. v. State of New York*, filed in the New York State Court of Claims on July 17, 2008 and subsequently amended, two claimants allege that the executive directors of the Office of Mental Health facilities in which the claimants were hospitalized, acting as representative payees under the Federal Social Security Act, improperly received benefits due them and improperly applied those benefits to the cost of their in-patient care and maintenance and, in the case of one of the claimants, also to the cost of her care and maintenance in a state-operated community residence.

The first named claimant initially sought benefits on her own behalf as well as certification of a class of claimants. However, the class claims were dismissed by the Court of Claims on February 10, 2010 for failure to comply with Court of Claims Act § 11(b), which provides that a claim must state when and where the claim arose, the nature of the claim, the items of damage, and the total sum claimed. On March 18, 2010, claimants filed a notice of appeal.

On June 4, 2010, the State moved for summary judgment against the individual claims on various grounds. By decision and order dated September 27, 2010, the Court of Claims (Ruderman, J.), granted

the State's motion for summary judgment and dismissed the individual claims. The Court held that the state statutes relied on by claimants do not apply to Social Security benefits and that executive directors of OMH facilities are acting properly in accordance with the Social Security Act and applicable federal regulations. Claimants served a notice of appeal on November 23, 2010.

SALES TAX

In *Oneida Indian Nation of New York v. Paterson, et al.* (and four consolidated cases), the tribal plaintiffs seek judgments declaring that Chapters 134 and 136 of the Laws of 2010, which enacted amendments to the Tax Law regarding collection of excise taxes on reservation cigarette sales to non-tribal members, violate their rights under Federal law, and enjoining the State from enforcing those laws. In four of the five cases, the District Court for the Western District of New York denied plaintiffs' motions for preliminary injunctions but granted a stay of enforcement pending plaintiffs' appeal. In the fifth case, the District Court for the Northern District of New York granted the plaintiff's motion for a preliminary injunction. On December 9, 2010, the Second Circuit denied defendants' motion to vacate the injunctions pending appeal. The Second Circuit will hear argument on the preliminary injunction appeals on March 15, 2011.

In *Day Wholesale Inc., et al. v. State, et al. (Sup. Ct., Erie Co.)*, plaintiffs also seek to enjoin the collection of taxes on cigarettes sold to or by reservation retailers. On August 31, 2010, the Supreme Court, Erie County issued an order vacating two earlier preliminary injunctions of that court barring the collection of such taxes until defendants had taken certain steps to comply with prior law. The Court also denied plaintiffs' motion for a preliminary injunction enjoining enforcement of the provisions of Chapters 134 and 186 of the Laws of 2010.

The plaintiffs in *Day Wholesale* appealed. On September 14, 2010 the Appellate Division, Fourth Department denied plaintiffs' motion for a preliminary injunction pending appeal.

On February 10, 2011, the Seneca Nation of Indians commenced *Seneca Nation of Indians v. State of New York, et al.,* in Supreme Court, Erie County, challenging the promulgation of regulations to implement the statutory voucher system intend to enable the State to collect taxes on certain sales of cigarettes on Indian reservations. Plaintiffs seek declaratory judgment that the regulations are void, a temporary and permanent injunction against enforcing both the regulations and the statutory provisions authorizing the voucher system.

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.

On March 22, 2010, the Court endorsed stipulated final judgments making final the permanent injunction on the New York-exclusive UPC provisions and lifting the preliminary injunctions in the August 13, 2009 and October 23, 2009 orders. On March 23, 2010, the Court endorsed plaintiffs' voluntary dismissal of all remaining claims, including their challenge to the Sugar Water Exemption. An interlocutory appeal by a non-party to the Second Circuit challenging a September 14, 2009 clarification order that the August 13, 2009 order lifting the preliminary injunction as to all non-bottled water products was not intended to be retroactive has been dismissed. Negotiations over plaintiffs' attorney fees have been completed.

CIVIL SERVICE LITIGATION

In *Simpson v. New York State Department of Civil Service et ano.,* plaintiffs have brought a class action under 42 U.S.C 2000d et seq., claiming that a civil service test administered between 1996 and 2006 resulted in a disparate impact upon the class. This case was settled on December 29, 2010, for $45 million in damages and fees, payable in four equal annual installments, starting on or about April 1, 2001 or upon passage of the State budget. Class members must opt out by April 1, 2011 and a fairness hearing is scheduled for April 15, 2011.

PUBLIC FINANCE

In *Bordeleau et al. v. State of New York, et al.,* a group of 50 individuals filed a complaint in the Supreme Court, Albany County, asking the court to enjoin certain expenditures of State funds and declare them to be illegal under the New York State Constitution. In particular, the plaintiffs claim that the State budget appropriates funds for grants to private corporations, allegedly in violation of Article VII, § 8, paragraph 1 of the Constitution, which provides that "money of the state shall not be given or loaned to or in aid of any private corporation or association, or private undertaking," except for certain specified exceptions. The plaintiffs also claim that because the State budget provides, in part, that some appropriated funds will be used "in accordance with a memorandum of understanding entered into between the governor, majority leader of the senate and the speaker of the assembly, or their designees," the Senate and Assembly have "improperly delegated their legislative powers" in violation of Article VII, § 7, which provides that every law making an appropriation "shall distinctly specify the sum appropriated, and the object or purpose to which it is to be applied."

In addition to the State defendants, the complaint names as defendants certain public authorities and private corporations that are claimed to be recipients of the allegedly illegal appropriations. The State defendants and several other defendants moved to dismiss the complaint for failure to state a cause of action, for failure to join certain necessary parties, and for lack of a justiciable controversy. In a decision

and order dated February 27, 2009, Supreme Court, Albany County, granted the motion to dismiss the complaint, finding no violation of either Article VII, § 7, or Article VII, § 8. The court concluded that the challenged appropriations were valid expenditures for public purposes and not "gifts" prohibited under Article VII, § 8. The court also rejected the appellant's challenge to the reference in the budget to a memorandum of understanding, relying on that Court's holding in *Saxton v. Carey*, 44 N.Y.2d 545 (1978), that the degree of itemization required under Article VII, § 7 is to be determined by the Legislature, not the courts.

The plaintiffs appealed from the dismissal of the complaint. On June 24, 2010, the Appellate Division reversed the order of Supreme Court to the extent it dismissed the plaintiffs' cause of action under Article VII, § 8 and affirmed the order to the extent it dismissed the plaintiffs' cause of action under Article VII, § 7, and remitted the case to Supreme Court for further proceedings. The defendants moved for reargument or, in the alternative, leave to appeal to the Court of Appeals from the portion of the Appellate Division's order that reversed Supreme Court's dismissal of the cause of action under Article VII, § 8. The Appellate Division denied reargument but granted leave to appeal to the Court of Appeals on the question of whether the Appellate Division erred by reversing the dismissal of the plaintiffs' cause of action under Article VII, § 8. The appeal to the Court of Appeals is pending.

PERSONAL INJURY CLAIMS

In *Watson v. State* (Court of Claims) claimants seek damages arising out of a motor vehicle accident in which four members of a family were injured. On February 2, 2010, the Court of Claims granted summary judgment on the issue of liability to claimants. Pursuant to negotiations among the parties, all claims were settled on February 8, 2011. Infant compromise and Surrogate's Court proceedings still remain to be scheduled before the matter can be closed.

EMINENT DOMAIN

In *Gyrodine v. State of New York* (Court of Claims), claimant seeks compensation under the Eminent Domain Procedures Law in connection with the appropriation by the State of 245 acres of land in connection with the expansion of SUNY Stony Brook. By decision dated June 21, 2010, the Court of Claims awarded claimant $125 million as compensation for the appropriation. On September 13, 2010, the State appealed from the decision.

INSURANCE DEPARTMENT ASSESSMENTS

In New *York Insurance Association, Inc. v. State (Sup. Ct., Albany Co.)*, several insurance companies and an association of insurance companies seek a declaration that certain assessments issued against the plaintiff insurance companies by the Insurance Department pursuant to Insurance Law § 332 violate the Insurance Law and the State and Federal Constitutions to the extent that the assessments include amounts for items that are not direct expenses of the Insurance Department. The State filed its answer on May 4, 2010.

On June 9, 2010, the State filed a motion for summary judgment. By decision dated March 10, 2011, plaintiffs' motion for permission to conduct discovery prior to responding to the State's motion for summary judgment was granted.

TOBACCO MASTER SETTLEMENT AGREEMENT (MSA)

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 appealed to the Second Circuit. On October 18, 2010, the Second Circuit affirmed the decision.

In Grand *River Ent. v. King*, a cigarette importer raised 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's. The parties have cross-moved for summary judgment in the United States District Court for the Southern District of New York; oral argument was held on April 27, 2010 and the parties are awaiting Judge Keenan's decision.

MSA ARBITRATION

Each year in perpetuity, under the MSA between tobacco manufacturers who are party to the MSA ("PMs") and 46 settling states, plus some territories and the District of Columbia, (collectively the "Settling States") the PMs pay the Settling States a base payment to compensate for financial harm suffered by the Settling States due to smoking-related illness. New York's allocable share of the total payment is approximately 12.8% of the total, or approximately $800 million annually. In order to keep the base payment under the MSA, each Settling State must pass and diligently enforce a statute that requires tobacco manufacturers who are not party to the MSA ("NPMs") to deposit in escrow an amount roughly equal to the amount that the PMs pay per pack sold. The PMs have brought a nationwide arbitration against the Settling States (excluding Montana) asserting that those States failed to diligently enforce their respective escrow statutes in 2003. Any such claim for the years prior to 2003 were settled in 2003. The PMs are making the same claim for years 2004-2006, but none of those years are yet in arbitration. The full panel of arbitrators, all of whom are retired Art. III federal judges, has been selected.

An Administrative Conference was held on July 20, 2010; the Initial Conference took place in Chicago on October 5, 2010; at the next hearing, on December 6, 2010, also in Chicago, several preliminary legal issues were argued; on January 28, 2011 a discovery conference was held in San Francisco. The Panel has ruled that the States have the burden of proof in establishing diligent enforcement and also ruled against the States, finding that the 2003 settlements (which settled NPM Adjustment disputes for 1999-2002) do not preclude the PMs from basing their claim for a 2003 NPM Adjustment on 2002 NPM sales. Further, they have denied the States' request to have the issue of "units sold" briefed and decided as a purely legal preliminary issue. The parties are now engaged in extensive discovery. The next hearing will be held in Chicago on April 12, 2011.

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

	Mid-Year	Change	Exec. (Amended)
Opening Fund Balance	2,302	0	2,302
Receipts:			
Taxes:			
Personal Income Tax	24,148	(599)	23,549
User Taxes and Fees	8,736	39	8,775
Business Taxes	5,783	(119)	5,664
Other Taxes	1,034	165	1,199
Miscellaneous Receipts	2,861	222	3,083
Federal Receipts	60	0	60
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	7,771	(239)	7,532
Sales Tax in Excess of LGAC Debt Service	2,298	30	2,328
Real Estate Taxes in Excess of CW/CA Debt Service	332	2	334
All Other	1,491	89	1,580
Total receipts	54,514	(410)	54,104
Disbursements:			
Local Assistance Grants	37,748	(502)	37,246
Departmental Operations:			
Personal Service	6,189	72	6,261
Non-Personal Service	1,949	(164)	1,785
General State Charges	4,119	(8)	4,111
Transfers to Other Funds:			
Debt Service	1,650	(61)	1,589
Capital Projects	878	(39)	839
State Share Medicaid	2,435	0	2,435
Other Purposes	778	5	783
Total Disbursements	55,746	(697)	55,049
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(1,232)	287	(945)
Closing Fund Balance	1,385	(28)	1,357

Source: NYS DOB

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

	Mid-Year	Change	Reclasses	Base
Opening Fund Balance	1,385	(28)	0	1,357
Receipts:				
Taxes:				
Personal Income Tax	26,040	(585)		25,455
User Taxes and Fees	9,035	86		9,121
Business Taxes	6,452	(367)		6,085
Other Taxes	989	41		1,030
Miscellaneous Receipts	2,821	(66)		2,755
Federal Receipts	60	0		60
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	8,151	(195)		7,956
Sales Tax in Excess of LGAC Debt Service	2,363	44		2,407
Real Estate Taxes in Excess of CW/CA Debt Service	354	40		394
All Other	792	(324)	(133)	335
Total receipts	57,057	(1,326)	(133)	55,598
Disbursements:				
Local Assistance Grants	46,012	(342)	25	45,695
Departmental Operations:				
Personal Service	6,659	(122)	(346)	6,191
Non-Personal Service	2,090	(43)		2,047
General State Charges	4,583	75		4,658
Transfers to Other Funds:				
Debt Service	1,766	14		1,780
Capital Projects	1,197	(40)		1,157
State Share Medicaid	3,013	0		3,013
Other Purposes	811	153	(158)	806
Total Disbursements	66,131	(305)	(479)	65,347
Change in Reserve				
Community Project Fund	48	46		94
Prior Labor Agreement	0		(346)	(346)
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(9,026)	(975)	0	(10,001)

Source: NYS DOB

Reclassifications reflect 1) the accounting of retroactive labor settlements as a reserve, rather than as spending, which has the effect of reducing disbursements, and increasing the projected closing balance in the General Fund and 2) the reclassification of mental hygiene activity from receipts to disbursements, which has no impact on net operating results.

CASH FINANCIAL PLAN
GENERAL FUND
ANNUAL CHANGE FROM CURRENT YEAR
(millions of dollars)

	2010-2011 Revised	2011-2012 Exec. (Amended)	Annual $ Change	Annual % Change
Opening Fund Balance	2,302	1,357	(945)	-41.1%
Receipts:				
Taxes:				
Personal Income Tax	23,549	25,701	2,152	9.1%
User Taxes and Fees	8,775	9,153	378	4.3%
Business Taxes	5,664	6,101	437	7.7%
Other Taxes	1,199	1,030	(169)	-14.1%
Miscellaneous Receipts	3,083	3,088	5	0.2%
Federal Receipts	60	60	0	0.0%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	7,532	8,008	476	6.3%
Sales Tax in Excess of LGAC Debt Service	2,328	2,418	90	3.9%
Real Estate Taxes in Excess of CW/CA Debt Service	334	394	60	18.0%
All Other Transfers	1,580	1,065	(515)	-32.6%
Total Receipts	54,104	57,018	2,914	5.4%
Disbursements:				
Local Assistance Grants	37,246	38,333	1,087	2.9%
Departmental Operations:				
Personal Service	6,261	5,647	(614)	-9.8%
Non-Personal Service	1,785	1,864	79	4.4%
General State Charges	4,111	4,658	547	13.3%
Transfers to Other Funds:				
Debt Service	1,589	1,615	26	1.6%
Capital Projects	839	895	56	6.7%
State Share Medicaid	2,435	3,032	597	24.5%
Other Purposes	783	722	(61)	-7.8%
Total Disbursements	55,049	56,766	1,717	3.1%
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(945)	252	1,197	-126.7%
Closing Fund Balance	1,357	1,609	252	18.6%
Statutory Reserves				
Tax Stabilization Reserve Fund	1,031	1,031	0	
Rainy Day Reserve Fund	175	175	0	
Contingency Reserve Fund	21	21	0	
Community Projects Fund	94	0	(94)	
Reserved For				
Prior-Year Labor Agreements (2007-2011)	0	346	346	
Debt Management	36	36	0	

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
2011-2012 through 2014-2015
(millions of dollars)

	2011-2012 Exec. (Amended)	2012-2013 Projected	2013-2014 Projected	2014-2015 Projected
Receipts:				
Taxes:				
Personal Income Tax	25,701	25,871	27,361	28,510
User Taxes and Fees	9,153	9,386	9,754	10,113
Business Taxes	6,101	6,422	6,717	6,186
Other Taxes	1,030	1,075	1,135	1,195
Miscellaneous Receipts	3,088	2,827	2,406	1,976
Federal Receipts	60	60	60	60
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	8,008	7,863	8,318	8,653
Sales Tax in Excess of LGAC Debt Service	2,418	2,495	2,629	2,741
Real Estate Taxes in Excess of CW/CA Debt Service	394	479	580	653
All Other Transfers	1,065	757	660	656
Total Receipts	57,018	57,235	59,620	60,743
Disbursements:				
Local Assistance Grants	38,333	39,329	41,257	43,177
Departmental Operations:				
Personal Service	5,647	5,866	5,973	6,141
Non-personal Service	1,864	2,225	2,087	2,214
General State Charges	4,658	5,119	5,477	5,650
Transfers to Other Funds:				
Debt Service	1,615	1,722	1,668	1,576
Capital Projects	895	1,186	1,350	1,449
State Share Medicaid	3,032	3,119	3,082	3,082
Other Purposes	722	725	1,047	1,680
Total Disbursements	56,766	59,291	61,941	64,969
Reserves:				
Community Projects Fund	(94)	0	0	0
Prior-Year Labor Agreements (2007-2011)	346	142	142	142
Increase (Decrease) in Reserves	252	142	142	142
Excess (Deficiency) of Receipts Over Disbursements and Reserves	0	(2,198)	(2,463)	(4,368)

Source: NYS DOB

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

	Mid-Year	Amount Restated	Restated Mid-Year	Change	Executive (Amended)
Opening Fund Balance	4,669	95	4,764	47	4,811
Receipts:					
Taxes	60,124	(1)	60,123	(658)	59,465
Miscellaneous Receipts	18,638	8	18,646	685	19,331
Federal Receipts	119	0	119	2	121
Total Receipts	78,881	7	78,888	29	78,917
Disbursements:					
Local Assistance Grants	55,759	589	56,348	(616)	55,732
Departmental Operations:					
Personal Service	10,270	2,057	12,327	135	12,462
Non-Personal Service	4,613	705	5,318	(91)	5,227
General State Charges	5,146	895	6,041	15	6,056
Debt Service	5,471	0	5,471	14	5,485
Capital Projects	2	0	2	0	2
Total Disbursements	81,261	4,246	85,507	(543)	84,964
Other Financing Sources (Uses):					
Transfers from Other Funds	22,884	4,157	27,041	(1,051)	25,990
Transfers to Other Funds	(22,059)	61	(21,998)	1,044	(20,954)
Bond and Note Proceeds	0	0	0	0	0
Net Other Financing Sources (Uses)	825	4,218	5,043	(7)	5,036
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(1,555)	(21)	(1,576)	565	(1,011)
Closing Fund Balance	3,114	74	3,188	612	3,800

Source: NYS DOB

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

	Mid-Year	Amount Restated	Restated Mid-Year	Change	Revised Base	Proposed Changes	Executive (Amended)
Opening Fund Balance	2,044	1,145	3,189	146	3,335	465	3,800
Receipts:							
Taxes	64,163	0	64,163	(992)	63,171	220	63,391
Miscellaneous Receipts	18,486	7	18,493	77	18,570	852	19,422
Federal Receipts	132	0	132	8	140	0	140
Total Receipts	82,781	7	82,788	(907)	81,881	1,072	82,953
Disbursements:							
Local Assistance Grants	64,475	596	65,071	(562)	64,509	(7,214)	57,295
Departmental Operations:							
Personal Service	11,260	1,612	12,872	(387)	12,485	(768)	11,717
Non-Personal Service	4,790	712	5,502	(201)	5,301	(188)	5,113
General State Charges	5,749	779	6,528	192	6,720	(191)	6,529
Debt Service	6,039	0	6,039	(9)	6,030	(9)	6,021
Capital Projects	2	0	2	0	2	0	2
Total Disbursements	92,315	3,699	96,014	(967)	95,047	(8,370)	86,677
Other Financing Sources (Uses):							
Transfers from Other Funds	22,882	3,687	26,569	(609)	25,960	(80)	25,880
Transfers to Other Funds	(22,488)	8	(22,480)	600	(21,880)	367	(21,513)
Bond and Note Proceeds	0	0	0	0	0	0	0
Net Other Financing Sources (Uses)	394	3,695	4,089	(9)	4,080	287	4,367
Deposit to/(use of) Reserves	(48)	48	0	(346)	(346)	346	0
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(9,092)	(45)	(9,137)	397	(9,432)	10,075	643
Closing Fund Balance	(7,048)	1,100	(5,948)	543	(6,097)	10,540	4,443

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	2,302	2,099	410	4,811
Receipts:				
Taxes	39,187	8,192	12,086	59,465
Miscellaneous Receipts	3,083	15,341	907	19,331
Federal Receipts	60	1	60	121
Total Receipts	42,330	23,534	13,053	78,917
Disbursements:				
Local Assistance Grants	37,246	18,486	0	55,732
Departmental Operations:				
Personal Service	6,261	6,201	0	12,462
Non-Personal Service	1,785	3,363	79	5,227
General State Charges	4,111	1,945	0	6,056
Debt Service	0	0	5,485	5,485
Capital Projects	0	2	0	2
Total Disbursements	49,403	29,997	5,564	84,964
Other Financing Sources (Uses):				
Transfers from Other Funds	11,774	7,252	6,964	25,990
Transfers to Other Funds	(5,646)	(932)	(14,376)	(20,954)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	6,128	6,320	(7,412)	5,036
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(945)	(143)	77	(1,011)
Closing Fund Balance	1,357	1,956	487	3,800

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	1,357	1,956	487	3,800
Receipts:				
Taxes	41,985	8,438	12,968	63,391
Miscellaneous Receipts	3,088	15,385	949	19,422
Federal Receipts	60	1	79	140
Total Receipts	45,133	23,824	13,996	82,953
Disbursements:				
Local Assistance Grants	38,333	18,962	0	57,295
Departmental Operations:				
Personal Service	5,647	6,070	0	11,717
Non-Personal Service	1,864	3,187	62	5,113
General State Charges	4,658	1,871	0	6,529
Debt Service	0	0	6,021	6,021
Capital Projects	0	2	0	2
Total Disbursements	50,502	30,092	6,083	86,677
Other Financing Sources (Uses):				
Transfers from Other Funds	11,885	7,294	6,701	25,880
Transfers to Other Funds	(6,264)	(755)	(14,494)	(21,513)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	5,621	6,539	(7,793)	4,367
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	252	271	120	643
Closing Fund Balance	1,609	2,227	607	4,443

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	42,754	8,658	13,190	64,602
Miscellaneous Receipts	2,827	16,315	997	20,139
Federal Receipts	60	1	79	140
Total Receipts	45,641	24,974	14,266	84,881
Disbursements:				
Local Assistance Grants	39,329	20,229	0	59,558
Departmental Operations:				
Personal Service	5,866	6,222	0	12,088
Non-Personal Service	2,225	3,333	62	5,620
General State Charges	5,119	2,026	0	7,145
Debt Service	0	0	6,335	6,335
Capital Projects	0	2	0	2
Total Disbursements	52,539	31,812	6,397	90,748
Other Financing Sources (Uses):				
Transfers from Other Funds	11,594	7,261	6,620	25,475
Transfers to Other Funds	(6,752)	12	(14,389)	(21,129)
Reserve for Collective Bargaining	(142)	0	0	(142)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	4,700	7,273	(7,769)	4,204
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,198)	435	100	(1,663)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2013-2014
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	44,967	9,001	13,968	67,936
Miscellaneous Receipts	2,406	16,682	1,043	20,131
Federal Receipts	60	1	79	140
Total Receipts	47,433	25,684	15,090	88,207
Disbursements:				
Local Assistance Grants	41,257	20,899	0	62,156
Departmental Operations:				
Personal Service	5,973	6,313	0	12,286
Non-Personal Service	2,087	3,436	62	5,585
General State Charges	5,477	2,171	0	7,648
Debt Service	0	0	6,502	6,502
Capital Projects	0	2	0	2
Total Disbursements	54,794	32,821	6,564	94,179
Other Financing Sources (Uses):				
Transfers from Other Funds	12,187	7,455	6,564	26,206
Transfers to Other Funds	(7,147)	172	(14,989)	(21,964)
Reserve for Collective Bargaining	(142)	0	0	(142)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	4,898	7,627	(8,425)	4,100
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,463)	490	101	(1,872)

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	All Funds Total
Opening Fund Balance	2,302	2,401	(254)	410	4,859
Receipts:					
Taxes	39,187	8,192	1,328	12,086	60,793
Miscellaneous Receipts	3,083	15,523	4,189	907	23,702
Federal Receipts	60	47,426	2,467	60	50,013
Total Receipts	42,330	71,141	7,984	13,053	134,508
Disbursements:					
Local Assistance Grants	37,246	59,251	2,644	0	99,141
Departmental Operations:					
Personal Service	6,261	6,922	0	0	13,183
Non-Personal Service	1,785	4,467	0	79	6,331
General State Charges	4,111	2,231	0	0	6,342
Debt Service	0	0	0	5,485	5,485
Capital Projects	0	2	5,630	0	5,632
Total Disbursements	49,403	72,873	8,274	5,564	136,114
Other Financing Sources (Uses):					
Transfers from Other Funds	11,774	7,253	1,104	6,964	27,095
Transfers to Other Funds	(5,646)	(5,663)	(1,418)	(14,376)	(27,103)
Bond and Note Proceeds	0	0	578	0	578
Net Other Financing Sources (Uses)	6,128	1,590	264	(7,412)	570
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(945)	(142)	(26)	77	(1,036)
Closing Fund Balance	1,357	2,259	(280)	487	3,823

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	All Funds Total
Opening Fund Balance	1,357	2,259	(280)	487	3,823
Receipts:					
Taxes	41,985	8,438	1,367	12,968	64,758
Miscellaneous Receipts	3,088	15,517	4,063	949	23,617
Federal Receipts	60	41,854	2,309	79	44,302
Total Receipts	45,133	65,809	7,739	13,996	132,677
Disbursements:					
Local Assistance Grants	38,333	54,620	2,836	0	95,789
Departmental Operations:					
Personal Service	5,647	6,768	0	0	12,415
Non-Personal Service	1,864	4,207	0	62	6,133
General State Charges	4,658	2,183	0	0	6,841
Debt Service	0	0	0	6,021	6,021
Capital Projects	0	2	5,333	0	5,335
Total Disbursements	50,502	67,780	8,169	6,083	132,534
Other financing sources (Uses):					
Transfers from Other Funds	11,885	7,295	1,355	6,701	27,236
Transfers to Other Funds	(6,264)	(5,052)	(1,448)	(14,494)	(27,258)
Bond and Note Proceeds	0	0	488	0	488
Net Other Financing Sources (Uses)	5,621	2,243	395	(7,793)	466
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	252	272	(35)	120	609
Closing Fund Balance	1,609	2,531	(315)	607	4,432

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	All Funds Total
Receipts:					
Taxes	42,754	8,658	1,400	13,190	66,002
Miscellaneous Receipts	2,827	16,446	3,724	997	23,994
Federal Receipts	60	38,453	1,862	79	40,454
Total Receipts	45,641	63,557	6,986	14,266	130,450
Disbursements:					
Local Assistance Grants	39,329	52,641	1,894	0	93,864
Departmental Operations:					
Personal Service	5,866	6,913	0	0	12,779
Non-Personal Service	2,225	4,285	0	62	6,572
General State Charges	5,119	2,375	0	0	7,494
Debt Service	0	0	0	6,335	6,335
Capital Projects	0	2	5,392	0	5,394
Total Disbursements	52,539	66,216	7,286	6,397	132,438
Other Financing Sources (Uses):					
Transfers from Other Funds	11,594	7,262	1,333	6,620	26,809
Transfers to Other Funds	(6,752)	(4,168)	(1,508)	(14,389)	(26,817)
Reserve for Collective Bargaining	(142)	0	0	0	(142)
Bond and Note Proceeds	0	0	425	0	425
Net Other Financing Sources (Uses)	4,700	3,094	250	(7,769)	275
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,198)	435	(50)	100	(1,713)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2013-2014
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	44,967	9,001	1,406	13,968	69,342
Miscellaneous Receipts	2,406	16,813	3,575	1,043	23,837
Federal Receipts	60	40,549	1,821	79	42,509
Total Receipts	47,433	66,363	6,802	15,090	135,688
Disbursements:					
Local Assistance Grants	41,257	55,506	1,825	0	98,588
Departmental Operations:					
Personal Service	5,973	6,996	0	0	12,969
Non-Personal Service	2,087	4,372	0	62	6,521
General State Charges	5,477	2,529	0	0	8,006
Debt Service	0	0	0	6,502	6,502
Capital Projects	0	2	5,183	0	5,185
Total Disbursements	54,794	69,405	7,008	6,564	137,771
Other Financing Sources (Uses):					
Transfers from Other Funds	12,187	7,456	1,412	6,564	27,619
Transfers to Other Funds	(7,147)	(3,925)	(1,557)	(14,989)	(27,618)
Reserve for Collective Bargaining	(142)	0	0	0	(142)
Bond and Note Proceeds	0	0	341	0	341
Net Other Financing Sources (Uses)	4,898	3,531	196	(8,425)	200
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,463)	489	(10)	101	(1,883)

Source: NYS DOB

CASHFLOW
GENERAL FUND
2010-2011
(dollars in millions)

	2010 April Results	May Results	June Results	July Results	August Results	September Results	October Results	November Results	December Results	2011 January Results	February Prel. (DOB)	March Projected	Total
OPENING BALANCE	2,302	4,274	1,648	(87)	590	528	2,381	2,256	1,689	3,008	5,617	6,418	2,302
RECEIPTS:													
Personal Income Tax	3,069	783	2,164	1,575	1,669	2,571	1,610	1,329	2,732	2,575	1,962	1,510	23,549
User Taxes and Fees	669	589	858	666	666	863	669	688	931	754	612	810	8,775
Business Taxes	60	2	915	80	21	990	59	132	1,169	122	121	1,993	5,664
Other Taxes	93	83	103	155	81	116	82	85	96	149	113	43	1,199
Total Taxes	3,891	1,457	4,040	2,476	2,437	4,540	2,420	2,234	4,928	3,600	2,808	4,356	39,187
Licenses, Fees, etc.	47	56	55	77	53	69	52	72	48	36	50	12	627
Abandoned Property	0	(4)	77	3	28	43	32	129	68	18	12	244	650
ABC License Fee	9	1	6	4	4	4	2	4	4	5	3	0	46
Motor vehicle fees	0	0	0	0	0	0	0	0	0	0	15	21	36
Reimbursements	7	13	35	13	6	47	9	8	35	5	32	12	222
Investment Income	1	0	0	1	0	0	1	0	0	1	0	1	5
Other Transactions	26	33	80	41	69	423	51	36	71	98	24	545	1,497
Total Miscellaneous Receipts	90	99	253	139	160	586	147	249	226	163	136	835	3,083
Federal Grants	1	13	0	0	0	0	17	0	13	0	0	16	60
PIT in Excess of Revenue Bond Debt Service	1,022	108	887	509	232	964	382	162	989	1,245	228	804	7,532
Sales Tax in Excess of LGAC Debt Service	180	100	350	202	132	267	191	207	294	232	3	170	2,328
Real Estate Taxes in Excess of CW/CA Debt Service	32	34	33	39	33	28	26	21	11	33	40	4	334
All Other	4	1	62	87	20	11	18	21	144	105	181	926	1,580
Total Transfers from Other Funds	1,238	243	1,332	837	417	1,270	617	411	1,438	1,615	452	1,904	11,774
TOTAL RECEIPTS	5,220	1,812	5,625	3,452	3,014	6,396	3,201	2,894	6,605	5,378	3,396	7,111	54,104
DISBURSEMENTS:													
School Aid	491	2,616	3,767	100	574	1,063	397	871	1,745	125	467	6,499	18,715
Higher Education	16	16	379	198	14	314	58	377	126	184	43	726	2,451
All Other Education	17	14	17	24	88	523	24	170	224	55	37	279	1,472
Medicaid - DOH	1,085	633	668	516	590	389	244	638	832	462	771	626	7,454
Public Health	40	30	122	16	65	117	17	20	40	40	12	177	696
Mental Hygiene	10	5	362	50	130	392	164	16	398	122	157	409	2,215
Children and Families	9	15	14	66	274	74	338	72	235	149	55	358	1,659
Temporary & Disability Assistance	61	140	61	62	114	83	152	73	236	66	3	101	1,152
Transportation	0	0	0	11	9	18	0	13	29	3	12	3	98
Unrestricted Aid	3	12	274	1	1	96	9	0	209	3	0	168	776
All Other	19	16	189	(27)	45	48	(48)	87	57	44	33	95	558
Total Local Assistance Grants	1,751	3,497	5,853	1,017	1,904	3,117	1,355	2,337	4,131	1,253	1,590	9,441	37,246
Personal Service	514	547	586	619	465	622	405	475	579	351	386	712	6,261
Non-Personal Service	143	108	151	171	180	175	123	112	136	134	164	188	1,785
Total State Operations	657	655	737	790	645	797	528	587	715	485	550	900	8,046
General State Charges	122	30	485	112	348	298	439	317	147	412	79	1,322	4,111
Debt Service	414	38	0	470	(5)	(133)	601	(37)	19	422	(19)	(181)	1,589
Capital Projects	14	21	4	121	(42)	63	88	(10)	67	(20)	108	425	839
State Share Medicaid	180	162	244	185	184	363	179	193	184	157	287	117	2,435
Other Purposes	110	35	37	80	42	38	136	74	23	60	0	148	783
Total Transfers to Other Funds	718	256	285	856	179	331	1,004	220	293	619	376	509	5,646
TOTAL DISBURSEMENTS	3,248	4,438	7,360	2,775	3,076	4,543	3,326	3,461	5,286	2,769	2,595	12,172	55,049
Excess/(Deficiency) of Receipts over Disbursements	1,972	(2,626)	(1,735)	677	(62)	1,853	(125)	(567)	1,319	2,609	801	(5,061)	(945)
CLOSING BALANCE	4,274	1,648	(87)	590	528	2,381	2,256	1,689	3,008	5,617	6,418	1,357	1,357

Source: NYS DOB

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

	2009-2010 Actuals	2010-2011 Revised	2011-2012 Exec. (Amended)	2012-2013 Projected	2013-2014 Projected	2014-2015 Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT						
Agriculture and Markets, Department of	109,449	103,283	103,890	116,447	97,854	99,562
Alcoholic Beverage Control	17,012	17,774	18,383	18,549	19,366	19,366
Developmental Authority North	36	200	162	162	162	162
Consumer Protection Board	2,295	2,684	0	0	0	0
Economic Development Capital Programs	18,306	6,500	2,500	2,500	2,500	0
Economic Development, Department of	76,889	89,589	60,607	62,112	76,797	56,602
Empire State Development Corporation	606,568	1,015,195	775,106	305,619	394,151	401,363
Energy Research and Development Authority	29,380	34,858	30,807	30,158	31,178	31,178
Financial Regulation, Department of	745,103	533,467	528,167	539,385	549,782	560,648
Olympic Regional Development Authority	7,966	4,815	4,366	4,366	4,493	4,575
Public Service, Department of	77,313	74,990	78,822	82,617	85,830	89,507
Racing and Wagering Board, State	22,575	23,733	24,185	22,172	22,952	23,704
Science, Technology and Innovation, Foundation for	29,083	31,024	2,585	300	0	0
Strategic Investment	8,827	10,000	4,000	5,000	5,000	5,000
Functional Total	1,750,802	1,948,112	1,633,580	1,189,387	1,290,065	1,291,667
PARKS AND THE ENVIRONMENT						
Adirondack Park Agency	5,292	5,118	4,641	4,643	4,643	4,643
Environmental Conservation, Department of	864,001	1,049,379	1,013,206	816,150	778,850	773,457
Environmental Facilities Corporation	10,025	10,023	10,425	10,666	10,818	10,940
Hudson River Park Trust	11,977	10,000	0	0	0	0
Parks, Recreation and Historic Preservation, Office of	305,485	258,977	208,414	210,080	210,822	211,886
Functional Total	1,196,780	1,333,497	1,236,686	1,041,539	1,005,133	1,000,926
TRANSPORTATION						
Motor Vehicles, Department of	320,230	326,441	301,689	308,146	314,459	320,123
Thruway Authority	1,403	1,800	1,800	1,800	1,800	1,800
Metropolitan Transportation Authority	184,681	217,000	194,500	183,600	183,600	183,600
Transportation, Department of	7,376,584	8,158,057	8,003,598	7,840,294	7,851,963	7,908,273
Functional Total	7,882,898	8,703,298	8,501,587	8,333,840	8,351,822	8,413,796
HEALTH						
Aging, Office for the	229,966	228,271	214,992	214,891	214,934	214,978
Health, Department of	42,156,549	44,728,677	43,892,661	42,733,929	45,503,914	51,652,140
Medical Assistance	37,025,209	39,183,472	37,904,241	37,131,783	39,920,327	46,048,183
Medicaid Administration	939,296	1,098,413	1,147,500	1,193,500	1,241,300	1,290,900
Public Health	4,192,044	4,446,792	4,840,920	4,408,646	4,342,287	4,313,057
Medicaid Inspector General, Office of	64,868	64,894	72,652	75,849	78,462	80,409
Stem Cell and Innovation	17,676	44,700	50,000	61,373	63,673	50,000
Functional Total	42,469,059	45,066,542	44,230,305	43,086,042	45,860,983	51,997,527

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

	2009-2010 Actuals	2010-2011 Revised	2011-2012 Exec. (Amended)	2012-2013 Projected	2013-2014 Projected	2014-2015 Projected
SOCIAL WELFARE						
Children and Family Services, Office of	3,189,020	3,203,227	3,054,792	3,223,638	3,432,275	3,586,123
OCFS	3,139,542	3,134,526	2,943,691	3,102,256	3,300,705	3,448,268
OCFS - Other	49,478	68,701	111,101	121,382	131,570	137,855
Human Rights, Division of	20,300	19,339	18,567	19,173	19,458	19,458
Labor, Department of	728,721	800,337	732,286	731,954	714,843	716,120
Housing and Community Renewal, Division of	417,003	467,684	396,944	257,082	274,036	263,220
National Commission Services	16,862	20,732	14,599	14,601	14,687	14,909
Prevention of Domestic Violence, Office for	2,167	1,947	0	0	0	0
Temporary and Disability Assistance, Office of	5,275,993	5,247,194	5,249,750	5,131,213	5,177,354	5,195,256
Welfare Assistance	3,857,439	3,829,675	3,864,811	3,733,488	3,781,142	3,794,840
Welfare Administration	51,263	0	0	0	0	0
All Other	1,367,291	1,417,519	1,384,939	1,397,725	1,396,212	1,400,416
Welfare Inspector General, Office of	727	1,432	1,420	1,436	1,456	1,475
Workers' Compensation Board	190,135	197,512	208,755	208,633	215,587	222,423
Functional Total	9,840,928	9,959,404	9,677,113	9,587,730	9,849,696	10,018,984
MENTAL HYGIENE						
Mental Health, Office of	3,121,486	3,316,838	3,278,119	3,502,233	3,695,125	3,897,219
OMH	1,423,971	1,561,135	1,423,709	1,596,484	1,708,367	1,817,589
OMH - Other	1,697,515	1,755,703	1,854,410	1,905,749	1,986,758	2,079,630
Mental Hygiene, Department of	175	0	0	0	0	0
People with Developmental Disabilities, Office for	4,397,581	4,409,924	4,323,324	4,509,531	4,771,278	4,961,946
OPWDD	522,032	563,017	546,043	560,026	586,996	602,416
OPWDD - Other	3,875,549	3,846,907	3,777,281	3,949,505	4,184,282	4,359,530
Alcoholism and Substance Abuse Services, Office of	550,090	571,125	591,380	692,350	702,017	711,172
OASAS	456,695	469,569	490,827	589,346	596,344	602,851
OASAS - Other	93,395	101,556	100,553	103,004	105,673	108,321
Developmental Disabilities Planning Council	3,397	4,200	4,200	4,200	4,200	4,200
Quality of Care and Advocacy for Persons with Disabilities, Commission	15,508	16,155	15,964	16,366	16,818	17,323
Functional Total	8,088,237	8,318,242	8,212,987	8,724,680	9,189,438	9,591,860
PUBLIC PROTECTION/CRIMINAL JUSTICE						
Capital Defenders Office	21	0	0	0	0	0
Correction, Commission of	2,628	2,701	0	0	0	0
Correctional Services, Department of	2,909,312	2,699,168	2,641,076	2,707,245	2,784,215	2,853,415
Criminal Justice Services, Division of	241,767	343,785	372,871	357,110	354,173	356,382
Office of Victim Services	67,342	67,372	0	0	0	0
Statewide Financial System	0	26,864	40,498	55,484	55,584	55,584
Homeland Security and Emergency Services	296,589	356,658	378,360	380,439	398,038	374,108
Homeland Security	800	34,298	30,868	31,283	31,705	32,133
Office of Indigent Legal Services	0	73,691	79,997	80,125	80,237	80,354
Investigation, Temporary State Commission of	395	0	0	0	0	0
Judicial Commissions	5,145	5,292	4,763	4,837	4,917	4,995
Military and Naval Affairs, Division of	276,622	218,975	192,238	187,285	186,497	182,185
Parole, Division of	188,383	176,398	0	0	0	0
Probation and Correctional Alternatives, Division of	74,852	0	0	0	0	0
State Emergency Management Office	0	0	0	0	0	0
State Police, Division of	776,340	714,235	647,159	662,137	637,377	635,513
Wireless Network	6,672	3,586	0	0	0	0
Functional Total	4,846,868	4,723,023	4,387,830	4,465,945	4,532,743	4,574,669

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

	2009-2010 Actuals	2010-2011 Revised	2011-2012 Exec. (Amended)	2012-2013 Projected	2013-2014 Projected	2014-2015 Projected
HIGHER EDUCATION						
City University of New York	1,655,773	1,359,461	1,386,017	1,492,482	1,585,083	1,663,982
Higher Education Services Corporation	1,022,235	961,429	1,007,522	1,056,925	1,061,462	1,064,188
Higher Education Capital Grants	37,320	28,000	48,000	29,000	0	0
Higher Education Miscellaneous	378	355	355	355	355	355
State University Construction Fund	18,595	25,678	26,172	27,074	27,854	28,609
State University of New York	6,989,582	7,120,374	7,228,506	7,503,477	7,660,157	7,782,437
Functional Total	9,723,883	9,495,297	9,696,572	10,109,313	10,334,911	10,539,571
EDUCATION						
Arts, Council on the	43,436	44,768	36,553	36,590	36,650	36,717
Education, Department of	27,725,560	32,312,078	30,189,405	29,785,733	30,957,701	32,150,613
School Aid	21,484,784	25,634,910	23,488,080	23,145,115	24,019,150	24,953,798
School Aid - Other	63,757	125,820	0	0	0	0
STAR Property Tax Relief	3,413,542	3,269,866	3,292,520	3,322,067	3,510,375	3,692,726
Special Education Categorical Programs	1,680,004	2,203,888	2,227,545	2,098,236	2,225,316	2,348,316
All Other	1,083,473	1,077,594	1,181,260	1,220,315	1,202,860	1,155,773
Functional Total	27,768,996	32,356,846	30,225,958	29,822,323	30,994,351	32,187,330
GENERAL GOVERNMENT						
Budget, Division of the	40,775	39,212	37,638	38,712	39,642	41,739
Civil Service, Department of	21,384	17,406	15,743	15,993	16,280	16,461
Deferred Compensation	673	826	774	796	823	850
Elections, State Board of	50,405	101,615	55,724	35,301	5,246	5,468
Employee Relations, Office of	3,204	3,202	2,889	2,923	2,963	2,997
Financial Plan Control Board	2,630	3,190	3,330	3,494	3,638	3,789
General Services, Office of	197,766	195,627	185,528	195,684	198,571	201,575
Inspector General, Office of	6,079	6,024	5,430	5,515	5,602	5,671
Labor Management Committee	33,609	41,256	50,256	60,874	25,721	25,721
Lottery, Division of	185,777	173,408	176,790	177,280	181,544	185,220
Public Employment Relations Board	3,785	4,208	3,845	3,897	3,949	4,004
Public Integrity, Commission on	4,209	4,054	3,649	3,829	3,906	3,972
Real Property Services, Office of	42,806	0	0	0	0	0
Regulatory Reform, Governor's Office of	2,449	1,634	0	0	0	0
State, Department of	176,349	203,106	131,132	133,279	134,967	136,711
Tax Appeals, Division of	3,458	3,053	2,514	2,514	2,552	2,585
Taxation and Finance, Department of	417,898	461,979	400,165	402,915	409,781	415,538
Technology, Office for	23,549	25,698	32,714	71,144	40,607	41,274
Veterans' Affairs, Division of	16,072	17,000	16,167	16,369	16,556	16,636
Functional Total	1,232,877	1,302,498	1,124,288	1,170,519	1,092,348	1,110,211

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

	2009-2010 Actuals	2010-2011 Revised	2011-2012 Exec. (Amended)	2012-2013 Projected	2013-2014 Projected	2014-2015 Projected
ELECTED OFFICIALS						
Legislature	226,089	220,795	218,795	227,685	232,263	235,415
Judiciary	2,520,040	2,610,241	2,756,548	3,000,446	3,173,911	3,410,679
Audit and Control, Department of	242,702	178,908	170,616	178,640	181,162	183,340
Law , Department of	220,152	206,266	205,617	215,238	219,160	221,132
Executive Chamber	17,056	15,473	13,926	14,203	14,461	15,185
Lieutenant Governor, Office of the	0	516	464	479	479	524
Functional Total	3,226,039	3,232,199	3,365,966	3,636,691	3,821,436	4,066,275
LOCAL GOVERNMENT ASSISTANCE						
Aid and Incentives for Municipalities	1,039,488	739,569	708,762	738,803	738,971	739,060
Efficiency Incentive Grants Program	3,293	5,120	7,632	7,533	0	0
Miscellaneous Financial Assistance	8,920	3,920	0	0	0	0
Municipalities w ith VLT Facilities	26,489	25,801	19,600	19,600	19,600	19,600
Small Government Assistance	2,089	2,065	0	0	0	0
Functional Total	1,080,279	776,475	735,994	765,936	758,571	758,660
ALL OTHER CATEGORIES						
Long-Term Debt Service	5,012,102	5,563,826	6,083,348	6,397,402	6,563,495	6,621,768
General State Charges	2,920,603	3,364,019	3,851,054	4,185,465	4,572,675	4,676,506
Miscellaneous	(162,872)	(29,966)	(429,882)	(79,162)	(449,182)	(449,113)
Functional Total	7,769,833	8,897,879	9,504,520	10,503,705	10,686,988	10,849,161
TOTAL ALL FUNDS SPENDING	126,877,479	136,113,312	132,533,386	132,437,650	137,768,485	146,400,637

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

GAAP FINANCIAL PLAN
GENERAL FUND
2010-2011 and 2011-2012
(millions of dollars)

	2010-11 Revised	2011-12 Exec. (Amended)	Annual Change
Revenues:			
Taxes:			
Personal income tax	23,460	25,435	1,975
User taxes and fees	8,856	9,176	320
Business taxes	5,579	6,116	537
Other taxes	1,111	1,061	(50)
Miscellaneous revenues	7,321	6,464	(857)
Federal grants	61	60	(1)
Total revenues	46,388	48,312	1,924
Expenditures:			
Grants to local governments	38,508	40,756	2,248
State operations	12,135	11,103	(1,032)
General State charges	5,127	5,541	414
Debt service	0	0	0
Capital projects	0	0	0
Total expenditures	55,770	57,400	1,630
Other financing sources (uses):			
Transfers from other funds	15,103	14,947	(156)
Transfers to other funds	(6,105)	(5,995)	110
Proceeds from financing arrangements/ advance refundings	361	403	42
Net other financing sources (uses)	9,359	9,355	(4)
(Excess) deficiency of revenues and other financing sources over expenditures and other financing uses	(23)	267	290
Accumulated Surplus/(Deficit)	(3,561)	(3,294)	267

Source: NYS DOB

GAAP FINANCIAL PLAN
GENERAL FUND
2011-2012 THROUGH 2014-2015
(millions of dollars)

	2011-12 Projected	2012-13 Projected	2013-14 Projected	2014-15 Projected
Revenues:				
Taxes:				
Personal income tax	25,435	24,905	26,528	28,315
User taxes and fees	9,176	9,400	9,777	10,135
Business taxes	6,116	6,421	6,724	6,152
Other taxes	1,061	1,117	1,177	1,195
Miscellaneous revenues	6,464	6,112	5,824	5,427
Federal grants	60	60	60	60
Total revenues	48,312	48,015	50,090	51,284
Expenditures:				
Grants to local governments	40,756	42,115	44,129	46,008
State operations	11,103	11,570	11,559	11,939
General State charges	5,541	5,938	6,499	6,734
Debt service	0	0	0	0
Capital projects	0	0	0	0
Total expenditures	57,400	59,623	62,187	64,681
Other financing sources (uses):				
Transfers from other funds	14,947	15,186	15,488	14,872
Transfers to other funds	(5,995)	(6,849)	(7,079)	(7,062)
Proceeds from financing arrangements/ advance refundings	403	400	400	400
Net other financing sources (uses)	9,355	8,737	8,809	8,210
Operating Surplus/(Deficit)	267	(2,871)	(3,288)	(5,187)

Source: NYS DOB

Workforce Impact Summary
All Funds
2009-10 Through 2011-12

	2009-10 Actuals (03/31/10)	Starting Estimate (03/31/11)	Layoffs*	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Ending Estimate (03/31/12)
Children and Family Services, Office of	3,555	3,351	0	(345)	765	0	0	420	3,771
Correctional Services, Department of	30,104	29,878	0	(940)	345	0	1,893	1,298	31,176
Education Department, State	2,976	2,806	0	(141)	141	0	0	0	2,806
Environmental Conservation, Department of	3,454	3,003	0	(52)	52	0	0	0	3,003
General Services, Office of	1,519	1,371	0	(44)	47	0	0	3	1,374
Health, Department of	5,388	5,055	0	(151)	288	0	0	137	5,192
Labor, Department of	3,982	3,949	0	(284)	312	0	0	28	3,977
Motor Vehicles, Department of	2,750	2,472	0	(49)	49	0	0	0	2,472
Mental Health, Office of	16,173	15,760	0	(1,592)	1,492	0	0	(100)	15,660
People with Developmental Disabilities, Office of	21,530	21,367	0	(1,854)	1,679	0	0	(175)	21,192
Parks, Recreation and Historic Preservation, Office of	2,053	1,785	0	(28)	28	0	0	0	1,785
Parole, Division of	1,973	1,893	0	(70)	70	0	(1,893)	(1,893)	0
State Police, Division of	5,704	5,439	0	(234)	104	0	0	(130)	5,309
Temporary and Disability Assistance, Office of	2,259	2,248	0	(157)	157	0	0	0	2,248
Taxation and Finance, Department of	5,263	5,008	0	(336)	336	0	0	0	5,008
Transportation, Department of	9,963	8,708	0	(265)	265	0	0	0	8,708
Workers' Compensation Board	1,395	1,450	0	(60)	76	0	0	16	1,466
Subtotal - Major Agencies	**120,041**	**115,543**	**0**	**(6,602)**	**6,206**	**0**	**0**	**(396)**	**115,147**
Minor Agencies	**11,700**	**11,091**	**(29)**	**(475)**	**610**	**0**	**23**	**129**	**11,220**
Subject to Direct Executive Control	**131,741**	**126,634**	**(29)**	**(7,077)**	**6,816**	**0**	**23**	**(267)**	**126,367**
Adjustments									
Workforce Savings	0	0	(9,748)	(1,830)	68	0	0	(11,510)	(11,510)
Subtotal - Adjustments	**0**	**0**	**(9,748)**	**(1,830)**	**68**	**0**	**0**	**(11,510)**	**(11,510)**
University Systems									
City University of New York	13,073	12,933	0	(1,099)	1,099	0	0	0	12,933
State University Construction Fund	129	172	0	(15)	15	0	0	0	172
State University of New York	41,900	41,815	0	(3,555)	3,955	0	0	400	42,215
Subtotal - University Systems	**55,102**	**54,920**	**0**	**(4,669)**	**5,069**	**0**	**0**	**400**	**55,320**
Off-Budget Agencies									
Roswell Park Cancer Institute	2,025	2,025	0	(162)	162	0	0	0	2,025
Science, Technology and Innovation, NYS Foundation for	25	23	(23)	0	0	0	0	(23)	0
State Insurance Fund	2,547	2,564	0	(205)	205	0	0	0	2,564
Off-Budget Agencies	**4,597**	**4,612**	**(23)**	**(367)**	**367**	**0**	**0**	**(23)**	**4,589**
Independently Elected Agencies									
Audit and Control, Department of	2,545	2,552	0	0	0	0	(23)	(23)	2,529
Law, Department of	1,807	1,747	0	0	0	0	0	0	1,747
Subtotal - Independently Elected Agencies	**4,352**	**4,299**	**0**	**0**	**0**	**0**	**(23)**	**(23)**	**4,276**
Grand Total	**195,792**	**190,465**	**(9,800)**	**(13,943)**	**12,320**	**0**	**0**	**(11,423)**	**179,042**

* This table reflects layoffs that may be necessary in the absence of negotiated workforce savings

Source: NYS DOB

Annual Information Statement

State of New York

September 7, 2010

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Annual Information Statement
State of New York
Dated: September 7, 2010

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Annual Information Statement
of the State of New York

Introduction

This Annual Information Statement ("AIS") is dated September 7, 2010 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 15, 2009 and all updates and supplements thereto. This AIS is scheduled to be updated on a quarterly basis (in November 2010 and February 2011) 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 current updates and supplements that may be 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 2010-11 Enacted Budget Financial Plan, dated August 20, 2010 (the "Updated 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 2010-11 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 2010-11.

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) selected State government summary, and (e) activities of public authorities and localities.

3. The status of significant litigation and arbitration 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 has utilized significant portions of the Updated Financial Plan, but has also relied on information drawn from other sources, including the Office of the State Comptroller ("OSC"), that DOB believes to be reliable. Information contained in the section entitled "State Retirement Systems" is furnished by the Office of the State Comptroller. Information relating to matters described in the section entitled "Litigation and Arbitration" 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 Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system. An electronic copy of this AIS can be accessed through the EMMA at www.emma.msrb.org. 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) 474-7705. OSC issued the Basic Financial Statements for the 2009-10 fiscal year in July 2010. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and are available on its website at www.osc.state.ny.us.

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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.

The AIS is available in electronic form on the DOB website (www.budget.state.ny.us) and 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 this AIS on the DOB website, or on the EMMA 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.

Overview

The State Budget Process

The requirements of the State budget process are set forth in Article VII of the State Constitution and the State Finance Law. The process begins with the Governor's submission of the Executive Budget to the Legislature each January, in preparation for the start of the fiscal year on April 1. (The submission date is February 1 in years following a gubernatorial election.) The Executive Budget must contain a complete plan of estimated available receipts and projected disbursements for the ensuing fiscal year ("State Financial Plan"). The proposed State Financial Plan must be balanced on a cash basis and must be accompanied by bills that: (i) set forth all proposed appropriations and reappropriations, (ii) provide for any new or modified revenue measures, and (iii) make any other changes to existing law necessary to implement the budget recommended by the Governor.

In acting on the bills submitted by the Governor, the Legislature has certain powers to alter the recommended appropriations and proposed changes to existing law. The Legislature may strike out or reduce an item of appropriation recommended by the Governor. The Legislature may add items of appropriation, provided such additions are stated separately. These additional items are then subject to line-item veto by the Governor. If the Governor vetoes an appropriation or a bill (or a portion thereof) related to the budget, these items can be reconsidered in accordance with the rules of each house of the Legislature. If approved by two-thirds of the members of each house, such items will become law notwithstanding the Governor's veto.

Once the appropriation bills and other bills become law, DOB revises the State Financial Plan to reflect the Legislature's actions, and begins the process of implementing the budget. Throughout the fiscal year, DOB monitors actual receipts and disbursements, and may adjust the estimates in the State Financial Plan. Adjustments may also be made to the State Financial Plan to reflect changes in the economy, as well as new actions taken by the Governor or the Legislature. As required by the State Finance Law, the Governor updates the State Financial Plan within 30 days of the close of each quarter of the fiscal year, generally issuing reports by July 30, October 30, and in January as part of the Executive Budget. The Governor is required to submit these updates to the Legislature and explain any changes from the previous State Financial Plan.

Subject to approval by the Governor, the Legislature may enact additional appropriation bills or revenue measures (including tax reductions) during any regular session or, if called into session for that purpose, any special session. In the event additional appropriation bills or revenue measures are disapproved by the Governor, the Legislature has authority to override the Governor's veto upon the vote of two-thirds of the members of each house of the Legislature. The Governor may present deficiency appropriations to the Legislature near the end of any fiscal year to supplement inadequate appropriations or to provide new appropriations for purposes not covered by the regular and supplemental appropriations.

Recent budget process reforms passed by the Legislature accelerate consensus revenue forecasting, provide for the State Comptroller to issue binding revenue forecasts when the Executive and the Legislature cannot agree, require the use of budget conference committees, and require the adoption of a balanced budget by the Legislature.

During the 2010-11 budget process, the Governor introduced an Executive Budget Financial Plan to eliminate a budget gap for 2010-11 estimated at $7.4 billion, and in February 2010, revised the estimated budget gap upward to $8.2 billion based on an updated forecast of tax receipts and proposed additional gap-closing actions accordingly. In March 2010, the estimated budget gap for 2010-11 had increased to

$9.2 billion (requiring additional gap-closing actions) due to further downward revisions to tax receipts, combined with an expected budget shortfall from 2009-10 that would be carried into 2010-11. As the new fiscal year started on April 1, 2010, the State began enacting a series of interim appropriation bills to fund government operations on a short-term basis. While the State Legislature enacted the annual debt service appropriation bill for 2010-11 in March 2010, the Legislature did not complete action on all annual appropriation bills until late June 2010, and did not pass a revenue bill to complete the budget until August 3, 2010.

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The 2010-11 Enacted Budget Overview

The following table provides indicators and measures of the 2010-11 Enacted Budget Financial Plan relative to the prior year and relative to the base budget for 2010-11 (before enacted budget actions).

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

	2009-10 Adjusted [1,2,3]	2010-11 Adjusted [1,3] Before Actions	2010-11 Adjusted [1,3] Enacted Budget
State Operating Funds Budget			
Size of Budget	$78,934	$85,413	$78,998
Annual Growth	1.0%	8.2%	0.1%
Other Budget Measures (Annual Change)			
General Fund (with transfers)	$54,262	$60,152	$53,533
	-0.6%	10.9%	-1.3%
State Funds (Including Capital)	$84,094	$91,617	$85,073
	1.1%	8.9%	1.2%
Capital Budget (Federal and State)	$7,112	$8,568	$8,454
	4.1%	20.5%	18.9%
Federal Operating	$44,891	$45,739	$46,375
	22.7%	1.9%	3.3%
All Funds	$130,937	$139,720	$133,827
	7.7%	6.7%	2.2%
All Funds (Including "Off-Budget" Capital)	$132,614	$141,371	$135,478
	7.1%	6.6%	2.2%
Inflation (CPI) (Annual Change)	0.3%	1.1%	1.1%
Personal Income (Annual Change)	-0.4%	4.3%	4.3%
All Funds Receipts (Annual Change)			
Taxes	$57,668	$61,509	$61,796
	-4.4%	6.7%	7.2%
Miscellaneous Receipts	$23,557	$22,428	$23,014
	17.4%	-4.8%	-2.3%
Federal Grants	$47,523	$48,291	$49,486
	22.4%	1.6%	4.1%
Total Receipts	$128,748	$132,228	$134,296
	8.0%	2.7%	4.3%
Base Tax Growth/(Decline) [4]	-12.3%	2.2%	2.2%
General Fund/HCRA Outyear Gap Forecast			
2009-10 [5]	($1,654)	N/A	N/A
2010-11 [5]	N/A	($9,188)	$0
2011-12	N/A	($15,851)	($8,177)
2012-13	N/A	($19,650)	($13,461)
2013-14	N/A	($21,584)	($15,563)
Total General Fund Reserves	$2,302	N/A	$1,385
Rainy Day Reserves	$1,206	N/A	$1,206
Reserved for Deferred Payments[6]	$906	N/A	$0
All Other Reserves	$190	N/A	$179
State Workforce (Subject to Executive Control)	131,741	131,906	128,165
Debt			
State Related Debt Service as % of All Funds Receipts	4.4%	4.7%	4.5%
State Related Debt Outstanding	$54,694	$56,997	$56,877

[1] Spending is adjusted to exclude the impact of paying the end-of-year school aid payment ($2.06 billion) scheduled for the last quarter of 2009-10 in the first quarter of 2010-11, as authorized in statute. This was done to carry forward the 2009-10 budget shortfall into 2010-11. See Financial Plan tables for 2009-10 actual results and 2010-11 unadjusted estimates.

[2] 2009-10 Federal and All Funds disbursements and receipts have been adjusted to include $2.0 billion in Federal aid that passes through the State's All Funds Financial Plan under the American Recovery and Reinvestment Act ("ARRA"). This "pass-through" money, which provides no gap-closing benefit and is subject to a range of factors that make the timing of disbursements highly uncertain, was expected to total approximately $4.4 billion in 2009-10. Actual disbursements, however, totaled only $2.4 billion. Thus, 2009-10 results have been adjusted for the difference. See Financial Plan tables for 2009-10 actual results.

[3] Beginning in 2009-10 the State began collecting the new Metropolitan Commuter Transportation taxes and fees on behalf of the MTA, which it then appropriates in its entirety to the MTA. This has added approximately $1.6 billion to special revenue fund receipts and disbursements.

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

[5] The 2009-10 budget shortfall was carried forward into 2010-11 through the management of payments, including school aid and tax refunds, and addressed as part of the 2010-11 Enacted Budget.

[6] The State deferred more payments than were needed to carry forward the 2009-10 budget shortfall. This created a temporary increase in the year-end balance in 2009-10. The balance was used when the deferred payments were made in the first quarter of 2010-11.

2010-11 Enacted Budget Gap-Closing Plan

The following table provides information on how the State closed a $9.2 billion budget gap in 2010-11, and the impact these gap-closing actions are projected to have on the funding shortfall in upcoming fiscal years.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2010-11
(millions of dollars)

	2010-11	2011-12	2012-13	2013-14
CURRENT-SERVICES GAP ESTIMATES (BEFORE ANY ACTIONS)[1]	**(9,188)**	**(15,851)**	**(19,650)**	**(21,584)**
December 2009 Deficit Reduction Actions[2]	**692**	**811**	**876**	**854**
Total Enacted Budget Gap-Closing Actions	**8,496**	**6,863**	**5,313**	**5,167**
Spending Control	**5,627**	**3,972**	**3,432**	**3,542**
Local Assistance (After Vetoes)	**3,716**	**2,380**	**1,760**	**1,748**
School Aid/Lottery Aid	1,677	680	129	122
Health Care	779	925	893	893
School Tax Relief Program	121	200	210	223
Human Services/Labor/Housing	214	165	175	176
Higher Education	224	174	152	152
Mental Hygiene	61	74	47	38
Education/Special Education/Arts	142	13	13	11
Local Government Aid	325	30	29	19
All Other	173	119	112	114
State Agency Operations/Fringe Benefits/Other	**1,630**	**1,592**	**1,672**	**1,794**
Statewide Agency Operational Reductions	1,233	1,061	838	815
Fringe Benefits/Pension Amortization	287	472	728	853
Debt Management/Bonded Capital Savings	110	59	106	126
FMAP Local Assistance Contingency Reductions[3]	**281**	**0**	**0**	**0**
Revenue Actions	**1,034**	**1,867**	**1,460**	**1,204**
Tax Actions	893	1,736	1,364	1,133
Eliminate Clothing Exemption	330	210	0	0
Cigarette/Tobacco Products Tax	290	318	312	307
Temporarily Cap Business Related Tax Credit Claims	100	970	970	870
Charitable Contributions	100	135	160	160
Film Credit	0	0	(168)	(292)
Empire Zone Replacement Program	0	0	(50)	(100)
Other Tax Actions	73	103	140	188
Abandoned Property	100	95	60	50
Civil Court Filing Fees	19	34	34	34
All Other Revenue Actions	22	2	2	(13)
Tax Audits/Recoveries/Enforcement	**371**	**421**	**421**	**421**
Non-Recurring Resources	**660**	**0**	**0**	**0**
Federal TANF Resources	261	0	0	0
Physician Excess Medical Malpractice Payment Timing	127	0	0	0
Available Fund Balances/Resources	121	0	0	0
Additional New York City District Attorney Recoveries	50	0	0	0
Additional Department of Law Recoveries	35	0	0	0
School Aid Overpayment Recoveries	32	0	0	0
All Other	34	0	0	0
Extension of Federal Aid	**804**	**603**	**0**	**0**
Enhanced Federal FMAP[4]	785	603	0	0
Medicare Part D Federal Relief	19	0	0	0
2010-11 ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(8,177)**	**(13,461)**	**(15,563)**

[1] Includes the carry-forward of the 2009-10 budget shortfall of $1.6 billion into 2010-11.

[2] Recurring value of administrative and legislative actions approved in December 2009.

[3] State law provides for the uniform reduction of local assistance payments to cover the difference between the $1.085 billion in savings assumed in the gap-closing plan from the extension of enhanced FMAP and the $804 million in savings now expected under the legislation approved by the Federal Government.

[4] Estimate of State Financial Plan benefit of the six-month extension of FMAP (January 1, 2011 through June 30, 2011) approved by Congress and signed by the President in August 2010.

Current Fiscal Year

The 2010-11 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 Updated Financial Plan contains estimates for the 2010-11 fiscal year and projections for the 2011-12 through 2013-14 fiscal years. As such, it contains estimates and projections of future results that should be construed as forward-looking statements and expectations, not statements of fact. These estimates and projections are based upon assumptions that may be affected by numerous factors, including future economic conditions in the State and the 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 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 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 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.

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

Updated Financial Plan

Before enactment of the 2010-11 budget, the State faced a projected current-services budget gap of $9.2 billion for fiscal year 2010-11.[1] The gap included a budget shortfall of $1.65 billion from 2009-10 that was carried forward into 2010-11.[2] Over the course of the budget process, the estimated gap for 2010-11 increased from the level estimated in the Executive Budget Financial Plan, mainly due to downward revisions to projected tax receipts.[3] Over the four-year Financial Plan period (2010-11 through 2013-14), the current-service budget gaps totaled an estimated $66 billion.

DOB estimates that the Updated Financial Plan for 2010-11 is balanced on a budgetary (cash) basis of accounting. The budget gap for 2011-12 is projected at $8.2 billion, a decrease of $7.7 billion from the projected gap before enactment of the budget. The gaps for future years total $13.5 billion in 2012-13 and $15.6 billion in 2013-14. The total four-year gap has been reduced by $29 billion, reflecting recurring savings approved in the 2010-11 Enacted Budget. The table below summarizes the gap-closing plan for 2010-11 and the impact on future budget gaps.[4]

GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS
SUMMARY OF CHANGES FROM REVISED CURRENT-SERVICES THROUGH ENACTED BUDGET RECOMMENDATION
(millions of dollars)

	2010-11[1]	2011-12	2012-13	2013-14
Current Services Surplus/(Gap) Estimates	**(9,188)**	**(15,851)**	**(19,650)**	**(21,584)**
2010-11 Enacted Budget Actions	**9,188**	**7,674**	**6,189**	**6,021**
Spending Control	6,319	4,783	4,308	4,396
December 2009 Deficit Reduction Actions	692	811	876	854
Enacted Budget	4,813	4,526	4,192	4,095
Veto Benefit	533	(554)	(760)	(553)
FMAP Local Assistance Contingency	281	0	0	0
Revenue Actions	1,034	1,867	1,460	1,204
Tax Audits; Recoveries; Enforcement	371	421	421	421
Non-Recurring Actions	660	0	0	0
Extension of Enhanced FMAP	804	603	0	0
ENACTED BUDGET SURPLUS/(GAP) ESTIMATES	**0**	**(8,177)**	**(13,461)**	**(15,563)**
Four-Year Total Gap (2010-11 through 2013-14)				(37,201)

[1] Includes the carry-forward of the $1.65 billion budget shortfall from 2009-10.

[1] The current-services gap – the gap before reflecting the impact of the Enacted Budget gap-closing plan – represents (a) the difference between the projected level of General Fund disbursements, including transfers to other funds, needed to fund existing and scheduled commitments, adjusted for demand, and the level of resources available to pay for them, plus (b) the projected operating surplus or deficit in HCRA, which helps finance a number of State health care programs, including a share of the Medicaid program.

[2] In practice, the State carried forward the budget shortfall from 2009-10 by not making certain payments that were scheduled in 2009-10 but not due by law until 2010-11. The State did not make payments for school aid and tax refunds planned for the final quarter of 2009-10 until the first quarter of 2010-11.

[3] See "Summary of Changes to the Current-Services Gap" herein.

[4] The gap-closing plan includes the recurring value of the DRP approved in December 2009. For a summary of the DRP, see the Executive Budget Financial Plan dated February 9, 2010.

The Updated Financial Plan:

- Reduces spending from the current-services forecast by over $6.4 billion in 2010-11, in both the General Fund and in State Operating Funds;[5]
- Holds annual spending, as adjusted, at below the rate of inflation in both the General Fund (-1.3 percent) and State Operating Funds (0.1 percent)[6].Annual spending, as adjusted, for local assistance and agency operations[7] — the portion of the budget that can be controlled most effectively in the short-term — is reduced by a combined total of $1.1 billion;
- Mandates uniform reductions to remaining local assistance payments, with certain limited exceptions, to cover the estimated $280 million shortfall from the $1.1 billion in savings assumed in the gap-closing plan from enhanced FMAP; and
- Maintains the State's rainy day reserves at $1.2 billion.

The Updated Financial Plan does not include education aid authorized by the Federal government in August 2010, when the State was selected to receive approximately $700 million through Race to the Top grant awards and approximately $600 million from the Education Jobs Fund. The impact of this aid, which will pass through the State's budget, is expected to be reflected in the Mid-Year Update to the AIS. On September 2, 2010, OSC announced increases to the 2011-12 employer contribution rates for the New York State and Local Retirement System, and revised actuarial assumptions to be used in calculating employer contribution rates. The average contribution rate for the Employees' Retirement System will increase from 11.9 percent of salaries in 2010-11 to 16.3 percent in 2011-12, and the average contribution rate for the Police and Fire Retirement System will increase from 18.2 percent of salaries to 21.6 percent. The impact on official employer 2011-12 contribution rates will be reflected in the Mid-Year Update to the AIS.

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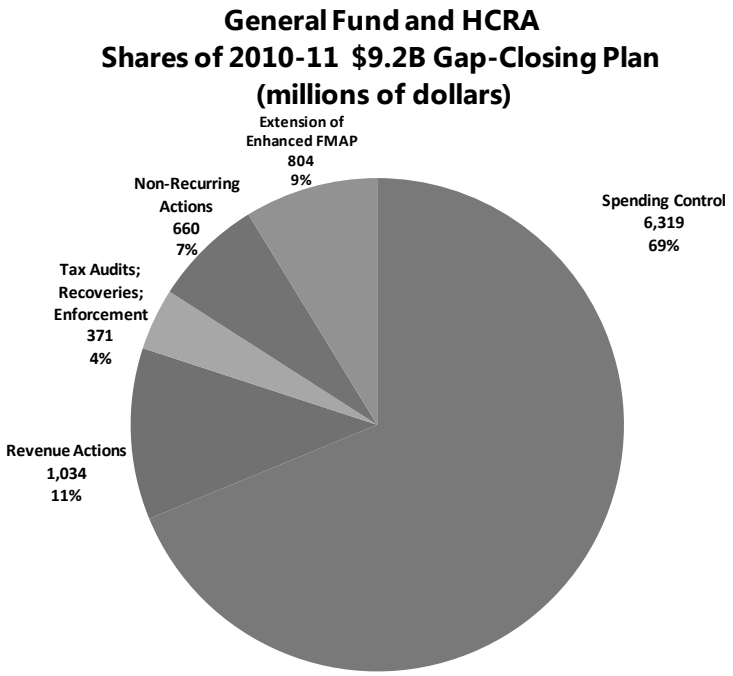
[5] State Operating Funds combines activity in the General Fund, State-financed special revenue funds, and debt service funds and is intended to measure the portion of the State budget that supports operations (as distinct from capital) and that is financed by State resources (as distinct from Federal aid).

[6] Unless otherwise noted, and except for the tables which appear on pages 61-76, all annual spending estimates have been adjusted to account for the impact of 2009-10 payment deferrals and, in the case of Federal Funds and All Funds, for the timing of ARRA pass-through funding. See "Impact on Spending" herein for a complete summary of the adjustments.

[7] Agency operations include fixed costs.

Composition of the Gap-Closing Plan

Under the approved plan, the combined four-year gap (2010-11 through 2013-14) is cut almost in half, declining from $66 billion to $37 billion. The chart below summarizes the shares of the gap-closing plan by broad category.



Reductions to current-services spending total over $6.4 billion[8] in State Operating Funds and $6.6 billion in the General Fund, constituting nearly 70 percent of the gap-closing plan. The proposed reductions in spending affect nearly every activity financed by State government, ranging from aid to public schools to agency operations to capital expenditures.

The gap-closing plan includes $1.0 billion in new revenue, including $925 million from tax and fee increases. These tax and fee increases include the temporary suspension of the State sales tax exemption on clothing and footwear priced at less than $110 ($330 million), a $1.60 per pack increase in the cigarette tax, the revenues of which are earmarked to help pay for existing health care expenses ($290 million), a temporary cap on the aggregate tax credit claims for business-related tax credits at $2.0 million per taxpayer annually ($100 million), and a decrease in the percentage of allowable remaining itemized deductions from 50 percent to 25 percent for taxpayers with New York adjusted gross income above $10 million ($100 million). In addition, audit, compliance, and enforcement activities are expected to increase the tax base by approximately $371 million annually. This includes $150 million in cigarette enforcement activities on Native American Reservations, which is subject to litigation. See the section entitled "Litigation and Arbitration" herein.

Non-recurring resources, which comprise 7 percent of the gap-closing actions approved in the Updated Financial Plan, total $660 million. (See "2010-11 Gap-Closing Plan - Non-Recurring Resources" herein.)

[8] Includes value of the DRP. See "Explanation of the Deficit Reduction Plan" herein.

Impact on Spending

The projections for annual spending growth are affected by both the management of payments at the end of 2009-10 and, in the case of Federal Funds and All Funds spending, by the uncertainties concerning the timing of Federal pass-through aid. The latter consists of ARRA stimulus money for a wide range of purposes that provides no gap-closing benefit, but by law must pass through the State's Financial Plan before it reaches its beneficiary. To avoid the distorting effect of these factors, DOB has adjusted spending to (a) exclude the impact of the deferral of the $2.06 billion end-of-year school aid payment from 2009-10 into 2010-11 and (b) include $2.0 billion in Federal ARRA pass-through spending that was initially expected in 2009-10, but is now expected to occur in future years. The table below displays these adjustments. See the Financial Plan tables herein for 2009-10 actual results and 2010-11 unadjusted estimates.

TOTAL DISBURSEMENTS -- SUMMARY OF ADJUSTMENTS[1]
(millions of dollars)

	2009-10			2010-11		
	Actual Results	Adjustment	Results Adjusted	2010-11 Enacted	Adjustment	Enacted Adjusted
State Operating Funds	**76,874**	**2,060**	**78,934**	**81,058**	**(2,060)**	**78,998**
General Fund (Excludes Transfers)	46,415	2,060	48,475	49,661	(2,060)	47,601
Other State Funds	25,447	0	25,447	25,789	0	25,789
Debt Service Funds	5,012	0	5,012	5,608	0	5,608
All Funds	**126,877**	**4,060**	**130,937**	**135,887**	**(2,060)**	**133,827**
State Operating Funds	76,874	2,060	78,934	81,058	(2,060)	78,998
Capital Projects Funds	7,112	0	7,112	8,454	0	8,454
Federal Operating Funds	42,891	2,000	44,891	46,375	0	46,375
General Fund, including Transfers	**52,202**	**2,060**	**54,262**	**55,593**	**(2,060)**	**53,533**
State Funds	**82,034**	**2,060**	**84,094**	**87,133**	**(2,060)**	**85,073**

[1] Adjusted to (a) exclude the impact of paying the $2.06 billion end-of-year school aid payment, scheduled for the last quarter of 2009-10, in the first quarter of 2010-11, as authorized in statute; and (b) include $2.0 billion in Federal ARRA pass-through aid in 2009-10. See Financial Plan tables for 2009-10 actual results and 2010-11 estimates.

Adjusted State Operating Funds spending is projected to total $79 billion in 2010-11, an increase of $64 million (0.1 percent) over 2009-10 results. This increase in spending is approximately $1.6 billion below the level that would be permitted under the Governor's proposed spending cap. Compared to the current-services forecast, adjusted State Operating Funds spending is reduced by $6.4 billion.

TOTAL DISBURSEMENTS — ADJUSTED FOR PAYMENT DEFERRALS AND ARRA PASS-THROUGH
(millions of dollars)

			Before Actions			After Actions	
	2009-10 Adjusted	2010-11 Base	Annual $ Change	Annual % Change	2010-11 Adjusted	Annual $ Change	Annual % Change
State Operating Funds	**78,934**	**85,413**	**6,479**	**8.2%**	**78,998**	**64**	**0.1%**
General Fund (Excludes Transfers)	48,475	54,094	5,619	11.6%	47,601	(874)	-1.8%
Other State Funds	25,447	25,612	165	0.6%	25,789	342	1.3%
Debt Service Funds	5,012	5,707	695	13.9%	5,608	596	11.9%
All Funds	**130,937**	**139,720**	**8,783**	**6.7%**	**133,827**	**2,890**	**2.2%**
State Operating Funds	78,934	85,413	6,479	8.2%	78,998	64	0.1%
Capital Projects Funds	7,112	8,568	1,456	20.5%	8,454	1,342	18.9%
Federal Operating Funds	44,891	45,739	848	1.9%	46,375	1,484	3.3%
General Fund, including Transfers	**54,262**	**60,152**	**5,890**	**10.9%**	**53,533**	**(729)**	**-1.3%**
State Funds	**84,094**	**91,617**	**7,523**	**8.9%**	**85,073**	**979**	**1.2%**

The annual spending growth in State Operating Funds is affected by the rapid annual increase in debt service and fringe benefits, which are difficult to control in the short-term due to existing constitutional, statutory, and contractual obligations. Together, these costs are projected to increase by a total of $1.2 billion in 2010-11.

Debt service on State-supported debt is projected to increase by $555 million (11.2 percent) in 2010-11, with approximately 35 percent of the growth due to the restructuring of certain transportation-related debt in 2005 that deferred substantial debt service costs until 2010-11. Overall spending from debt service funds, which includes certain non-personal service spending appropriated in the debt service budget is projected by DOB to increase by nearly $600 million.

Spending on fringe benefits is projected to increase by $603 million, an increase of 14.1 percent. Growth in fringe benefits is due principally to increases in the State's annual contribution to the New York State and Local Retirement System and the cost of providing health insurance for active and retired State employees. Pension costs are expected to increase by $312 million (27 percent) in 2010-11. This increase is net of $242 million in amortization savings scheduled for 2010-11. The following table summarizes the growth in these spending categories.

CAUSES OF ADJUSTED STATE OPERATING FUNDS SPENDING CHANGE [1]
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change
Total	**78,934**	**78,998**	**64**	**0.1%**
Debt Service	4,961	5,516	555	11.2%
Fringe Benefits	4,276	4,879	603	14.1%
Personal Service	10,874	10,307	(567)	-5.2%
Non-Personal Service/Fixed Costs	4,885	4,663	(222)	-4.5%
Local Assistance	53,938	53,633	(305)	-0.6%

1 Adjusted to exclude the impact of paying the $2.06 billion end-of-year school aid payment, scheduled for the last quarter of 2009-10, in the first quarter of 2010-11, as authorized in statute.

In contrast, spending for local assistance and agency operations, two areas of the budget that are responsive to immediate cost reduction efforts, decline by $1.1 billion (-1.6 percent) from 2009-10 levels. Annual spending declines for personal service by $567 million (-5.2 percent), non-personal service by $222 million (-4.5 percent) and for local assistance by $305 million (-0.6 percent).

The following table summarizes the major sources of annual change.

ADJUSTED STATE SPENDING MEASURES: BEFORE AND AFTER BUDGET ACTIONS [1]
(millions of dollars)

	2009-10 Adjusted	2010-11 Current-Services[2]	Before Actions Annual $ Change	Before Actions Annual % Change	2010-11 Adjusted	After Actions Annual $ Change	After Actions Annual % Change
Local Assistance:	**53,938**	**58,580**	**4,642**	**8.6%**	**53,633**	**(305)**	**-0.6%**
School Aid [1,3]	20,373	21,471	1,098	5.4%	19,942	(431)	-2.1%
STAR	3,414	3,421	7	0.2%	3,300	(114)	-3.3%
Other Education Aid	1,534	1,646	112	7.3%	1,511	(23)	-1.5%
Medicaid (incl. administration) [4]	11,458	13,102	1,644	14.3%	11,629	171	1.5%
Public Health/Aging/Insurance	2,431	2,635	204	8.4%	2,314	(117)	-4.8%
Higher Education[5]	2,817	2,755	(62)	-2.2%	2,517	(300)	-10.6%
Mental Hygiene	3,199	3,537	338	10.6%	3,476	277	8.7%
Social Services	3,054	3,419	365	12.0%	3,018	(36)	-1.2%
Local Government Assistance	1,080	1,116	36	3.3%	791	(289)	-26.8%
Transportation	3,823	4,354	531	13.9%	4,304	481	12.6%
All Other	755	1,124	369	48.9%	831	76	10.1%
State Operations:	**20,035**	**21,218**	**1,183**	**5.9%**	**19,849**	**(186)**	**-0.9%**
Wages/Fringe Benefits	15,150	15,959	809	5.3%	15,186	36	0.2%
Personal Service:	10,874	10,733	(141)	-1.3%	10,307	(567)	-5.2%
Executive Agencies	5,357	5,276	(81)	-1.5%	4,997	(360)	-6.7%
Exec. Agencies - Retroactive Settlements [6]	320	22	(298)	-93.1%	22	(298)	-93.1%
SUNY	3,243	3,256	13	0.4%	3,124	(119)	-3.7%
Judiciary	1,537	1,547	10	0.7%	1,537	0	0.0%
Legislature	178	165	(13)	-7.3%	165	(13)	-7.3%
Department of Law	124	120	(4)	-3.2%	117	(7)	-5.6%
Audit & Control	115	118	3	2.6%	116	1	0.9%
Potential Labor Settlements (Pattern)	0	229	229	100.0%	229	229	100.0%
Fringe Benefits:	4,276	5,226	950	22.2%	4,879	603	14.1%
Pensions	1,155	1,707	552	47.8%	1,467	312	27.0%
Health Insurance	2,681	3,066	385	14.4%	3,021	340	12.7%
All Other Fringe Benefits	440	453	13	3.0%	391	(49)	-11.1%
Non-Personal Service/Fixed Costs	4,885	5,259	374	7.7%	4,663	(222)	-4.5%
Debt Service	**4,961**	**5,615**	**654**	**13.2%**	**5,516**	**555**	**11.2%**
TOTAL STATE OPERATING FUNDS	**78,934**	**85,413**	**6,479**	**8.2%**	**78,998**	**64**	**0.1%**
Capital Projects (State Funded)	**5,160**	**6,203**	**1,043**	**20.2%**	**6,075**	**915**	**17.7%**
TOTAL STATE FUNDS	**84,094**	**91,616**	**7,522**	**8.9%**	**85,073**	**979**	**1.2%**
Federal Aid (Including Capital Grants) [7]	**46,843**	**48,104**	**1,261**	**2.7%**	**48,754**	**1,911**	**4.1%**
TOTAL ALL FUNDS	**130,937**	**139,720**	**8,783**	**6.7%**	**133,827**	**2,890**	**2.2%**

[1] Spending is adjusted to exclude the impact of paying the end-of-year school aid payment ($2.06 billion), scheduled for the last quarter of 2009-10, in the first quarter of 2010-11, which was done to carry forward the 2009-10 budget shortfall into 2010-11. See Financial Plan tables for 2009-10 actual results and 2010-11 estimates.

[2] Includes the value of recurring savings from the December 2009 Deficit Reduction Plan.

[3] State fiscal year basis. ARRA funding temporarily reduces spending from State Operating Funds.

[4] Department of Health Medicaid spending only, excludes other State agency spending. ARRA funding temporarily reduces spending from State Operating Funds.

[5] 2009-10 affected by $300 million payment deferral from 2008-09.

[6] Retroactive payments for NYSCOPBA, PBA and BCI labor settlements ($258 million, $42 million and $20 million, respectively) for contract years 2007-08 and 2008-09, reflected in 2009-10 and retroactive payments for NYSCOBPA (Non-Arbitration) and Council 82 ($11 million each) for contract years 2007-08 and 2008-09.

[7] 2009-10 Federal and All Funds disbursements and receipts have been adjusted to include $2.0 billion in Federal aid that passes through the State's All Funds Financial Plan under ARRA. This "pass-through" money, which provides no gap-closing benefit and is subject to a range of factors that make the timing of disbursements highly uncertain, was expected to total approximately $4.4 billion in 2009-10. Actual disbursements, however, totaled only $2.4 billion. Thus, 2009-10 results have been adjusted for the difference. See Financial Plan tables for 2009-10 actual results.

EXPLANATION OF GAP-CLOSING PLAN

The gap-closing plan consists of two parts, the Enacted Budget actions and the recurring impact of the DRP. This section describes the Enacted Budget gap-closing actions.

2010-11 Enacted Budget Actions

The 2010-11 gap-closing actions are organized into three general categories: (a) actions that reduce current-services spending in the General Fund on a recurring basis ("Spending Control"); (b) actions that increase revenues on a recurring basis ("Revenue Actions"); and (c) transactions that increase revenues or lower spending in 2010-11, but that cannot be relied on in the future ("Non-Recurring Resources").

Spending Control

The Enacted Budget gap-closing plan for 2010-11 focuses foremost on actions that reduce the growth in State spending on a recurring basis. Actions to control spending account for nearly 70 percent of the gap-closing plan and will affect most activities funded by the State. The 2010-11 appropriation and Article VII "language" bills[9] passed by the Legislature, as well as the agency operating reductions, reduced spending by roughly $4.8 billion from current services levels. The Governor's vetoes further reduced General Fund spending in 2010-11 by $533 million.

In addition, the FMAP contingency bill is expected to reduce local assistance spending by approximately $280 million. This is equal to the difference between the benefit of enhanced FMAP assumed in the amended Executive Budget Financial Plan and the amount ultimately approved by Congress in August 2010. The following table summarizes the recurring spending actions in the General Fund by major function or activity.

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[9] Legislation, other than appropriation bills, submitted as part of the budget.

COMBINED GENERAL FUND/HCRA GAP-CLOSING PLAN FOR 2010-11
SPENDING CONTROL (AFTER VETO BENEFIT)
SAVINGS/(COSTS)
(millions of dollars)

	2010-11	2011-12	2012-13	2013-14
Spending Control[1]	**5,627**	**3,972**	**3,432**	**3,542**
Local Assistance	**3,716**	**2,380**	**1,760**	**1,748**
School Aid/Lottery Aid	1,677	680	129	122
Gap Elimination Adjustment	1,497	642	0	0
Lottery Aid	180	136	136	136
Other	0	(98)	(7)	(14)
Health Care	779	925	893	893
Medicaid Fraud/Audit Recoveries	300	300	300	300
Eliminate Automatic Medicaid Rate Increases	99	120	120	120
Reduce Managed Care Premiums	61	75	75	75
Indigent Care Reduction	72	57	47	47
HCRA Financing	103	131	131	131
Public Health/Aging	29	54	55	55
Other	115	188	165	165
Higher Education	224	174	152	152
SUNY/CUNY Community College Base Aid	106	76	76	76
CUNY Senior College Operations	48	64	64	64
HESC (primarily TAP)	70	34	12	12
Local Government Aid	325	30	29	19
School Tax Relief Program	121	200	210	223
Human Services/Labor/Housing	214	165	175	176
Education/Special Education	142	13	13	11
Mental Hygiene	61	74	47	38
All Other Local Assistance	173	119	112	114
FMAP Contingency Spending Reductions	**281**	**0**	**0**	**0**
State Operations/Other	**1,520**	**1,533**	**1,566**	**1,668**
Statewide Agency Operational Reductions	1,233	1,061	838	815
Fringe Benefits/Pension Amortization	287	472	728	853
	110	**59**	**106**	**126**
Debt Management	100	25	34	36
Bonded Capital Spending Reductions[2]	10	34	72	90

[1] Excludes savings from December 2009 DRP. Net of new funding initiatives. Includes the impact of Governor's vetoes.

[2] Estimated debt service savings from reducing planned capital spending financed with debt.

Local Assistance

Local assistance spending includes financial aid to local governments and nonprofit organizations, as well as entitlement payments to individuals. State Operating Funds spending for local assistance is estimated at $53.6 billion in 2010-11, a decrease of $305 million (-0.6 percent) from the prior year. The most significant gap-closing actions in local assistance include the following (reductions from the current-services estimate are in parentheses):

- **School aid/lottery aid ($1.7 billion on a State fiscal year basis)** by imposing a one-time adjustment to formula-based school aid on a wealth-equalized basis ($1.5 billion); enhancing the operation of the State's lottery games and VLT facilities (including increased advertising, the extension of operating hours at VLT facilities and the enhancement of the Quick Draw game) to increase lottery revenues for financing school aid, and recognizing an additional $80 million franchise payment for VLT development rights at Aqueduct for a total of $380 million ($180 million).
- **Health Care ($779 million)** through cost-containment measures in Medicaid, including eliminating inflation-based adjustments to rates; decreasing managed care premiums; heightening anti-fraud and audit efforts; implementing prior-approval for insurance rate changes; and financing a greater share of Medicaid spending through HCRA.

In other public health activities, savings result from modifying the payment rates, eligibility standards, and operation of the EI program; eliminating reimbursement for certain optional services provided through the GPHW, and eliminating or reducing General Fund support for programs that are not related to DOH's core mission.

- **Higher Education ($224 million)** by reducing State support for SUNY and CUNY senior and community colleges (which will be partially mitigated by the use of ARRA funding) and reducing TAP program spending by changing eligibility standards and reducing overall grant awards.
- **Local Government Aid ($325 million)** by eliminating AIM funding for New York City (2010-11 only) and Erie County, and by reducing AIM funding to other municipalities by 2 or 5 percent, depending on local reliance on this revenue.
- **STAR ($121 million)** by reducing the benefit for New York City taxpayers with incomes above $500,000.
- **Human Services ($214 million)** by reducing State reimbursement to counties from 63.7 percent to 62 percent for Child Welfare services; reducing or eliminating spending in non-core mission programs; and rightsizing youth facilities.
- **Education/Special Education/Arts ($142 million)** by managing payments for summer school special education costs; using available ARRA funding to help support preschool special education; reducing funding for grants provided by the Council on the Arts; and other measures.
- **Mental Hygiene ($61 million)** by reducing Medicaid rates; improving audit and recovery efforts; restructuring service coordination; and delaying community bed development for certain programs.
- **All Other Local Assistance ($173 million)** by eliminating subsidies to businesses that provide mental health coverage under Timothy's Law ($69 million); reducing a planned deposit to the member items fund ($60 million); and a wide range of program reductions in other areas, including criminal justice and economic development.

Impact of Vetoes

DOB estimates the Governor's vetoes will save $533 million in 2010-11. The Governor's ability to veto changes in Article VII language bills is arguably limited, in most instances, to either approving or disapproving the entire bills. As a result, the veto of the entire Article VII language bill extended to provisions amending school aid funding formulas, school aid database updates, and higher education tuition assistance, which results in current-year savings, but additional potential costs in future years.

Specifically, the veto prevented the implementation of a 2010-11 Executive Budget recommendation to extend the foundation aid phase-in schedule from seven years to ten years. The Governor has submitted a bill to the Legislature that would restore the outyear savings in the original proposal. The following table summarizes the vetoes.

SUMMARY OF 2010-11 BUDGET VETOES
SAVINGS/(COSTS)
(millions of dollars)

	2010-11	2011-12	2012-13	2013-14
Savings/(Costs) from Vetoes	**533**	**(554)**	**(760)**	**(553)**
School Aid	419	(652)	(833)	(625)
Legislative Restoration	419	170	0	0
Foundation Aid Phase-In Delay	0	(688)	(774)	(592)
All Other	0	(134)	(59)	(33)
Higher Education	107	89	64	63
SUNY/CUNY Community College Base Aid	56	76	76	76
HESC TAP Awards for Two-year Degree Programs	10	(5)	(13)	(13)
HESC TAP $75 Award Reduction	17	7	0	0
HESC TAP Academic Standards	6	2	0	0
HESC TAP for Non-SED Programs	13	18	18	18
HESC Scholarships and Loan Forgiveness	0	(5)	(8)	(9)
HESC TAP Award Schedules	5	(1)	(5)	(5)
HESC TAP Default Parity	0	(3)	(4)	(4)
Health Care	4	5	5	5
Arts	2	2	2	2
Housing	1	1	1	1
Capital Projects/Debt Service	0	1	1	1

FMAP Contingency Spending Reductions

The 2010-11 Enacted Budget mandates a uniform reduction to local assistance payments beginning September 16, 2010 in an amount up to the level of the shortfall between the actual amount of the six-month enhanced FMAP extension and the amount assumed in the Updated Financial Plan. Payments for public assistance, debt service, court judgments, and certain other purposes are exempt from the uniform reductions. The following table summarizes the change from the initial Financial Plan estimates of a six-month extension and the current estimate following the extension approved by Congress in August 2010.

FEDERAL ENHANCED FMAP 6-MONTH EXTENSION (STATE SHARE) SUMMARY OF ESTIMATED FINANCIAL PLAN IMPACT -- SAVINGS/(COSTS) (millions of dollars)			
	2010-11 Jan - Mar	2011-12 Apr - Jun	Two-Year Total
Estimated FMAP Extension (Apr 2010)	1,085	1,060	2,145
Approved Federal Extension (Aug 2010)	804	603	1,407
Difference	(281)	(457)	(738)
FMAP Local Assistance Contingency Reductions	281	0	281
IMPACT ON BUDGET SURPLUS/(GAPS)	**0**	**(457)**	**(457)**

The State continues to receive ARRA funds. This aid can be classified into two categories: (1) direct aid that provides a Financial Plan benefit by paying for costs that must otherwise be paid with State resources and (2) pass-through aid that funds specific initiatives and by law must pass through the State's Financial Plan. The following table summarizes total ARRA spending in the State Financial Plan from 2008-09 through 2011-12, the last fiscal year in which substantial ARRA funding is expected.

SUMMARY OF ESTIMATED FEDERAL ARRA SPENDING BY FISCAL YEAR (millions of dollars)				
	2008-09*	2009-10*	2010-11	2011-12
TOTAL DIRECT STATE AID	**1,299**	**4,227**	**5,908**	**712**
Enhanced Federal FMAP (State Benefit)	**1,299**	**3,572**	**4,054**	**203**
DOH Medicaid	1,092	3,040	3,425	107
Mental Hygiene Medicaid	207	532	629	96
State Fiscal Stabilization Relief		**655**	**1,854**	**509**
School Aid		546	1,331	509
Higher Education		103	166	0
Special/Other Education		6	335	0
All Other		0	22	0
TOTAL PASS-THROUGH AID	**440**	**2,291**	**4,647**	**2,332**
Enhanced FMAP (Local Share - Subject to reconcil.)	440	1,122	1,738	793
Education		334	860	879
Human Services		237	768	0
Transportation		205	450	320
Housing		61	131	120
Labor		121	111	0
Higher Education		91	102	0
Environment		39	209	200
Health Care		41	144	0
Criminal Justice/Public Safety		8	55	20
General Government/Other		32	79	0

*Estimated year-end results.

In 2010-11, DOB estimates that ARRA provides a direct benefit of approximately $4 billion through enhanced FMAP and $1.9 billion in aid for elementary and secondary, higher education and housing through SFSF, some of which applies to the 2009-10 school year, for expenses that would otherwise need to be paid for with State resources or eliminated.[10]

State Operations

The cost of operating State government includes (a) salaries, (b) pensions and other fringe benefits, and (c) non-personal service expenses, including utilities, rents, medical supplies, and other expenses.[11] State Operating Funds spending for these purposes is expected to total approximately $19.8 billion, a decrease of $186 million from 2009-10. After actions, personal service and non-personal service expenses are projected to decline by nearly $800 million. This is partially offset by growth in fringe benefit costs of $603 million.

The Enacted Budget includes $1.5 billion in savings from efficiency measures in State agencies, targeted workforce savings, and controls to slow the growth in fringe benefit costs.

- **Statewide Agency Operating Reductions ($1.2 billion):** Actions include across-the-board reductions in agency operating budgets, targeted personnel management initiatives, and statewide programs to leverage the State's purchasing power in energy, supplies, and materials. Personal service savings are expected from a combination of ERI savings, attrition and other measures. The Governor has rescinded, for the second consecutive year, the general salary increase for the State's non-unionized "management/confidential" employees ($28 million in 2010-11).
- **Pension Amortization/Fringe Benefits ($287 million):** Local governments and the State face substantial pension contribution increases over the next six years due to investment losses experienced by the Common Retirement Fund. The budget affords local governments and the State the option to amortize a portion of their pension costs beginning in 2010-11. Specifically, pension contribution costs in excess of the amortization thresholds, which are 9.5 percent for ERS and 17.5 percent for PFRS, may be amortized. The authorizing legislation also permits amortization in all future years if the actuarial contribution rate is greater than the amortization threshold, which may increase or decrease by no more than one percentage point for each year. Repayment of any amortized amounts will be made over a ten-year period at an interest rate to be determined by the State Comptroller. The assumed interest rate is 5 percent. For planning purposes, the Financial Plan assumes that the State will amortize pension costs, consistent with the provisions of the authorizing legislation. The amounts assumed to be amortized over the Financial Plan period total $242 million in 2010-11, $504 million in 2011-12, $825 million in 2012-13, $1.1 billion in 2013-14, and $1.2 billion in 2014-15. This amortization is expected to result in savings (compared to the unamortized costs), then result in substantially higher costs over the following 10 years as the amortized amounts are repaid. In addition, employees and retirees are now required to pay a portion of Medicare Part B health premiums and the State is authorized to self-insure all or parts of the New York State Health Insurance Plan.

As of March 31, 2010, the State had approximately 195,792 full-time equivalent annual salaried employees funded from all funds including some part-time and temporary employees but excluding seasonal, legislative and judicial employees. The workforce is now 15 percent smaller than it was 20 years ago, when it peaked at 230,600 positions. The State expects to end the 2010-11 fiscal year with a total 191,997 filled positions, after implementation of workforce savings initiatives, which include

[10] This is separate from, and should not be confused with, Federal pass-through spending under ARRA that provides no gap-closing benefit.

[11] The Financial Plan tables presentation includes three separate Financial Plan categories: Personal Service, Non-Personal Service and General State Charges (Fringe Benefits).

workforce changes of certain youth facilities, agency consolidations, early retirement incentives, and the continuation of statewide hiring controls. The State workforce subject to Executive control is expected to total 128,165 full time equivalent positions at the end of 2010-11, a reduction of approximately 3,576 from 2009-10 levels.

The gap-closing plan reduces planned capital projects spending financed with State-supported debt by $1.6 billion over a five-year period, beginning in 2010-11. The reductions are expected to provide over $130 million in annual debt service savings when fully implemented. The capital reductions will help the State maintain sufficient debt capacity.[12] The plan also includes $100 million in debt management savings from refundings and other measures.

Revenue Actions

The Updated Financial Plan includes $1.0 billion in revenue increases. Tax actions include an increase in the tax on cigarettes and tobacco products, a temporary elimination of the clothing exemption, a temporary cap on the aggregate tax credit claims for business related tax credits at $2 million per taxpayer per year, and a decrease in the percentage of allowable itemized deductions for taxpayers with income above $10 million. The following table summarizes the specific actions.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2010-11 - REVENUE ACTIONS
SAVINGS/(COSTS)
(millions of dollars)

	2010-11	2011-12	2012-13	2013-14
Revenue Actions	**1,034**	**1,867**	**1,460**	**1,204**
Tax Actions	893	1,736	1,364	1,133
Eliminate Clothing Exemption	330	210	0	0
Cigarette/Tobacco Products Tax	290	318	312	307
Temporarily Cap Business Tax Credit Claims	100	970	970	870
Charitable Contributions	100	135	160	160
Sales Tax Vendor Credit	23	23	23	23
Private Label Credit Cards	17	23	23	23
Bank Bad Debt Deductions	15	15	15	15
Clarify Room Remarketers Must Collect Sales Tax	10	20	20	20
Sales Tax Add-back	0	20	20	20
Informational Returns for Credit/Debit Cards	0	0	35	83
Film Credit	0	0	(168)	(292)
Empire Zone Replacement Program	0	0	(50)	(100)
Other Tax Actions	8	2	4	4
Abandoned Property	100	95	60	50
Civil Court Filing Fees	19	34	34	34
All Other Revenue Actions	22	2	2	(13)
Tax Audits/Recoveries/Enforcement	**371**	**421**	**421**	**421**

Tax credits extended to the film industry and a restructured Empire Zone program result in additional costs to the Updated Financial Plan, beginning in 2012-13.

[12] Under the Debt Reform Act of 2000, State-supported debt outstanding issued after April 1, 2000 is limited to 4 percent of personal income, starting in 2010-11.

Non-Recurring Resources

The Enacted Budget relies on $660 million in non-recurring resources in 2010-11. The largest item in this category is the use of the TANF Emergency Contingency Fund to pay for expenses that would otherwise be incurred by the General Fund in 2010-11. The Emergency Contingency Fund is a one-time ARRA authorization. Accordingly, it is not expected to be available in future years. The following table itemizes the non-recurring actions.

COMBINED GENERAL FUND/HCRA GAP-CLOSING PLAN FOR 2010-11
NON-RECURRING RESOURCES SAVINGS/(COSTS)
(millions of dollars)

	2010-11
Non-Recurring Resources	**660**
Federal TANF Resources	261
Physician Excess Medical Malpractice Payment (Timing)	127
Additional New York County District Attorney Recoveries	50
Additional Department of Law Recoveries	35
School Aid Overpayment Recoveries	32
NYSHELPS Program Adjustment	19
Eliminate New Technology Seed Fund	15
Available Fund Balances/Resources	121

Other non-recurring resources include altering the timing of a planned payment under the Physician's Excess Medical Malpractice program; additional recoveries from both the New York County District Attorney and the Department of Law; and recovering excess aid payments made to school districts in prior years.

2009-10 Deficit Reduction Plan

DOB estimates that the DRP approved on December 2, 2009 will generate recurring savings in the range of $700 million to $875 million in fiscal years 2010-11 through 2013-14. The following table summarizes the DRP.

2009-10 DEFICIT REDUCTION PLAN SUMMARY
SAVINGS/(COSTS)
(millions of dollars)

	2010-11	2011-12	2012-13	2013-14
Total Deficit Reduction Plan Savings	**692**	**811**	**876**	**854**
Agency Operational Reductions	**360**	**385**	**385**	**385**
Legislative Actions [1]	**332**	**426**	**491**	**469**
Health Care	177	161	201	201
Mental Hygiene	57	55	53	32
Education/Arts	39	42	43	43
Higher Education Aid	36	36	36	36
Local Government Assistance	32	32	32	32
Tier V Pension	6	20	40	60
All Other	(15)	80	86	65

[1] Includes spending reductions in other State Funds that reduce General Fund costs through transfers from the accounts where savings are realized.

Projected Closing Balances

The State ended 2009-10 with a General Fund balance of $2.3 billion, including $1.2 billion in the rainy day reserves and $906 million resulting from the deferral of certain payments from 2009-10 into 2010-11. The latter amount was disbursed when the deferred payments were made in the first quarter of 2010-11.

After gap-closing actions, the year-end balance is expected to total $1.4 billion in 2010-11, an annual decrease of $917 million. The State's principal reserve funds are expected to remain unchanged, but the reserve created in 2009-10 would be utilized in its entirety. In addition, the balance in the Community Projects Fund, which finances discretionary ("member item") grants allocated by the Legislature and Governor is expected to decline by $11 million from 2009-10. This is the result of $154 million in deposits authorized in prior years and scheduled for 2010-11, offset by $165 million in projected spending in 2010-11. The estimate for spending from the Community Projects Fund is based on historical patterns and may be lower in 2010-11 as a result of the Governor's vetoes of member-item reappropriations. Lower than planned spending would increase the fund balance in the Community Projects Fund. The following table summarizes the projected balances in the General Fund.

GENERAL FUND CLOSING BALANCE
(millions of dollars)

	2009-10 Results	Planned Deposit	Planned Uses	2010-11 Estimated	Change
Projected Year-End Fund Balance	**2,302**	**154**	**(1,071)**	**1,385**	**(917)**
Tax Stabilization Reserve Fund	1,031	0	0	1,031	0
Rainy Day Reserve Fund	175	0	0	175	0
Contingency Reserve Fund	21	0	0	21	0
Community Projects Fund	96	154	(165)	85	(11)
Reserved for Debt Reduction	73	0	0	73	0
Reserved for Payment Deferrals	906	0	(906)	0	(906)

2010-11 Disbursements Forecast

The following table displays estimated annual spending growth from 2009-10 to 2010-11, on an adjusted basis. DOB has made adjustments to the actual and planned disbursements to account for the impact of (a) paying the $2.06 billion end-of-year school aid payment scheduled for the last quarter of 2009-10 in the first quarter of 2010-11, as authorized in statute and (b) the timing of $2.0 billion in Federal ARRA "pass through" spending expected in 2009-10. The latter has no impact on the State's efforts to balance the budget but instead represents Federal stimulus money that must pass through the State's Financial Plan. Approximately $2 billion in Federal pass-through funding that was initially expected to be disbursed in 2009-10, is now expected to be disbursed in future years. Examples of pass-through spending include Title 1 education grants to school districts, neighborhood stabilization grants, and transportation aid.

TOTAL DISBURSEMENTS - ADJUSTED FOR PAYMENT DEFERRALS AND ARRA PASS-THROUGH
(millions of dollars)

			Before Actions			After Actions	
	2009-10 Adjusted	2010-11 Base	Annual $ Change	Annual % Change	2010-11 Adjusted	Annual $ Change	Annual % Change
State Operating Funds	**78,934**	**85,413**	**6,479**	**8.2%**	**78,998**	**64**	**0.1%**
General Fund (Excludes Transfers)	48,475	54,094	5,619	11.6%	47,601	(874)	-1.8%
Other State Funds	25,447	25,612	165	0.6%	25,789	342	1.3%
Debt Service Funds	5,012	5,707	695	13.9%	5,608	596	11.9%
All Funds	**130,937**	**139,720**	**8,783**	**6.7%**	**133,827**	**2,890**	**2.2%**
State Operating Funds	78,934	85,413	6,479	8.2%	78,998	64	0.1%
Capital Projects Funds	7,112	8,568	1,456	20.5%	8,454	1,342	18.9%
Federal Operating Funds	44,891	45,739	848	1.9%	46,375	1,484	3.3%
General Fund, including Transfers	**54,262**	**60,152**	**5,890**	**10.9%**	**53,533**	**(729)**	**-1.3%**
State Funds	**84,094**	**91,617**	**7,523**	**8.9%**	**85,073**	**979**	**1.2%**

Adjusted State Operating Funds spending, which includes both the General Fund and spending from other operating funds supported by assessments, tuition, HCRA resources and other non-Federal revenues, is projected to total $79.0 billion in 2010-11. Adjusted All Funds spending, which includes capital spending and Federal aid in addition to State Operating Funds, is projected to total $133.8 billion in 2010-11. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agency) in Special Revenue Funds have been adjusted downward in all fiscal years based on typical spending patterns and the observed variance between estimated and actual results.

ADJUSTED STATE OPERATING FUNDS [1] SPENDING PROJECTIONS
MAJOR SOURCES OF ANNUAL CHANGE
(millions of dollars)

	2009-10	2010-11	Change
Major Functions (Annual Change)			
Health Care:			
Medicaid	11,479	11,675	196
Public Health	2,404	2,523	119
K-12 Education:			
School Aid (State Fiscal Year)	20,374	19,942	(432)
All Other Education Aid	1,693	1,663	(30)
STAR	3,414	3,300	(114)
Higher Education	8,447	8,092	(355)
Social Services:			
Temporary and Disability Assistance	1,360	1,222	(138)
Children and Family Services	2,006	2,148	142
Mental Hygiene	4,360	4,537	177
Transportation	3,941	4,433	492
General State Charges [2]	3,594	4,128	534
Debt Service	4,961	5,516	555
All Other (Annual Change)			
Local Government Aid	1,080	791	(289)
Department of Insurance	658	463	(195)
Statewide Agency Operating Reductions [3]	0	(500)	(500)
All Other	9,163	9,065	(98)
Total Adjusted State Operating Funds Spending	**78,934**	**78,998**	**64**

[1] Includes General Fund, State Special Revenue and Debt Service Funds.

[2] General Fund only. Fringe benefits are allocated to agency budgets outside of the General Fund.

[3] Reductions will be allocated by agency in the Mid-Year Financial Plan, following approval of early retirement and other savings plans.

2010-11 Financial Plan and OutYear Projections

This section presents the State's multi-year projections for receipts and disbursements based on the 2010-11 Enacted Budget. State Law requires the Governor to submit a balanced plan of receipts and disbursements on a cash-basis for the General Fund. However, approximately 40 percent of total State spending for operating purposes is accounted for outside of the General Fund and is primarily concentrated in the areas of health care, school aid, higher education, transportation and mental hygiene. Thus, the multi-year projections and growth rates are presented on both a General Fund and State Operating Funds basis.

The multi-year forecast reflects the impact of the 2010-11 Enacted Budget and updated assumptions concerning economic performance, revenue collections, spending patterns, and projections for the current-services costs of program activities.

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, 2011-12 is 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. DOB will provide quarterly revisions to its multi-year estimates, as required pursuant to State Finance Law.

Budget Gaps

In the General Fund, the projected budget gaps total approximately $8.2 billion in 2011-12, $13.5 billion in 2012-13, and $15.6 billion in 2013-14. The net operating deficits in State Operating Funds are projected at $8.2 billion in 2011-12, $13.1 billion in 2012-13, and $15.1 billion in 2013-14.

The imbalances projected for the General Fund and State Operating Funds in future years tend to be very similar. This is because the General Fund is typically the financing source of last resort for many State programs, and any imbalance in other funds that cannot be rectified by the use of existing balances is typically paid for by the General Fund.

The growth in the gaps between 2010-11 and 2011-12 is caused in large part by the expiration of Federal stimulus funding for Medicaid and education, which is expected to result in approximately $5.1 billion in costs reverting to the General Fund, starting in 2011-12. The annual growth in the gap is also affected by the sunset, at the end of calendar year 2011, of the temporary PIT increase enacted in 2009-10, which is expected to reduce 2011-12 receipts by approximately $1 billion from 2010-11 levels.

Spending

General Fund spending is projected to grow at an average annual rate of 9.0 percent from 2009-10 through 2013-14 (as adjusted). Spending growth in the General Fund is projected to increase sharply in 2011-12, reflecting an expected return to a lower Federal matching rate for Medicaid expenditures after June 30, 2011 which will increase the share of Medicaid costs that must be financed by State resources, and the expected loss of temporary Federal aid for education. Excluding these stimulus-related effects, which temporarily suppress General Fund costs in 2010-11 and the first quarter of 2011-12, General Fund spending grows at approximately 6.8 percent on a compound annual basis.

State Operating Funds spending is projected to grow at an average annual rate of 7.0 percent through 2013-14 (as adjusted). For both the General Fund and State Operating Funds, spending growth is driven by Medicaid, education, pension costs, employee and retiree health benefits, and child welfare programs.

Outyear spending projections do not incorporate any estimate of potential new actions to control spending in future years; any potential continuation of Federal stimulus aid beyond the first quarter of 2011-12; and any costs for future collective bargaining agreements beyond the April 1, 2011 expiration of the current four-year contracts for most unions. In addition, the forecast does not include any additional health care costs or savings that may materialize from the implementation of national health care reform at the Federal level of government.

Receipts

General Fund receipts are projected to grow at an average annual rate of 3.8 percent from 2009-10 through 2013-14. Overall, State tax receipts growth in the three fiscal years following 2010-11 is expected to range from 1.7 percent to 6.2 percent. This is consistent with a projected return to modest economic growth in the New York economy in the second half of 2010. Receipts growth is affected by the tax changes approved in the Enacted Budget, as well as, in prior fiscal years, and tax compliance and anti-fraud efforts. These factors are expected to continue to enhance expected receipt growth through 2013-14. See "2010-11 All Funds Financial Plan" herein for a complete summary.

The following tables summarize the General Fund and State Operating Funds multi-year projections, adjusted for the school aid deferral from 2009-10 to 2010-11.

General Fund

OUTYEAR GENERAL FUND PROJECTIONS (ADJUSTED)
(millions of dollars)

	2010-11	2011-12	Annual $ Change	Annual % Change	2012-13	Annual $ Change	Annual % Change	2013-14	Annual $ Change	Annual % Change
Receipts										
Taxes (After Debt Service)	50,329	53,488	3,159	6.3%	54,028	540	1.0%	56,962	2,934	5.4%
Personal Income Tax	32,168	34,492	2,324	7.2%	34,167	(325)	-0.9%	36,085	1,918	5.6%
User Taxes and Fees	11,128	11,318	190	1.7%	11,694	376	3.3%	12,277	583	5.0%
Business Taxes	5,714	6,335	621	10.9%	6,674	339	5.4%	6,977	303	4.5%
Other Taxes	1,319	1,343	24	1.8%	1,493	150	11.2%	1,623	130	8.7%
Miscellaneous Receipts/Federal Grants	2,957	2,919	(38)	-1.3%	2,884	(35)	-1.2%	2,832	(52)	-1.8%
Other Transfers	1,390	1,400	10	0.7%	1,137	(263)	-18.8%	1,146	9	0.8%
Total Receipts	**54,676**	**57,807**	**3,131**	**5.7%**	**58,049**	**242**	**0.4%**	**60,940**	**2,891**	**5.0%**
Disbursements										
Grants to Local Governments:	**35,448**	**45,557**	**10,109**	**28.5%**	**50,003**	**4,446**	**9.8%**	**53,950**	**3,947**	**7.9%**
School Aid	16,849	19,838	2,989	17.7%	22,186	2,348	11.8%	24,438	2,252	10.2%
Medicaid (incl. administration)	7,069	12,439	5,370	76.0%	13,805	1,366	11.0%	15,048	1,243	9.0%
Higher Education	2,495	2,760	265	10.6%	2,873	113	4.1%	2,961	88	3.1%
Mental Hygiene	2,233	2,375	142	6.4%	2,519	144	6.1%	2,658	139	5.5%
Children and Family Services	1,864	2,057	193	10.4%	2,262	205	10.0%	2,488	226	10.0%
Other Education Aid	1,496	1,840	344	23.0%	1,925	85	4.6%	1,977	52	2.7%
Temporary and Disability Assistance	1,153	1,505	352	30.5%	1,632	127	8.4%	1,682	50	3.1%
All Other	2,289	2,743	454	19.8%	2,801	58	2.1%	2,698	(103)	-3.7%
State Operations:	**8,025**	**8,601**	**576**	**7.2%**	**8,886**	**285**	**3.3%**	**9,019**	**133**	**1.5%**
Personal Service	6,285	6,692	407	6.5%	6,891	199	3.0%	6,904	13	0.2%
Non-Personal Service	1,740	1,909	169	9.7%	1,995	86	4.5%	2,115	120	6.0%
General State Charges	**4,128**	**4,482**	**354**	**8.6%**	**4,687**	**205**	**4.6%**	**5,080**	**393**	**8.4%**
Pensions	1,467	1,620	153	10.4%	1,842	222	13.7%	2,118	276	15.0%
Health Insurance (Active Employees)	1,826	1,992	166	9.1%	2,171	179	9.0%	2,119	(52)	-2.4%
Health Insurance (Retired Employees)	1,195	1,322	127	10.6%	1,422	100	7.6%	1,536	114	8.0%
Fringe Benefit Escrow	(2,319)	(2,534)	(215)	9.3%	(2,731)	(197)	7.8%	(2,817)	(86)	3.1%
All Other	1,959	2,082	123	6.3%	1,983	(99)	-4.8%	2,124	141	7.1%
Transfers to Other Funds:	**5,932**	**7,392**	**1,460**	**24.6%**	**8,005**	**613**	**8.3%**	**8,479**	**474**	**5.9%**
State Share Medicaid	2,450	3,022	572	23.3%	3,120	98	3.2%	3,083	(37)	-1.2%
Debt Service	1,642	1,766	124	7.6%	1,755	(11)	-0.6%	1,686	(69)	-3.9%
Capital Projects	1,096	1,368	272	24.8%	1,524	156	11.4%	1,687	163	10.7%
All Other	744	1,236	492	66.1%	1,606	370	29.9%	2,023	417	26.0%
Total Disbursements	**53,533**	**66,032**	**12,499**	**23.3%**	**71,581**	**5,549**	**8.4%**	**76,528**	**4,947**	**6.9%**
Change in Reserves	**(917)**	**(48)**			**(71)**			**(25)**		
School Aid Deferral	**(2,060)**	**0**			**0**			**0**		
Budget Surplus/(Gap) Estimate	**0**	**(8,177)**			**(13,461)**			**(15,563)**		

State Operating Funds

STATE OPERATING FUNDS PROJECTIONS (ADJUSTED)
(millions of dollars)

	2010-11	2011-12	Annual $ Change	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change
Receipts:								
Taxes	60,484	64,231	3,747	6.2%	65,311	1.7%	68,698	5.2%
Personal Income Tax	36,897	39,579	2,682	7.3%	39,609	0.1%	41,827	5.6%
User Taxes and Fees	13,697	13,965	268	2.0%	14,369	2.9%	14,948	4.0%
Business Taxes	7,090	7,793	703	9.9%	8,209	5.3%	8,590	4.6%
Other Taxes	2,800	2,894	94	3.4%	3,124	7.9%	3,333	6.7%
Miscellaneous Receipts/Federal Grants	18,831	18,822	(9)	0.0%	19,237	2.2%	19,483	1.3%
Total Receipts	**79,315**	**83,053**	**3,738**	**4.7%**	**84,548**	**1.8%**	**88,181**	**4.3%**
Disbursements:								
Grants to Local Governments:	53,633	63,889	10,256	19.1%	69,264	8.4%	73,861	6.6%
School Aid	19,942	22,586	2,644	13.3%	25,144	11.3%	27,469	9.2%
Medicaid (incl. administration)	11,628	16,958	5,330	45.8%	18,612	9.8%	20,057	7.8%
STAR	3,300	3,418	118	3.6%	3,584	4.9%	3,772	5.2%
Higher Education	2,517	2,782	265	10.5%	2,895	4.1%	2,983	3.0%
Other Education Aid	1,511	1,854	343	22.7%	1,939	4.6%	1,990	2.6%
Mental Hygiene	3,474	3,757	283	8.1%	3,993	6.3%	4,234	6.0%
Public Health/Insurance/Aging	2,315	2,453	138	6.0%	2,580	5.2%	2,589	0.3%
Social Services	3,018	3,564	546	18.1%	3,895	9.3%	4,172	7.1%
Local Government Assistance	791	1,066	275	34.8%	1,077	1.0%	1,077	0.0%
All Other	5,137	5,451	314	6.1%	5,545	1.7%	5,518	-0.5%
State Operations:	14,642	15,697	1,055	7.2%	16,195	3.2%	16,355	1.0%
Personal Service	10,307	11,197	890	8.6%	11,488	2.6%	11,534	0.4%
Non-Personal Service	4,335	4,500	165	3.8%	4,707	4.6%	4,821	2.4%
General State Charges	5,205	5,759	554	10.6%	6,145	6.7%	6,616	7.7%
Pensions	1,467	1,620	153	10.4%	1,842	13.7%	2,118	15.0%
Health Insurance (Active Employees)	1,826	1,992	166	9.1%	2,171	9.0%	2,119	-2.4%
Health Insurance (Retired Employees)	1,195	1,322	127	10.6%	1,422	7.6%	1,536	8.0%
All Other	717	825	108	15.1%	710	-13.9%	843	18.7%
Debt Service	5,516	6,035	519	9.4%	6,357	5.3%	6,503	2.3%
Capital Projects	2	2	0	0.0%	2	0.0%	2	0.0%
Total Disbursements	**78,998**	**91,382**	**12,384**	**15.7%**	**97,963**	**7.2%**	**103,337**	**5.5%**
Net Other Financing Sources/(Uses)	**663**	**175**			**291**		**100**	
School Aid Deferral	**(2,060)**	**0**			**0**		**0**	
Net Operating Surplus/(Deficit)[1]	**(1,080)**	**(8,154)**			**(13,124)**		**(15,056)**	

[1] Financed with the use of existing fund balances in 2010-11. See Financial Plan Tables.

The annual spending changes are affected by the expiration of Federal stimulus funding for Medicaid and education, which is expected to result in approximately $5.2 billion in costs reverting to the State, starting in 2011-12. The 2010-11 disbursements for school aid are further affected by the deferral of $2.1 billion in planned spending for 2009-10 to 2010-11. The table below displays the impact of the direct Federal aid as it applies to major programs (by adjusting the State spending to show the current service annual change without the benefit of ARRA), which temporarily lowered State costs. All amounts are shown on a State fiscal year basis.

STATE OPERATING FUNDS SPENDING PROJECTIONS
MAJOR PROGRAM AREAS ADJUSTED FOR IMPACT OF ARRA DIRECT FEDERAL AID
(millions of dollars)

	2010-11	2011-12	Annual $ Change	Annual % Change
State Operating Funds (Adjusted):	84,884	92,094	7,210	8.5%
Reported State Operating Funds With ARRA	78,998	91,382	12,384	15.7%
Plus: Federal ARRA	5,886	712	(5,174)	-87.9%
School Aid (Adjusted)	21,273	23,095	1,822	8.6%
Reported School Aid With ARRA	19,942	22,586	2,644	13.3%
Plus: Federal ARRA (State Fiscal Stabilization)	1,331	509	(822)	-61.8%
DOH Medicaid (Adjusted)	15,053	17,065	2,012	13.4%
Reported Medicaid With ARRA	11,628	16,958	5,330	45.8%
Plus: Federal ARRA (Enhanced FMAP)	3,425	107	(3,318)	-96.9%
Higher Education (Adjusted)	2,683	2,782	99	3.7%
Reported Higher Education With ARRA	2,517	2,782	265	10.5%
Plus: Federal ARRA (State Fiscal Stabilization)	166	0	(166)	-100.0%
Other Education Aid (Adjusted)	1,846	1,854	8	0.4%
Reported Other Education Aid With ARRA	1,511	1,854	343	22.7%
Plus: Federal ARRA (State Fiscal Stabilization)	335	0	(335)	-100.0%
Personal Service (Adjusted)	10,936	11,293	357	3.3%
Personal Service With ARRA	10,307	11,197	890	8.6%
Plus: Federal ARRA (Enhanced FMAP - Mental Hygie	629	96	(533)	-84.7%

Grants to Local Governments

Medicaid (Department of Health)

The State's share of Medicaid is financed with a combination of General Fund and HCRA resources, as well as a share required by local governments. The Federal government is financing an additional share of Medicaid costs for October 2008 through June 30, 2011, which temporarily lowers the State's costs for the program.

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

	2010-11	2011-12	Annual $ Change	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change
State Operating Funds (Before FMAP)	**15,053**	**17,065**	**2,012**	**13.4%**	**18,358**	**7.6%**	**20,057**	**9.3%**
Enhanced FMAP -- State Share[1]	**(3,425)**	**(107)**	**3,318**	**-96.9%**	**254**	**0.0%**	**0**	**0.0%**
State Operating Funds (After FMAP)	**11,628**	**16,958**	**5,330**	**45.8%**	**18,612**	**9.8%**	**20,057**	**7.8%**
Other State Funds Support	**(4,559)**	**(4,519)**	**40**	**-0.9%**	**(4,807)**	**6.4%**	**(5,009)**	**4.2%**
HCRA Financing	(2,938)	(2,981)	(43)	1.5%	(3,269)	9.7%	(3,471)	6.2%
Provider Assessment Revenue	(750)	(750)	0	0.0%	(750)	0.0%	(750)	0.0%
Indigent Care Revenue	(871)	(788)	83	-9.5%	(788)	0.0%	(788)	0.0%
Total General Fund	**7,069**	**12,439**	**5,370**	**76.0%**	**13,805**	**11.0%**	**15,048**	**9.0%**

[1] Excludes Medicaid spending in other State agencies, including enhanced FMAP for other state agencies.

Medicaid growth over the plan period is affected by estimates of increasing Medicaid enrollment, rising costs of provider health care services, and higher levels of utilization, as well as the expiration of the temporarily enhanced levels of Federal aid. The average number of Medicaid recipients is expected to grow to 4.54 million in 2010-11, an increase of 10.3 percent from the estimated 2009-10 caseload of 4.12 million.

The expiration of the enhanced FMAP share substantially increases State-funded spending for Medicaid in 2011-12. However, even after adjusting for the impact of enhanced FMAP, State spending for Medicaid is expected to grow significantly over the multi-year Financial Plan, increasing at an average annual rate of 11.1 percent, from $15.1 billion in 2010-11 to $20.1 billion in 2013-14. Overall Medicaid growth results, in part, from the combination of projected increases in service utilization, and medical care cost inflation that affects nearly all categories of service (e.g., hospitals, nursing homes), as well as rising enrollment levels.

Other factors contributing to Medicaid spending growth include additional costs of approximately $331 million annually attributable to the State cap on local government Medicaid cost increases and the takeover of local FHP costs. Also, the payment of an extra weekly cycle to providers adds an estimated $400 million in 2011-12.

School Aid

School aid spending includes foundation aid; UPK expansion; and expense-based aids such as building aid, transportation aid, and special education. School aid spending is supported by the General Fund and lottery revenues (including VLTs). On a school-year basis, school aid is projected to grow from $20.6 billion in 2010-11 to $28.1 billion in 2013-14, an average annual rate of approximately 11 percent.

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

	2010-11	2011-12	Annual $ Change	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change
Foundation Aid/Academic Achievement Grant	14,894	15,889	995	6.7%	17,390	9.4%	19,073	9.7%
Universal Pre-kindergarten	378	378	0	0.0%	462	22.2%	564	22.1%
Expense-Based Aids [1]	5,890	6,390	500	8.5%	6,940	8.6%	7,520	8.4%
Other Aid Categories/Initiatives	807	863	56	6.9%	908	5.2%	953	5.0%
Deficit Reduction Assessment	(1,412)	0	1,412	-100.0%	0	0.0%	0	0.0%
Total School Aid	**20,557**	**23,520**	**2,963**	**14.4%**	**25,700**	**9.3%**	**28,110**	**9.4%**

[1] Includes building, transportation, high cost and private special education, and BOCES.

Growth in 2011-12 is primarily due to increases in expense-based aid and the phase-in of foundation aid over a seven-year period. Growth in 2012-13 projected and beyond is primarily due to increases in foundation aid; UPK expansion; and contractual increases in expense-based aids such as building aid and transportation aid.

On a State fiscal-year basis, school aid spending is projected to grow by $2.6 billion in 2011-12, $2.6 billion in 2012-13, and $2.3 billion in 2013-14.

Over the multi-year Financial Plan period, revenues available to finance school aid from core lottery sales are expected to increase nominally. Revenues from VLTs are expected to grow, augmented by the anticipated opening of a VLT facility at Aqueduct by April 2012.

The Financial Plan currently assumes a one-time franchise payment of $380 million from the sale of VLT development rights at Aqueduct in 2010-11.

Mental Hygiene

Mental hygiene spending is projected to grow on average by $250 million annually to total $4.2 billion in 2013-14. 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 OPWDD NYS-CARES program; the New York/New York III Supportive Housing agreement and community beds that are currently under development in the OMH pipeline, as well as additional funds for supported housing beds and associated support services pursuant to a Federal district court decision; and several chemical dependence treatment and prevention initiatives in OASAS, including treatment costs associated with recent reforms to Rockefeller drug laws.

Social Services

Children and Family Services spending is expected to grow by approximately $200 million annually through 2013-14 primarily driven by growth in local claims-based programs, including child welfare. TADA spending is projected to increase by $529 million from $1.2 billion in 2010-11 to $1.7 billion by 2013-14, due to the loss of one-time TANF Emergency Contingency Fund grants that were used to support public assistance costs and the projected increase in the public assistance caseload. Based on the

latest economic forecast and updated program data, the total public assistance caseload has increased in all years from 2010-11 to 2013-14 in the Enacted Budget compared to the Executive Budget.

State Operations

State Operations spending growth over the multi-year Financial Plan is concentrated in agencies with large operational facility-based budgets such as SUNY, Corrections, and the mental hygiene agencies, as well as the Judiciary. The main causes of growth include expiration of the enhanced FMAP that lowers State costs for portions of mental hygiene spending, inflationary increases in operating costs, and ongoing initiatives, including the civil commitment program for sexual offenders, and medical and pharmacy costs in the areas of mental hygiene and corrections.

STATE OPERATING FUNDS - STATE OPERATIONS
(millions of dollars)

	2010-11	2011-12	Annual $ Change	2012-13	Annual $ Change	2013-14	Annual $ Change
Personal Service	**10,307**	**11,197**	**890**	**11,488**	**291**	**11,534**	**46**
State University	3,124	3,155	31	3,189	34	3,214	25
Correctional Services	1,922	1,939	17	1,957	18	1,951	(6)
Judiciary	1,537	1,838	301	1,846	8	1,847	1
State Police	601	601	0	601	0	601	0
Mental Hygiene	548	993	445	1,062	69	1,072	10
Tax and Finance	349	349	0	350	1	353	3
Publich Health	261	264	3	266	2	267	1
Environmental Conservation	189	186	(3)	187	1	187	0
Children and Family Services	179	200	21	219	19	216	(3)
Legislature	165	168	3	172	4	175	3
Statewide Agency Operations Savings	(250)	(125)	125	0	125	0	0
All Other	1,682	1,629	(53)	1,639	10	1,651	12
Non-Personal Service	**4,335**	**4,500**	**165**	**4,707**	**207**	**4,821**	**114**
State University	1,693	1,687	(6)	1,740	53	1,795	55
Correctional Services	552	589	37	624	35	666	42
Judiciary	366	366	0	373	7	373	0
Publich Health	261	260	(1)	257	(3)	259	2
Mental Hygiene	217	243	26	293	50	302	9
Lottery	145	148	3	147	(1)	150	3
Children and Family Services	102	114	12	120	6	124	4
Tax and Finance	96	96	0	96	0	98	2
Debt Service	92	92	0	92	0	92	0
Insurance	82	87	5	87	0	87	0
Statewide Agency Operations Savings	(250)	(250)	0	(250)	0	(250)	0
All Other	979	1,068	89	1,128	60	1,125	(3)

Personal Service

Personal service spending includes wages and compensations for overtime, holiday and temporary services. It does not include fringe benefits that are accounted for under General State Charges. Personal service spending increases reflect the impact of settled labor contracts, salary adjustments for performance advances, longevity payments and promotions. Growth in personal service is affected by the expiration of enhanced FMAP, which temporarily reduced the State-share costs of operating the mental hygiene system.

Non-Personal Service

Non-personal service spending represents the costs of operations other than employee wages and benefits. It includes utilities, rent, equipment, supplies and materials, telecommunications, information technology, travel, training, medical supplies, prescription drugs, and certain contractual obligations. Spending is expected to grow by an average of 4 percent annually through 2013-14, and is concentrated in agencies with large operational facility-based budgets.

Significant cost increases are expected for food, prescription drugs, and energy costs in State facilities (including prisons, youth facilities, and mental hygiene facilities), costs reflected of developing the new Statewide Financial System and targeted initiatives, including increasing staff to youth ratios and improving mental health services for youth residing in State-operated juvenile justice facilities.

General State Charges

GSCs account for the costs of fringe benefits provided to State employee and retirees of the Executive, Legislative and Judicial branches, as well as for certain fixed costs. GSCs are projected to grow at an average annual rate of 8.3 percent from 2010-11 through 2013-14. The growth is mainly due to anticipated cost increases in pensions and health insurance for active and retired State employees.

The State's 2010-11 ERS pension contribution rate as a percentage of salary is expected to grow from 12.1 percent in 2010-11 to 23.5 percent in 2013-14. The Police and Fire Retirement System pension contribution rate is expected to be 18.3 percent in 2010-11, and is projected to grow to 31.4 percent by 2013-14. In addition to savings expected from the new tier of pension benefits enacted in December 2009, the Enacted Budget authorizes the State and local governments to amortize a portion of future costs. After these savings actions, pension costs grow from $1.6 billion in 2011-12 to $2.1 billion by 2013-14.

Spending for employee and retiree health insurance costs is expected to grow at a consistently high rate through 2013-14, with annual growth reflecting estimated annual premium increases of roughly 7 percent.

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

Transfers to Other Funds (General Fund Basis)

General Fund transfers help finance certain capital activities, the State's share of Medicaid costs for State-operated mental hygiene facilities, debt service for bonds that do not have dedicated revenues, and a range of other activities.

OUTYEAR DISBURSEMENT PROJECTIONS - GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)							
	2010-11	2011-12	Annual Change	2012-13	Annual Change	2013-14	Annual Change
Transfers to Other Funds:	**5,932**	**7,392**	**1,460**	**8,005**	**613**	**8,479**	**474**
Medicaid State Share	2,450	3,022	572	3,120	98	3,083	(37)
Debt Service	1,642	1,766	124	1,755	(11)	1,686	(69)
Capital Projects	1,096	1,368	272	1,524	156	1,687	163
Dedicated Highway and Bridge Trust Fund	699	804	105	910	106	1,001	91
All Other Capital	397	564	167	614	50	686	72
All Other Transfers	744	1,236	492	1,606	370	2,023	417
Mental Hygiene	49	534	485	884	350	1,287	403
Medicaid Payments for State Facility Patients	216	216	0	216	0	216	0
Judiciary Funds	153	156	3	157	1	163	6
Banking Services	66	66	0	66	0	66	0
Indigent Legal Services	40	40	0	40	0	40	0
SUNY- Hospital Operations	33	0	(33)	0	0	0	0
Department of Transportation (MTA Tax)	24	25	1	25	0	25	0
Alcoholic Beverage Control	19	20	1	18	(2)	18	0
Mass Transportation Operating Assistance	19	19	0	19	0	19	0
Public Trans Systems	19	19	0	19	0	19	0
Correctional Industries	14	14	0	14	0	14	0
DCJS - Crimes Against Revenues Account	10	16	6	16	0	16	0
Statewide Financial System	9	45	36	55	10	60	5
All Other	73	66	(7)	77	11	80	3

Increases in all other transfers reflect the need to supplement resources available for the mental hygiene system and fund the development of the State's new financial management system.

Dedicated Highway and Bridge Trust Fund

A significant portion of the capital and operating expenses of 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 subsidy is projected at $804 million for 2011-12, $910 million for 2012-13, and $1.0 billion in 2013-14, with continued growth thereafter.

2010-11 All Funds Financial Plan Forecast

This section describes the State's Financial Plan projections for receipts and disbursements based on the 2010-11 Enacted Budget. The receipts forecast describes estimates for the State's principal taxes, miscellaneous receipts, and transfers from other funds. The Updated Financial Plan spending projections summarize the annual growth in current-services spending and the impact of the 2010-11 Enacted 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.

2010-11 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 unsteady recovery of the national and New York State economies is expected to translate into receipts growth for the first time in two years. DOB anticipates that the wage growth that began early in 2010 coupled with positive corporate earnings and a projected rebound in employment later in the year should lead to positive receipts growth in 2010-11.

- After five consecutive years of growth averaging 9.5 percent per year, base receipts slipped by 3 percent in 2008-09 and plunged another 12.3 percent in 2009-10, as the result of the recession which began in 2008.

- The nascent recovery is expected to result in base receipts growth of 2.2 percent in 2010-11 and further improvement in 2011-12 after employment growth returns in earnest. The 2007-08 base receipts All Funds tax receipts peak is not expected to be reached again until 2011-12.

- The return of corporate profits in general, and the financial sector profits so vital to New York's economy in particular, are expected to result in both increases in finance and insurance sector bonuses and stepped up business tax receipts growth in 2010-11 and 2011-12.

- The forecast assumes a shift in taxable capital gains realizations from tax year 2011 into tax year 2010 (resulting in increased 2010-11 receipts) as a result of the expected sunset of preferential Federal tax rates on capital gains on December 31, 2010. If Federal action results in complete or partial continuation of lower rates for all or a portion of taxpayers, these gains will be realized over the long run, not in 2010-11.

- Absent the impact of high income provisions enacted in 2009 and 2010, estimated PIT liability plunged 16.6 percent in 2009 and is projected to increase 11.8 in 2010. The 2009 fall was the result of the continuing overall impact of the recession, and in particular, the impact on the real estate and financial sectors. The high growth rate in 2010 is due, in part, to the expected movement of wages and capital gains realizations from 2011 or later into 2010 to take advantage of expiring lower Federal tax rates. Positive wage and income growth that began in early 2010 and the employment growth anticipated to follow later in the year will also play a role.

- After a vigorous retreat during 2008-09 and 2009-10, consumer spending on taxable goods and services should improve somewhat during 2010-11, driven by increasing disposable income, employment, and a pickup in vehicle sales after a long drought. Despite this improvement, the pre-recession sales tax collections peak will not be reached until 2011-12.

- The bulk of the $4.1 billion (7.2 percent) increase in All Funds tax receipts from 2009-10 to 2010-11 is the result of the full-year impact of the 2009 and 2010 high income personal income tax provisions ($2.1 billion) and other actions taken in the 2010-11 Enacted Budget ($1.3 billion).

All Funds receipts are projected to total $134.3 billion, an increase of $7.5 billion over 2009-10 results. The table below summarizes the receipts projections for 2010-11 and 2011-12.

TOTAL RECEIPTS
(millions of dollars)

	2009-10 Results	2010-11 Estimated	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund	**52,556**	**54,676**	**2,120**	**4.0%**	**57,807**	**3,131**	**5.7%**
Taxes	36,997	39,931	2,934	7.9%	42,564	2,633	6.6%
Miscellaneous Receipts	3,888	2,897	(991)	-25.5%	2,859	(38)	-1.3%
Federal Grants	71	60	(11)	-15.5%	60	0	0.0%
Transfers	11,600	11,788	188	1.6%	12,324	536	4.5%
State Funds	**81,141**	**84,783**	**3,642**	**4.5%**	**88,784**	**4,001**	**4.7%**
Taxes	57,668	61,796	4,128	7.2%	65,573	3,777	6.1%
Miscellaneous Receipts	23,389	22,870	(519)	-2.2%	23,091	221	1.0%
Federal Grants	84	117	33	39.3%	120	3	2.6%
All Funds	**126,748**	**134,296**	**7,548**	**6.0%**	**133,706**	**(590)**	**-0.4%**
Taxes	57,668	61,796	4,128	7.2%	65,573	3,777	6.1%
Miscellaneous Receipts	23,557	23,014	(543)	-2.3%	23,229	215	0.9%
Federal Grants	45,523	49,486	3,963	8.7%	44,904	(4,582)	-9.3%

Base growth in tax receipts of 2.2 percent is estimated for fiscal year 2010-11, after adjusting for law changes, and should improve further in 2011-12. These projected increases in overall base growth in tax receipts are dependent on many factors:

- Anticipated improvements in overall economic activity, especially in New York City and surrounding counties;
- Improving profitability and compensation gains among financial services companies;
- Continued recovery in the overall real estate market, particularly the residential market; and
- Increases in consumer spending as a result of wage and employment gains.

Personal Income Tax

PERSONAL INCOME TAX (millions of dollars)	2009-10 Results	2010-11 Enacted	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund[1]	**22,654**	**24,373**	**1,719**	**7.6%**	**26,265**	**1,892**	**7.8%**
Gross Collections	41,393	45,086	3,693	8.9%	47,329	2,243	5.0%
Refunds/Offsets	(6,642)	(8,189)	(1,547)	23.3%	(7,752)	437	-5.3%
STAR	(3,409)	(3,299)	110	-3.2%	(3,417)	(118)	3.6%
RBTF	(8,688)	(9,225)	(537)	6.2%	(9,895)	(670)	7.3%
State/All Funds	**34,751**	**36,897**	**2,146**	**6.2%**	**39,577**	**2,680**	**7.3%**
Gross Collections	41,393	45,086	3,693	8.9%	47,329	2,243	5.0%
Refunds	(6,642)	(8,189)	(1,547)	23.3%	(7,752)	437	-5.3%

[1] Excludes Transfers.

All Funds PIT receipts, which reflect gross payments minus refunds, are estimated at $36.9 billion for 2010-11, a $2.1 billion or 6.2 percent increase from the prior year. This is primarily attributable to increases in withholding of $1.9 billion and current estimated payments of $1.3 billion. These increases are due to the gradual improvement in the economy and full-year compliance with the temporary rate increase enacted in 2009. The growth in the estimated tax is also partly driven by an expected "spin up" in capital gain realizations in 2010 in anticipation of higher Federal capital gains tax rates after tax year 2010. Receipts from delinquencies are projected to increase $61 million (5.5 percent) over the prior year and final returns are projected to increase by $151 million (8.3 percent). The increase in gross receipts is partially offset by higher refunds of $1.5 billion. This increase reflects the shift of $500 million in tax year 2009 refunds from the first calendar quarter of 2010 to April 2010 for cash management purposes, plus a one-time decline in 2009-10 refunds associated with an accounting adjustment to the State-city offset. Prior year refunds received in 2010-11 for tax year 2009, which increased by $516 million to $5,502 million as a result of the recent economic downturn, also contributed to higher refunds. The following table summarizes, by component, actual receipts for 2009-10 and forecast amounts through 2013-14.

User Taxes and Fees

USER TAXES AND FEES (millions of dollars)	2009-10 Results	2010-11 Enacted	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund[1,2]	**8,087**	**8,810**	**723**	**8.9%**	**8,975**	**165**	**1.9%**
Sales Tax	7,405	8,083	678	9.2%	8,220	137	1.7%
Cigarette and Tobacco Taxes	456	499	43	9.4%	522	23	4.6%
Alcoholic Beverage Taxes	226	228	2	0.9%	233	5	2.2%
State/All Funds	**12,852**	**14,285**	**1,433**	**11.2%**	**14,567**	**282**	**2.0%**
Sales Tax	10,529	11,475	946	9.0%	11,685	210	1.8%
Cigarette and Tobacco Taxes	1,364	1,765	401	29.4%	1,821	56	3.2%
Motor Fuel	507	503	(4)	-0.8%	505	2	0.4%
Highway Use Tax	137	134	(3)	-2.2%	140	6	4.5%
Alcoholic Beverage Taxes	226	228	2	0.9%	233	5	2.2%
Taxicab Surcharge	13	85	72	553.8%	85	0	0.0%
Auto Rental Tax	76	95	19	25.0%	98	3	3.2%

[1] Excludes Transfers.

[2] Receipts from motor vehicle fees and alcohol beverage control license fees are now reflected under miscellaneous receipts.

All Funds user taxes and fees receipts for 2010-11 are estimated to be approximately $14.3 billion, an increase of $1.4 billion or 11.2 percent from 2009-10. Sales tax receipts are expected to increase by $946 million from the prior year due to a base growth increase of 6.7 percent. Due to law changes, sales tax receipts are estimated to increase by $366 million. The vast majority of the revenue ($330 million) will come from the elimination of the clothing and footwear tax exemption in 2010-11. Non-sales tax user taxes and fees are estimated to increase by $487 million from 2009-10, mainly due to an increase in the cigarette tax by $1.60 and the full enactment of the taxicab surcharge.

General Fund user taxes and fees receipts are expected to total $8.8 billion in 2010-11, an increase of $723 million or 8.9 percent from 2009-10. The increase largely reflects an increase in sales tax receipts ($678 million) and cigarette tax collections ($43 million).

All Funds user taxes and fees receipts for 2011-12 are projected to be $14.6 billion, an increase of $282 million, or 2.0 percent from 2010-11. This increase largely reflects cigarette tax law changes. General Fund user taxes and fees receipts are projected to total $9.0 billion in 2011-12, an increase of $165 million, or 1.9 percent from 2010-11.

Business Taxes

BUSINESS TAXES
(millions of dollars)

	2009-10 Results	2010-11 Enacted	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund	**5,371**	**5,714**	**343**	**6.4%**	**6,335**	**621**	**10.9%**
Corporate Franchise Tax	2,145	2,886	741	34.5%	3,172	286	9.9%
Corporation & Utilities Tax	722	685	(37)	-5.1%	743	58	8.5%
Insurance Tax	1,331	1,278	(53)	-4.0%	1,335	57	4.5%
Bank Tax	1,173	865	(308)	-26.3%	1,085	220	25.4%
State/All Funds	**7,459**	**7,692**	**233**	**3.1%**	**8,414**	**722**	**9.4%**
Corporate Franchise Tax	2,511	3,307	796	31.7%	3,624	317	9.6%
Corporation & Utilities Tax	954	902	(52)	-5.5%	966	64	7.1%
Insurance Tax	1,491	1,410	(81)	-5.4%	1,470	60	4.3%
Bank Tax	1,399	1,023	(376)	-26.9%	1,269	246	24.0%
Petroleum Business Tax	1,104	1,050	(54)	-4.9%	1,085	35	3.3%

All Funds business tax receipts for 2010-11 are estimated at $7.7 billion, an increase of $233 million, or 3.1 percent from the prior year. The estimates reflect an increase of $109 million resulting from tax law changes. The deferral of certain tax credits ($100 million) and conforming the State bank tax's bad debt provisions to the Federal provisions ($15 million) are the major tax law changes. Absent these provisions, All Funds business tax receipts are expected to increase by $124 million or 1.7 percent.

The annual increase in the corporate franchise tax of $796 million is partially offset by year-to-year decreases in the other business taxes. U.S. corporate profits are expected to increase 24.5 percent in calendar year 2010, contributing to growth of 27.9 percent in year-over-year corporate franchise tax receipts, adjusted for tax law changes. Corporation and utilities and insurance tax receipts are expected to decline modestly as trend liability growth rates in these relatively stable taxes do not surpass the acceleration of cash payments on 2010 liability into the 2009-10 fiscal year that resulted from the increase in the mandatory pre-payment from 30 percent to 40 percent.

All Funds business tax receipts for 2011-12 of $8.4 billion are projected to increase $722 million, or 9.4 percent over the prior year reflecting rebound-induced growth rates of 9.6 percent and 24.0 percent in corporate franchise tax and bank tax receipts, respectively. Fiscal Year 2011-12 receipts include $423 million in tax law changes, virtually all attributable to the tax credit deferral provisions included in the Enacted Budget. Growth adjusted for tax law changes is estimated to be 5.4 percent.

General Fund business tax receipts for 2010-11 of $5.7 billion are estimated to increase by $343 million, or 6.4 percent above 2009-10 results. Business tax receipts deposited to the General Fund reflect the All Funds trends discussed above.

General Fund business tax receipts for 2011-12 of $6.3 billion are projected to increase $621 million, or 10.9 percent from the prior year. Corporate franchise tax and bank tax receipts are projected to increase 9.9 percent and 25.4 percent, respectively, as the income-based taxes continue to recover.

Other Taxes

OTHER TAXES
(millions of dollars)

	2009-10 Results	2010-11 Enacted	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund[1]	**885**	**1,034**	**149**	**16.8%**	**989**	**(45)**	**-4.4%**
Estate Tax	864	1,015	151	17.5%	970	(45)	-4.4%
Gift Tax	2	0	(2)	-100.0%	0	0	0.0%
Real Property Gains Tax	(1)	0	1	-100.0%	0	0	0.0%
Pari-Mutuel Taxes	19	18	(1)	-5.3%	18	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%
State/All Funds	**1,378**	**1,554**	**176**	**12.8%**	**1,570**	**16**	**1.0%**
Estate Tax	864	1,015	151	17.5%	970	(45)	-4.4%
Gift Tax	2	0	(2)	-100.0%	0	0	0.0%
Real Property Gains Tax	(1)	0	1	-100.0%	0	0	0.0%
Real Estate Transfer Tax	493	520	27	5.5%	581	61	11.7%
Pari-Mutuel Taxes	19	18	(1)	-5.3%	18	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%

[1] Excludes Transfers.

All Funds other tax receipts for 2010-11 are estimated to be approximately $1.6 billion, up $176 million or 12.8 percent from 2009-10 receipts, reflecting growth of 5.5 percent in the real estate transfer tax receipts and 17.5 percent in the estate tax as a result of improved conditions in the equities, real estate and credit markets, combined with strong year-to-date payments from the settlement of large estates.

General Fund other tax receipts are expected to be slightly over $1.0 billion in fiscal year 2010-11, an increase of $149 million or 16.8 percent from 2009-10, due to the growth in the estate tax, partially offset by a 5.3 percent decline in the pari-mutuel tax due to the impact of reduced handle.

All Funds other tax receipts for 2011-12 are projected to be nearly $1.6 billion, up $16 million or 1.0 percent from 2010-11, reflecting modest growth in the real estate transfer tax, partially offset by a decline in estate tax receipts. General Fund other tax receipts are expected to total $989 million in fiscal year 2011-12, the result of a decrease of $45 million in estate tax receipts as increases in household net worth are more than offset by a return to a more normal level of settlements of large estates.

Miscellaneous Receipts and Federal Grants

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS (millions of dollars)	2009-10 Results	2010-11 Enacted	Annual $ Change	Annual % Change	2011-12 Projected	Annual $ Change	Annual % Change
General Fund	**3,959**	**2,957**	**(1,002)**	**-25.3%**	**2,919**	**(38)**	**-1.3%**
Miscellaneous Receipts[1]	3,888	2,897	(991)	-25.5%	2,859	(38)	-1.3%
Federal Grants	71	60	(11)	-15.5%	60	0	0.0%
State Funds	**23,473**	**22,987**	**(486)**	**-2.1%**	**23,211**	**224**	**1.0%**
Miscellaneous Receipts[1]	23,389	22,870	(519)	-2.2%	23,091	221	1.0%
Federal Grants	84	117	33	39.3%	120	3	2.6%
All Funds	**69,080**	**72,500**	**3,420**	**5.0%**	**68,133**	**(4,367)**	**-6.0%**
Miscellaneous Receipts[1]	23,557	23,014	(543)	-2.3%	23,229	215	0.9%
Federal Grants	45,523	49,486	3,963	8.7%	44,904	(4,582)	-9.3%

[1] Includes receipts from motor vehicle fees and alcohol beverage control license fees, previously reflected as "user taxes and fees."

All Funds miscellaneous receipts include monies 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 $23 billion in 2010-11, a decrease of $543 million from 2009-10 results, largely reflecting the impact of non-recurring and accelerated receipts to the State during 2009-10. Sources of receipts during 2009-10, which will not recur or will recur in lesser amounts, include 18-A public utility assessments ($653 million), New York Power Authority contributions ($158 million), Regional Greenhouse Gas Initiative proceeds ($90 million), and Battery Park City Authority resources ($68 million). The total annual decline in miscellaneous receipts also reflects lower bond proceeds available for mental hygiene facility capital improvement ($101 million), lower HCRA receipts ($123 million) and lower receipts from refunds, credits and reimbursements ($101 million). These annual declines were partly offset by growth in other areas, primarily to SUNY revenue growth from expansions at the three SUNY teaching hospitals, enrollment growth, and greater bond proceeds available for SUNY capital projects ($530 million), and increased lottery fund receipts ($380 million) which reflect the one-time receipt of the franchise fee for rights to develop a VLT facility at Aqueduct.

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 $49.5 billion in 2010-11, an increase of $4.0 billion from 2009-10 results driven by receipt of Federal ARRA monies.

General Fund miscellaneous receipts collections are estimated to be nearly $3.0 billion, down just over $1.0 billion from 2009-10 results. This decrease is primarily due to the loss of a one-time payment from the Power for Jobs Program received in 2009-10 and the timing of an 18-A assessment payment.

All Funds miscellaneous receipts are projected to total $23.2 billion in 2011-12, an increase of $215 million from the current year, largely driven by growth in HCRA receipts ($296 million), growth in bond proceeds generated for mental hygiene facility capital improvements ($151 million) and growth in SUNY income from tuition, fees, patient revenues and other income ($88 million). The projected annual growth in these sources of miscellaneous receipts is partly offset by the non-recurrence of revenues received during 2010-11 for the VLT franchise fee payment ($380 million).

All Funds Federal grants are projected to total $44.9 billion in 2011-12, a decrease of $4.6 billion from the current year, reflecting a decrease in Federal ARRA funding.

General Fund miscellaneous receipts for 2011-12 are projected to decline by $38 million from the current year, and primarily reflect the loss of certain one-time sweeps and payments expected in 2010-11. These reductions are partially offset by an upward revision to abandoned property receipts.

Enacted Budget Revenue Actions

To preserve essential services while closing an $8.2 billion budget gap for the 2010-11 fiscal year, the Enacted Budget and separately enacted legislation authorize a number of revenue actions.

On a General Fund basis, actions in the Enacted Budget and separately enacted legislation will together increase tax or other revenue by a total of $937 million ($1.4 billion All Funds) in 2010-11.

Increased Taxes or Fee Liability

(General Fund: $562 million, All Funds: $835.1 million in 2010-11)

- **Tax Actions.** The Enacted Budget contains seven tax actions that will produce $747 million in 2010-11 All Funds revenue.

- **Loophole Closing Actions.** The Enacted Budget contains five actions that close loopholes and ensure that tax burdens are fairly distributed. These actions are expected to produce $44.0 million in additional revenue on an All Funds basis in the 2010-11 fiscal year.

- **New or Increased Fees.** The Enacted Budget contains new and increased legal fees as well as waste fees. These fees are expected to produce $44.1 million in revenue on an All Funds basis in the 2010-11 fiscal year.

Other Actions

(General Fund: $395 million, All Funds: $560 million in 2010-11)

- **Tax Enforcement Actions.** The Enacted Budget contains four actions that will improve tax audit and compliance activities. These actions are expected to produce $372 million in additional tax revenue on an All Funds basis in the 2010-11 fiscal year. A significant portion ($150 million) of this revenue will be generated by cigarette tax enforcement on sales by Native American tribes to non-tribal members.

- **Other Revenue Actions.** The Enacted Budget contains five other revenue actions, including expanding Quick Draw and video lottery terminal operations, and changing dormancy periods for certain types of abandoned property among other actions. These five actions are

expected to produce $152 million in revenue on a General Fund basis and $202 million on an All Funds basis in the 2010-11 fiscal year.

- **New or Expanded Tax Credits/Exemptions.** The Enacted Budget contains five new or expanded tax credits at a cost of $15 million on an All Funds basis in the 2010-11 fiscal year.

- **Technical Corrections and Extenders.** The Enacted Budget contains two extenders that will maintain both the pari-mutuel tax and major provisions of the bank tax, and temporary GLB provisions and five technical corrections that will amend previously enacted items. These five actions preserve current revenue or tax benefits.

- **New or Expanded Fines.** The Enacted Budget contains two fines that help protect the State's wetlands and mineral resources. These fines are expected to produce $1 million in revenue on an All Funds basis during the 2010-11 fiscal year.

Tax Actions

ENACTED BUDGET REVENUE ACTIONS/AGREEMENT
(millions of dollars)

	2010-11		2011-12	
	General Fund	All Funds	General Fund	All Funds
TAX ACTIONS				
Temporarily Reduce Sales Tax Clothing Exemption	330.0	330.0	210.0	210.0
Itemized Deduction Limitation	100.0	100.0	135.0	135.0
Other Tobacco Products Increase	30.0	30.0	48.0	48.0
Repeal Vendor Credit for Monthly Filers	17.0	17.0	23.0	23.0
Apply Sales Tax to Hotel Reseller Markup	10.0	10.0	20.0	20.0
Cigarette Tax Increase	-	260.0	-	272.0
Add Back Federal Sales Tax Deduction	-	-	20.0	20.0
TOTAL TAX AND ASSESSMENT ACTIONS	**487.0**	**747.0**	**456.0**	**728.0**

- Temporarily Reduce Sales Tax Clothing Exemption. Eliminates State sales and compensating use tax exemptions for clothing and footwear sold for less than $110 per item for the period October 1, 2010 through March 31, 2011; exempts clothing and footwear sold for less than $55 per item for the period April 1, 2011 through March 31, 2012; and restores the original exemption of $110 on April 1, 2012.

- Itemized Deduction Limitation. Decreases the percentage of allowable remaining itemized deductions from 50 percent to 25 percent for taxpayers with New York adjusted gross income of $10 million or more for tax years 2010 through 2012.

- Other Tobacco Products Increase. Increases the tobacco products tax to 75 percent of the wholesale price from 46 percent; increases the tax on snuff to $2.00 per ounce from $0.96 per ounce; and creates a new category under the tobacco products tax imposing a tax on "little cigars" at a rate equivalent to the cigarette tax rate.

- Repeal Vendor Credit for Monthly Filers. Repeals the vendor credit for monthly sales tax filers. Quarterly and annual filers will continue to receive the credit.

- Apply Sales Tax to Hotel Reseller Markup. Clarifies that room remarketers are required to collect sales and New York City occupancy taxes.

- Increase Cigarette Excise Tax by $1.60 per Pack. Increases the State cigarette excise tax from $2.75 per pack to $4.35 per pack.

- Add Back Federal Sales Tax Deduction. Requires itemizing taxpayers who elect to deduct sales tax instead of income tax for Federal purposes to reduce their New York itemized deductions by the amount of sales tax deducted for Federal purposes.

Loophole Closing Actions

LOOPHOLE CLOSING ACTIONS (millions of dollars)				
	2010-11		2011-12	
	General Fund	All Funds	General Fund	All Funds
S Corp Gains and Installment Inc. as Taxable for Non-Res.	29.0	29.0	14.0	14.0
Conform to Federal Bad Debt Provisions	15.0	15.0	15.0	15.0
Define Flow-Through Entities as Taxpayers for Certain Credits	-	-	12.0	12.0
Treat Compensation for Past Service as Taxable for Non-Res.	-	-	25.0	29.0
Make REITs/RICs Loophole Closer Permanent	-	-	-	-
TOTAL LOOPHOLE CLOSING ACTIONS	**44.0**	**44.0**	**66.0**	**70.0**

- **Treat S Corp Gains and Installment Income as Taxable for Non-Residents.** Eliminates three related tax loopholes that allow non-residents to avoid taxation by converting underlying S Corporation assets to stock or receiving installment income after termination of S Corporation nexus to New York. Previously, gains on stock and such installment income were considered intangible income and were therefore not subject to tax for non-residents.

- **Conform to Federal Bad Debt Provisions.** Conforms the State bank tax deduction for bad debts to the calculations provided for in the Internal Revenue Code for Federal tax purposes.

- **Define Flow-Through Entities as Taxpayers for QETC and Biofuel Credit Claims.** Eliminates the ability of individual shareholders in flow-through entities (i.e. partnerships, LLCs, and S Corporations) to each claim up to the statutory cap for a taxpayer when claiming the Biofuel and QETC facilities, operations and training credits. The cap will apply to the entity, just as it does for C Corporations.

- **Treat Compensation for Past Services as Taxable for Non-Residents.** Eliminates a tax loophole that permitted a non-resident to receive income – without paying New York taxes – for past services (e.g. termination pay) conducted during a period when their employer had a New York nexus. Such income had been nontaxable.

- **Make REITs/RICs Loophole Closer Permanent.** Makes permanent the provisions that address the closely-held Real Estate Investment trusts and Regulated Investment Companies loophole, which would have otherwise expired on December 31, 2010.

New or Increased Fees

NEW OR INCREASED FEES (millions of dollars)				
	2010-11		2011-12	
	General Fund	All Funds	General Fund	All Funds
Increased Legal Fees	31.0	41.0	42.0	56.0
Hazardous Waste Fees	-	2.1	-	2.1
E-Waste Fee	-	1.0	-	0.5
TOTAL NEW OR INCREASED FEES	**31.0**	**44.1**	**42.0**	**58.6**

- **Legal Fees.** Establishes new and increased fees to fund civil legal services, indigent defense, and costs of court operations. A new $95 fee will be paid by plaintiffs (banks and credit card companies) in consumer credit cases. A new $500 "credentialing" fee will be paid by persons who sit for the bar examination and were educated outside the country. A new $190 fee will be charged at the time the index fee is paid in a foreclosure action. The criminal history search fee, which is paid when the Office of Court Administration performs background checks, will be raised from $55 to $65. The biennial bar registration fee will be raised from $350 to $375.

- **Hazardous Waste Fees.** Amends Environmental Conservation Law to consolidate two separate sliding-scale fees paid by hazardous waste generators into a single fee of $130 per ton.

- **E-Waste Fee.** Establishes a statewide electronic equipment reuse and recycling program. It will require manufacturers to accept for recycling or reuse electronic waste for which it is the manufacturer from consumers in the State and accept one piece of electronic waste if offered by a consumer, with the purchase of a piece of equipment of the same type beginning April 1, 2011. It will establish registration requirements for manufacturers of covered electronic equipment sold in the State, and require each manufacturer of covered electronic equipment to register with DEC by January 1, 2011, and pay a $5,000 registration fee; and require any person who becomes a manufacturer after January 1, 2011, to register with DEC before selling or offering for sale covered electronic equipment in the State.

Tax Enforcement Actions

ENFORCEMENT ACTIONS (millions of dollars)				
	2010-11		2011-12	
	General Fund	All Funds	General Fund	All Funds
Improve Audit and Compliance	221.0	221.0	221.0	221.0
Native American Tax Enforcement	36.0	150.0	48.0	200.0
Require Informational Returns for Credit and Debit Cards	-	-	-	-
False Claims Act	1.0	1.0	2.0	2.0
TOTAL ENFORCEMENT ACTIONS	**258.0**	**372.0**	**271.0**	**423.0**

- **Improve Audit and Compliance.** The Commissioner of Taxation and Finance will increase compliance staff and re-direct department resources to generate $221 million in additional annual revenue.

- **Native American Tax Enforcement.** Requires all cigarettes sold to Native American nations or tribes and reservation cigarette sellers to bear a tax stamp and allows the

governing body of a Native American nation or tribe two options for tax-exempt sales to its tribal members.

- Require **Informational Returns for Credit and Debit Cards.** Mirrors Federal requirements by requiring certain financial institutions to also file information returns with the State annually regarding amounts of credit/debit card settlements and third-party network transactions.

- **False Claims Act.** Removes the exemption for tax fraud from the State False Claims Act, allowing citizens to bring legal action against tax cheats and share in the proceeds of the case if the action is successful.

Other Revenue Actions

OTHER REVENUE ACTIONS (millions of dollars)				
	2010-11		2011-12	
	General Fund	All Funds	General Fund	All Funds
Tax Credit Deferral	100.0	100.0	970.0	970.0
Change Abandoned Property Dormancy Periods	35.0	35.0	45.0	45.0
Repeal Private Label Credit Card Law	17.0	17.0	23.0	23.0
VLT Provisions	-	30.0	-	55.0
Quick Draw Provisions	-	20.0	-	31.0
TOTAL OTHER REVENUE ACTIONS	**152.0**	**202.0**	**1,038.0**	**1,124.0**

- **Tax Credit Deferral.** Allows $2 million in aggregate credit at the taxpayer level for tax years 2010, 2011, and 2012. The total amount of credits deferred under this proposal will be paid back to taxpayers over tax years 2013, 2014, and 2015. This provision affects personal income and corporate income taxpayers. The credits impacted are business-related credits. Personal income tax credits such as the child credit and EITC are excluded.

- **Change Abandoned Property Dormancy Periods.** Reduces the dormancy period for receipts from unclaimed goods from five to three years and non-bank money orders seven to five years.

- **Repeal Private Label Credit Card Law.** Repeals Tax Law §1132(e-1), which allowed private label credit card lenders, as well as vendors who use private label credit card lenders to finance their credit card sales, to claim a sales tax credit or refund on accounts financed by or assigned to the lender that are written or charged off as uncollectible.

- **Extend VLT Hours of Operation.** Increases the authorized hours of operation of VLTs from sixteen to 20 hours a day but no later than 4 AM, reduces the commission rate paid to vendor tracks by one percent, and eliminates the sunset of the VLT program.

- **Quick Draw Hours and Sunset.** Eliminates the restriction on the number of hours that the Division of the Lottery can operate the Quick Draw lottery game and makes the Lottery's authorization to operate the game permanent.

New or Expanded Tax Credits

NEW OR EXPANDED TAX CREDITS/EXEMPTIONS (millions of dollars)				
	2010-11		2011-12	
	General Fund	All Funds	General Fund	All Funds
Narrow Affiliate Nexus Provisions	(5.0)	(5.0)	(5.0)	(5.0)
Expand the Low-Income Housing Tax Credit Program	(4.0)	(4.0)	(4.0)	(4.0)
Historic Properties Tax Credits	(3.0)	(3.0)	(5.0)	(5.0)
Livery Vehicle Sales Tax Exemption	(3.0)	(3.0)	(3.0)	(3.0)
Extend and Expand Film Tax Credit	-	-	-	-
Excelsior Jobs Program	-	-	-	-
TOTAL NEW OR EXPANDED TAX CREDITS/EXEMPTIONS	**(15.0)**	**(15.0)**	**(17.0)**	**(17.0)**

- **Narrow Affiliate Nexus Provision.** The affiliate nexus provision contained within the 2009-10 Enacted Budget is amended by narrowing the definition of a sales tax vendor by providing that certain in-State activities of an affiliate do not make the seller a vendor.

- **Expand the Low-Income Housing Tax Credit Program.** The Commissioner of the Division of Housing and Community Renewal is authorized to allocate an additional $4 million in aggregate credit awards to taxpayers that develop qualifying housing projects for low-income New Yorkers. Credits are given in equal installments for a ten-year period. As such, the total amount of credits that will be awarded from this new authorization will be $40 million.

- **Historic Properties Tax Credits.** Allows banks and insurance companies to claim the nonresidential tax credit and sunsets the higher residential and non-residential caps enacted in 2009 on December 31, 2014.

- **Livery Vehicle Sales Tax Exemption.** This provision exempts transportation delivered by livery vehicles that both originates and terminates in New York City from the State and New York City sales taxes.

- **Extend and Expand Film Tax Credit.** Provides an additional film tax credit allocation of $420 million per year for tax years 2010 through 2014, $7 million of which is dedicated to a new post-production credit. This measure also imposes various reforms to enhance the State's return on investment. They include requirements that the recipient: conduct at least 10 percent of shooting days at a qualified facility; include an end-credit acknowledging financial support from New York State or provide a New York promotional video as part of the film or DVD release in the secondary market; ensure only purchases of taxable property and services from registered sales tax vendors are eligible in the credit calculation; ensure at least 75 percent of post-production costs are incurred in New York in order to be considered a qualified cost.

- **Create Excelsior Jobs Program.** Establishes a new economic development program to provide incentives based on job creation, investment, and research and development expenditures in New York State. The new program maximizes the return on State investment by capping both total program and individual project costs, allowing only targeted industries to participate, and requiring substantial job and investment thresholds to be met and maintained prior to any project claiming benefits.

Technical Corrections and Extenders

These provisions have no fiscal impact over the Financial Plan period.

- **Extend Major Provisions of the Bank Tax and Temporary GLB Provisions.** Extends for one year bank tax reform provisions from 1985 and 1987, as well as provisions that were intended to temporarily address regulatory changes from the Federal Gramm-Leach-Bliley Act.

- **Extend the Pari-Mutuel Tax.** Extends lower Pari-Mutuel tax rates for one year. Also extends by one year the rules governing the simulcasting of out-of-state races and the authorization for account wagering.

- **Make Technical Corrections to the 2009-10 Enacted Budget Empire Zones Program Changes.** Clarifies that the Legislature intended to decertify certain businesses retroactively to the 2008 tax year, clarifies reporting provisions, and allows qualified investment projects to claim the investment tax credit and employee incentive tax credit after June 30, 2010.

- **Make Technical Corrections to the 2009-10 Enforcement Provisions.** Restores nonfiling as a class E felony, changes mail response requirements for taxpayer reconciliation conferences, corrects typographical error (changes "article one" to "one article"), defines contribution of aircraft from a nonresident to new subsidiary as a retail sale (and therefore taxable), and restores requirement that IDAs file a report when they appoint an agent to manage a project.

- **Amend the Tax on Medallion Taxicab Trip.** Amends the tax on medallion taxicab rides in MCTD by requiring the medallion owner to collect and remit the 50 cent per ride tax.

- **Real Estate Investment Trusts Technical Amendments.** Clarifies that certain publicly traded REITs with fractional ownership shares in non-related United States REITs are not subject to provisions relating to “closely-held” REITs that were enacted in 2008-09.

- **Estate Tax Unified Credit Technical Amendment.** Preserves the $1 million State unified credit for 2010 despite the expiration of the Federal estate tax.

New or Increased Fines

NEW OR INCREASED FINES (millions of dollars)				
	2010-11		2011-12	
	General Fund	All Funds	General Fund	All Funds
Freshwater Wetlands Fines	-	0.7	-	0.7
Mineral Resources Fines	-	0.3	-	0.3
TOTAL NEW OR INCREASED FINES	-	**1.0**	-	**1.0**

- **Freshwater Wetlands Fines.** Makes modest increases in fines and penalties, both civil and criminal, for violations of law applicable to wetlands.

- **Mineral Resources Fines.** Makes modest increases in fines and penalties, both civil and criminal, for violations of law applicable to mineral resources.

2010-11 Financial Plan Disbursements Forecast

The table below displays estimated annual spending growth from 2009-10 to 2010-11, on an adjusted basis. DOB has made adjustments to the actual and planned disbursements to account for the impact of (a) paying the $2.06 billion end-of-year school aid payment scheduled for the last quarter of 2009-10 in the first quarter of 2010-11, as authorized in statute and (b) the timing of $2.0 billion in Federal ARRA "pass through" spending expected in 2009-10. The latter has no impact on the State's efforts to balance the budget but instead represents Federal stimulus money that must pass through the State's Financial Plan. Approximately $2 billion in pass-through funding, that was expected to be disbursed in 2009-10, is now expected to be disbursed in future years. See Financial Plan tables for 2009-10 actual results and 2010-11 estimates.

TOTAL DISBURSEMENTS - ADJUSTED FOR PAYMENT DEFERRALS AND ARRA PASS-THROUGH
(millions of dollars)

			Before Actions			After Actions	
	2009-10 Adjusted	2010-11 Base	Annual $ Change	Annual % Change	2010-11 Adjusted	Annual $ Change	Annual % Change
State Operating Funds	**78,934**	**85,413**	**6,479**	**8.2%**	**78,998**	**64**	**0.1%**
General Fund (Excludes Transfers)	48,475	54,094	5,619	11.6%	47,601	(874)	-1.8%
Other State Funds	25,447	25,612	165	0.6%	25,789	342	1.3%
Debt Service Funds	5,012	5,707	695	13.9%	5,608	596	11.9%
All Funds	**130,937**	**139,720**	**8,783**	**6.7%**	**133,827**	**2,890**	**2.2%**
State Operating Funds	78,934	85,413	6,479	8.2%	78,998	64	0.1%
Capital Projects Funds	7,112	8,568	1,456	20.5%	8,454	1,342	18.9%
Federal Operating Funds	44,891	45,739	848	1.9%	46,375	1,484	3.3%
General Fund, including Transfers	**54,262**	**60,152**	**5,890**	**10.9%**	**53,533**	**(729)**	**-1.3%**
State Funds	**84,094**	**91,617**	**7,523**	**8.9%**	**85,073**	**979**	**1.2%**

Adjusted State Operating Funds spending, which includes both the General Fund and spending from other operating funds supported by assessments, tuition, HCRA resources and other non-Federal revenues, is projected to total $79.0 billion in 2010-11. Adjusted All Funds spending, which includes capital spending and Federal aid in addition to State Operating Funds, is projected to total $133.8 billion in 2010-11. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agency) in Special Revenue Funds have been adjusted downward in all fiscal years based on typical spending patterns and the observed variance between estimated and actual results.

ADJUSTED STATE OPERATING FUNDS [1] SPENDING PROJECTIONS
MAJOR SOURCES OF ANNUAL CHANGE
(millions of dollars)

	2009-10	2010-11	Change
Major Functions (Annual Change)			
Health Care:			
Medicaid	11,479	11,675	196
Public Health	2,404	2,523	119
K-12 Education:			
School Aid (State Fiscal Year)	20,374	19,942	(432)
All Other Education Aid	1,693	1,663	(30)
STAR	3,414	3,300	(114)
Higher Education	8,447	8,092	(355)
Social Services:			
Temporary and Disability Assistance	1,360	1,222	(138)
Children and Family Services	2,006	2,148	142
Mental Hygiene	4,360	4,537	177
Transportation	3,941	4,433	492
General State Charges [2]	3,594	4,128	534
Debt Service	4,961	5,516	555
All Other (Annual Change)			
Local Government Aid	1,080	791	(289)
Department of Insurance	658	463	(195)
Statewide Agency Operating Reductions [3]	0	(500)	(500)
All Other	9,163	9,065	(65)
Total Adjusted State Operating Funds Spending	**78,934**	**78,998**	**97**

[1] Includes General Fund, State Special Revenue and Debt Service Funds.

[2] General Fund only. Fringe benefits are allocated to agency budgets outside of the General Fund.

[3] Reductions will be allocated by agency in the Mid-Year Financial Plan, following approval of early retirement and other savings plans.

Selected Program Measures and Assumptions

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 of the amounts appropriated in the Budget are disbursed in the same fiscal year. Selected assumptions used in preparing the spending projections for the State's major programs and activities are summarized in the following tables.

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING OPERATING ACTIVITIES

	Results	Forecast			
	2009-10	2010-11	2011-12	2012-13	2013-14
Medicaid					
Medicaid Coverage	4,115,363	4,538,817	4,580,270	4,265,869	3,910,295
Family Health Plus Coverage	386,629	388,643	396,816	404,988	413,161
Child Health Plus Coverage	387,292	397,178	406,778	416,378	425,978
Medicaid Inflation	1.7%	0.9%	3.3%	3.1%	3.2%
Medicaid Utilization	2.5%	1.4%	4.9%	4.5%	4.7%
State Takeover of County/NYC Costs ($000)	$1,677	$2,039	$2,524	$3,006	$3,527
- Family Health Plus	$374	$405	$436	$467	$475
- Medicaid	$1,303	$1,634	$2,088	$2,539	$3,052
Education					
School Aid (School Year) ($000)	$21,687	$20,557	$23,520	$25,700	$28,110
K-12 Enrollment	2,730,000	2,730,000	2,730,000	2,730,000	2,730,000
Public Higher Education Enrollment (FTEs)	567,725	586,385	591,101	585,068	589,675
Tuition Assistance Program Recipients	318,455	322,632	323,632	324,132	324,132
Welfare					
Family Assistance Caseload	386,603	397,263	409,253	417,387	423,733
Single Adult/No Children Caseload	154,401	159,037	165,182	170,765	177,045
Mental Hygiene					
Total: Mental Hygiene Community Beds	82,629	85,334	87,106	89,295	91,328
- OMH Community Beds	34,262	35,780	36,610	37,889	38,952
- OPWDD Community Beds	35,859	36,840	37,747	38,521	39,357
- OASAS Community Beds	12,508	12,714	12,749	12,885	13,019
Prison Population (Corrections)	58,600	57,600	57,000	56,800	56,800

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

	Results	Forecast			
	2009-10	2010-11	2011-12	2012-13	2013-14
Negotiated Salary Increases [1]	3.0%	4.0%	TBD	TBD	TBD
State Workforce [2]	131,741	128,165	128,749	TBD	TBD
ERS Pension Contribution Rate:[3]					
Before Amortization	7.5%	12.1%	16.1%	20.3%	23.5%
After Amortization	7.5%	9.5%	10.5%	11.5%	12.5%
PFRS Pension Contribution Rate:					
Before Amortization	15.3%	18.3%	23.4%	27.7%	31.4%
After Amortization	15.3%	17.5%	18.5%	19.5%	20.5%
Employee/Retiree Health Insurance Growth Rates	4.8%	4.6%	9.3%	9.2%	9.2%
PS/Fringe as % of Receipts (All Funds Basis)	14.8%	14.2%	15.0%	15.6%	15.4%

[1] Reflects current collective bargaining agreements with settled unions. The Governor withheld Management/Confidential salary increases in 2009-10 and 2010-11. Does not reflect potential impact of negotiated workforce savings.

[2] Subject to Executive Control.

[3] As Percent of Salary.

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING DEBT

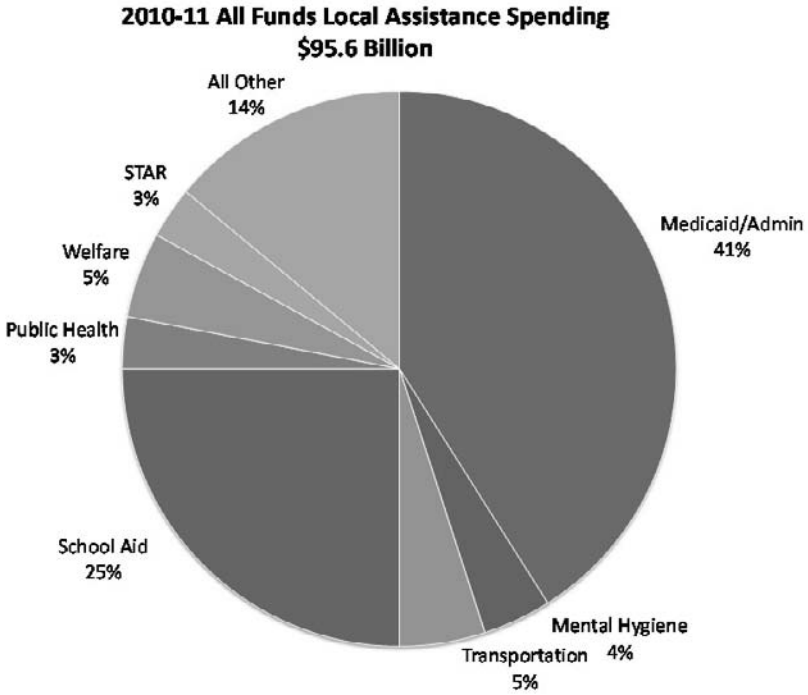
	Results	Forecast			
	2009-10	2010-11	2011-12	2012-13	2013-14
State Debt					
Debt Outstanding	$54,694	$56,877	$58,413	$58,751	$58,487
Debt Issuances	6,082	5,365	5,368	4,372	3,899
Debt Capacity under Debt Outstanding Cap	6,663	4,547	2,460	2,343	2,769
Debt Service as % of Receipts	4.4%	4.5%	5.0%	5.2%	5.1%
Interest on Variable Rate Debt	2.5%	2.3%	3.3%	3.4%	3.7%
Interest on Fixed Rate 30-Year Bonds	4.9%	5.3%	6.3%	6.3%	6.3%

The spending forecast for each of the State's Financial Plan categories follows.

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 72 percent of All Funds spending.

In 2010-11, adjusted All Funds spending for local assistance is proposed to total $95.6 billion. Total spending is comprised of State aid to medical assistance providers and public health programs ($42.4 billion); State aid for education, including school districts, universities, and tuition assistance ($33.2 billion); temporary and disability assistance ($4.7 billion); mental hygiene programs ($4.0 billion); transportation ($5.1 billion); children and family services ($3.0 billion); and local government assistance ($791 million). Other local assistance programs include criminal justice, economic development, housing, parks and recreation, and environmental quality.



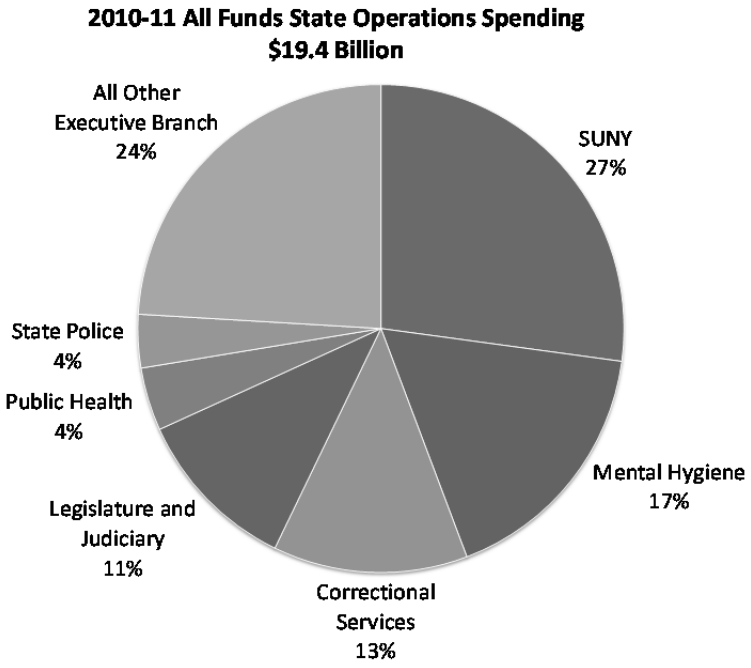
LOCAL ASSISTANCE SPENDING PROJECTIONS (ADJUSTED) (millions of dollars)				
	2009-10 Results	2010-11 Enacted	Annual Change	Percent Change
General Fund	**36,294**	**35,448**	**(846)**	**-2.3%**
Other State Support	17,644	18,185	**541**	**3.1%**
State Operating Funds	**53,938**	**53,633**	**(305)**	**-0.6%**
Capital Projects Funds	1,440	1,292	**(148)**	**-10.3%**
Federal Operating Funds	37,750	40,699	**2,949**	**7.8%**
All Funds	**93,128**	**95,624**	**2,496**	**2.7%**

The table below highlights enacted local assistance annual spending changes from 2009-10 to 2010-11 by major program and/or agency.

LOCAL ASSISTANCE SPENDING PROJECTIONS (ADJUSTED)
MAJOR SOURCES OF ANNUAL CHANGE
(millions of dollars)

	General Fund	State Operating Funds	All Funds
2009-10 Results	**36,294**	**53,938**	**93,128**
School Aid	(699)	(432)	609
Medicaid (including Admin)	280	171	1,204
Transportation	36	480	642
Other Education Aid	(23)	(23)	600
Local Government Assistance	(289)	(289)	(289)
City University	(305)	(305)	(285)
Mental Hygiene	82	277	237
Insurance	(57)	(201)	(201)
Children and Families	116	116	191
Temporary and Disability Assistance	(151)	(151)	(181)
STAR	0	(114)	(114)
Public Health	98	82	(58)
All Other	66	84	141
2010-11 Enacted	**35,448**	**53,633**	**95,624**
Annual Dollar Change	(846)	(305)	2,496
Annual Percent Change	-2.3%	-0.6%	2.7%

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, Legislative, and Judicial branches, as well as overtime payments and costs for temporary employees. The cost of fringe benefits (e.g., pensions, health insurance) for active and retired employees is accounted for separately in GSCs. 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.

State Operations spending, which is projected to total $19.4 billion in 2010-11, finances the costs of Executive agencies ($17.2 billion) and the Legislature and Judiciary ($2.1 billion). The largest agencies in dollar terms and staffing levels include SUNY ($5.2 billion; 41,815 FTEs), Mental Hygiene ($3.3 billion; 39,036 FTEs), Correctional Services ($2.5 billion; 30,366 FTEs), DOH ($809 million; 5,476 FTEs), and State Police ($683 million; 5,530 FTEs).

Approximately 94 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 (e.g., attorneys, nurses, accountants, engineers, 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, which excludes the Legislature, Judiciary, Comptroller's Office, Law, SUNY, CUNY, SUNY Construction Fund, Roswell Park, State Insurance Fund, and the Foundation for Science, Technology, and Innovation, is projected to total 128,165 FTEs in 2010-11, a decrease of 3,576 from the actual 2009-10 levels. Statewide decreases are expected due to the retirement incentive program; individual agencies are further reducing workforce as follows: Transportation (353 FTEs) from attritions and reducing maintenance and snow/ice control workforce; State Police (174 FTEs) primarily due to attritions of civilians and troopers; Environmental Conservation as the result of hard hiring freeze and attritions (169 FTEs); and State Education attributable to attritions (61 FTEs). These decreases are offset by the increases in Tax and Finance (359 FTEs) due to the initiative of hiring more auditors to augment the State auditing and fraud reduction efforts and Mental

Hygiene (347 FTEs) primarily from increased staff needs as the result of the Deinstitutionalization Plan and related bed development.

STATE OPERATIONS SPENDING PROJECTIONS (millions of dollars)				
	2009-10 Results	2010-11 Enacted	Annual Change	Percent Change
General Fund	**5,571**	**5,868**	**297**	**5.3%**
Other State Support	9,819	8,774	(1,045)	-10.6%
State Operating Funds	**15,390**	**14,642**	**(748)**	**-4.9%**
Capital Projects Funds	0	0	0	N/A
Federal Operating Funds	4,042	4,544	502	12.4%
Total All Funds	**19,432**	**19,186**	**(246)**	**-1.3%**

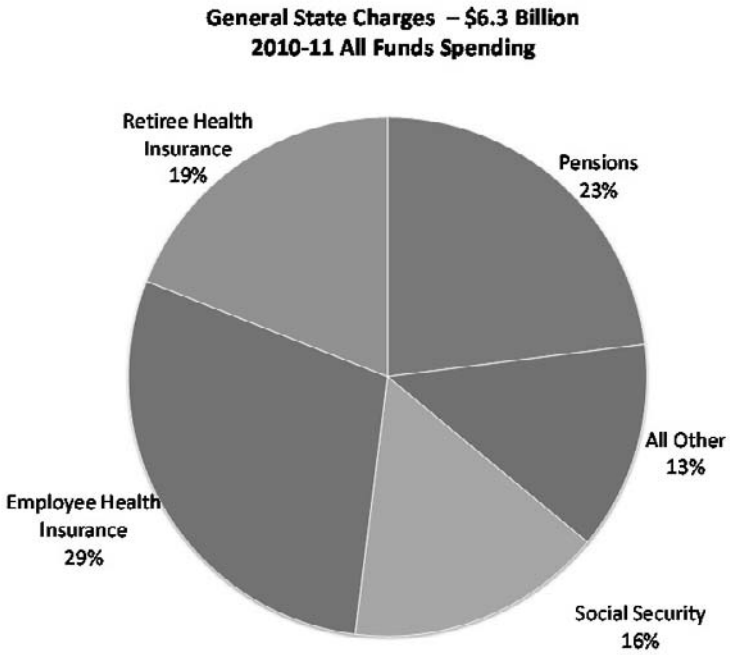
All Funds State Operations spending by category, based upon historical spending trends, is allocated among employee regular salaries (66 percent), overtime payments (2 percent), contractual services (21 percent), supplies and materials (5 percent), equipment (2 percent), employee travel (1 percent), and other operational costs (3 percent).

STATE OPERATIONS SPENDING PROJECTIONS MAJOR SOURCES OF ANNUAL CHANGE - STATE OPERATING FUNDS (millions of dollars)			
	Personal Service	Non-Personal Service	State Operations
2009-10 Results	**10,874**	**4,516**	**15,390**
Retroactive Salary Payments	(298)	0	(298)
Statewide Agency State Operations Savings	(250)	(250)	(500)
All Other	(19)	69	50
2010-11 Enacted	**10,307**	**4,335**	**14,642**
Annual Dollar Change	(567)	(181)	(748)
Annual Percent Change	-5.2%	-4.0%	-4.9%

The State Operating Funds spending decrease of $748 million (4.9 percent) is primarily driven by planned statewide reductions in agency operations through the use of an early retirement incentive, continuing hiring controls, abolition of vacant positions; efficiency from shared service and consolidation arrangements; contingency controls on non-personal spending; one-time retroactive salary payments associated with the NYSCOPBA, PBA, BCI and Council 82 contracts that were paid in 2009-10 ($320 million); workforce and reductions in mental hygiene ($114 million); potential spending for potential collective bargaining agreements with unsettled unions ($229 million) continues to be included in the spending forecast.

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 GSCs 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. Fixed costs are paid in full by General Fund revenues from GSCs.

GENERAL STATE CHARGES SPENDING PROJECTIONS
(millions of dollars)

	2009-10 Results	2010-11 Enacted	Annual Change	Percent Change
General Fund	3,594	4,128	534	14.9%
Other State Support	1,040	1,077	37	3.6%
State Operating Funds	**4,634**	**5,205**	**571**	**12.3%**
Capital Projects Funds	0	0	0	0.0%
Federal Operating Funds	1,099	1,132	33	3.0%
Total All Funds	**5,733**	**6,337**	**604**	**10.5%**

All Funds spending on GSCs is expected to total $6.3 billion in 2010-11, and includes health insurance spending for employees ($1.8 billion) and retirees ($1.2 billion), pensions ($1.5 billion) and Social Security ($1 billion). The annual changes are described in more detail below.

Current-Services

GENERAL STATE CHARGES
SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) FROM 2009-10 TO 2010-11
(millions of dollars)

	General Fund	Other State Funds	Total State Operating Funds	Capital Projects Funds	Federal Operating Funds	Total All Funds
2009-10 Results	**3,594**	**1,040**	**4,634**	**0**	**1,099**	**5,733**
Current Services:	**835**	**37**	**872**	**0**	**24**	**896**
Employee and Retiree Health Insurance	385	0	385	0	0	385
Pension Contribution	552	0	552	0	0	552
Employer Social Security	29	0	29	0	0	29
Workers' Compensation	16	0	16	0	0	16
Fringe Benefit Escrow Payments	(83)	0	(83)	0	24	(59)
Taxes on State Owned Land	(15)	0	(15)	0	0	(15)
All Other	(49)	37	(12)	0	0	(12)
Enacted Savings:	**(301)**	**0**	**(301)**	**0**	**9**	**(292)**
Amortize Pension Costs	(242)	0	(242)	0	0	(242)
Option to Self Insure NYSHIP	(15)	0	(15)	0	0	(15)
Medicare Part B Cost Sharing	(30)	0	(30)	0	0	(30)
Other	(14)	0	(14)	0	9	(5)
2010-11 Enacted	**4,128**	**1,077**	**5,205**	**0**	**1,132**	**6,337**
Annual Change	534	37	571	0	33	604

Employee and Retiree Health Insurance: Spending for employee and retiree health insurance is projected to increase by $385 million due to increase in premium charges.

Pension Contribution: As a result of the recent economic downturn and investment losses in 2008-09, pension costs in 2010-11 and beyond are expected to increase significantly. To mitigate long-term pension cost increases, legislation was enacted to create a new pension tier (Tier 5). Among other things, it requires newly hired employees to contribute 3 percent of their salary to the pension system for the duration of their employment. Previously this requirement was only in place for an employee's first ten years of service. More importantly, it raises the minimum age to retire without penalty to 62. New employees will also be required to work for ten years before becoming eligible to receive pension benefits upon retirement.

Employer Social Security: The employer contribution is expected to increase by $29 million in 2010-11, largely due to salary increases.

Workers' Compensation: The increase in expected spending is based on updated workers' compensation claims and utilization experience.

Fringe Benefit Escrow Payments: This reflects an anticipated increase in collections as a result of an increase in the fringe benefit rate.

Taxes on State Owned Lands: This decrease is caused by timing adjustments that artificially inflated 2009-10 costs.

All Other: Primarily attributable to the Judiciary's contribution to the Judicial Supplemental Support Fund, along with decreases for litigation, including judgments against the State.

2010-11 Enacted Savings

Amortize State Pension Costs: Local governments and the State face substantial pension contribution increases over the next six years due to investment losses experienced by the Common Retirement Fund. The budget affords local governments and the State the option to amortize a portion of their pension costs beginning in 2010-11. Specifically, pension contribution costs in excess of the amortization thresholds, which are 9.5 percent for ERS and 17.5 percent for PFRS, may be amortized. The authorizing legislation also permits amortization in all future years if the actuarial contribution rate is greater than the amortization threshold, which may increase or decrease by no more than one percentage point for each year. Repayment of the amortized amounts will be made over a ten-year period at an interest rate to be determined by the State Comptroller. For planning purposes, the Financial Plan assumes that the State will authorize pension costs consistent with the provisions of the authorizing legislation. In addition, employees and retirees are now required to pay a portion of Medicare Part B premiums and the State is authorized to self-insure all or parts of the New York State Health Insurance Plan.

Option to Self Insure NYSHIP: Savings generated by the State to self insure all or parts of NYSHIP. The elimination of insurance carrier risk charges, State and local taxes, and insurance assessments would produce savings for NYSHIP.

Medicare Part B Premiums: The state currently pays 100 percent of the Medicare Part B premium for employees and retirees. Savings would be generated by requiring employees and retirees to pay 10 percent of Medicare Part B premiums for individual coverage and 25 percent for dependent coverage. Currently, the monthly Medicare Part B base level premium is $96.

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 by transfers from the General Fund, dedicated taxes and fees, and other resources, such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS
(millions of dollars)

	2009-10 Results	2010-11 Enacted	Annual Change	Percent Change
General Fund	**1,844**	**1,642**	**(202)**	**-11.0%**
Other State Support	3,117	3,874	757	24.3%
State Operating Funds	**4,961**	**5,516**	**555**	**11.2%**
Total All Funds	**4,961**	**5,516**	**555**	**11.2%**

All Funds debt service is projected at $5.5 billion in 2010-11, of which $1.6 billion is paid from the General Fund through transfers and $3.9 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 bonds, DHBTF bonds, and mental health facilities bonds.

DEBT SERVICE
SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE) FROM 2009-10 TO 2010-11
(millions of dollars)

	General Fund	Other State Funds	Total State Operating Funds	Capital Projects Funds	Total All Funds
2009-10 Results	**1,844**	**3,117**	**4,961**	**0**	**4,961**
Current Services:	(153)	769	616	0	616
Savings:	(49)	(12)	(61)	0	(61)
2010-11 Proposed	**1,642**	**3,874**	**5,516**	**0**	**5,516**
Annual Change	(202)	757	555	0	555

Current-Services

Growth in debt service primarily supports ongoing capital spending. The increased spending reflects additional bond issues to support ongoing capital commitments for transportation ($377 million), economic development and housing ($196 million), and other program areas ($139 million). The annual increase for transportation debt service includes the impact of a 2005 restructuring of Dedicated Highway and Bridge bonds, which provided short-term relief for program needs, with higher annual debt service costs thereafter, beginning in 2010-11. In addition, a $96 million decrease in education-related debt service reflects the prepayment of $155 million of certain debt service in 2009-10. Variable interest rates are projected at 2.3 percent for 2010-11.

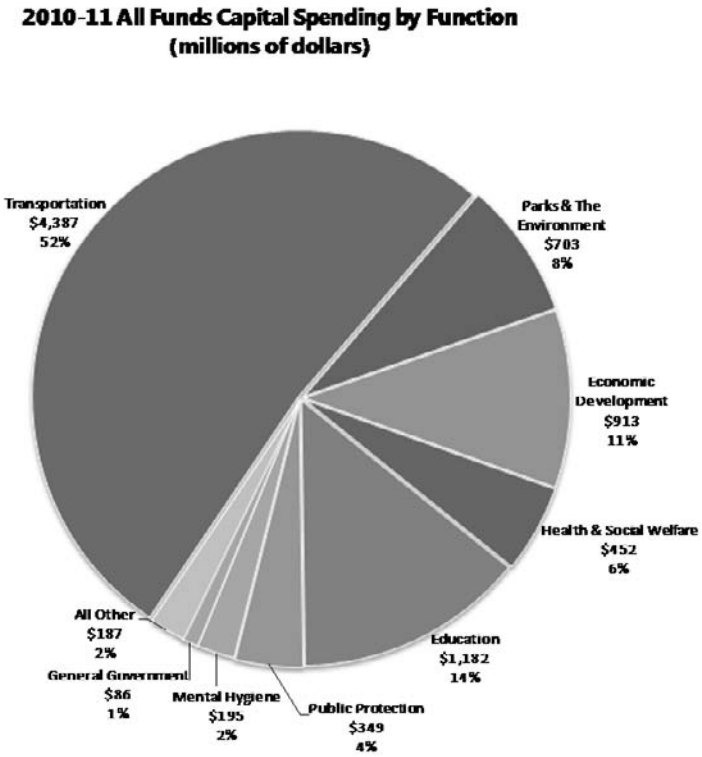
2010-11 Savings

The 2010-11 Enacted Budget includes $100 million in additional debt service savings, of which approximately $40 million has been realized to date. Debt management actions may include, but are not limited to: maximizing refunding opportunities, including through consolidated service contract refundings; the continued use of Build America Bonds; further efficiencies from PIT issuer flexibility; and selling a minimum 25 percent of bonds on a competitive basis, market conditions permitting.

Capital Projects

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

Capital projects account for spending across all functional areas to finance costs related to the acquisition, construction, repair or renovation of fixed assets. Spending from appropriations made from over 30 capital projects funds is 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)				
	2009-10 Results	2010-11 Enacted	Annual Change	Percent Change
General Fund	**565**	**1,096**	**530**	**93.8%**
Other State Support	4,595	4,980	385	8.4%
State Funds	**5,160**	**6,075**	**915**	**17.7%**
Federal Funds	1,952	2,379	428	21.9%
All Funds	**7,112**	**8,455**	**1,343**	**18.9%**

All Funds capital spending is projected at $8.4 billion in 2010-11. Transportation spending, primarily for improvements and maintenance to the State's highways and bridges, continues to account for the largest share (52 percent) of this total. The balance of projected spending will support capital investments in the areas of education (14 percent), economic development (11 percent), parks and environment (8 percent), and mental hygiene and public protection (6 percent). The remainder of projected capital projects spending is spread across health and social welfare, general government and other areas (8 percent).

2010-11 Recommended Savings

The Capital Reduction Program included in the 2010-11 Enacted Budget will result in savings of $1.6 billion over five years. This initiative maintains investments in infrastructure while deferring or eliminating lower-priority projects. Savings in 2010-11 are projected to total $119 million.

Other Financing Sources/(Uses)

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

The most significant General Fund transfers to other funds in 2010-11 are for the State share of Medicaid ($2.5 billion), general debt service ($1.6 billion), and capital projects ($1.1 billion, including $392 million for PAYGO projects and a $699 million subsidy to the DHBTF). Judiciary funding includes moneys transferred to the Court Facilities Incentive Aid Fund, New York City County Clerks Fund, and Judiciary Data Processing Fund ($153 million). General Fund transfers to other funds payments for patients residing in State-operated health, mental hygiene and SUNY facilities ($216 million), SUNY hospital subsidy payments ($33 million), and supplemental resources for banking ($66 million).

In Special Revenue Funds, transfers to other funds are made 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 ($3.9 billion), a transfer from HCRA to the Capital Projects Fund to finance anticipated non-bondable spending for HEAL NY ($197 million) and transfer of moneys from several Special Revenue accounts in excess of spending requirements ($1.5 billion).

Capital Projects funds transfers are also made to the General Debt Service Fund from the DHBTF ($1.4 billion), and from the Hazardous Waste Remedial Fund ($27 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 ($4.2 billion).

2010-11 Operating Results Through July 2010

GENERAL FUND PRELIMINARY RESULTS: APRIL THROUGH JULY 2010 (millions of dollars)		
	Preliminary Results	**Increase/ (Decrease) from Prior Year**
Opening Balance (April 1, 2010)	**2,302**	**354**
Receipts	**16,110**	**362**
Personal Income Tax*	10,119	230
User Taxes and Fees*	3,615	219
Business Taxes	1,057	(218)
Other Taxes*	571	229
Non-Tax Revenue	748	(98)
Disbursements	**17,822**	**1,138**
School Aid	6,973	1,678
Medicaid (including admin)	2,903	783
All Other Education	72	(322)
Children and Family Services	105	(303)
All Other Local	2,065	(638)
Personal Service	2,267	(64)
Non-Personal Service	573	(139)
General State Charges	750	(129)
Transfers To Other Funds	2,114	272
Change in Operations	**(1,712)**	**(776)**
Closing Balance (July 31, 2010)	**590**	**(422)**

* Includes transfers from other funds after debt service.

Source: DOB.

Through July 2010, General Fund receipts, including transfer from other funds, were $362 million or 2.3 percent higher than the same period in 2009. Net tax collections are higher by $460 million. Non-tax revenue was lower primarily due to the timing of transfers from other funds as a result of the delay in enacting the 2010-11 budget.

Through July 2010, General Fund disbursements, including transfers to other funds, were $1.1 billion, or 6.7 percent higher than the 2009 period. The payment in June 2010 of $2.1 billion in school aid planned for March 2010 accounted for the increase. Excluding the impact of this cash management action, local assistance spending through July 2010 was down by over $1 billion. Higher Medicaid spending results from a decline in HCRA offsets and an additional weekly cycle for this period in 2010-11. This growth was offset by lower authorized spending in Higher Education, Special Education, Children and Family Services, and non-personal service during the period when interim appropriations were in place.

All Funds

PRELIMINARY SPENDING RESULTS: APRIL THROUGH JULY 2010 (millions of dollars)		
	Preliminary Results	**Increase/ (Decrease) from Prior Year**
State Operating Funds	**22,751**	**211**
General Fund (excl. transfers)	15,708	867
Other State Funds	5,944	(693)
Debt Service Funds	1,099	37
All Governmental Funds	**39,415**	**1,727**
State Operating Funds	22,751	211
Capital Projects Funds	2,154	29
Federal Operating Funds	14,510	1,487
Source: DOB.		

State Operating Funds spending was $22.8 billion, or $211 million higher than the same period last year. Besides the General Fund spending variances described above, decreased Other State Funds spending is primarily attributable to timing related changes in HCRA programs and lower STAR spending on New York City resident personal income tax relief.

The Federal Operating spending increases over the prior year are concentrated in Medicaid and education driven by Federal ARRA spending.

CASH FINANCIAL PLAN
GENERAL FUND
2009-2010 and 2010-2011
(millions of dollars)

	2009-2010 Year-End	2010-2011 Enacted	Annual $ Change	Annual % Change
Opening fund balance	1,948	2,302	354	18.2%
Receipts:				
Taxes:				
Personal income tax	22,655	24,373	1,718	7.6%
User taxes and fees	8,086	8,810	724	9.0%
Business taxes	5,371	5,714	343	6.4%
Other taxes	885	1,034	149	16.8%
Miscellaneous receipts	3,888	2,897	(991)	-25.5%
Federal grants	71	60	(11)	-15.5%
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	7,641	7,795	154	2.0%
Sales tax in excess of LGAC debt service	2,123	2,318	195	9.2%
Real estate taxes in excess of CW/CA debt service	182	285	103	56.6%
All other transfers	1,654	1,390	(264)	-16.0%
Total receipts	52,556	54,676	2,120	4.0%
Disbursements:				
Grants to local governments	34,234	37,508	3,274	9.6%
State operations:				
Personal service	6,610	6,285	(325)	-4.9%
Non-personal service	1,977	1,740	(237)	-12.0%
General State charges	3,594	4,128	534	14.9%
Transfers to other funds:				
Debt service	1,844	1,642	(202)	-11.0%
Capital projects	565	1,096	531	94.0%
State Share Medicaid	2,401	2,450	49	2.0%
Other purposes	977	744	(233)	-23.8%
Total disbursements	52,202	55,593	3,391	6.5%
Change in fund balance	354	(917)	(1,271)	-359.0%
Closing fund balance	2,302	1,385	(917)	-39.8%
Reserves				
Tax Stabilization Reserve Fund	1,031	1,031	0	
Rainy Day Reserve Fund	175	175	0	
Contingency Reserve Fund	21	21	0	
Community Projects Fund	96	85	(11)	
Reserved for Debt Reduction	73	73	0	
Reserve for Fiscal Uncertainties	906	0	(906)	

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
2010-2011 through 2013-2014
(millions of dollars)

	2010-2011 Enacted	2011-2012 Projected	2012-2013 Projected	2013-2014 Projected
Receipts:				
Taxes:				
Personal income tax	24,373	26,265	26,106	27,581
User taxes and fees	8,810	8,975	9,255	9,687
Business taxes	5,714	6,335	6,674	6,977
Other taxes	1,034	989	1,029	1,084
Miscellaneous receipts	2,897	2,859	2,824	2,772
Federal grants	60	60	60	60
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	7,795	8,227	8,061	8,504
Sales tax in excess of LGAC debt service	2,318	2,343	2,439	2,590
Real estate taxes in excess of CW/CA debt service	285	354	464	539
All other transfers	1,390	1,400	1,137	1,146
Total receipts	54,676	57,807	58,049	60,940
Disbursements:				
Grants to local governments	37,508	45,557	50,003	53,950
State operations:				
Personal service	6,285	6,692	6,891	6,904
Non-personal service	1,740	1,909	1,995	2,115
General State charges	4,128	4,482	4,687	5,080
Transfers to other funds:				
Debt service	1,642	1,766	1,755	1,686
Capital projects	1,096	1,368	1,524	1,687
State Share Medicaid	2,450	3,022	3,120	3,083
Other purposes	744	1,236	1,606	2,023
Total disbursements	55,593	66,032	71,581	76,528
Deposit to/(use of) Community Projects Fund	(11)	(48)	(71)	(25)
Deposit to/(use of) Reserve for Fiscal Uncertainties	(906)	0	0	0
HCRA Operating Surplus/(Gap)	0	0	0	0
Cash Surplus/(Gap)	0	(8,177)	(13,461)	(15,563)

Source: NYS DOB

CASH RECEIPTS
CURRENT STATE RECEIPTS
GENERAL FUND
2010-2011 THROUGH 2013-2014
(millions of dollars)

	2010-2011 Enacted	2011-2012 Projected	2012-2013 Projected	2013-2014 Projected
Taxes:				
Withholdings	31,301	32,302	32,756	34,835
Estimated Payments	10,651	11,525	11,478	11,810
Final Payments	1,973	2,303	2,106	2,154
Other Payments	1,161	1,199	1,239	1,316
Gross Collections	45,086	47,329	47,579	50,115
State/City Offset	(298)	(298)	(298)	(298)
Refunds	(7,891)	(7,454)	(7,694)	(8,012)
Reported Tax Collections	36,897	39,577	39,587	41,805
STAR (dedicated deposits)	(3,299)	(3,417)	(3,584)	(3,772)
RBTF (dedicated transfers)	(9,225)	(9,895)	(9,897)	(10,452)
Personal income tax	24,373	26,265	26,106	27,581
Sales and use tax	10,775	10,960	11,336	11,916
Cigarette and tobacco taxes	499	522	515	508
Motor fuel tax	0	0	0	0
Alcoholic beverage control license fees	228	233	238	242
Highway Use tax	0	0	0	0
Auto rental tax	0	0	0	0
Taxicab Surcharge	0	0	0	0
Gross Utility Taxes and fees	11,502	11,715	12,089	12,666
LGAC Sales Tax (dedicated transfers)	(2,692)	(2,740)	(2,834)	(2,979)
User Taxes and fees	8,810	8,975	9,255	9,687
Corporation franchise tax	2,886	3,172	3,334	3,488
Corporation and utilities tax	685	743	766	790
Insurance taxes	1,278	1,335	1,393	1,454
Bank tax	865	1,085	1,181	1,245
Petroleum business tax	0	0	0	0
Business taxes	5,714	6,335	6,674	6,977
Estate tax	1,015	970	1,010	1,065
Real estate transfer tax	520	581	686	754
Gift tax	0	0	0	0
Real property gains tax	0	0	0	0
Pari-mutuel taxes	18	18	18	18
Other taxes	1	1	1	1
Gross Other taxes	1,554	1,570	1,715	1,838
Real estate transfer tax (dedicated)	(520)	(581)	(686)	(754)
Other taxes	1,034	989	1,029	1,084
Payroll tax	0	0	0	0
Total Taxes	39,931	42,564	43,064	45,329
Licenses, fees, etc.	667	587	583	569
Abandoned property	650	645	610	600
Motor vehicle fees	42	54	31	(41)
ABC License Fee	46	49	51	50
Reimbursements	222	222	222	222
Investment income	20	20	40	60
Other transactions	1,250	1,282	1,287	1,312
Miscellaneous receipts	2,897	2,859	2,824	2,772
Federal grants	60	60	60	60
Total	42,888	45,483	45,948	48,161

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	2,302	1,957	410	4,669
Receipts:				
Taxes	39,931	8,233	12,320	60,484
Miscellaneous receipts	2,897	15,033	790	18,720
Federal grants	60	1	50	111
Total receipts	42,888	23,267	13,160	79,315
Disbursements:				
Grants to local governments	37,508	18,185	0	55,693
State operations:				
Personal service	6,285	4,022	0	10,307
Non-personal service	1,740	2,503	92	4,335
General State charges	4,128	1,077	0	5,205
Debt service	0	0	5,516	5,516
Capital projects	0	2	0	2
Total disbursements	49,661	25,789	5,608	81,058
Other financing sources (uses):				
Transfers from other funds	11,788	3,923	7,050	22,761
Transfers to other funds	(5,932)	(1,542)	(14,624)	(22,098)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,856	2,381	(7,574)	663
Change in fund balance	(917)	(141)	(22)	(1,080)
Closing fund balance	1,385	1,816	388	3,589

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	n/ap	1,816	388	2,204
Receipts:				
Taxes	42,564	8,569	13,098	64,231
Miscellaneous receipts	2,859	15,039	809	18,707
Federal grants	60	1	54	115
Total receipts	45,483	23,609	13,961	83,053
Disbursements:				
Grants to local governments	45,557	18,332	0	63,889
State operations:				
Personal service	6,692	4,505	0	11,197
Non-personal service	1,909	2,499	92	4,500
General State charges	4,482	1,277	0	5,759
Debt service	0	0	6,035	6,035
Capital projects	0	2	0	2
Total disbursements	58,640	26,615	6,127	91,382
Other financing sources (uses):				
Transfers from other funds	12,324	4,633	6,734	23,691
Transfers to other funds	(7,392)	(1,540)	(14,584)	(23,516)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,932	3,093	(7,850)	175
Deposit to/(use of) Reserves	(48)	0	0	(48)
Change in fund balance	(8,177)	87	(16)	(8,106)
Closing fund balance	(8,177)	1,903	372	(5,902)

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	n/ap	1,903	372	2,275
Receipts:				
Taxes	43,064	8,926	13,321	65,311
Miscellaneous receipts	2,824	15,465	833	19,122
Federal grants	60	1	54	115
Total receipts	45,948	24,392	14,208	84,548
Disbursements:				
Grants to local governments	50,003	19,261	0	69,264
State operations:				
Personal service	6,891	4,597	0	11,488
Non-personal service	1,995	2,620	92	4,707
General State charges	4,687	1,458	0	6,145
Debt service	0	0	6,357	6,357
Capital projects	0	2	0	2
Total disbursements	63,576	27,938	6,449	97,963
Other financing sources (uses):				
Transfers from other funds	12,101	4,987	6,706	23,794
Transfers to other funds	(8,005)	(987)	(14,511)	(23,503)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,096	4,000	(7,805)	291
Deposit to/(use of) Reserves	(71)	0	0	(71)
Change in fund balance	(13,461)	454	(46)	(13,053)
Closing fund balance	(13,461)	2,357	326	(10,778)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2013-2014
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	n/ap	2,357	326	2,683
Receipts:				
Taxes	45,329	9,281	14,088	68,698
Miscellaneous receipts	2,772	15,741	855	19,368
Federal grants	60	1	54	115
Total receipts	48,161	25,023	14,997	88,181
Disbursements:				
Grants to local governments	53,950	19,911	0	73,861
State operations:				
Personal service	6,904	4,630	0	11,534
Non-personal service	2,115	2,614	92	4,821
General State charges	5,080	1,536	0	6,616
Debt service	0	0	6,503	6,503
Capital projects	0	2	0	2
Total disbursements	68,049	28,693	6,595	103,337
Other financing sources (uses):				
Transfers from other funds	12,779	5,176	6,634	24,589
Transfers to other funds	(8,479)	(923)	(15,087)	(24,489)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,300	4,253	(8,453)	100
Deposit to/(use of) Community Projects Fund	(25)	0	0	(25)
Change in fund balance	(15,563)	583	(51)	(15,031)
Closing fund balance	(15,563)	2,940	275	(12,348)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,302	2,400	(253)	410	4,859
Receipts:					
Taxes	39,931	8,233	1,312	12,320	61,796
Miscellaneous receipts	2,897	15,177	4,150	790	23,014
Federal grants	60	46,925	2,451	50	49,486
Total receipts	42,888	70,335	7,913	13,160	134,296
Disbursements:					
Grants to local governments	37,508	58,884	1,292	0	97,684
State operations:					
Personal service	6,285	6,762	0	0	13,047
Non-personal service	1,740	4,307	0	92	6,139
General State charges	4,128	2,209	0	0	6,337
Debt service	0	0	0	5,516	5,516
Capital projects	0	2	7,162	0	7,164
Total disbursements	49,661	72,164	8,454	5,608	135,887
Other financing sources (uses):					
Transfers from other funds	11,788	7,273	1,361	7,050	27,472
Transfers to other funds	(5,932)	(5,506)	(1,429)	(14,624)	(27,491)
Bond and note proceeds	0	0	578	0	578
Net other financing sources (uses	5,856	1,767	510	(7,574)	559
Change in fund balance	(917)	(62)	(31)	(22)	(1,032)
Closing fund balance	1,385	2,338	(284)	388	3,827

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	n/ap	2,338	(284)	388	2,442
Receipts:					
Taxes	42,564	8,569	1,342	13,098	65,573
Miscellaneous receipts	2,859	15,177	4,384	809	23,229
Federal grants	60	42,483	2,307	54	44,904
Total receipts	45,483	66,229	8,033	13,961	133,706
Disbursements:					
Grants to local governments	45,557	55,293	1,463	0	102,313
State operations:					
Personal service	6,692	6,803	0	0	13,495
Non-personal service	1,909	4,084	0	92	6,085
General State charges	4,482	2,382	0	0	6,864
Debt service	0	0	0	6,035	6,035
Capital projects	0	2	7,452	0	7,454
Total disbursements	58,640	68,564	8,915	6,127	142,246
Other financing sources (uses):					
Transfers from other funds	12,324	7,788	1,823	6,734	28,669
Transfers to other funds	(7,392)	(5,227)	(1,471)	(14,584)	(28,674)
Bond and note proceeds	0	0	488	0	488
Net other financing sources	4,932	2,561	840	(7,850)	483
Deposit to/(use of) Reserves	(48)	0	0	0	(48)
Change in fund balance	(8,177)	226	(42)	(16)	(8,009)
Closing fund balance	(8,177)	2,564	(326)	372	(5,567)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	n/ap	2,564	(326)	372	2,610
Receipts:					
Taxes	43,064	8,926	1,353	13,321	66,664
Miscellaneous receipts	2,824	15,604	3,667	833	22,928
Federal grants	60	41,153	1,881	54	43,148
Total receipts	45,948	65,683	6,901	14,208	132,740
Disbursements:					
Grants to local governments	50,003	55,074	1,252	0	106,329
State operations:					
Personal service	6,891	6,847	0	0	13,738
Non-personal service	1,995	4,162	0	92	6,249
General State charges	4,687	2,658	0	0	7,345
Debt service	0	0	0	6,357	6,357
Capital projects	0	2	6,278	0	6,280
Total disbursements	63,576	68,743	7,530	6,449	146,298
Other financing sources (uses):					
Transfers from other funds	12,101	8,141	1,666	6,706	28,614
Transfers to other funds	(8,005)	(4,564)	(1,507)	(14,511)	(28,587)
Bond and note proceeds	0	0	425	0	425
Net other financing sources (uses)	4,096	3,577	584	(7,805)	452
Deposit to/(use of) Reserves	(71)	0	0	0	(71)
Change in fund balance	(13,461)	517	(45)	(46)	(13,035)
Closing fund balance	(13,461)	3,081	(371)	326	(10,425)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL FUNDS
2013-2014
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	n/ap	3,081	(371)	326	3,036
Receipts:					
Taxes	45,329	9,281	1,356	14,088	70,054
Miscellaneous receipts	2,772	15,878	3,450	855	22,955
Federal grants	60	42,827	1,864	54	44,805
Total receipts	48,161	67,986	6,670	14,997	137,814
Disbursements:					
Grants to local governments	53,950	57,467	1,226	0	112,643
State operations:					
Personal service	6,904	6,883	0	0	13,787
Non-personal service	2,115	4,174	0	92	6,381
General State charges	5,080	2,819	0	0	7,899
Debt service	0	0	0	6,503	6,503
Capital projects	0	2	5,981	0	5,983
Total disbursements	68,049	71,345	7,207	6,595	153,196
Other financing sources (uses):					
Transfers from other funds	12,779	8,430	1,741	6,634	29,584
Transfers to other funds	(8,479)	(4,426)	(1,552)	(15,087)	(29,544)
Bond and note proceeds	0	0	341	0	341
Net other financing sources (uses)	4,300	4,004	530	(8,453)	381
Deposit to/(use of) Community Projects Fund	(25)	0	0	0	(25)
Change in fund balance	(15,563)	645	(7)	(51)	(14,976)
Closing fund balance	(15,563)	3,726	(378)	275	(11,940)

Source: NYS DOB

CASHFLOW
GENERAL FUND
2010-2011
(dollars in millions)

	2010 April Acutals	May Actuals	June Actuals	July Actuals	August Projected	September Projected	October Projected	November Projected	December Projected	2011 January Projected	February Projected	March Projected	Total
OPENING BALANCE	2,302	4,274	1,648	(87)	590	(28)	2,476	1,888	1,442	1,197	6,220	6,851	2,302
RECEIPTS:													
Personal Income Tax	3,069	783	2,164	1,575	1,623	2,716	1,582	1,279	587	5,329	2,011	1,655	24,373
User Taxes and Fees	669	589	858	666	664	944	694	684	899	744	637	762	8,810
Business Taxes	60	2	915	80	102	1,153	104	95	1,297	65	115	1,726	5,714
Other Taxes	93	83	103	155	76	76	75	75	75	75	75	73	1,034
Total Taxes	3,891	1,457	4,040	2,476	2,465	4,889	2,455	2,133	2,858	6,213	2,838	4,216	39,931
Licenses, Fees, etc.	47	56	55	77	50	40	55	50	50	45	65	77	667
Abandoned Property	0	(4)	77	3	20	62	16	120	40	70	60	186	650
ABC License Fee	9	1	6	4	4	5	4	3	3	3	4	0	46
Motor vehicle fees	0	0	0	0	0	0	0	0	0	0	0	42	42
Reimbursements	7	13	35	13	13	33	10	11	36	6	11	34	222
Investment Income	1	0	0	1	(1)	4	(3)	5	1	2	4	6	20
Other Transactions	26	33	80	41	65	383	54	49	99	73	77	270	1,250
Total Miscellaneous Receipts	90	99	253	139	151	527	136	238	229	199	221	615	2,897
Federal Grants	1	13	0	0	0	14	0	0	14	0	(1)	19	60
PIT in Excess of Revenue Bond Debt Service	1,022	108	887	509	230	999	392	142	1,078	1,315	288	825	7,795
Sales Tax in Excess of LGAC Debt Service	180	100	350	202	299	226	209	203	270	224	3	52	2,318
Real Estate Taxes in Excess of CW/CA Debt Service	32	34	33	39	19	19	19	19	19	19	19	14	285
All Other	4	1	62	87	26	31	32	35	122	156	164	670	1,390
Total Transfers from Other Funds	1,238	243	1,332	837	574	1,275	652	399	1,489	1,714	474	1,561	11,788
TOTAL RECEIPTS	5,220	1,812	5,625	3,452	3,190	6,705	3,243	2,770	4,590	8,126	3,532	6,411	54,676
DISBURSEMENTS:													
School Aid	491	2,615	3,767	100	516	1,236	506	959	1,561	302	526	6,330	18,909
Higher Education	16	16	379	198	243	81	372	40	250	45	345	510	2,495
All Other Education	17	15	17	24	412	101	415	197	67	84	66	81	1,496
Medicaid - DOH	1,085	633	668	516	633	233	584	722	398	588	785	224	7,069
Public Health	40	30	122	16	91	133	27	39	125	28	25	113	789
Mental Hygiene	10	5	362	50	132	417	121	17	392	128	150	450	2,234
Children and Families	9	15	14	66	350	302	134	77	228	161	84	423	1,863
Temporary & Disability Assistance	61	140	61	62	135	134	86	87	122	87	28	151	1,154
Transportation	0	0	0	11	9	19	0	25	9	0	26	1	100
Unrestricted Aid	3	12	274	1	6	93	11	2	215	2	2	170	791
All Other	19	16	189	(27)	39	44	(50)	15	2	32	19	310	608
Total Local Assistance Grants	1,751	3,497	5,853	1,017	2,566	2,793	2,206	2,180	3,369	1,457	2,056	8,763	37,508
Personal Service	514	547	586	619	467	661	331	425	543	385	348	859	6,285
Non-Personal Service	143	108	151	171	197	171	138	131	147	159	109	115	1,740
Total State Operations	657	655	737	790	664	832	469	556	690	544	457	974	8,025
General State Charges	122	30	485	112	292	331	192	170	401	277	110	1,606	4,128
Debt Service	414	38	3	470	(4)	(122)	603	0	(1)	430	(15)	(174)	1,642
Capital Projects	14	21	4	121	48	116	12	77	47	117	97	422	1,096
State Share Medicaid	180	162	244	185	187	208	248	179	280	227	210	140	2,450
Other Purposes	110	35	34	80	55	43	101	54	49	51	(14)	146	744
Total Transfers to Other Funds	718	256	285	856	286	245	964	310	375	825	278	534	5,932
TOTAL DISBURSEMENTS	3,248	4,438	7,360	2,775	3,808	4,201	3,831	3,216	4,835	3,103	2,901	11,877	55,593
Excess/(Deficiency) of Receipts over Disbursements	1,972	(2,626)	(1,735)	677	(618)	2,504	(588)	(446)	(245)	5,023	631	(5,466)	(917)
CLOSING BALANCE	4,274	1,648	(87)	590	(28)	2,476	1,888	1,442	1,197	6,220	6,851	1,385	1,385

Source: NYS DOB

CASH DISBURSEMENTS BY FUNCTION
ALL FUNDS
(thousands of dollars)

	2009-2010 Year-End	2010-2011 Enacted	2011-2012 Projected	2012-2013 Projected	2013-2014 Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT					
Agriculture and Markets, Department of	109,449	109,328	120,189	118,068	106,907
Alcoholic Beverage Control	17,012	19,892	20,776	20,294	20,911
Banking Department	87,166	87,865	87,211	89,047	89,647
Developmental Authority North	36	200	162	162	162
Consumer Protection Board	2,295	2,946	2,926	2,741	2,783
Economic Development Capital Programs	18,306	2,500	2,500	2,500	2,500
Economic Development, Department of	76,889	71,358	66,831	67,702	82,387
Energy Research and Development Authority	29,380	34,935	31,158	29,658	31,178
Insurance Department	657,937	463,437	481,233	486,080	486,080
Empire State Development Corporation	606,568	772,848	860,671	431,301	382,996
Olympic Regional Development Authority	7,966	5,064	5,274	5,274	5,401
Public Service, Department of	77,313	78,738	83,729	88,620	91,901
Racing and Wagering Board, State	22,575	21,833	22,044	23,007	23,453
Science, Technology and Innovation, Foundation for	29,083	31,376	29,181	26,796	23,356
Strategic Investment	8,827	10,000	4,000	5,000	5,000
Functional Total	1,750,802	1,712,320	1,817,885	1,396,250	1,354,662
PARKS AND THE ENVIRONMENT					
Adirondack Park Agency	5,292	5,470	5,019	5,021	5,021
Environmental Conservation, Department of	864,001	1,042,606	1,021,569	817,173	787,873
Environmental Facilities Corporation	10,025	9,370	9,552	9,736	9,736
Hudson River Park Trust	11,977	10,000	0	0	0
Parks, Recreation and Historic Preservation, Office of	305,485	240,442	227,951	229,618	229,594
Functional Total	1,196,780	1,307,888	1,264,091	1,061,548	1,032,224
TRANSPORTATION					
Motor Vehicles, Department of	320,230	336,621	347,882	360,754	367,603
Thruway Authority	1,403	1,800	1,800	1,800	1,800
Metropolitan Transportation Authority	184,681	217,100	194,500	183,600	183,600
Transportation, Department of	7,376,584	8,341,474	8,306,937	8,196,273	8,248,166
Functional Total	7,882,898	8,896,995	8,851,119	8,742,427	8,801,169
HEALTH					
Aging, Office for the	229,966	227,821	224,739	224,739	224,739
Health, Department of	42,156,549	43,728,010	47,352,064	49,027,667	52,109,920
Medical Assistance	37,025,209	38,091,219	41,341,155	43,229,713	46,375,013
Medicaid Administration	939,296	1,102,500	1,147,500	1,193,500	1,193,500
Public Health	4,192,044	4,534,291	4,863,409	4,604,454	4,541,407
Health - Medicaid Assistance	0	0	0	0	0
Medicaid Inspector General, Office of	64,868	76,563	91,660	93,500	94,430
Stem Cell and Innovation	17,676	52,616	73,071	123,149	63,673
Functional Total	42,469,059	44,085,010	47,741,534	49,469,055	52,492,762
SOCIAL WELFARE					
Children and Family Services, Office of	3,189,020	3,431,576	3,497,590	3,728,859	3,952,980
OCFS	3,139,542	3,298,033	3,364,133	3,591,504	3,811,720
OCFS - Medicaid	49,478	133,543	133,457	137,355	141,260
Human Rights, Division of	20,300	19,690	20,058	20,664	20,949
Labor, Department of	728,721	703,650	606,814	603,128	595,107
Housing and Community Renewal, Division of	417,003	464,833	405,261	275,451	292,533
National Commission Services	16,862	16,016	14,627	14,629	14,715
Prevention of Domestic Violence, Office for	2,167	2,076	2,088	2,109	2,109

CASH DISBURSEMENTS BY FUNCTION

ALL FUNDS
(thousands of dollars)

	2009-2010 Year-End	2010-2011 Enacted	2011-2012 Projected	2012-2013 Projected	2013-2014 Projected
Temporary and Disability Assistance, Office of	5,275,993	5,114,199	5,224,158	5,242,687	5,284,441
Welfare Assistance	3,857,439	3,702,854	3,820,732	3,821,396	3,859,652
Welfare Administration	51,263	0	0	0	0
All Other	1,367,291	1,411,345	1,403,426	1,421,291	1,424,789
Welfare Inspector General, Office of	727	1,432	1,456	1,472	1,492
Workers' Compensation Board	190,135	209,333	204,137	212,073	218,844
Functional Total	9,840,928	9,962,805	9,976,189	10,101,072	10,383,170
MENTAL HYGIENE					
Mental Health, Office of	3,121,486	3,432,824	3,720,387	3,952,381	4,128,403
OMH	1,423,971	1,582,848	1,736,557	1,859,680	1,958,324
OMH - Medicaid	1,697,515	1,849,976	1,983,830	2,092,701	2,170,079
Mental Hygiene, Department of	175	0	0	0	0
People with Developmental Disabilities, Office for	4,397,581	4,504,769	4,720,747	4,960,595	5,172,871
OPWDD	522,032	580,445	596,821	620,162	642,162
OPWDD - Medicaid	3,875,549	3,924,324	4,123,926	4,340,433	4,530,709
Alcoholism and Substance Abuse Services, Office of	550,090	595,301	733,836	775,610	790,368
OASAS	456,695	486,237	619,472	657,321	669,322
OASAS - Medicaid	93,395	109,064	114,364	118,289	121,046
Developmental Disabilities Planning Council	3,397	4,200	4,200	4,200	4,200
Quality of Care for the Mentally Disabled, Commission on	15,508	15,784	17,780	18,158	18,631
Functional Total	8,088,237	8,552,878	9,196,950	9,710,944	10,114,473
PUBLIC PROTECTION/CRIMINAL JUSTICE					
Capital Defenders Office	21	0	0	0	0
Correction, Commission of	2,628	2,893	2,932	2,984	3,016
Correctional Services, Department of	2,909,312	2,758,247	2,849,122	2,911,887	2,953,670
Criminal Justice Services, Division of	241,767	356,401	325,892	308,669	309,359
Office of Victim Services	67,342	67,830	65,394	65,749	65,935
Statewide Financial System	0	31,930	41,359	50,943	51,043
Homeland Security and Emergency Services	296,589	325,709	610,532	617,974	580,503
Homeland Security	800	35,298	32,733	30,225	30,227
Office of Indigent Legal Services	0	75,000	80,000	80,000	80,000
Investigation, Temporary State Commission of	395	0	0	0	0
Judicial Commissions	5,145	5,492	5,595	5,669	5,749
Military and Naval Affairs, Division of	276,622	213,125	180,463	181,311	180,068
Parole, Division of	188,383	183,169	185,275	189,268	191,813
Probation and Correctional Alternatives, Division of	74,852	0	0	0	1,468
State Emergency Management Office	0	0	0	0	0
State Police, Division of	776,340	736,584	741,685	718,691	718,523
Wireless Network	6,672	1,586	1,586	1,586	1,586
Functional Total	4,846,868	4,793,264	5,122,568	5,164,956	5,172,960

CASH DISBURSEMENTS BY FUNCTION
ALL FUNDS
(thousands of dollars)

	2009-2010 Year-End	2010-2011 Enacted	2011-2012 Projected	2012-2013 Projected	2013-2014 Projected
HIGHER EDUCATION					
City University of New York	1,655,773	1,397,211	1,470,906	1,564,361	1,654,997
Higher Education Services Corporation	1,022,235	980,520	965,861	993,866	995,691
Higher Education Capital Grants	37,320	28,000	48,000	29,000	0
Higher Education Miscellaneous	378	355	355	355	355
State University Construction Fund	18,595	25,678	26,388	27,830	28,906
State University of New York	6,989,582	7,295,555	7,261,632	7,301,717	7,380,758
Functional Total	9,723,883	9,727,319	9,773,142	9,917,129	10,060,707
LOWER EDUCATION (Pre-K through 12)					
Arts, Council on the	43,436	45,356	40,869	40,925	40,982
Education, Department of	27,725,560	33,001,293	32,969,960	34,559,952	37,184,929
School Aid	21,484,784	26,151,747	26,200,210	27,770,970	30,096,450
School Aid - Medicaid Assistance	63,757	125,820	0	0	0
STAR Property Tax Relief	3,413,542	3,299,570	3,417,620	3,584,167	3,772,475
Special Education Categorical Programs	1,680,004	2,309,388	2,287,745	2,139,936	2,244,916
All Other	1,083,473	1,114,768	1,064,385	1,064,879	1,071,088
Functional Total	27,768,996	33,046,649	33,010,829	34,600,877	37,225,911
GENERAL GOVERNMENT					
Budget, Division of the	40,775	42,502	44,117	45,191	46,121
Civil Service, Department of	21,384	19,164	19,426	19,697	19,989
Deferred Compensation	673	792	820	854	885
Elections, State Board of	50,405	104,148	6,197	36,339	6,464
Employee Relations, Office of	3,204	3,350	3,388	3,427	3,473
Financial Plan Control Board	2,630	3,190	3,392	3,595	3,727
General Services, Office of	197,766	204,400	207,765	221,400	224,166
Inspector General, Office of	6,079	6,178	6,341	6,426	6,513
Labor Management Committee	33,609	59,433	67,826	26,018	26,018
Lottery, Division of	185,777	176,892	180,969	181,459	185,723
Public Employment Relations Board	3,785	4,252	4,020	4,068	4,129
Public Integrity, Commission on	4,209	4,312	4,721	4,901	4,978
Real Property Services, Office of	42,806	0	0	0	0
Regulatory Reform, Governor's Office of	2,449	2,276	2,276	2,276	2,276
State, Department of	176,349	208,567	136,246	138,728	138,703
Tax Appeals, Division of	3,458	3,108	3,108	3,108	3,146
Taxation and Finance, Department of	417,898	477,182	477,991	480,947	487,713
Technology, Office for	23,549	70,166	57,857	85,076	44,599
Lobbying, Temporary State Commission on	0	0	0	0	0
Veterans' Affairs, Division of	16,072	17,487	17,188	17,198	17,331
Functional Total	1,232,877	1,407,399	1,243,648	1,280,708	1,225,954

CASH DISBURSEMENTS BY FUNCTION
ALL FUNDS
(thousands of dollars)

	2009-2010 Year-End	2010-2011 Enacted	2011-2012 Projected	2012-2013 Projected	2013-2014 Projected
ELECTED OFFICIALS					
Legislature	226,089	220,995	225,396	229,885	234,463
Judiciary	2,520,040	2,625,898	2,975,609	2,976,572	2,960,414
Audit and Control, Department of	242,702	182,135	185,420	189,979	192,289
Law , Department of	220,152	213,642	220,407	224,931	228,404
Executive Chamber	17,056	17,328	17,952	18,229	18,487
Lieutenant Governor, Office of the	0	658	1,193	1,208	1,208
Functional Total	3,226,039	3,260,656	3,625,977	3,640,804	3,635,265
LOCAL GOVERNMENT ASSISTANCE					
Aid and Incentives for Municipalities	1,039,488	751,538	1,027,357	1,037,229	1,044,566
Efficiency Incentive Grants Program	3,293	7,450	7,450	7,511	0
Miscellaneous Financial Assistance	8,920	3,920	3,920	3,920	3,920
Municipalities w ith VLT Facilities	26,489	25,801	25,801	25,801	25,801
Small Government Assistance	2,089	2,088	2,088	2,088	2,088
Functional Total	1,080,279	790,797	1,066,616	1,076,549	1,076,375
ALL OTHER CATEGORIES					
Long-Term Debt Service	5,012,102	5,607,388	6,127,092	6,448,886	6,595,358
Capital Projects	0	0	0	0	0
General State Charges	2,920,603	3,381,165	3,687,552	3,908,098	4,301,333
Miscellaneous	(162,872)	(642,815)	(258,161)	(222,965)	(278,170)
Functional Total	7,769,833	8,345,738	9,556,483	10,134,019	10,618,521
TOTAL ALL FUNDS SPENDING	126,877,479	135,889,718	142,247,031	146,296,338	153,194,153

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

GAAP-Basis Financial Plans/GASB Statement 45

The State Budget is required to be balanced on a cash basis, which is DOB's primary focus in preparing and implementing the State Financial Plan. State Finance Law also requires the Financial Plan be presented for informational purposes on a GAAP basis. The GAAP-basis plans model, to the extent practicable, the accounting principles applied by OSC in preparation of the annual 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 $44.9 billion, total expenditures of $54.1 billion, and net other financing sources of $8.7 billion, resulting in an operating deficit of $594 million and an accumulated deficit of $3.5 billion. These results are due primarily to the cash deficit and the impact of economic conditions on revenue accruals, primarily PIT.

In 2010-11, the General Fund GAAP Financial Plan shows total revenues of $46.9 billion, total expenditures of $55.4 billion, and net other financing sources of $9.3 billion, resulting in an operating surplus of $774 million, which reduces the projected accumulated deficit to $2.8 billion. These results reflect the impact of the Enacted Budget gap-closing actions, and the carry-forward of the cash deficit into 2010-11.

The State has 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, 2010 at $55.9 billion ($46.3 billion for the State and $9.6 billion for SUNY), using the level percentage of projected payroll approach under the Frozen Entry Age actuarial cost method.

GASB rules indicate this 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 2009-10 liability totaled $3.3 billion ($2.7 billion for the State and $0.6 billion for SUNY) under the Frozen Entry Age actuarial cost method, amortized based on a level percent of salary. This was $2.1 billion ($1.7 billion for the State and $0.4 billion for SUNY) above the payments for retiree costs made by the State in 2009-10. 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 2009-10 by $2.1 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. The table below summarizes the actual and budgeted payments for health insurance in the Updated Financial Plan.

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)	1,639	1,068	2,707
2009-10 (Actual)	1,542	1,139	2,681
2010-11 (Projected)	1,826	1,195	3,021
2011-12 (Projected)	1,992	1,322	3,314
2012-13 (Projected)	2,171	1,422	3,593
2013-14 (Projected)	2,119	1,536	3,655

As noted, there is no provision in the current Financial Plan to pre-fund 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. However, it is not expected that the State will alter its planned funding practices in light of existing fiscal conditions.

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; 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 and Arbitration" in this AIS.

DOB believes that its projections of receipts and disbursements relating to the Updated 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. Other risks and special considerations include the following:

State Cash Flow Projections

State Finance Law authorizes the General Fund to borrow resources temporarily from other available funds in the State's STIP for a period not to exceed four months or to the end of the fiscal year, whichever occurs first. 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).

Through the first four months of 2010-11, the General Fund used this authorization to meet payment obligations in May, June and July. It is expected that the General Fund will rely on this borrowing authority at times during the remainder of the fiscal year.

To date, the State has taken actions to maintain adequate operating margins, and expects to continue to do so as events warrant. The State continues to reserve money to make the debt service payments scheduled for each upcoming quarter that are financed with General Fund resources. 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.

With cash management actions, the General Fund ended June 2010 with a negative balance of $87 million. The funds on hand in All Governmental Funds at the end of the month totaled $3.6 billion. The actual and projected month-end balances for 2010-11 are shown in the table below. The cash-flow projections for receipts and disbursements take into account statutory payment dates, historical receipts and disbursement patterns, and other information. DOB believes the projections are based on reasonable and prudent assumptions, and the State's current cash position is sufficient to meet current liquidity needs. Cash balances are expected to continue to be relatively low, especially in September, November, and December 2010. It is expected that the General Fund on certain days will continue to borrow from STIP. DOB will continue to closely monitor and manage the General Fund cash flow during the fiscal year in an effort to maintain adequate operating balances.

ACTUAL/PROJECTED MONTHLY CASH FLOW BALANCES FISCAL YEAR 2010-11 (millions of dollars)			
	General Fund	Other Funds	All Funds
April*	4,274	3,048	7,322
May*	1,648	3,767	5,415
June *	(87)	3,719	3,632
July*	590	4,354	4,944
August	(28)	4,949	4,921
September	2,476	2,209	4,685
October	1,888	3,015	4,903
November	1,442	3,359	4,801
December	1,197	1,792	2,989
January	6,220	2,886	9,106
February	6,851	3,352	10,203
March	1,385	2,442	3,827

*Actual

Federal Funding

In enacting the budget, the State faced the risk that the Federal government would not approve an extension of enhanced FMAP funding, as counted on in the Financial Pan. Accordingly, it enacted a statute that provided for automatic reductions to most local assistance payments to cover any difference between the $1.1 billion in savings counted on in the Financial Plan from enhanced FMAP and the actual amount, if any, approved by the Federal government. After enactment of the statute, the Federal government approved an extension of enhanced FMAP, but at a level less than assumed in the Financial Plan. Accordingly, the payment reductions to local assistance spending will take effect, as provided by law.

The Financial Plan may be adversely affected by actions taken by the Federal government, including audits, disallowances, changes in aid levels, and changes to Medicaid rules. For example, all Medicaid claims are subject to audit and review by the Federal government. Most recently, the Federal CMS requested additional information pertaining to claims for services provided to individuals in developmental centers operated by the Office for People with Developmental Disabilities. Among other information, CMS requested that the State provide a detailed description of how these daily rates are developed as well as the current upper payment limit demonstration. Although no official audit has commenced and the State believes that the rates paid for these services are done in accordance with the approved state plan and all applicable Federal regulations, any adverse action by CMS relative to these claims could jeopardize a significant amount of Federal Medicaid participation in this program.

Labor Settlements

An additional risk is the cost of potential collective bargaining agreements and salary increases for judges (and possibly other elected officials) that may occur in 2010-11 and beyond for the period covering 2007-08 through 2010-11. The Financial Plan includes 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 Financial Plan. Furthermore, the current round of collective bargaining agreements expires at the end of 2010-11. The Financial Plan does not include any costs for potential wage increases beyond that point.

Personal Care Audits

The OIG of the United States Department of Health and Human Services released a June 2009 final audit with regard to Medicaid reimbursement for personal care services in New York City, and released a March 2010 draft audit with regard to Medicaid reimbursement for personal care services in upstate New York. The audits reviewed claims for the period of July 1, 2004 through December 31, 2006. Based upon its review, the OIG is calling for the State to repay an estimated $395 million in Federal Medicaid because payments were not supported with required medical exams and social and nursing assessments. The New York State Department of Health responded to audit findings on October 8, 2009 challenging the audit findings and the appropriateness of recouping Federal funding. The State's 2010-11 Enacted Budget also included a provision to mitigate the potential financial impact on the State by requiring local governments to contribute towards any repayment of such audits.

Other Financial Plan Risks

The Updated Financial Plan forecast also contains specific transaction risks and other uncertainties including, but not limited to, 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 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 Updated 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.

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PART III

STATE OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED MARCH 31, 2010

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, 2010 (FY 2010 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 2010 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, 2010, which are included in the FY 2010 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 2010 CAFR is available on the Internet at:

http://www.osc.state.ny.us/finance/finreports/cafr10.pdf

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STATE OF NEW YORK • GENERAL OBLIGATION BONDS, SERIES 2011A, 2011B, 2011C, AND 2011D

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