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 2011E Tax-Exempt Bonds (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 2011F 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

$299,165,000 Series 2011E Tax-Exempt Bonds
$30,910,000 Series 2011F Taxable Bonds

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

The Series 2011E Tax-Exempt Bonds (the "Series 2011E Tax-Exempt Bonds") and the Series 2011F Taxable Bonds (the "Series 2011F Taxable Bonds", together with the Series 2011E Tax-Exempt 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 Bonds will be payable beginning on June 15, 2012 and semi-annually thereafter on each December 15 and June 15 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 and the Superintendent of Financial Services 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 December 15, 2011.

Dated: December 6, 2011

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

$299,165,000 Series 2011E Tax-Exempt Bonds
(Base CUSIP Number†: 649791)

Amount	Maturity December 15	Interest Rate	Yield/ Price	CUSIP†	Amount	Maturity December 15	Interest Rate	Yield/ Price	CUSIP†
$ 8,350,000	2012	2.000%	0.26%	FL9	$10,465,000	2024	3.000%	3.05%	FY1
$ 8,515,000	2013	4.000	0.42	FM7	$10,780,000	2025	3.125	3.22	FZ8
$ 8,855,000	2014	5.000	0.68	FN5	$11,120,000	2026	3.250	3.35	GA2
$ 9,295,000	2015	5.000	0.96	FP0	$11,480,000	2027	4.000	3.45*	GB0
$ 9,765,000	2016	5.000	1.12	FQ8	$11,940,000	2028	4.000	3.57*	GC8
$10,250,000	2017	5.000	1.33	FR6	$12,415,000	2029	3.500	98.50	GD6
$10,765,000	2018	5.000	1.56	FS4	$12,850,000	2030	5.000	3.47*	GE4
$11,305,000	2019	5.000	1.80	FT2	$13,495,000	2031	3.750	3.85	GF1
$11,870,000	2020	5.000	2.07	FU9	$ 6,960,000	2032	4.000	100.00	GG9
$12,465,000	2021	5.000	2.25	FV7	$ 7,240,000	2033	4.000	4.05	GH7
$ 9,490,000	2022	5.000	2.42*	FW5	$ 7,530,000	2034	4.000	4.10	GJ3
$ 9,970,000	2023	5.000	2.59*	FX3					

$24,445,000 4.00% Term Bonds due December 15, 2037 at a yield of 4.15% (CUSIP†: 649791GK0)
$37,550,000 4.25% Term Bonds due December 15, 2041, priced at 100.00% (CUSIP†: 649791GL8)

$30,910,000 Series 2011F Taxable Bonds
(Base CUSIP Number†: 649791)

Amount	Maturity December 15	Interest Rate	Price	CUSIP†	Amount	Maturity December 15	Interest Rate	Price	CUSIP†
$2,920,000	2012	0.50%	100.000%	GM6	$3,080,000	2017	1.85%	100.000%	GS3
$2,935,000	2013	1.00	100.594	GN4	$3,135,000	2018	2.10	99.870	GT1
$2,965,000	2014	1.00	100.295	GP9	$3,200,000	2019	2.40	99.855	GU8
$2,995,000	2015	1.20	100.000	GQ7	$3,280,000	2020	2.75	100.317	GV6
$3,030,000	2016	1.60	100.000	GR5	$3,370,000	2021	3.00	100.000	GW4

† 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.

* Priced to the December 15, 2021 optional call date.

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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

$299,165,000 Series 2011E Tax-Exempt Bonds

$30,910,000 Series 2011F Taxable 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 $299,165,000 aggregate principal amount of its Series 2011E Tax-Exempt Bonds (the "Series 2011E Tax-Exempt Bonds") and $30,910,000 aggregate principal amount of its Series 2011F Taxable Bonds (the "Series 2011F Taxable Bonds", together with the Series 2011E Tax-Exempt Bonds, the "Bonds"). The Series 2011E Tax-Exempt Bonds are referred to herein as the "Tax-Exempt Bonds" and the Series 2011F Taxable Bonds are 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 2011E Tax-Exempt Bonds and Series 2011F Taxable Bonds will be allocated to such purposes as set forth below. The Series 2011E Tax-Exempt Bonds and Series 2011F Taxable Bonds are being issued for the purposes, in the principal amounts and with maturities as follows:

$299,165,000 Series 2011E Tax-Exempt Bonds

Purpose	**Amount**	**Maturing December 15**
Accelerated Capacity and Transportation Improvements of the Nineties Bonds	$ 281,950	2012-2021
Pure Waters	1,897,370	2012-2041
Environmental Quality 1972		
Land	284,214	2012-2021
Rebuild New York Through Transportation Infrastructure Renewal Bonds		
Highways	142,001	2012-2021
Rebuild and Renew New York Transportation Bonds		
Highway Facilities	4,804,014	2012-2041
Highway Facilities	73,601,040	2012-2031
Highway Facilities	22,781,470	2012-2021
Canals	4,334,506	2012-2021
MTA – Mass Transit	162,505,832	2012-2041

Purpose	Amount	Maturing December 15
Environmental Quality 1986		
Land	$ 85,179	2012-2031
Solid Waste	8,433,950	2012-2031
Clean Water/Clean Air		
Clean Water	7,780,649	2012-2041
Clean Water	629,195	2012-2031
Environmental Restoration	11,603,630	2012-2031
	$299,165,000	

$30,910,000 Series 2011F Taxable Bonds

Purpose	Amount	Maturing December 15
Rebuild and Renew New York Transportation Bonds		
MTA – Mass Transit	$25,122,806	2012-2021
Clean Water/Clean Air		
Air Quality	311,175	2012-2021
Solid Waste	7,817	2012-2021
Environmental Restoration	5,468,202	2012-2021
	$30,910,000	

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 May 24, 2011 (the "AIS"), and the Quarterly Update to the AIS dated November 22, 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 "Financial Plan Information." The remaining sections of the AIS set out under the headings "Budgetary and Accounting Background", "Financial Plan Projections FYS 2012 through 2015", "Prior Fiscal Years", "Economics and Demographics", "Debt and Other Financing Activities", "State Government Employment", "State Retirement Systems", "Authorities and Localities", "Litigation and Arbitration" and "Exhibits" are included by cross reference. The entire AIS and the Update have been electronically filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system.

Part III includes by reference the Comprehensive Annual Financial Report of the State for the fiscal year ended March 31, 2011 (FY 2011 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, 2011 were electronically filed with the MSRB through its EMMA system on July 29, 2011. 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 2011E 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 2011F Taxable Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature.

The Bonds will be dated the date of delivery. Principal on the Bonds will be payable on December 15, 2012 and on each December 15 thereafter, until maturity, as shown on the inside cover pages hereof and below under the heading "Mandatory Redemption". Interest on the Bonds will be payable June 15, 2012 and semi-annually thereafter on December 15 and June 15 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 2011E Tax-Exempt Bonds. The Comptroller reserves to the State the right to redeem on and after December 15, 2021 the Series 2011E Tax-Exempt Bonds maturing on or after December 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 2011E 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 2011E Tax-Exempt Bonds called for redemption from and after the date fixed for redemption thereof.

No Optional Redemption for the Series 2011F Taxable Bonds. The Series 2011F Taxable Bonds are not subject to optional redemption prior to maturity.

Mandatory Redemption

The Series 2011E Tax-Exempt Bonds that mature on December 15, 2037 and December 15, 2041 (the "2037 Term Bonds" and the "2041 Term Bonds") are subject to mandatory redemption, in part, by lot in accordance with DTC procedures, on December 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 2011E TAX-EXEMPT BONDS

2037 Term Bonds

December 15	Sinking Fund Installments
2035	$7,830,000
2036	$8,145,000
2037*	$8,470,000

2041 Term Bonds

December 15	Sinking Fund Installments
2038	$8,810,000
2039	$9,185,000
2040	$9,575,000
2041*	$9,980,000

*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", "SECTION 9 — CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12" AND EXHIBIT C 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 Series 2011F 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 2011E**	**Series 2011F**
Principal Amount	$299,165,000.00	$30,910,000.00
Net Original Issue Premium	23,840,243.00	27,862.75
Payment from the State for Costs of Issuance	247,141.43	38,035.89
Total Sources	$323,252,384.43	$30,975,898.64
Uses		
Deposit to Bond Proceeds Funds	$321,399,869.76	$30,669,052.70
Initial Purchaser's Discount	1,605,373.24	268,810.05
Costs of Issuance	247,141.43	38,035.89
Total Uses	$323,252,384.43	$30,975,898.64

Application of Series 2011E Tax-Exempt Bonds and Series 2011F Taxable Bonds Proceeds

The net proceeds ("Net Proceeds") of the Series 2011E 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 Bonds, Pure Waters, Environmental Quality 1972, Rebuild New York Through Transportation Infrastructure Renewal Bonds, Rebuild and Renew New York Transportation Bonds, Environmental Quality 1986 and Clean Water/Clean Air purposes.

The Net Proceeds of the Series 2011F 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 and Clean Water/Clean Air purposes.

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 and the Superintendent of Financial Services 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 2011E Tax-Exempt Bonds (the "Certificate"), which will be delivered concurrently with the delivery of the Series 2011E Tax-Exempt Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Comptroller, in executing the Certificate will certify that he expects to be able to and will comply with the provisions and procedures set forth therein. The Comptroller will also certify in the Certificate that, to the extent authorized by law, he will do and perform all acts and things necessary or desirable to assure that interest paid on the 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 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 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 and Arbitration" 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 will undertake in a written agreement for the benefit of the Holders of the Bonds (the "Disclosure Agreement") to provide continuing disclosure of certain financial and operating data concerning the State (collectively, the “Annual Information”), notices of certain events described in the Disclosure Agreement (the “Notices”) in accordance with the requirements of Rule 15c2-12 and the annual financial statements. The Division of the Budget will electronically file with the MSRB, through its EMMA system, the Annual Information on or before 120 days after the end of each State fiscal year, commencing the fiscal year ending March 31, 2012. 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 Comptroller will undertake to electronically file with the MSRB, 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, provided, however, that if audited financial statement are not then available, unaudited financial statements shall be so filed no later than 120 days after the end of the State’s fiscal year and such audited financial statements shall be electronically filed with the MSRB, if and when such statements are available. In addition, the Comptroller will also undertake to electronically file with the MSRB any Notice in a timely manner not in excess of ten business days after the occurrence of any of the fourteen events described in the Disclosure Agreement. The proposed form of the Disclosure Agreement is attached hereto as PART I - EXHIBIT C.

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

Copies of the Disclosure 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.

KPMG LLP, the State's independent auditor, has not been engaged to perform and has not performed, since the date of its report included in Part III (STATE OF NEW YORK COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED MARCH 31, 2011 INCLUDING BASIC FINANCIAL STATEMENTS AND OTHER SUPPLEMENTARY INFORMATION), any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

STATE OF NEW YORK
Thomas P. DiNapoli
State Comptroller

By: /s/ Thomas Nitido
Thomas Nitido
Deputy Comptroller

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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 Table of Issuance and Bonds Outstanding that follows presents the total amount of general obligation debt authorized, authorized but unissued prior to and after the issuance of the Series 2011E and Series 2011F Bonds and outstanding prior to the issuance of the Series 2011E and Series 2011F Bonds. The total amount of general obligation debt authorized, authorized but unissued, and outstanding as of March 31, 2011 by purpose can be found in the table of State General Obligation Debt in Part II of this Official Statement in the section entitled "Debt and Other Financing Activities – General Obligation Financings."

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 AND BONDS OUTSTANDING
(in Thousands)

PURPOSE	BONDS AUTHORIZED AS OF 10-31-11	AUTHORIZED BUT UNISSUED AS OF 10-31-11[1]	BONDS BEING ISSUED 12-15-2011	REMAINING AUTHORIZED BUT UNISSUED[1, 2]	BONDS OUTSTANDING AS OF 11-15-11[1,3]
TRANSPORTATION BONDS:					
Rebuild and Renew New York Transportation Bonds (2005)					
Highway Facilities/Other Transportation (Excl. MTA)	$1,450,000	$513,447	$117,778	$395,669	$847,706
Mass Transit - Metropolitan Transportation Authority	1,450,000	764,249	194,798	569,451	640,297
Accelerated Capacity and Transportation Improvements of the Nineties (1988)	3,000,000	20,563	332	20,231	375,984
Rebuild New York Through Transportation Infrastructure Renewal (1983)					
Highway Related Projects	1,064,000	22,303	167	22,136	3,288
Ports, Canals, and Waterways	49,360	-	-	-	38
Rapid Transit, Rail and Aviation Projects	136,640	-	-	-	16,589
Energy Conservation Through Improved Transportation (1979)					
Local Streets and Highways	100,000	-	-	-	-
Rapid Transit and Rail Freight	400,000	-	-	-	12,214
Rail Preservation (1974)	250,000	-	-	-	4,720
Transportation Capital Facilities (1967)					
Highways	1,250,000	-	-	-	-
Mass Transportation	1,000,000	-	-	-	3,845
Aviation	250,000	-	-	-	16,251
Total Transportation Bonds	**10,400,000**	**1,320,562**	**313,075**	**1,007,487**	**1,920,932**
ENVIRONMENTAL BONDS:					
Clean Water/Clean Air (1996)					
Air Quality	230,000	30,017	309	29,708	50,254
Safe Drinking Water	355,000	-	-	-	18,138
Clean Water	790,000	138,753	8,824	129,929	478,999
Solid Waste	175,000	3,199	8	3,191	75,964
Environmental Restoration	200,000	68,246	18,175	50,071	94,616
Environmental Quality (1986)					
Land and Forests	250,000	2,741	94	2,647	34,559
Solid Waste Management	1,200,000	70,114	9,267	60,847	390,734
Environmental Quality (1972)					
Air	150,000	12,353	-	12,353	11,141
Land and Wetlands	350,000	10,377	334	10,043	25,639
Water	650,000	3,886	-	3,886	84,101
Outdoor Recreation Development (1966)	200,000	230	-	230	-
Pure Waters (1965)	1,000,000	22,823	1,983	20,840	65,557
Park and Recreation Land Acquisition (1960)	100,000	772	-	772	20
Total Environmental Bonds	**5,650,000**	**363,511**	**38,994**	**324,517**	**1,329,722**
EDUCATIONS BONDS:					
Higher Education Facilities (1957)	**250,000**	-		-	-
HOUSING BONDS:					
Low-Income Housing (through 1958)	960,000	7,928	-	7,928	34,360
Middle-Income Housing (through 1958)	150,000	500	-	500	32,494
Urban Renewal (1958)	25,000	1,575	-	1,575	-
Total Housing Bonds	**1,135,000**	**10,003**	**-**	**10,003**	**66,854**
TOTAL GENERAL OBLIGATION DEBT	**$17,435,000**	**$1,694,076**	**$352,069**	**$1,342,007**	**$3,317,508**

1 Reflects unaudited amounts.
2 Reflects issuance of the Series 2011E and 2011F Bonds.
3 Does not include issuance of the Series 2011E and 2011F Bonds.

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, $299,165,000 Series 2011E Tax-Exempt Bonds (the "Series 2011E Tax-Exempt Bonds") and $30,910,000 Series 2011F Taxable Bonds (the "Series 2011F Taxable Bonds") (the Series 2011E Tax-Exempt Bonds and the Series 2011F Taxable being collectively referred to as the "Bonds") which were sold on December 6, 2011.

The Comptroller advises that the Bonds are being issued for the purposes and in the amounts set forth below.

$299,165,000 Series 2011E Tax-Exempt Bonds

Purpose	**Amount**	**Maturing December 15**
Accelerated Capacity and Transportation Improvements of the Nineties Bonds	$ 281,950	2012-2021
Pure Waters	1,897,370	2012-2041
Environmental Quality 1972		
Land	284,214	2012-2021
Rebuild New York Through Transportation Infrastructure Renewal Bonds		
Highways	142,001	2012-2021
Rebuild and Renew New York Transportation Bonds		
Highway Facilities	4,804,014	2012-2041
Highway Facilities	73,601,040	2012-2031
Highway Facilities	22,781,470	2012-2021
Canals	4,334,506	2012-2021
MTA – Mass Transit	162,505,832	2012-2041
Environmental Quality 1986		
Land	85,179	2012-2031
Solid Waste	8,433,950	2012-2031
Clean Water/Clean Air		
Clean Water	7,780,649	2012-2041
Clean Water	629,195	2012-2031
Environmental Restoration	11,603,630	2012-2031
	$299,165,000	

$30,910,000 Series 2011F Taxable Bonds

Purpose	Amount	Maturing December 15
Rebuild and Renew New York Transportation Bonds		
MTA – Mass Transit	$25,122,806	2012-2021
Clean Water/Clean Air		
Air Quality	311,175	2012-2021
Solid Waste	7,817	2012-2021
Environmental Restoration	5,468,202	2012-2021
	$30,910,000	

You further advise the following with respect to the Bonds. The Bonds will be dated the date of delivery and will mature or be subject to mandatory redemption on December 15, 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 Bonds will be payable semi-annually on June 15 and December 15, commencing on June 15, 2012 and thereafter until maturity.

The Series 2011E 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 2011F Taxable Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature.

The transcript of the proceedings and the 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 2011E Tax-Exempt Bonds (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 2011E Tax-Exempt Bonds (the "Certificate"), which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Certificate, you have certified to the effect that you expect to be able to and will comply with the provisions and procedures set forth therein, including any attachments thereto, and that to the extent authorized by law you will do and perform all acts and things necessary or desirable to assure that interest paid on the 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 Certificate is incorrect or unreasonable.

Based on the contents of the Certificate and assuming compliance therewith and with subsequent rebating and other requirements, it is my opinion, based upon such inquiry as members of my staff have deemed appropriate, that, under the Code and other existing statutes, regulations, administrative rulings, and court decisions, interest on the 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 Certificate, 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

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STATE OF NEW YORK
GENERAL OBLIGATION BONDS
SERIES 2011E TAX-EXEMPT BONDS AND
SERIES 2011F TAXABLE BONDS
Dated December 15, 2011

AGREEMENT TO PROVIDE CONTINUING DISCLOSURE
UNDER SEC RULE 15c2-12

THIS AGREEMENT, dated December 15, 2011, is made by the State acting by and through the Comptroller and the Director (all as defined below in Section 1).

In order to permit the purchasers of the Bonds to comply with the provisions of Rule 15c2-12(b)(5) in connection with the public offering of the Bonds, the State, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agrees, for the sole and exclusive benefit of the Holders, as follows:

Section 1. Definitions. Capitalized terms used but not defined herein as follows shall have the meaning ascribed to them in any other document executed in connection with the issuance of the Bonds.

"Annual Information" shall mean the information specified in Section 3 hereof.

"Bonds" shall mean, collectively, $299,165,000 General Obligation Bonds, Series 2011E Tax-Exempt Bonds and $30,910,000 General Obligation Bonds, Series 2011F Taxable Bonds, of the State of New York, dated December 15, 2011.

"Comptroller" shall mean the Comptroller of the State of New York.

"Director" shall mean the Director of the Budget of the State of New York.

"DTC" shall mean The Depository Trust Company.

"EMMA" shall mean the Electronic Municipal Market Access system described in Securities Exchange Act Release No. 34-59062 (or any successor electronic information system) and maintained by the MSRB as the sole repository for the central filing of electronic disclosure pursuant to Rule 15c2-12.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"GAAS" shall mean generally accepted auditing standards as in effect from time to time in the United States.

"Holder" shall mean any registered owner of Bonds and, if the Bonds are registered in the name of Cede & Co. through DTC, any beneficial owner of Bonds, unless the staff of the Securities and Exchange Commission determines that the Rule does not require the Agreement to be for the benefit of such beneficial owners.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Official Statement" shall mean the official statement dated December 6, 2011 issued in connection with the sale of the Bonds.

"Rule 15c2-12" shall mean Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended through the date of this Agreement, including any official interpretations thereof promulgated on or prior to the date of this Agreement.

"State" shall mean the State of New York, an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12, acting by and through the Director or the Comptroller, as the case may be.

Section 2. **Obligations to Provide Continuing Disclosure**

(a) Annual Information. The State, acting by and through the Director, hereby undertakes, for the benefit of Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2012, the Annual Information relating to such fiscal year.

(b) Audited Financials. The State, acting by and through the Comptroller, hereby undertakes, for the benefit of the Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2012, audited financial statements of the State for such fiscal year; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so provided no later than 120 days after the end of the State's fiscal year and such audited financial statements shall be electronically filed with the MSRB if and when they become available.

(c) Notice to Comptroller. The Director shall notify the Comptroller of the occurrence of any of the fourteen events listed in Section 2(d)(i)(1) through (14) hereof promptly upon becoming aware of the occurrence of any such event, including, without limitation, any change in the State's credit rating by any rating agency.

(d) Notification to the MSRB. The State, acting by and through the Comptroller, hereby undertakes, for the benefit of the Holders of the Bonds, to electronically file with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of any of the fourteen events listed below, notice of the occurrence of any such event with respect to the Bonds:

(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) a 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 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 a 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 trustee, if material, and

The State, acting by and through the Comptroller, also hereby agrees to electronically file with the MSRB, in a timely manner, notice of a failure by the State to comply with Section 2(a) or (b) hereof.

(e) Interpretation and Modification of Disclosure Obligation. The requirements contained in this Agreement under Section 3(a) are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 3(a) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

(f) Other Information. Nothing herein shall be deemed to prevent the State from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the State should disseminate any such additional information, the State shall have no obligation hereunder to update such information or include it in any future materials disseminated hereunder.

(g) MSRB Prescribed Identifying Information. All documents provided to the MSRB pursuant to this Agreement shall be accompanied by identifying information as prescribed from time to time by the MSRB.

Section 3. **Annual Information**

(a) Specified Information. The Annual Information shall consist of the following:

(i) financial and operating data of the type included in the Annual Information Statement of the State, which is included as Part II of the Official Statement for the Bonds, 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 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

(ii) 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.

(b) Cross Reference. All or any portion of the Annual Information may be incorporated in the Annual Information by cross-reference to any other documents which have been electronically filed with the MSRB or filed with the Securities and Exchange Commission; provided however, that if the document is an official statement, it shall have been electronically filed with the MSRB and need not have been filed elsewhere. The audited financial statements of the State may be provided in the same manner.

Section 4. **Financial Statements**

The annual financial statements of the State for each fiscal year shall be prepared in accordance with GAAP as in effect from time to time (unless applicable accounting principles are otherwise disclosed) and audited by an independent auditing firm in accordance with GAAS (but only if audited financial statements are otherwise available for such fiscal year).

Section 5. **Remedies**

If the State should fail to comply with any provision of this Agreement, then, and, as a direct or third-party beneficiary, as the case may be, any Holder of Bonds may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Agreement against the State and any of its officers, agents and employees, and may compel the State or any such officers, agents or employees to perform and carry out their duties under this Agreement; provided, that the sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of the State hereunder, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided, further, that the rights of any Holder to challenge the adequacy of the information provided in accordance with Section 2 hereunder shall be subject to the same limitations and conditions applicable to enforcement of remedies of Holders with respect to any event of default. Failure by the State to perform its obligations hereunder shall not constitute an event of default under any agreement executed and delivered in connection with the issuance of the Bonds or under any statute or common law principle. In consideration of the third party beneficiary status of beneficial owners of Bonds pursuant to Section 6, beneficial owners shall be deemed to be Holders of Bonds for purposes of this Section 5.

Section 6. **Parties in Interest**

This Agreement is executed and delivered solely for the benefit of the Holders of the Bonds. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. **Amendments**

(a) Without the consent of any Holders of Bonds, the State, at any time and from time to time, may enter into amendments or changes to this Agreement for any purpose, if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, or nature, or status of the State or any type of business or affairs conducted by it;

(ii) the undertakings set forth herein, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering of the Bonds, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any changes in circumstances; and

(iii) the amendment does not materially impair the interests of the Holders, as determined by the Attorney General of the State of New York, as Bond Counsel with respect to issuance of the Bonds or by nationally recognized bond counsel. (In determining whether there is such a material impairment, the State may rely upon an opinion of the Attorney General of the State of New York or nationally recognized bond counsel.

(b) Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change in the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such discussion shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be electronically filed with the MSRB.

Section 8. **Termination**

This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or legally defeased; provided, however, that if Rule 15c2-12 (or any successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided, further, that if and to the extent Rule 15c2-12 (or any successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance, the State shall electronically file notice of such defeasance with the MSRB, and such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 9. **Governing Law**

This Agreement shall be governed by the Laws of the State of New York determined without regard to principles of conflict of Law; provided, however, that to the extent this Agreement addresses matters of Federal securities laws, including Rule 15c2-12, this Agreement shall be governed by such Federal securities laws and official interpretations thereof.

Section 10. **Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Agreement as of the date first above written.

THE STATE OF NEW YORK
Obligated Person

THOMAS P. DINAPOLI
State Comptroller

By: ______________________________
Name:
Title:

ROBERT L. MEGNA
Director of the Budget

By: ______________________________
Name:
Title:

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PART II

INFORMATION CONCERNING THE STATE OF NEW YORK

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PART II

INFORMATION CONCERNING THE STATE OF NEW YORK

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

The AIS set forth in this Part II is dated May 24, 2011. It was updated on November 22, 2011 and contains information only through those dates. Part II sets forth the section of the AIS entitled “Financial Plan Information”. The remaining sections of the AIS set out under the headings “Budgetary and Accounting Background”, “Financial Plan Projections FYS 2012 through 2015”, “Prior Fiscal Years”, “Economics and Demographics”, “Debt and Other Financing Activities”, “State Government Employment”, “State Retirement Systems”, “Authorities and Localities”, “Litigation and Arbitration” 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, 2011 were prepared by the State Comptroller in accordance with accounting principles generally accepted in the United States of America and independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information were issued on July 25, 2011 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 its public authorities. The Basic Financial Statements and Other Supplementary Information, which are included in the Comprehensive Annual Financial Report, 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.

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

November 22, 2011

This is the second quarterly update (the "AIS Update") to the Annual Information Statement of the State of New York (the "AIS"), dated May 24, 2011. The AIS Update contains information only through November 22, 2011 and should be read in its entirety, together with the AIS. The next quarterly update to the AIS is scheduled for February 2012, following the release of the Governor's Executive Budget Financial Plan for FY 2013.

In this AIS Update, readers will find:

1. Extracts from the Mid-Year Update to the Financial Plan for fiscal year 2012 (the "Current Financial Plan"), which the Division of the Budget ("DOB") issued on November 14, 2011. The Current Financial Plan is available on the DOB website, www.budget.ny.gov. The Current Financial Plan sets forth the State's official Financial Plan projections for FYs 2012 through 2015[1], including projected annual spending growth, projections of future budget gaps, detailed information on the State's projected total receipts and disbursements, and the State's revised economic forecast.

2. A summary of operating results for the first six months of FY 2012.

3. A discussion of issues and risks that may affect the Financial Plan during the State's current fiscal year or in future years (under the heading "Other Matters Affecting the Financial Plan").

4. A summary of GAAP-basis results for prior fiscal years (reprinted as a convenience from the First Quarterly Update to the AIS dated August 22, 2011).

5. Updated information regarding the State Retirement Systems.

6. Updated information on certain localities of the State.

7. 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 Update on behalf of the State. In preparing this AIS Update, DOB has also relied on information drawn from other sources, including the Office of the State Comptroller ("OSC"). In particular, information contained in the section entitled "State Retirement Systems" has been furnished by OSC, while information relating to matters described in the section entitled "Litigation and Arbitration" has been furnished by the State Office of the Attorney General. DOB has not undertaken any independent verification of the information contained in these sections of the AIS Update.

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

[1] The fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2012 ("FY 2012") is the fiscal year that began on April 1, 2011 and ends on March 31, 2012.

financial position, including potential operating results for the current fiscal year and projected budget gaps for future fiscal years that may vary materially from the information provided in this AIS Update. Investors and other market participants should, however, refer to the AIS, as updated, or supplemented from time to time, for the most current official information regarding the financial position of the State.

The factors affecting the State's financial condition are complex. The Current Financial Plan contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts were prepared. Since many factors may materially affect fiscal and economic conditions in the State, the inclusion in the Current Financial Plan of forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. Forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The words "expects", "forecasts", "projects", "intends", "anticipates", "estimates" and analogous expressions are intended to identify forward-looking statements in the Current Financial Plan. 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, impediments to the implementation of gap-closing actions, 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 may issue AIS supplements or other disclosure notices to this AIS Update as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of the AIS or this AIS Update in Official Statements or related disclosure documents for State or State-supported debt issuances. The State has filed this AIS Update with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. 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. In July 2011, OSC issued the Basic Financial Statements for FY 2011 (ended March 31, 2011). Copies of the Basic Financial Statements for FY 2011 may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236. The Basic Financial Statements for FY 2011 are available in electronic form at www.osc.state.ny.us and at www.emma.msrb.org.

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 the State, as well as 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 in electronic form on the DOB website (www.budget.ny.gov) and does not create any implication that there have been no changes in the financial position of the State at any time subsequent to its release date. Maintenance of this AIS Update 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 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 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 CURRENT FINANCIAL PLAN

INTRODUCTION

The State's General Fund — the fund that receives the majority of State taxes and all income not earmarked for a particular program or activity — is required to be balanced on a cash basis of accounting. The State Constitution and State Finance Law do not define budget balance. In practice, the General Fund is considered balanced on a cash basis of accounting if sufficient resources are expected to be available during the fiscal year for the State to (a) make all required payments, including personal income tax ("PIT") refunds, without the issuance of deficit notes or bonds, and (b) restore the balances in the Tax Stabilization Reserve and Rainy Day Reserve to levels at or above the levels on deposit when the fiscal year began.

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 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, which receive certain dedicated taxes, fees and other revenues that are used for a specified purpose; Federal Special Revenue Funds, which receive certain Federal grants; State and Federal Capital Projects Funds, which account for costs incurred in the construction and rehabilitation of roads, bridges, prisons, and other infrastructure projects; and Debt Service Funds, which account for the payment of principal, interest and related expenses for debt issued by the State and its public authorities.

SUMMARY

Weak and unsettled economic conditions around the world -- illustrated by the Euro-zone financial crisis, volatility in the financial markets, and persistently disappointing data on employment, consumer confidence, and income -- have darkened the State's fiscal outlook. The significant positive receipts results early in the fiscal year have been largely eroded as the economy weakened in the summer months. With the prospect of a weak bonus season on Wall Street, even more negative pressure is being placed on the State's receipts outlook.

Based on comprehensive review of these factors, as well as actual operating results, updated program data, and other factors, DOB estimates that the General Fund has a budget shortfall of $350 million in the current fiscal year. To eliminate the anticipated shortfall, DOB is instituting a fiscal management plan. If it appears that the savings from the management plan will be insufficient to eliminate the shortfall, the Governor is expected to call the Legislature into session to consider additional actions to achieve a balanced budget in the current fiscal year.

The same adverse economic factors have also increased the size of the projected budget gap that must be closed in FY 2013. DOB now estimates that the gap for FY 2013 is in the range of $3.0 billion to $3.5 billion[2]. See "Financial Plan Projections FYs 2012 Through 2015" in the AIS Update for a complete discussion of the State's Financial Plan projections. The Governor is required by law to propose an Executive Budget for each fiscal year that is balanced on a cash basis of accounting.

The following table summarizes the revisions to the First Quarterly Update that affect General Fund operating projections[3]. It is followed by a description of the changes.

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

	FY 2012**	FY 2013***	FY 2014	FY 2015
FIRST QUARTERLY UPDATE SURPLUS/(GAP) FORECAST	**0**	**(2,379)**	**(2,836)**	**(4,605)**
Revisions	**(350)**	**(871)**	**(438)**	**(193)**
Tax Receipts*	(404)	(987)	(587)	(257)
Miscellaneous Receipts	54	107	87	56
Children and Family Services	140	229	372	421
Mental Hygiene	(133)	(217)	(287)	(342)
Human Services	0	(9)	(16)	(49)
Debt Service	(9)	8	(42)	(75)
Other	2	(2)	35	53
MID-YEAR BUDGET SURPLUS/(GAP) FORECAST	**(350)**	**(3,250)**	**(3,274)**	**(4,798)**
(Increase)/Decrease From First Quarterly Update		*(871)*	*(438)*	*(193)*

* Includes transfers from other funds before the impact of debt service revisions.

** DOB is developing a Fiscal Management Plan that is expected to produce $350 million in savings in the current year to maintain budget balance in the General Fund.

*** Mid-Year gap projection for FY 2013 represents the mid-point of the estimated range of $3.0 billion to $3.5 billion.

General Fund receipts, including transfers from other funds, are estimated to total $56.87 billion in FY 2012. General Fund spending, including transfers to other funds, is estimated to total $56.86 billion in FY 2012. After $361 million in planned deposits to reserve funds at the end of FY 2012, the State's General Fund faces a current year funding shortfall of $350 million that DOB expects will be closed through administrative or legislative actions or both.

Tax Receipt Projections:

- Personal income tax receipts have been reduced by $175 million in FY 2012, $621 million in FY 2013, $315 million in FY 2014, and approximately $100 million per year thereafter compared to the prior forecast. (This excludes the impact of debt service

[2] Budget gaps represent the difference between (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain anticipated service levels and specific commitments, and (b) the expected level of resources to pay for them. The gap estimates are based on a number of assumptions and projections developed by the DOB in consultation with other State agencies.

[3] Certain revisions displayed on the financial plan tables for reclassifications and reallocations of receipts and disbursements projections are excluded from the discussion of changes since they have no net Financial Plan impact. These adjustments include changes in planned transfers from other funds offset by a commensurate change in planned transfers to other funds, and revisions related to reallocation of reductions in State agency operations included in the Enacted Budget that affect both receipts and disbursements, including transfers.

changes affecting the transfer of tax receipts to the General Fund.) Favorable adjustments to refund payments (of roughly $350 million in FY 2012, $184 million in FY 2013, and the range of $250 million to $350 million annually thereafter) are expected to be offset by lower than expected collections from withholding ($600 million in FY 2012, $555 million in FY 2013, $350 million in FY 2014, and $200 million annually thereafter); and estimated payments (in the range of $200 to $250 million annually beginning in FY 2013). These revisions are consistent with receipts collections to date and the revised economic forecast.

- Marginally weaker consumer spending to date and a more conservative consumption forecast provided the basis for reducing the estimate for sales tax receipts by $38 million in FY 2012, $100 million in FY 2013, and $30 million in FY 2014. In addition, the estimates for cigarette and tobacco taxes have been reduced by $20 million annually to reflect a recent Tax Tribunal decision related to the method of calculating tax on certain tobacco products.

- Projected collections from business taxes have been reduced annually based on weaker than expected collections through September 2011 and DOB's revised forecast for corporate profits.

- Other taxes have been increased to reflect an additional $60 million in FY 2012 from estate tax receipts based on experience to date and $2 million annually from pari-mutuel taxes.

- **Miscellaneous Receipts:** The updated projections for miscellaneous receipts over the plan period reflect stronger than expected license and fee receipts based on experience to date and an anticipated annual payment of $65 million from the New York Power Authority, beginning in FY 2013.

- **Children and Family Services:** DOB has revised its spending projections for child welfare services based on an updated forecast that is influenced by changes in claims for State reimbursements to local social service districts for the costs of child protective and preventative services. Projected cost for various other programs, including adoption services, adult protective and domestic violence services, and committee on special education maintenance have also been revised downward. In addition, due to lower than expected receipts, the Current Financial Plan assumes that partial reimbursement to the State from local governments related to youth facilities will be received in FY 2013 instead of FY 2012.

- **Mental Hygiene:** Projected State support for mental hygiene spending has been increased, since the spending level described in the First Quarterly Update, to reflect DOB's revised projections of Federal Medicaid reimbursement for services provided by the Office for People with Developmental Disabilities (OPWDD). Prior projections assumed that ongoing Federal aid would increase by approximately $70 million from FY 2011 levels, to a total of $2.7 billion in FY 2012. The latest projections, which are based primarily on a lower inpatient census, is that annual Federal aid will decline by approximately $60 million to $2.6 billion in FY 2012, or $133 million less than originally projected (the net change from prior projection of approximately $70 million increase to current projection of approximately $60 million decrease). This loss of projected Federal support means institutions will require higher State support.

- **Human Service Cost of Living Adjustment (COLA):** DOB has increased spending projections across multiple human service agencies to reflect a revised COLA rate for non-profit providers beginning in FY 2013. Prior projections assumed a 3.5 percent COLA in FY 2013; however the latest projections, which are statutorily based on the Consumer Price Index, result in a 3.6 percent annual adjustment in FY 2013.

- **Debt Service:** Legislation approved in 2011 authorizes additional capital funds for investment at the four State University of New York (SUNY) University Centers, as well as scheduled increases in SUNY tuition. The capital investments are expected to be financed with State-supported debt, resulting in a cost to the General Fund. In addition, DOB anticipates additional costs of $3 million in FY 2013 and $32 million annually thereafter to pay debt service on contingent-contractual debt obligations under the Dormitory Authority of the State of New York (DASNY's) Secured Hospital Program (See "Other Matters Affecting the Financial Plan" herein). Debt service estimates have been increased to reflect anticipated bond-financed grants for recent high technology initiatives, including with Intel and IBM, to support research, development, and project management facilities to be located in New York State.

- **Other:** DOB has revised its spending projections across several areas of the Financial Plan to account for recent trends and experience, as well as other known factors such as the fiscal impact of new legislation. The most significant changes include: a one-time court ordered payment resulting from the Court of Claims finding the State liable for an automobile accident involving an Environmental Conservation Officer, and legislation approved in 2011 that provides retroactive pay raises to SUNY graduate and teaching assistants pursuant to a contractual agreement between the State and the union covering the years from 2007 through 2009.

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Spending Growth

In comparison to the First Quarterly Update, estimated State Operating Funds disbursements for FY 2012 have been reduced modestly, reflecting the impact of the General Fund changes described above, as well as other changes to State special revenue and debt service funds.

On an annual basis, DOB estimates that State Operating Funds spending will total $86.9 billion in FY 2012, an increase of $2.4 billion (2.9 percent) from FY 2011 results. All Governmental Funds spending, which includes capital projects and Federal operating grants, is expected to total $131.4 billion, a decrease of $3.4 billion from the prior year. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agencies) 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 over time.

TOTAL DISBURSEMENTS
(millions of dollars)

	FY 2011 Results	FY 2012 Revised	Annual $ Change	Annual % Change
State Operating Funds	**84,417**	**86,861**	**2,444**	**2.9%**
General Fund (excluding transfers)	49,366	50,887	1,521	3.1%
Other State Funds	29,373	30,078	705	2.4%
Debt Service Funds	5,678	5,896	218	3.8%
All Governmental Funds	**134,825**	**131,409**	**(3,416)**	**-2.5%**
State Operating Funds	84,417	86,861	2,444	2.9%
Capital Projects Funds	7,844	7,858	14	0.2%
Federal Operating Funds	42,564	36,690	(5,874)	-13.8%
General Fund, including Transfers	**55,373**	**56,855**	**1,482**	**2.7%**
State Funds	**90,118**	**92,756**	**2,638**	**2.9%**

The annual growth in State Operating Funds spending is affected by several factors: (a) the deferral of a School Aid payment from FY 2010 to FY 2011; (b) the planned amortization of the State's pension costs above a certain percentage of payroll, as authorized in FY 2011; (c) the set-aside of a reserve to pay for potential retroactive labor settlements (for the 2007 through 2011 period), rather than assuming spending for these settlements in FY 2012; and (d) accounting for the phase-out of the Federal government's payment of an increased share of State Medicaid costs.

The following table summarizes the major sources of annual change in State spending by major program, purpose, and Fund perspective.

STATE SPENDING MEASURES
(millions of dollars)

	FY 2011 Results	FY 2012 Revised	Annual Change $	Annual Change %
STATE OPERATING FUNDS				
Local Assistance	**55,295**	**57,565**	**2,270**	**4.1%**
School Aid (Excludes FY 2010 Payment Deferral)	19,788	19,686	(102)	-0.5%
Medicaid [1]	14,157	17,567	3,410	24.1%
Department of Health [2]	15,886	15,679	(207)	-1.3%
Enhanced FMAP (DOH Only)	(3,948)	(353)	3,595	-91.1%
Mental Hygiene	2,150	2,130	(20)	-0.9%
Children and Family Services	69	111	42	60.9%
Transportation	4,254	4,225	(29)	-0.7%
STAR	3,234	3,293	59	1.8%
Social Services (Non-Medicaid Financed)	2,800	2,807	7	0.3%
Higher Education [3]	2,470	2,585	115	4.7%
Public Health/Aging	2,015	2,121	106	5.3%
Other Education Aid [3]	1,474	1,742	268	18.2%
Mental Hygiene (Non-Medicaid Financed)	1,428	1,469	41	2.9%
Local Government Assistance	775	758	(17)	-2.2%
All Other [4]	2,900	1,312	(1,588)	-54.8%
State Operations	**17,387**	**16,923**	**(464)**	**-2.7%**
Personal Service:	12,422	11,817	(605)	-4.9%
Executive Agencies	7,143	6,593	(550)	-7.7%
Higher Education	3,358	3,374	16	0.5%
Judiciary	1,525	1,469	(56)	-3.7%
Legislature	174	165	(9)	-5.2%
Department of Law	112	111	(1)	-0.9%
Audit & Control	110	105	(5)	-4.5%
Non-Personal Service	4,965	5,106	141	2.8%
Fringe Benefits/Fixed Costs	**6,102**	**6,534**	**432**	**7.1%**
Pensions	1,470	1,586	116	7.9%
Health Insurance	3,055	3,416	361	11.8%
All Other Fringe Benefits	1,227	1,184	(43)	-3.5%
Fixed Costs	350	348	(2)	-0.6%
Debt Service	**5,615**	**5,834**	**219**	**3.9%**
Capital Projects	**18**	**5**	**(13)**	**-72.2%**
TOTAL STATE OPERATING FUNDS	**84,417**	**86,861**	**2,444**	**2.9%**
Capital Projects (State Funded)	**5,701**	**5,895**	**194**	**3.4%**
TOTAL STATE FUNDS	**90,118**	**92,756**	**2,638**	**2.9%**
Federal Spending (Including Capital Grants)	**44,707**	**38,653**	**(6,054)**	**-13.5%**
TOTAL ALL GOVERNMENTAL FUNDS	**134,825**	**131,409**	**(3,416)**	**-2.5%**

[1] An additional $3.5 billion in Medicaid spending for mental hygiene agencies is included in state operations and fringe benefits spending totals.

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

[3] The annual change is impacted by the phase-out of Federal ARRA stabilization funding that temporarily reduced State costs for various programs within special education and higher education.

[4] All Other local assistance includes the school aid payment deferral from FY 2010 to FY 2011, 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.

Projected Closing Balances

DOB estimates the State will end FY 2012 with a General Fund balance of $1.7 billion, which consists of $1.0 billion in the Tax Stabilization Reserve, $275 million in the Rainy Day Reserve, $51 million in the Community Projects Fund, $21 million in the Contingency Reserve Fund, and $13 million in an undesignated fund balance. The estimated closing balance of $1.7 billion reflects the assumption that the estimated current year shortfall of $350 million is closed by the fiscal management plan or legislative action, or both. The closing balance in the Rainy Day Reserve reflects a planned deposit of $100 million in FY 2012. If efforts to eliminate the shortfall are unsuccessful, DOB expects that the closing balance in the General Fund would be approximately $1.4 billion (as reflected on the General Fund Financial Plan table that appears later in this AIS Update).

The closing balance also includes $346 million identified to cover the costs of potential retroactive labor settlements with unions that have not agreed to contracts through FY 2011. The amount is calculated based on the pattern settlement for FYs 2007 through 2011 agreed to by the State's largest unions for that period. In prior years, this amount has been carried in the annual spending totals. If settlements are reached in FY 2012, the fund balance in the General Fund will decline by an amount equal to the settlements.

The Community Projects Fund, which finances discretionary ("member item") grants allocated by the Legislature and Governor, is expected to disburse $85 million over the course of FY 2012. These disbursements, coupled with the repeal of $85 million in scheduled deposits for FY 2012, are expected to leave a balance of $51 million in the fund at the end of the fiscal year.

YEAR-TO-DATE OPERATING RESULTS

GENERAL FUND RESULTS VERSUS FIRST QUARTERLY UPDATE

Through the first six months of FY 2012, General Fund receipts, including transfers from other funds, totaled $28.9 billion, or $355 million below the forecast in the First Quarterly Update. Total taxes, including transfers from other funds after debt service, were $313 million lower than projected, mainly due to lower collections in business taxes (due to the timing of audit recoveries and weaker than expected business conditions) and user taxes, which were partly offset by higher estate tax collections and PIT receipts. In comparison to the Enacted Budget forecast, General Fund receipts were $333 million above estimated levels through September 2011 and $74 million through October 2011, suggesting a downward trend in receipts which is reflected in the revised annual receipt estimates.

General Fund disbursements, including transfers to other funds, totaled $25.3 billion through September 2011, or $328 million below the First Quarterly Update forecast. The favorable results appear to be due largely to the timing of disbursements, with several large payments originally anticipated in September occurring in October. After adjusting for these timing-related variances, disbursements to date appear to be generally consistent with the First Quarterly Update forecast through September 2011.

GENERAL FUND OPERATING RESULTS THROUGH SEPTEMBER 2011
(millions of dollars)

	Projections			Favorable/ (Unfavorable) vs.	
	Enacted Budget	**First Quarterly Update**	**Actual Results**	**Enacted Budget**	**First Quarterly Update**
Opening Balance	**1,376**	**1,376**	**1,376**	**0**	**0**
Receipts	**28,568**	**29,256**	**28,901**	**333**	**(355)**
Personal Income Tax[1]	18,062	18,426	18,432	370	6
User Taxes and Fees[1]	5,926	5,893	5,842	(84)	(51)
Business Taxes	2,372	2,729	2,391	19	(338)
Other Taxes[1]	733	759	827	94	68
Non-Tax Revenue	1,475	1,449	1,409	(66)	(40)
Disbursements	**25,752**	**25,657**	**25,329**	**423**	**328**
Education	7,585	7,192	7,208	377	(16)
Health Care	5,422	5,688	5,472	(50)	216
Social Services	1,678	1,637	1,410	268	227
All Other Local	2,714	2,842	2,776	(62)	66
Personal Service	3,126	3,249	3,302	(176)	(53)
Non-Personal Service	966	840	840	126	0
General State Charges	1,717	1,741	1,753	(36)	(12)
Transfers To Other Funds	2,544	2,468	2,568	(24)	(100)
Change in Operations	**2,816**	**3,599**	**3,572**	**(90)**	**(27)**
Closing Balance	**4,192**	**4,975**	**4,948**	**n/a**	**n/a**

[1] Includes transfers from other funds after debt service.

Significant spending variances from the First Quarterly Update forecast include:

- Health Care: Reflects $160 million in lower than expected Medicaid spending that DOB believes to be consistent with expected savings from the Medicaid Redesign Team (MRT) actions. Public health spending was below projections by $56 million due to processing delays of reimbursements to county health departments under the General Public Health Works (GPHW) program and various other public health programs.

- Social Services: Spending fell short of projections largely in the area of Child Welfare payments. Based on updated information, DOB has lowered its annual estimate of Child Welfare spending in each fiscal year of the Financial Plan.

- All Other Local: Largely reflects the timing of annual payments for the New York City death benefit for police officers and firefighters ($32 million) and civil legal services to the indigent ($15 million), as well as Aid and Incentive for Municipalities (AIM) payments to municipalities ($11 million).

- Personal Service: Higher spending through September 2011 was primarily due to the timing of processing by DOH of an accounting offset ($24 million) and seasonal fluctuations in staffing at the Department of Corrections and Community Supervision (DCCS) which had not been fully incorporated into monthly projections ($22 million).

GENERAL FUND YEAR-OVER-YEAR RESULTS

The closing balance in the General Fund at September 30, 2011 was $2.6 billion higher than the closing balance on September 30, 2010. As illustrated in the table below, growth in revenue collections and a decline in spending have improved the State's operating position through the first half of the current year as compared to the prior year.

GENERAL FUND OPERATING RESULTS YEAR OVER YEAR
APPIL THROUGH SEPTEMBER
(millions of dollars)

	FY 2011 Results	FY 2012 Results	Increase/(Decrease) $	Increase/(Decrease) %
Opening Balance	**2,302**	**1,376**	**(926)**	
Receipts	**25,519**	**28,901**	**3,382**	**13.3%**
Personal Income Tax[1]	15,555	18,432	2,877	18.5%
User Taxes and Fees[1]	5,543	5,842	299	5.4%
Business Taxes	2,069	2,391	322	15.6%
Other Taxes[1]	829	827	(2)	-0.2%
Non-Tax Revenue	1,523	1,409	(114)	-7.5%
Disbursements	**25,440**	**25,329**	**(111)**	**-0.4%**
2010 School Aid Deferral	2,060	0	(2,060)	-100.0%
Education	7,233	7,208	(25)	-0.3%
Health Care	4,272	5,472	1,200	28.1%
Social Services	975	1,410	435	44.6%
All Other Local	2,600	2,776	176	6.8%
Personal Service	3,354	3,302	(52)	-1.6%
Non-Personal Service	928	840	(88)	-9.5%
General State Charges	1,395	1,753	358	25.7%
Transfers To Other Funds	2,623	2,568	(55)	-2.1%
Change in Operations	**79**	**3,572**	**3,493**	
Closing Balance	**2,381**	**4,948**	**2,567**	

[1] Includes transfers from other funds after debt service.

Tax receipts through September 2011 were $3.5 billion (14.6 percent) higher than the prior year, largely due to moderate wage growth, lower PIT refunds due to timing differences, continued corporate profits, and moderately increased consumer spending. A large portion of the growth in PIT reflects payment related to 2010 tax liability.

Through September 2011, spending was $111 million (-0.4 percent) lower than the same period last year. This decrease was due to the deferral of a school aid payment from FY 2010 to FY 2011, which increased FY 2011 spending through September 2010. Excluding the extra school aid payment, spending through September 2011 was $1.9 billion above last year's level. The significant drivers of increased spending include the impact of the June 2011 expiration of the temporary enhanced Federal share of Medicaid costs that adds approximately $1 billion annually to the State share of Medicaid costs, and the effect of strict spending controls that had been instituted by DOB to maintain positive cash balances in FY 2011, which occurred mainly in social services and health insurance payments to carriers for State employees and retirees (reflected in General State Charges). Agency operating spending has declined, consistent with expectations.

STATE OPERATING FUNDS RESULTS VERSUS FIRST QUARTER UPDATE

State Operating Funds results for receipts and disbursements are generally consistent with the General Fund variances described earlier.

STATE OPERATING FUNDS RESULTS APRIL - SEPTEMBER 2011
(millions of dollars)

	Projections			Favorable/ (Unfavorable) vs.	
	Enacted Budget	First Quarterly Update	Actual Results	Enacted Budget	Quarterly Update
Opening Balance	**3,970**	**3,970**	**3,969**	**(1)**	**(1)**
Receipts	**39,375**	**40,575**	**40,161**	**786**	**(414)**
Taxes	30,636	31,432	31,046	410	(386)
Miscellaneous/Federal Receipts	8,739	9,143	9,115	376	(28)
Disbursements	**39,219**	**39,293**	**38,912**	**307**	**381**
Education	9,859	9,464	9,481	378	(17)
Health Care	8,202	8,591	8,404	(202)	187
Social Services	1,686	1,646	1,417	269	229
All Other Local	6,284	6,319	6,207	77	112
Personal Service	5,948	5,938	6,086	(138)	(148)
Non-Personal Service	2,399	2,423	2,419	(20)	4
General State Charges	2,577	2,595	2,613	(36)	(18)
Debt Service	2,264	2,314	2,282	(18)	32
Capital Projects	0	3	3	(3)	-
Other Financing Sources	**2,424**	**2,413**	**2,495**	**71**	**82**
Change in Operations	**2,580**	**3,695**	**3,744**	**1,164**	**49**
Closing Balance	**6,550**	**7,665**	**7,713**	**n/a**	**n/a**

STATE OPERATING FUNDS YEAR-OVER-YEAR RESULTS

The year over year results in State Operating Funds tax receipts and spending illustrated below mirror the results in the General Fund described above. In addition to the General Fund annual changes, annual changes in other State Funds is mainly due to higher local assistance spending for mental hygiene, transit aid payments, and health care programs; additional personal service declines in health and mental hygiene; and $200 million in higher SUNY spending mainly for contractual services that more than offsets the overall decline in General Fund non-personal service spending.

APRIL - SEPTEMBER STATE OPERATING FUNDS RESULTS YEAR OVER YEAR
(millions of dollars)

	FY 2011 Results	FY 2012 Results	Increase/(Decrease) $	%
Opening Balance	**4,810**	**3,969**	**(841)**	
Receipts	**36,608**	**40,161**	**3,553**	**9.7%**
Taxes	27,484	31,046	3,562	13.0%
Miscellaneous/Federal Receipts	9,124	9,115	(9)	-0.1%
Disbursements	**38,367**	**38,912**	**545**	**1.4%**
2010 School Aid Deferral	2,060	0	(2,060)	-100.0%
Education	9,579	9,482	(97)	-1.0%
Health Care	6,946	8,403	1,457	21.0%
Social Services	982	1,413	431	43.9%
All Other Local	5,882	6,211	329	5.6%
Personal Service	6,226	6,086	(140)	-2.2%
Non-Personal Service	2,290	2,419	129	5.6%
General State Charges	2,199	2,613	414	18.8%
Debt Service	2,190	2,282	92	4.2%
Capital Projects	13	3	(10)	-76.9%
Other Financing Sources	**2,647**	**2,495**	**(152)**	
Change in Operations	**888**	**3,744**	**2,856**	
Closing Balance	**5,698**	**7,713**	**2,015**	

OTHER MATTERS AFFECTING THE FINANCIAL PLAN

GENERAL

The Current Financial Plan is subject to many complex economic, social, financial, and political risks and uncertainties, many of which are outside the ability of the State to control. DOB believes that the projections of receipts and disbursements in the Current 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 Current 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. Other uncertainties and risks concerning the economic and receipts forecasts include the impact of: national and international events such as the Euro-zone financial crisis on consumer confidence, oil supplies, and oil prices; Federal statutory and regulatory changes concerning financial sector activities; changes concerning financial sector bonus payouts, as well as any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; financial and real estate market developments on bonus income and capital gains realizations; and household deleveraging on consumer spending and State tax collections.

Among other factors, the Current Financial Plan is subject to various other uncertainties and contingencies relating to the extent, if any, to which wage increases for State employees exceed the annual wage costs assumed; realization of the projected rate of return 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 Current Financial Plan; 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 Current Financial Plan are subject to revisions which may involve substantial change. 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

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 or reductions 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 and cannot be implemented solely by the action of the Governor.

State law changes approved in FY 2012 grant the Executive certain powers to achieve the Medicaid savings assumed in the Financial Plan. However, there can be no assurance that these powers will be sufficient to achieve the level of gap-closing savings anticipated in FY 2012 or limit the rate of annual growth in the Department of Health ("DOH") State Funds Medicaid spending. In addition, savings are dependent upon timely Federal approvals, appropriate amendments to existing systems and processes, and the participation of health care industry stakeholders. Medicaid disbursements to date are consistent with expectations.

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 Financial Plan, including payments pursuant to the Tribal State Compact; and the achievement of cost-saving measures including, but not limited to, the transfer of available fund balances to the General Fund at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Financial Plan in the current year or future years.

State Agency Savings and Status of current labor negotiations

The Current Financial Plan includes $1.5 billion in savings from State agency operations, consistent with the Enacted Budget Financial Plan. This includes approximately $450 million in gap-closing savings from, among other things, wage and benefit changes negotiated with State employee unions, operational efficiencies, and attrition. Based on observed attrition levels and recent labor settlements, DOB believes savings assumed in the Current Financial Plan are likely to be achieved. On August 15, 2011, members of the State's largest union, the Civil Service Employee Association (CSEA), ratified a five-year labor contract with the State. On November 3, 2011, employees represented by the Public Employees Federation (PEF), the State's second-largest State employee union, ratified a four-year labor contract with the State. The Legislature approved savings actions contingent upon ratification and thus such actions take effect immediately.

Under both PEF and CSEA agreements, there are no general salary increases for three years (FY 2012 through FY 2014). Employee compensation during FY 2012 and FY 2013 will be temporarily reduced. Employees will receive deficit reduction leave (totaling nine days). CSEA-represented employees will receive a $1,000 lump sum payment ($775 paid in FY 2014 and $225 paid in FY 2015). Employees will receive a 2 percent salary increase in FY 2015 under both agreements, and CSEA-represented employees will receive a 2 percent increase in FY 2016. Employees represented by CSEA will be repaid the value of four days in equal consecutive installments starting at the end of the CSEA contract term and employees represented by PEF will be repaid the value of nine days in equal consecutive installments starting in FY 2016.

The agreements also include substantial changes to employee health care contributions. Employees will receive broad layoff protection for FYs 2012 and 2013. Workforce reductions due to management decisions to close or restructure facilities authorized by legislation, Spending and Government Efficiency (SAGE) Commission recommendations or material or unanticipated changes in the State's fiscal circumstances are not covered by this protection.

Negotiations with the State's other unions, which represent approximately 35 percent of the State workforce, are ongoing. The largest of these unions, with whom negotiations continue, include the United University Professions (UUP), which represents faculty and non-teaching professional staff within the State University system, and the New York State Correctional Officer and Police Benevolent Association (NYSCOPBA), which represents the State's correctional officers.

Prior-Year Labor Settlements

The Current Financial Plan includes a reserve of $346 million to cover the costs of a pattern settlement with all unions that have not agreed to contracts through FY 2011. The pattern is based on the general salary increases 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 reserved.

In August 2011, a statutorily authorized judicial compensation commission authorized a multi-year plan to provide salary increases for judges beginning in FY 2013, which will automatically take effect barring action by the Legislature and the Governor to obviate the increases. The Current Financial Plan assumes salary increases in the Judiciary's current budget projections.

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 and a relatively small amount of other monies belonging to the State. Several accounts in Debt Service Funds and Capital Projects Funds that are part of All Governmental Funds are excluded from the balances deemed available in STIP. These excluded funds consist of money obligated for debt service payments and bond proceeds.

In FY 2012, the General Fund used this authorization to meet certain payment obligations in April 2011, and repaid such amounts by the end of April 2011. While the General Fund may rely on this borrowing authority at other times during FY 2012, it is expected that such amounts will be repaid by the end of the month.

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.

The FY 2012 All Governmental Funds month-end balances are shown in the table below. 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.

FY 2012 MONTH-END CASH BALANCES
(millions of dollars)

	General Fund	Other Funds	All Funds
April	4,510	4,239	8,749
May	1,809	4,225	6,034
June	2,492	2,935	5,427
July	1,884	4,103	5,987
August	1,571	3,960	5,531
September	4,948	2,006	6,954
October*	3,447	2,967	6,414
November*	2,502	2,797	5,299
December*	1,962	2,236	4,198
January*	6,208	3,563	9,771
February*	5,737	3,830	9,567
March* 1/	1,387	2,310	3,697

* Estimate
1/ Before implementation of administrative or legislative actions to eliminate the potential General Funds shortfall of $350 million.

PENSION AMORTIZATION

Under legislation enacted in FY 2011, the State and local governments may amortize (defer paying) a portion of their pension costs beginning in FY 2011. Amortization temporarily reduces the pension costs that must be paid by public employers in a given fiscal year, but results in higher costs overall when repaid with interest. The legislation enacted a formula to set amortization thresholds for each year. The amortization thresholds may increase or decrease by up to one percentage point annually. Pension contribution costs in excess of the amortization thresholds, which are 10.5 percent of payroll for the Employees Retirement System (ERS) and 18.5 percent for the Police and Fire Retirement System (PFRS) in FY 2012, may be amortized.

The Current Financial Plan assumes that the State will amortize a portion of its pension costs, pursuant to the FY 2011 legislation. The State's minimum ERS pension contribution rate as a percentage of payroll, was 9.5 percent in FY 2011, is 10.5 percent in FY 2012 and 11.5 percent in FY 2013, and is expected to be 13.5 percent in FY 2015. The PFRS rate, was 17.5 percent in FY 2011, is 18.5 percent in FY 2012 and 19.5 percent in FY 2013and is expected to be 21.5 percent in FY 2015. In addition, the State will begin repayment of the amounts amortized, beginning in the fiscal year immediately following the amortizations. The authorizing legislation also permits amortization in all future years if the actuarial contribution rate is greater than the amortization thresholds. Repayment of the amortized amounts will be made over a period of not more than ten years at an interest rate to be determined by the State Comptroller annually for amounts amortized in that year and with the rate fixed for the entire term of that amortization.

In March 2011, the State made a pension payment of $1.078 billion for FY 2011, and amortized $216 million. The State prepaid $46 million earlier in fiscal year 2011. In addition, the State's Office of Court Administrations (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 the current fiscal year, FY 2012. For amounts amortized in FY 2011, the Comptroller set an interest rate of 5 percent, and has set an interest rate of 3.75 percent for amounts amortized for FY 2012. The Current

Financial Plan assumes that both the State and OCA will elect to amortize pension costs in future years, consistent with the provisions of the authorizing legislation, and repay such amounts at an interest cost assumed by DOB to be 5 percent over ten years from the date of each deferred payment.

The following table, which summarizes pension contributions and projections for future fiscal years, reflects the "Normal Costs" of pension contributions as the amount the State would contribute to fund pensions before amortization, along with "New Amortized Amounts" assumed in upcoming years. The repayment costs associated with these amortizations are reflected as the "Amortization Payment." Consistent with these amortization assumptions, Part TT of Chapter 57 of the Laws of 2010 requires that (a) the State make "Additional Contributions" in upcoming fiscal years, above the actuarially required contribution, and (b) once all outstanding amortizations are paid off, that additional contributions will be set aside as "Reserves for Rate Increases," to be invested by the State Comptroller and used to offset future year rate increases. Projections in the following table are based on certain assumptions about actuarial factors on investment earnings and benefits to be paid, and actual results may vary from the projections provided below.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM [1]
PENSION CONTRIBUTIONS AND OUTYEAR PROJECTIONS
(millions of dollars)

Fiscal Year	Normal Costs[2]	New Amortized Amounts	Amortization Payment[3]	Additional Contributions	Total	Reserves for Rate Increases	Plus Interest at 5%
2011 Actual	1,552.8	(249.6)	0.0	0.0	1,303.2	0.0	0.0
2012 Projected	1,962.3	(574.8)	32.3	0.0	1,419.8	0.0	0.0
2013 Projected	2,123.8	(781.9)	102.3	0.0	1,444.2	0.0	0.0
2014 Projected	2,484.3	(911.8)	197.5	0.0	1,770.0	0.0	0.0
2015 Projected	2,711.4	(989.0)	308.6	0.0	2,031.0	0.0	0.0
2016 Projected	2,426.5	(612.6)	429.0	0.0	2,242.9	0.0	0.0
2017 Projected	2,256.2	(374.4)	503.6	0.0	2,385.4	0.0	0.0
2018 Projected	2,248.9	(199.4)	549.2	0.0	2,598.7	0.0	0.0
2019 Projected	2,376.8	(148.0)	573.4	0.0	2,802.2	0.0	0.0
2020 Projected	2,510.3	(93.2)	591.5	0.0	3,008.6	0.0	0.0
2021 Projected	2,649.7	(34.9)	602.8	0.0	3,217.6	0.0	0.0
2022 Projected	2,197.4	0.0	574.7	362.7	3,134.8	0.0	0.0
2023 Projected	1,989.2	0.0	298.5	510.4	2,798.1	0.0	0.0
2024 Projected	1,766.6	0.0	87.9	666.6	2,521.1	411.4	432.0
2025 Projected	1,528.9	0.0	0.0	831.8	2,360.7	1,243.2	1,327.0
2026 Projected	1,125.9	0.0	0.0	1,155.8	2,281.7	2,399.0	2,606.9

Source: NYS DOB
1. Pension contribution values do not include pension costs related to the Optional Retirement Program and Teachers' Retirement System for SUNY and SED, whereas the projected pension disbursements in the Financial Plan tables presented in this Update include these costs. Pension contribution values include the State's Office of Court Administration (OCA).
2. Includes amortization payments from amortizations prior to FY 2011.
3. The amortization payment assumes an interest rate of 5 percent for each amortized amount. The actual rate for each amortized amount may be increased or decreased from this estimate.

FEDERAL ACTIONS

The State receives a substantial amount of Federal aid for health care, education, transportation, and other governmental purposes. Any changes in Federal funding levels could have a materially adverse impact on the State's Current Financial Plan.

In addition, the Current Financial Plan may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Medicaid rules. For example, all Medicaid claims are subject to audit and review by the Federal government. The Federal Centers for Medicare and Medicaid Services (CMS) recently engaged the State regarding claims for services provided to individuals in developmental centers operated by the New York State Office for People with Development Disabilities (OPWDD). Although no official audit has commenced and the rates paid for these services are established in full 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. The State has begun the process of seeking CMS approval to proceed with the development of a new form of waiver (known as the “section 1115 demonstration waiver”) to create a contemporary and sustainable system of service funding and delivery for individuals with developmental disabilities.

FEDERAL DEFICIT REDUCTION PROCESS

The Federal Budget Control Act of 2011 (“BCA”) established a Joint Select Committee for Deficit Reduction to achieve $1.2 trillion in deficit reduction over 10 years. On November 21, 2011, the Joint Select Committee announced that it failed to reach agreement on actions to reduce the deficit. Pursuant to the BCA, deficit reduction will now be achieved through the sequestration process, with automatic reductions scheduled to begin in January 2013. The BCA prescribes that approximately 82% of the $1.2 billion in deficit reduction must be through spending reductions, divided evenly between the Defense Department and non-Defense spending. The balance must be achieved through debt service savings.

The State is analyzing the potential impact of the BCA on the State Financial Plan and State economy. Based on its preliminary review, DOB estimates that, if the sequestration process were to operate as set forth in the BCA and without any further modification by Congress, New York State and local governments could lose approximately $5 billion in Federal funding over 10 years, beginning in FY 2013. This does not account for potential declines in other revenues that may occur as a result of lost Federal funding. DOB will continue to refine its estimates as more information becomes available.

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. For planning purposes, the Current Financial Plan assumes no proceeds from a health care conversion in FY 2012, but counts on proceeds of $250 million in FY 2013 and $300 million in FYs 2014 and 2015, which would be deposited into the Health Care Reform Act (HCRA) account. If a conversion does not occur on the timetable or at the levels assumed in the Current 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.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)-BASIS PROJECTIONS

The State's budget is required to be balanced on a cash basis, which is DOB's primary focus in preparing and implementing the Current Financial Plan. State Finance Law also requires the Financial Plan be presented for informational purposes on a GAAP basis. The GAAP-basis plans follow, to the extent practicable, the accounting principles applied by OSC in preparation of the annual Financial Statements. The GAAP-basis General Fund Financial Plan tables are provided at the end of this AIS Update.

In FY 2012, the General Fund GAAP Financial Plan shows total projected revenues of $48.1 billion, total projected expenditures of $58.0 billion, and net other financing sources of $9.4 billion.

The GAAP-basis results for FY 2011 showed the State in a net positive asset condition of $27.6 billion. This includes the cost of other post-employment benefits as described below.

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 FY 2011[4], 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 to 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 FY 2011, an actuarial valuation of OPEB liabilities was performed as of April 1, 2008, with results projected as of April 1, 2010 for the fiscal year ended March 31, 2011. The valuation calculated the present value of the actuarially accrued total liability for benefits as of March 31, 2011 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 FY 2011 totaled $3.7 billion ($3.1 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 $2.5 billion ($2.1 billion for the State and $0.4 billion for SUNY) above the payments for retiree OPEB costs made by the State in FY 2010. 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 net assets by $2.5 billion at the end of FY 2011.

The State's actuarial consultant has provided an updated calculation of the ARC and annual OPEB costs at April 1, 2010 based on the April 1, 2008 valuation. The updated calculation shows the present value of the actuarially accrued total liability for benefits at $63.9 billion ($53.8 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 FY 2012. DOB expects the estimate of OPEB costs to increase substantially due to (i) higher than assumed increases in the cost of health care, (ii) implementation of the Federal Patient Protection and Affordable Care Act, and (iii) decreased interest rates.

[4] See the State Comptroller's Annual Financial Report, FY 2011 at http://www.osc.state.ny.us/finance/finreports/bfs2011.pdf

The Governmental Accounting Standards Board ("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 Current 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 included in the Current Financial Plan.

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

Fiscal Year	Active Employees	Retirees	Total State
2008 (Actual)	1,390	1,182	2,572
2009 (Actual)	1,639	1,068	2,707
2010 (Actual)	1,609	1,072	2,681
2011 (Actual)	1,834	1,221	3,055
2012 (Projected)	2,136	1,280	3,416
2013 (Projected)	2,332	1,399	3,731
2014 (Projected)	2,540	1,524	4,064
2015 (Projected)	2,558	1,534	4,092

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 Current Financial Plan to pre-fund the OPEB liability. If such liability were pre-funded now, 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 parties. However, it is not expected that the State will alter its planned funding practices due to existing fiscal constraints.

DEBT REFORM ACT LIMIT

The Debt Reform Act of 2000 restricts the issuance of State-supported debt to capital purposes only and limits such debt to a maximum term of 30 years. The Act limits the amount of new State-supported debt to 4 percent of State personal income and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to all new State-supported debt issued on and after April 1, 2000. The cap on new State-supported debt outstanding began at 0.75 percent of personal income in FY 2001 and was fully phased-in at 4 percent of personal income during FY 2011, while the cap on new State-supported debt service costs began at 0.75 percent of all funds receipts in FY 2001 and will increase until it is fully phased in at 5 percent during FY 2014.

The statute requires that the limitations on the amount of State-supported debt and debt service costs be calculated by October 31 of each year and reported in the Mid-Year Update to the Financial Plan. If the actual amount of new State-supported debt outstanding and debt service costs for the prior fiscal year are below the caps at this time, State-supported debt may continue to be issued. However, if either the debt outstanding or the debt service caps are met or exceeded, the State would be precluded from issuing new State-supported debt until the next annual cap calculation is made and debt is found to be within the applicable limitations.

For FY 2011, the cumulative debt outstanding and debt service caps are 4.00 and 4.32 percent, respectively. As shown in the tables below, the actual levels of debt outstanding and debt service costs continue to remain below the statutory caps. From April 1, 2000 through March 31, 2011, the State has issued new debt resulting in $32.8 billion of debt outstanding applicable to the debt reform cap. This is about $4.8 billion below the statutory debt outstanding limitation. The debt service costs on this new debt totaled $3.1 billion in FY 2011 – or roughly $2.6 billion below the statutory debt service limitation.

Debt Outstanding Cap (millions of dollars)	
New Debt Outstanding	$32,827
Personal Income (CY 2010)	$939,564
Debt Outstanding (Percent of PI)	3.49%
Cap Imposed by Debt Reform Act	4.00%

Debt Service Cap (millions of dollars)	
New Debt Service	$3,120
All Funds Receipts	$133,321
Debt Service (Percent of All Funds Receipts)	2.34%
Cap Imposed by Debt Reform Act	4.32%

Current projections estimate that debt outstanding and debt service costs will continue to remain below the limits imposed by the Act throughout the next several years. However, the State is continuing through a period of declining debt capacity. Based on the most recent personal income and debt outstanding forecasts, the available room under the debt outstanding cap is expected to decline from 0.30 percent ($3.0 billion) in FY 2012 to 0.07 percent ($726 million) in FY 2014. Measures addressing capital spending priorities, debt financing practices, and the inherent volatility of personal income as a basis for long-term planning may be considered in order to stay within the statutory limitations.

New Debt Outstanding
(millions of dollars)

Year	Personal Income	Cap %	Actual/ Recommended %	$ (Above)/Below	% (Above)/Below
2010-11	939,564	4.00%	3.49%	4,755	0.51%
2011-12	985,638	4.00%	3.70%	2,961	0.30%
2012-13	1,021,692	4.00%	3.86%	1,429	0.14%
2013-14	1,065,288	4.00%	3.93%	726	0.07%
2014-15	1,123,703	4.00%	3.89%	1,273	0.11%
2015-16	1,184,795	4.00%	3.81%	2,226	0.19%

New Debt Service Costs
(millions of dollars)

Year	All Funds Receipts	Cap %	Actual/ Recommended %	$ (Above)/Below	% (Above)/Below
2010-11	133,321	4.32%	2.34%	2,635	1.98%
2011-12	130,833	4.65%	2.68%	2,573	1.97%
2012-13	128,778	4.98%	3.00%	2,553	1.98%
2013-14	134,494	5.00%	3.11%	2,536	1.89%
2014-15	141,469	5.00%	3.15%	2,617	1.85%
2015-16	150,088	5.00%	3.11%	2,839	1.89%

SECURED HOSPITAL PROGRAM

Pursuant to legislation enacted in 1985, the State entered into service contracts establishing a contingent-contractual obligation with respect to financings related to the Secured Hospital Program, for the purpose of enabling certain financially distressed not-for-profit hospitals to gain access to the capital markets. The contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by the New York State Medical Care Facilities Finance Agency ("MCFFA") and by the Dormitory Authority of the State of New York ("DASNY") (all now included as debt of DASNY). In the event there are shortfalls in revenues from other sources, which include hospital payments made under loan agreements between DASNY and the hospitals, and certain reserve funds held by the applicable trustees for the bonds, the State is liable for the debt service. As of March 31, 2011, there is a total of $585 million of outstanding bonds for the program, with a total annual debt service requirement of approximately $79 million.

The financial condition of most hospitals in the State's Secured Hospital Program continues to deteriorate. Of the nine hospitals in the program, several are experiencing significant operating losses that are likely to impair their ability to remain current on their loan agreements with DASNY. In the Current Financial Plan, DOB has assumed additional costs of $3 million in FY 2013 and $32 million annually thereafter for the Secured Hospital Program. If recent trends continue and other available funds become depleted, additional State resources may be needed to meet debt service obligations on outstanding bonds pursuant to the service contracts. In relation to the entire Secured Hospitals Program portfolio, a maximum annual exposure to the State of $82 million would be realized in FY 2014 if reserve funds held by trustees were fully depleted and no payments to the State were made by participating hospitals.

BOND MARKET

Implementation of the Current Financial Plan is dependent on the State's ability to market its bonds successfully. The State finances much of its capital spending in the first instance from the General Fund or STIP, which it then reimburses 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 can adversely affect the State's overall cash position and capital funding plan. 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

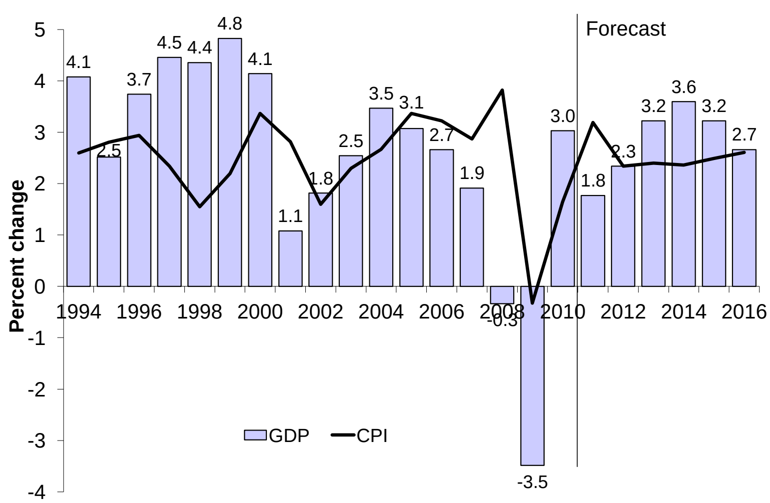
Litigation against the State may include potential challenges to the constitutionality of various actions. The State may also be affected by adverse decisions that are the result of various lawsuits. Such adverse decisions may not meet the materiality threshold to warrant individual description but,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

ECONOMIC BACKDROP[5]

THE NATIONAL ECONOMY

The U.S. economy's recovery has been buffeted by a continual series of setbacks since the start of this year. The list is long: extreme winter weather, turmoil in the Middle East accompanied by spiking energy prices, supply chain disruptions resulting from the Japanese earthquake and tsunami, spring tornados and flooding, European sovereign debt crises, and uncertainty surrounding the U.S. government's current budget deficit and long-term debt. All of these factors had a substantial impact on economic activity in the first half of this year. With the release of the U.S. Bureau of Economic Analysis' annual revision at the end of July, we learned that economic growth was virtually stagnant in the first quarter, followed by 1.3 percent growth in the second. Although the impact of at least some of these events has begun to unwind, a weakened labor market, low income growth, volatile equity markets, and a stalled housing sector all dictate that the comeback during the second half of the year will be slow. Consequently, real U.S. GDP is now projected to grow 1.8 percent for 2011, followed by growth of 2.3 percent for 2012. These growth rates are historically weak for this point in an expansion.

Outlook for Real U.S. GDP Growth and Inflation

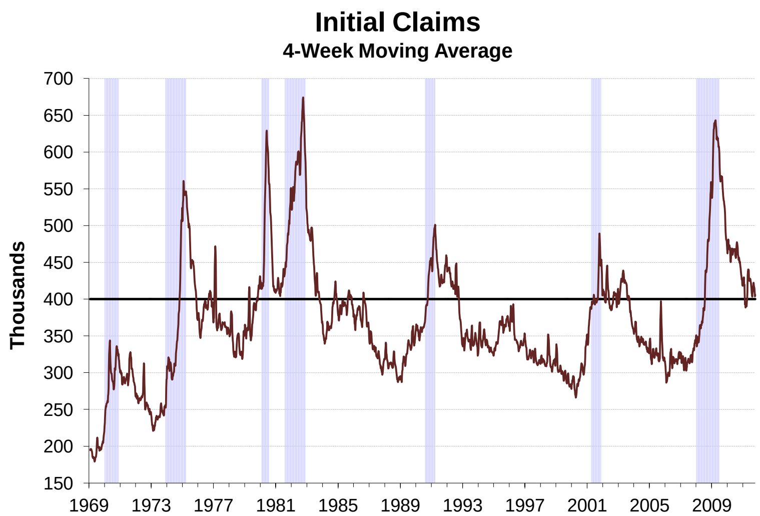


Note: Displayed values pertain to GDP growth.
Source: Moody's Analytics; DOB staff estimates.

The slowdown has been negative for both employment and income. Average monthly private sector employment gains fell from 204,000 for the first four months of this year to 105,000 for the five months through September. In the meantime, the public sector has been steadily shedding employment at a rate of 30,000 jobs per month since the beginning of the year, with the weakness largely emanating from state and local governments. As of the week ending October 22, 2011, initial claims for unemployment insurance benefits have remained above 400,000 almost every week (except for two) since the second week of April. As a result, the national labor market is now projected to add jobs at a pace of 0.9 percent in 2011, followed by 1.0 percent growth in 2012. These projections are consistent with a decline in the unemployment rate to 8.8 percent by the fourth quarter of next year.

[5] Unless otherwise noted, all quarterly and annual references in this section of the AIS Update are to calendar years.

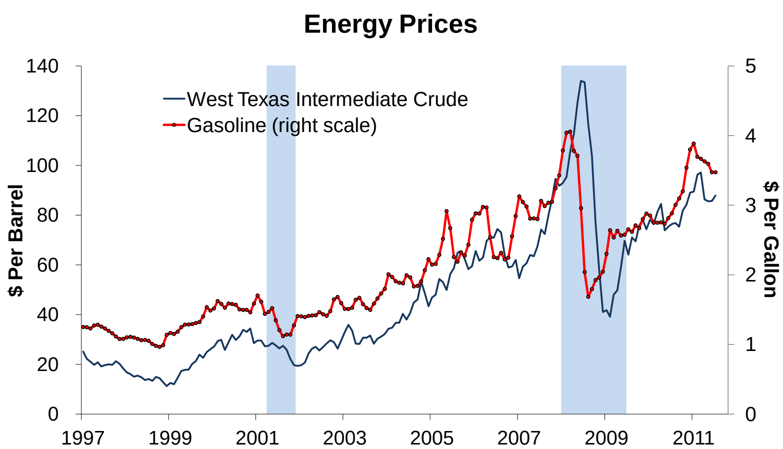
Consistent with a weak economy and labor market, personal income growth has also been slow, with monthly growth averaging only 0.1 percent during the five months through September; this compares with 0.7 percent growth during the first four months. We note that January growth was boosted by the payroll tax cut passed by Congress at the end of 2010. DOB's Current Financial Plan forecast assumes the tax cut will be extended through the end of 2012. Even with that assumption, personal income growth is projected to slow to 3.1 percent in 2012 from 5.1 percent in 2011. Growth in its largest component, wages, is expected to slow to 3.2 percent in 2012, from 3.9 percent in 2011.



Note: Shaded areas represent U.S. recessions.
Source: Moody's Analytics.

Weaker employment and wage growth, along with strong corporate earnings from operations abroad have all contributed to strong U.S. corporate profits growth during the first half of this year. Slower growth is projected for the second half of 2011 and early 2012, largely due to slower global growth, particularly in Europe. Profits, including the inventory valuation and capital consumption adjustments, are now expected to climb 7.4 percent for 2011, with growth slowing to 4.6 percent in 2012. Similarly, real export growth is expected to slow from 6.9 percent in 2011 to 5.0 percent in 2012. Business investment has been a bright spot in the economy, with nonresidential fixed investment growth of 8.6 percent now expected for 2011, followed by growth of 9.0 percent in 2012.

Energy price volatility has continued virtually unabated since early February. As of the middle of October, gasoline prices were still about 65 cents above their year-ago levels. DOB's current forecast expects price volatility to diminish going forward, resulting in slower growth in consumer prices in 2012 than witnessed to-date in 2011. Inflation of 2.3 percent is projected for 2012, as represented by growth in the Consumer Price Index (CPI), following price growth of 3.2 percent in 2011. Lower energy prices would help to support household spending going forward. Recent price volatility poses a risk to the forecast. A more benign outlook for inflation as commodity prices recede is expected to allow the Federal Reserve to maintain its current highly accommodative monetary policy stance through the middle of 2013 as announced.



Note: Shaded areas represent U.S. recessions; the October oil price represents the average daily value through the 25th; the October unleaded gasoline price including taxes represents the average weekly value through the 21st.
Source: Moody's Analytics.

As the impacts from the aforementioned shocks unwind, the national recovery is expected to continue to rebound but only to a moderate pace of growth. Nevertheless, significant risks remain even to this tepid forecast. The path toward resolution of the European debt crisis remains unclear, and a euro-zone recession may be unavoidable. Financial turmoil comparable to what was experienced in September 2008 is not expected at this time. However, the outlook remains highly uncertain. In addition, lower demand than projected for U.S. exports from Europe and elsewhere could result in lower overall growth going forward. If the labor market fails to pick up as expected, growth in household spending could fall back to the extremely slow pace witnessed earlier in the year. An unanticipated round of energy price hikes could have a similar impact on household spending, again blunting the impact of Federal fiscal stimulus. Lower household spending and weaker job growth could both add to the strain already being faced by state and local governments that continue to shed jobs. In contrast, lower energy prices, faster global growth, or additional Federal stimulus measures could result in stronger growth than is reflected in this forecast.

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

	2010 (Actual)	2011 (Forecast)	2012 (Forecast)
Real U.S. Gross Domestic Product	3.0	1.8	2.3
Consumer Price Index (CPI)	1.6	3.2	2.3
Personal Income	3.7	5.1	3.1
Nonagricultural Employment	-0.7	0.9	1.0

Source: Moody's Analytics; DOB staff estimates.

THE NEW YORK STATE ECONOMY

New York State's recovery continued to outpace that of the nation overall through the first half of 2011. The State has benefitted from Federal policies designed to keep interest rates low and strengthen the banking system. Strong finance and insurance sector profits resulted in solid growth in securities industry bonuses over the FY 2010 and FY 2011 two-year period. In addition, strong emerging market growth combined with a weak dollar appears to have spurred foreign demand for the State's exports, including New York City as a tourist and luxury-shopping destination. As a result, State private sector employment growth of 1.6 percent is estimated for 2011, accompanied by wage growth of 4.3 percent. These rates compare with growth of 1.5 percent and 3.9 percent, respectively, for the nation.

However, domestic events and activity in Europe continue to roil global financial markets. The resulting equity market volatility, combined with the movement toward a more highly regulated environment, appears to be having a substantial downward impact on the finance industry's market capitalization and revenues. Returns from proprietary trading have been diminishing, while the dramatic decline in equity market prices during the third quarter has reduced the volume of revenue generating activity, such as IPOs and mergers and acquisitions. Many of the large financial institutions have announced layoffs, after a spurt of hiring in the first quarter. As a result, DOB now projects a substantial decline in finance and insurance sector bonuses for the FY 2012.

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

	2010 (Actual)	2011 (Forecast)	2012 (Forecast)
Personal Income	4.1	4.9	3.7
Wages	4.4	4.3	3.1
Nonagricultural Employment	0.1	0.9	0.8

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

Consistent with the substantial decline in bonuses, private sector job growth is expected to decelerate to 1.1 percent in 2012. Total State employment is projected to grow 0.8 percent for 2012, following growth of 0.9 percent in 2011. Lower employment growth and the decline in bonuses are expected to be accompanied by lower wage growth of 3.1 percent for 2012. Total personal income is projected to grow 3.7 percent for 2012, following growth of 4.9 percent for 2011. As for the U.S., the personal income forecast assumes the Federal payroll tax cut will be extended into 2012.

All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, credit and equity market volatility pose a particularly large degree of uncertainty for New York. The full impact of the Federal financial reform package on the profitability of the State's finance industry remains uncertain and consequently represents a major risk to DOB's forecast for bonuses and income going forward. Lower bonuses than projected reduce the level of economic activity generated by the spending of those wages. Similarly, should equity markets fail to grow as anticipated, both financial sector income and taxable capital gains realizations could be negatively affected. These effects would ripple through the State economy, depressing both employment and wage growth. An even weaker labor market than projected could also result in lower wages, which in turn could result in weaker household consumption. 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 bonus growth than projected.

Finally, capital gains realizations are estimated to have grown over 40 percent for 2010, due in part to taxpayers anticipating the expiration of the Bush tax cuts at the end of last year. Those cuts were extended for another two years on December 7, 2010, too late for taxpayers who had already sold assets expecting a higher rate in 2011. If even more of the growth in 2010 was due to taxpayer anticipation of a rate change than currently estimated, growth for 2011 could be lower than expected. The 18 percent decline in equity prices during the third quarter further enhances that risk.

FINANCIAL PLAN PROJECTIONS FISCAL YEARS 2012 THROUGH 2015

The DOB estimates that the General Fund has a potential current year shortfall of $350 million. The shortfall is expected to be closed by administrative or legislative action, or both. The projected General Fund budget gaps total approximately $3.25 billion in FY 2013, $3.3 billion in FY 2014, and $4.8 billion in FY 2015. The projected net operating shortfalls in State Operating Funds are projected at $2.6 billion in FY 2013, $2.7 billion in FY 2014, and $4.2 billion in FY 2015.

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.

The following tables present the multi-year projections and growth rates for the General Fund and State Operating Funds, as well as a reconciliation between the General Fund budget gaps and the operating shortfalls in State Operating Funds. It is followed by a summary of the multi-year receipts and disbursement forecasts.

General Fund Projections

MULTI-YEAR GENERAL FUND PROJECTIONS
(millions of dollars)

	Results	Projections			
	FY 2011	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Receipts					
Taxes (After Debt Service)	49,529	52,731	52,923	56,116	57,917
Miscellaneous Receipts/Federal Grants	3,149	3,212	3,084	2,643	2,182
Other Transfers	1,769	923	628	586	602
Total Receipts	**54,447**	**56,866**	**56,635**	**59,345**	**60,701**
Disbursements					
Local Assistance Grants	37,206	38,721	39,955	41,665	43,352
Education	18,104	18,533	19,095	19,964	20,864
Health Care	8,243	11,106	11,346	11,886	12,346
Mental Hygiene	2,239	1,881	1,975	2,157	2,277
Social Services	2,859	2,907	3,218	3,339	3,455
Higher Education	2,448	2,569	2,675	2,736	2,814
All Other [1]	3,313	1,725	1,646	1,583	1,596
State Operations	7,973	7,462	8,059	8,021	8,310
Personal Service	6,151	5,713	5,945	6,052	6,220
Non-Personal Service	1,822	1,749	2,114	1,969	2,090
General State Charges	4,187	4,704	5,093	5,456	5,623
Pensions	1,470	1,586	1,610	1,936	2,197
Health Insurance	3,055	3,416	3,731	4,064	4,092
All Other	(338)	(298)	(248)	(544)	(666)
Transfers to Other Funds	6,007	5,968	6,687	7,335	8,072
State Share Medicaid	2,497	2,910	2,903	2,796	2,750
Debt Service	1,737	1,455	1,722	1,696	1,614
Capital Projects	932	778	1,126	1,323	1,419
SUNY- Hospital Medicaid	207	200	200	200	200
School Aid - Lottery Guarantee	0	100	0	0	0
Judiciary Funds	131	119	119	121	123
Banking Services	74	55	55	55	55
Financial Management System	5	42	55	55	55
Indigent Legal Services	45	40	40	40	40
Mental Hygiene	0	0	198	779	1,466
All Other	379	269	269	270	350
Total Disbursements	**55,373**	**56,855**	**59,794**	**62,477**	**65,357**
Change in Reserves	**(926)**	**361**	**91**	**142**	**142**
Prior-Year Labor Agreements (2007-11)	0	346	142	142	142
Community Projects Fund	40	(85)	(51)		
Rainy Day Fund	0	100			
Reserved for Deferred Payments	(906)				
Reserved for Debt Management	(60)				
Budget Surplus/(Gap) Before Actions[2]	**0**	**(350)**	**(3,250)**	**(3,274)**	**(4,798)**

[1] All Other includes extra $2.1 billion school aid payment in FY 2011 that was delayed from March 2010 to June 2010, as well as local aid spending in a number of other programs, including parks and the environment, economic development, and public safety.

[2] Mid-Year gap projection for FY 2013 represents the mid-point of the estimated range of $3.0 billion to $3.5 billion.

State Operating Funds Projections

STATE OPERATING FUNDS PROJECTIONS (millions of dollars)	Results	Projections			
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Receipts:					
Taxes	59,532	63,165	63,861	67,486	69,770
Miscellaneous Receipts/Federal Grants	19,260	19,291	20,261	20,220	20,058
Total Receipts	**78,792**	**82,456**	**84,122**	**87,706**	**89,828**
Disbursements:					
Local Assistance Grants	55,295	57,565	59,768	62,276	64,602
School Aid	19,788	19,686	20,250	21,105	21,955
STAR	3,234	3,293	3,322	3,510	3,693
Other Education Aid	1,474	1,742	1,906	1,988	2,058
Higher Education	2,470	2,585	2,691	2,752	2,814
Medicaid (DOH incl. administration)	11,915	15,280	15,894	16,531	17,192
Public Health/Aging	2,015	2,121	2,163	2,371	2,419
Mental Hygiene	3,578	3,599	3,854	4,168	4,396
Social Services	2,869	2,918	3,229	3,340	3,456
Transportation	4,254	4,225	4,325	4,414	4,508
Local Government Assistance	775	758	793	790	791
All Other [1]	2,923	1,358	1,341	1,307	1,320
State Operations	17,387	16,923	17,647	17,858	18,396
Personal Service	12,422	11,817	12,219	12,468	12,808
Non-Personal Service	4,965	5,106	5,428	5,390	5,588
General State Charges	6,102	6,534	7,050	7,551	7,890
Pensions	1,470	1,586	1,610	1,936	2,197
Health Insurance (Active Employees)	1,834	2,136	2,332	2,540	2,558
Health Insurance (Retired Employees)	1,221	1,280	1,399	1,524	1,534
All Other	1,577	1,532	1,709	1,551	1,601
Debt Service	5,615	5,834	6,300	6,518	6,620
Capital Projects	18	5	5	5	5
Total Disbursements	**84,417**	**86,861**	**90,770**	**94,208**	**97,513**
Net Other Financing Sources/(Uses)	4,784	4,411	3,965	3,843	3,487
Net Operating Surplus/(Deficit)	**(841)**	**6**	**(2,683)**	**(2,659)**	**(4,198)**
Reconciliation to General Fund Gap:					
Designated Fund Balances	**841**	**(356)**	**(567)**	**(615)**	**(600)**
General Fund	926	(361)	(91)	(142)	(142)
Special Revenue Funds	(42)	113	(393)	(398)	(353)
Debt Service Funds	(43)	(108)	(83)	(75)	(105)
General Fund Budget Gap [2]	**0**	**(350)**	**(3,250)**	**(3,274)**	**(4,798)**

[1] All other includes school aid deferral and local aid spending in a number of other programs, including parks and the environment, economic development, and public safety.

[2] Mid-Year gap projection for FY 2013 represents the mid-point of the estimated range of $3.0 billion to $3.5 billion.

RECEIPTS PROJECTIONS

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

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

FY 2012 OVERVIEW

TOTAL RECEIPTS (millions of dollars)				
	FY 2011 Results	FY 2012 Mid-Year	Annual $ Change	Annual % Change
General Fund	54,447	56,866	2,419	4.4%
State Funds	83,981	87,816	3,835	4.6%
All Funds	133,321	130,834	(2,487)	-1.9%

All Funds receipts are projected to total $130.8 billion for FY 2012, comprising tax receipts ($64.5 billion), Federal grants ($43.0 billion) and miscellaneous receipts ($23.3 billion). The following table summarizes the actual receipts for FY 2011 and the updated projections for FY 2012 and FY 2013.

TOTAL RECEIPTS (millions of dollars)							
	FY 2011 Results	FY 2012 Projected	Annual $ Change	Annual % Change	FY 2013 Projected	Annual $ Change	Annual % Change
General Fund	**54,447**	**56,866**	**2,419**	**4.4%**	**56,635**	**(231)**	**-0.4%**
Taxes	39,205	41,886	2,681	6.8%	42,202	316	0.8%
Miscellaneous Receipts	3,095	3,152	57	1.8%	3,024	(128)	-4.1%
Federal Grants	54	60	6	11.1%	60	0	0.0%
Transfers	12,093	11,768	(325)	-2.7%	11,349	(419)	-3.6%
State Funds	**83,981**	**87,816**	**3,835**	**4.6%**	**89,259**	**1,443**	**1.6%**
Taxes	60,870	64,503	3,633	6.0%	65,258	755	1.2%
Miscellaneous Receipts	22,994	23,168	174	0.8%	23,856	688	3.0%
Federal Grants	117	145	28	23.9%	145	0	0.0%
All Funds	**133,321**	**130,834**	**(2,487)**	**-1.9%**	**128,779**	**(2,055)**	**-1.6%**
Taxes	60,870	64,503	3,633	6.0%	65,258	755	1.2%
Miscellaneous Receipts	23,148	23,300	152	0.7%	23,987	687	2.9%
Federal Grants	49,303	43,031	(6,272)	-12.7%	39,534	(3,497)	-8.1%

The total All Funds receipts estimate of $130.8 billion represents a decrease of $2.5 billion (1.9 percent) below FY 2011 results. This decline is comprised of a decrease in Federal grants of $6.3 billion (12.7 percent) partially offset by an increase in taxes of $3.6 billion (6.0 percent) and an increase in miscellaneous receipts of $152 million (0.7 percent).

Total State Funds receipts are estimated at $87.8 billion, an expected increase of $3.8 billion (4.6 percent) from FY 2011 actual results. State Funds taxes are estimated to increase by $3.6 billion (6.0 percent).

Total General Fund receipts, including transfers, are estimated at $56.9 billion, an increase of $2.4 billion (4.4 percent) from FY 2011 results. The annual increase in General Fund tax receipts is estimated at 6.8 percent. General Fund miscellaneous receipts are estimated to increase by 1.8 percent from FY 2011 results.

After controlling for the impact of Tax Law changes, base tax revenue is estimated to increase by 7.4 percent for FY 2012.

FY 2013 OVERVIEW

Total All Funds receipts are expected to reach nearly $128.8 billion, a decrease of $2.1 billion (1.6 percent) from FY 2012 estimated receipts. All Funds tax receipts are projected to increase by $755 million (1.2 percent). All Funds Federal grants are expected to decrease by nearly $3.5 billion (8.1 percent). All Funds miscellaneous receipts are projected to increase by $687 million (2.9 percent) over the prior year.

Total State Funds receipts are projected to be nearly $89.3 billion, an increase of over $1.4 billion (1.6 percent) from FY 2012 estimated receipts.

Total General Fund receipts (including transfers from other funds) are projected to be $56.6 billion, a decrease of $231 million (0.4 percent) from FY 2012 estimated receipts. General Fund tax receipts are projected to increase by 0.8 percent from FY 2012 estimates, and General Fund miscellaneous receipts are projected to decrease by 4.1 percent.

After controlling for the impact of policy changes, base tax revenue is expected to grow by 6.1 percent for FY 2013.

CHANGE FROM FIRST QUARTERLY UPDATE

CHANGE FROM FIRST QUARTERLY UPDATE FORECAST
(millions of dollars)

	FY 2012				FY 2013			
	First Quarterly	Mid-Year Update	$ Change	% Change	First Quarterly	Mid-Year Update	$ Change	% Change
General Fund[1]	**45,395**	**45,098**	**(297)**	**-0.7%**	**45,986**	**45,286**	**(700)**	**-1.5%**
Taxes	42,237	41,886	(351)	-0.8%	43,009	42,202	(807)	-1.9%
Miscellaneous Receipts	3,098	3,152	54	1.7%	2,917	3,024	107	3.7%
Federal Grants	60	60	0	0.0%	60	60	0	0.0%
State Funds	**88,396**	**87,816**	**(580)**	**-0.7%**	**90,109**	**89,259**	**(850)**	**-0.9%**
Taxes	64,976	64,503	(473)	-0.7%	66,293	65,258	(1,035)	-1.6%
Miscellaneous Receipts	23,275	23,168	(107)	-0.5%	23,671	23,856	185	0.8%
Federal Grants	145	145	0	0.0%	145	145	0	0.0%
All Funds	**131,688**	**130,834**	**(854)**	**-0.6%**	**129,768**	**128,779**	**(989)**	**-0.8%**
Taxes	64,976	64,503	(473)	-0.7%	66,293	65,258	(1,035)	-1.6%
Miscellaneous Receipts	23,407	23,300	(107)	-0.5%	23,802	23,987	185	0.8%
Federal Grants	43,305	43,031	(274)	-0.6%	39,673	39,534	(139)	-0.4%

[1] Excludes Transfers

All Funds receipts estimates for the current fiscal year have been revised downward from the First Quarterly Update. Current year All Funds tax receipt estimates have been lowered by $473 million since the First Quarterly Update due to reductions in business, user and personal income taxes partially offset by increases in other taxes. Miscellaneous receipts and Federal grants have been revised down by $107 million and $274 million respectively.

General Fund receipts for fiscal year FY 2012 have been revised down by $297 million from the First Quarterly Update, reflecting a $351 million reduction in taxes partially offset by a $54 million increase in miscellaneous receipts.

MULTI-YEAR RECEIPTS

TOTAL RECEIPTS (millions of dollars)							
	FY 2012 Projected	FY 2013 Projected	Annual $ Change	FY 2014 Projected	Annual $ Change	FY 2015 Projected	Annual $ Change
General Fund	**56,866**	**56,635**	**(231)**	**59,345**	**2,710**	**60,701**	**1,356**
Taxes	41,886	42,202	316	44,658	2,456	45,886	1,228
State Funds	**87,816**	**89,259**	**1,443**	**92,684**	**3,425**	**94,566**	**1,882**
Taxes	64,503	65,258	755	68,884	3,626	71,178	2,294
All Funds	**130,834**	**128,779**	**(2,055)**	**134,496**	**5,717**	**141,469**	**6,973**
Taxes	64,503	65,258	755	68,884	3,626	71,178	2,294

The economic forecast calls for a continuation of the modest recovery in employment and wages. This projected increase in the economic base supports the outyear revenue forecast. Overall, receipts growth in the two fiscal years following FY 2013 is expected to grow consistently with the projected moderate growth in both the U.S. and New York economies.

All Funds tax receipts in FY 2014 are projected to reach $68.9 billion, an increase of $3.6 billion (5.6 percent) from FY 2013. All Funds tax receipts in FY 2015 are expected to increase by $2.3 billion (3.3 percent) over the prior year. General Fund tax receipts are projected to reach $44.7 billion in FY 2014 and $45.9 billion in FY 2015.

REVENUE RISKS

- The current recovery could be more lethargic than estimated, leading to unforeseen revenue reductions.
- A significant percentage of personal income receipts are dependent on financial sector bonus payments made during the January-March period. If bonus payments fall below DOB's forecast, PIT collections will be lower than expected.
- Recent volatility in the financial markets could result in lower than anticipated Tax Year 2011 capital gains realizations. In turn, this could result in a lower PIT settlement in April 2012.
- The FY 2012 Financial Plan contains nearly $1 billion in savings generated as a result of 2010 tax credit deferral legislation. Same-year confirmation of these savings is unavailable given tax filing and processing delays and actual savings could fall below estimates.

- Bank and corporate franchise tax revenue streams are contingent on the timing and size of anticipated audit proceeds. Negotiations between the State and taxpayers are subject to unexpected delays, which may force audit proceeds into a subsequent fiscal year.

PERSONAL INCOME TAX

PERSONAL INCOME TAX (millions of dollars)							
	FY 2011 Actual	FY 2012 Estimated	Annual $ Change	Annual % Change	FY 2013 Projected	Annual $ Change	Annual % Change
General Fund[1]	**23,894**	**25,870**	**1,976**	**8.3%**	**25,619**	**(251)**	**-1.0%**
Gross Collections	44,002	46,376	2,374	5.4%	46,612	236	0.5%
Refunds/Offsets	(7,793)	(7,492)	301	-3.9%	(8,023)	(531)	7.1%
STAR	(3,263)	(3,293)	(30)	0.9%	(3,322)	(29)	0.9%
RBTF	(9,052)	(9,721)	(669)	7.4%	(9,648)	73	-0.8%
State/All Funds	**36,209**	**38,884**	**2,675**	**7.4%**	**38,589**	**(295)**	**-0.8%**
Gross Collections	44,002	46,376	2,374	5.4%	46,612	236	0.5%
Refunds	(7,793)	(7,492)	301	-3.9%	(8,023)	(531)	7.1%

[1] Excludes Transfers.

All Funds receipts for FY 2012 are projected to be $38.9 billion, an increase of $2.7 billion (7.4 percent) above FY 2011. This mainly reflects stronger than expected extension payments for tax year 2010 ($1.2 billion), stronger growth in estimated payments for tax year 2011 ($1 billion), and an artificially high FY 2011 refunds base caused by the shift of the $500 million of FY 2010 refunds into FY 2011. Withholding, the largest component of PIT, is projected to be marginally lower ($38 million) than FY 2011, reflecting a combination of significant projected weakness in financial sector bonuses and the expiration of the temporary rate increase at the end of December 2011. The spike in extension payments for tax year 2010 of 51 percent likely reflects catch-up payments for increased liability due to the deferral of some business related tax credits, and the one-time realization of capital gains caused by uncertainty surrounding the late extension of the lower Federal tax rates on capital gains and high-income taxpayers in December 2010.

Total refunds for FY 2012 are projected to decrease by $301 million (3.9 percent). This decrease largely reflects the $500 million refund shift as noted above. Adjusted for this shift, current refunds for tax year 2010 are projected to increase by $101 million (2.3 percent). Compared to the previous year, prior year refunds are projected to decrease by $102 million, due to an expected related decline in business credit claims for tax years prior to 2010.

The following table summarizes, by component, actual receipts for FY 2011 and forecast amounts through FY 2015.

PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS ALL FUNDS (millions of dollars)					
	FY 2011 (Actual)	**FY 2012 (Estimated)**	**FY 2013 (Projected)**	**FY 2014 (Projected)**	**FY 2015 (Projected)**
Receipts					
Withholding	31,240	31,202	31,801	34,185	36,183
Estimated Payments	9,735	11,975	11,478	11,695	12,325
Current Year	7,386	8,430	7,905	8,341	9,355
Prior Year*	2,349	3,545	3,574	3,354	2,970
Final Returns	1,964	2,110	2,199	2,154	2,151
Current Year	215	227	227	241	242
Prior Year*	1,749	1,883	1,972	1,913	1,909
Delinquent	1,063	1,089	1,134	1,211	1,313
Gross Receipts	44,002	46,376	46,612	49,245	51,972
Refunds					
Prior Year*	5,172	4,775	5,256	5,511	6,354
Previous Years	771	669	719	661	632
Current Year*	1,750	1,750	1,750	1,750	1,750
State-City Offset*	100	298	298	198	148
Total Refunds	7,793	7,492	8,023	8,120	8,884
Net Receipts	36,209	38,884	38,589	41,125	43,088

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

All Funds receipts for FY 2013 are projected to be $38.6 billion, a decrease of $295 million (0.8 percent) compared to the prior year. This reflects a modest increase in withholding ($599 million, 1.9 percent) due to expiration of the temporary rate increase after 2011, an increase in final returns for tax year 2011 of $89 million (4.7 percent), and an increase in assessments of $45 million (4.6 percent). These increases are expected to be offset by an increase in refunds (negative to the plan) of $531 million (7.1 percent) and lower pre-payments related to tax year 2012. As noted above, estimated taxes on tax year 2012 liabilities are expected to decrease by 6.2 percent ($525 million), reflecting the expiration of the temporary rate increase.

Compared to the prior year, extension payments on tax year 2011 liabilities are expected to increase modestly by 0.8 percent ($29 million), given the likely one-time nature of much of the tax year 2010 increase.

As noted above, total refunds are projected to increase by $531 million or 7.1 percent from the prior year. This increase largely reflects a $481 million (10.6 percent) increase in current year refund for tax year 2011, and a $50 million (7.5 percent) increase in prior year refund for tax years prior to 2011.

General Fund income tax receipts are net of deposits to the STAR Fund, which provides property tax relief, and the Revenue Bond Tax Fund (RBTF), which supports debt service payments on State PIT revenue bonds. General Fund income tax receipts for FY 2012 of $25.9 billion are expected to increase by $2.0 billion (8.3 percent) from the prior year, mainly reflecting the increase in All Funds receipts noted above. The RBTF deposit is expected to increase by $669 million (7.4 percent).

General Fund income tax receipts for FY 2013 of $25.6 billion are projected to decrease by $251 million (1.0 percent). The RBTF deposit is projected to decrease by $73 million (0.8 percent).

PERSONAL INCOME TAX CHANGE FROM FIRST QUARTERLY UPDATE FORECAST (millions of dollars)								
	FY 2012				FY 2013			
	First Quarterly	Mid-Year Update	$ Change	% Change	First Quarterly	Mid-Year Update	$ Change	% Change
General Fund[1]	**26,001**	**25,870**	**(131)**	**-0.5%**	**26,085**	**25,619**	**(466)**	**-1.8%**
Gross Collections	46,901	46,376	(525)	-1.1%	47,417	46,612	(805)	-1.7%
Refunds/Offsets	(7,842)	(7,492)	350	-4.5%	(8,207)	(8,023)	184	-2.2%
STAR	(3,293)	(3,293)	0	0.0%	(3,322)	(3,322)	0	0.0%
RBTF	(9,765)	(9,721)	44	-0.5%	(9,803)	(9,648)	155	-1.6%
State/All Funds	**39,059**	**38,884**	**(175)**	**-0.4%**	**39,210**	**38,589**	**(621)**	**-1.6%**
Gross Collections	46,901	46,376	(525)	-1.1%	47,417	46,612	(805)	-1.7%
Refunds	(7,842)	(7,492)	350	-4.5%	(8,207)	(8,023)	184	-2.2%

[1] Excludes Transfers

Compared to the AIS forecast, FY 2012 All Funds income tax receipts are revised downward by $175 million. The decrease primarily reflects lower withholdings ($600 million) partially offset by lower-than-expected refunds ($350 million) and an increase in estimated payments for tax year 2011 ($100 million). The reduction in withholding is driven by a significantly weaker financial sector bonus forecast for the second half of FY 2012. Similarly, the higher forecast for estimated taxes appears to reflect recent stronger than expected estimated tax receipts for tax year 2011.

The lower projection for current year refunds for tax year 2010 of $300 million is based on lower than expected refund requests through the first two quarters of the current fiscal year. This is likely the result of higher than expected tax year 2010 non-wage liability. A one-time realization of capital gains in late 2010 caused by uncertainty surrounding the potential extension of the lower Federal tax rates on capital gains and high-income taxpayers resulted in this liability jump.

Likewise, $200 million in lower prior refunds almost entirely reflects lower refunds in the first two quarters of FY 2012 for tax years prior to 2010. Lower current and prior refunds are partially offset by a spike in state-city offset of $150 million related to a change in PIT rates for New York City.

Compared to the First Quarterly Update and AIS forecast, FY 2013 All Funds income tax receipts are revised downward by $621 million. A $555 million downward withholding revision, a $150 million downward revision for estimated tax payments for tax year 2012, and a $100 million downward revision in tax year 2011 extension payments are only partially offset by a $184 million improvement in projected refunds.

PERSONAL INCOME TAX (millions of dollars)	FY 2013 Projected	FY 2014 Projected	Annual $ Change	FY 2015 Projected	Annual $ Change
General Fund[1]	**25,619**	**27,333**	**1,714**	**28,623**	**1,290**
Gross Collections	46,612	49,245	2,633	51,972	2,727
Refunds/Offsets	(8,023)	(8,120)	(97)	(8,884)	(764)
STAR	(3,322)	(3,510)	(188)	(3,693)	(183)
RBTF	(9,648)	(10,282)	(634)	(10,772)	(490)
State/All Funds	**38,589**	**41,125**	**2,536**	**43,088**	**1,963**
Gross Collections	46,612	49,245	2,633	51,972	2,727
Refunds	(8,023)	(8,120)	(97)	(8,884)	(764)

[1] Excludes Transfers.

In general, income tax growth for FY 2014 and FY 2015 is governed by projections of growth in expected liability, which is dependent on growth in the major components of taxable income, the distribution of this income among different income brackets, and, to a minor extent, the impact of Tax Law changes. The major components of taxable income include: wages, interest and dividend earnings; realized taxable capital gains; business net income, and income derived from partnerships and S corporations.

All Funds income tax receipts for FY 2014 of $41.1 billion are projected to increase by $2.5 billion (6.6 percent) from the prior year. Gross receipts are projected to increase 5.6 percent and reflect withholding that is projected to grow by 7.5 percent ($2.4 billion) and estimated payments related to tax year 2013 that are projected to grow by 5.5 percent ($436 million). Payments from extensions for tax year 2012 are projected to decrease by 6.2 percent ($220 million) and likewise, payments from final returns are expected to decrease 3.0 percent ($59 million) reflecting the expiration of the temporary rate increase in December 2011. Delinquencies are projected to increase $77 million (6.8 percent) from the prior year, while total refunds are projected to increase by $97 million (1.2 percent) from the prior year.

General Fund income tax receipts for FY 2014 of $27.3 billion are projected to increase by $1.7 billion, or 6.7 percent.

All Funds income tax receipts are projected to increase by nearly $2 billion (4.8 percent) in FY 2015 to reach $43.1 billion, while General Fund receipts are projected to be $28.6 billion.

USER TAXES AND FEES

USER TAXES AND FEES (millions of dollars)							
	FY 2011 Actual	FY 2012 Estimated	Annual $ Change	Annual % Change	FY 2013 Projected	Annual $ Change	Annual % Change
General Fund[1,2]	**8,795**	**9,056**	**261**	**3.0%**	**9,288**	**232**	**2.6%**
Sales Tax	8,085	8,351	266	3.3%	8,552	201	2.4%
Cigarette and Tobacco Taxes	480	472	(8)	-1.7%	498	26	5.5%
Alcoholic Beverage Taxes	230	233	3	1.3%	238	5	2.1%
State/All Funds	**14,206**	**14,603**	**397**	**2.8%**	**15,018**	**415**	**2.8%**
Sales Tax	11,538	11,877	339	2.9%	12,172	295	2.5%
Cigarette and Tobacco Taxes	1,616	1,666	50	3.1%	1,752	86	5.2%
Motor Fuel	517	504	(13)	-2.5%	515	11	2.2%
Highway Use Tax	129	134	5	3.9%	147	13	9.7%
Alcoholic Beverage Taxes	230	233	3	1.3%	238	5	2.1%
Taxicab Surcharge	81	85	4	4.9%	85	0	0.0%
Auto Rental Tax	95	104	9	9.5%	109	5	4.8%

[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 FY 2012 are estimated to be $14.6 billion, an increase of $397 million (2.8 percent) from FY 2011. The underlying sales tax base (i.e., after adjusting for the impact of law changes) is estimated to increase by 5.4 percent. Overall, sales tax receipts are estimated to increase by $339 million (2.9 percent) compared with FY 2011. The growth rate is suppressed by the partial return of the clothing and footwear exemption at $55 per item. Non-sales tax user taxes and fees are estimated to increase by $58 million from FY 2011 due primarily to an increase in cigarette and tobacco tax collections ($50 million).

General Fund user taxes and fees receipts are expected to total nearly $9.1 billion in FY 2012, an increase of $261 million (3 percent) from FY 2011. Sales tax receipts are estimated to increase by $266 million (3.3 percent), and cigarette and tobacco tax collections are estimated to decline by $8 million (1.7 percent).

All Funds user taxes and fees receipts for FY 2013 are projected to be $15 billion, an increase of $415 million (2.8 percent) from FY 2012. The growth rate is suppressed by the return of the full exemption on clothing and shoes at $110 per item. General Fund user taxes and fees receipts are projected to total nearly $9.3 billion in FY 2013, an increase of $232 million (2.6 percent) from FY 2012.

USER TAXES AND FEES CHANGE FROM FIRST QUARTERLY UPDATE FORECAST (millions of dollars)								
	FY 2012				FY 2013			
	First Quarterly	Mid-Year Update	$ Change	% Change	First Quarterly	Mid-Year Update	$ Change	% Change
General Fund[1,2]	**9,105**	**9,056**	**(49)**	**-0.5%**	**9,382**	**9,288**	**(95)**	**-1.0%**
Sales Tax	8,380	8,351	(29)	-0.3%	8,627	8,552	(75)	-0.9%
Cigarette and Tobacco Taxes	492	472	(20)	-4.1%	518	498	(20)	-3.9%
Alcoholic Beverage Taxes	233	233	0	0.0%	238	238	0	0.0%
State/All Funds	**14,673**	**14,603**	**(70)**	**-0.5%**	**15,129**	**15,018**	**(111)**	**-0.7%**
Sales Tax	11,915	11,877	(38)	-0.3%	12,272	12,172	(100)	-0.8%
Cigarette and Tobacco Taxes	1,686	1,666	(20)	-1.2%	1,772	1,752	(20)	-1.1%
Motor Fuel	512	504	(8)	-1.6%	515	515	0	0.0%
Highway Use Tax	144	134	(10)	-6.9%	144	147	3	2.1%
Alcoholic Beverage Taxes	233	233	0	0.0%	238	238	0	0.0%
Taxicab Surcharge	81	85	4	4.9%	81	85	4	4.9%
Auto Rental Tax	102	104	2	2.0%	107	109	2	1.9%

[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 for FY 2012 are estimated to be $14.6 billion, a decline of $70 million (0.5 percent) from the AIS and First Quarterly Update forecast. The sales tax estimate was revised downward by $38 million to reflect weaker than estimated FY 2012 second quarter results. In addition, the tobacco tax estimate was lowered by $20 million to reflect a recent Tax Tribunal decision concerning the method for determining tobacco tax liability. In addition, motor fuel tax receipts were lowered by $8 million and highway use tax receipts were lowered by $10 million. General Fund user taxes and fees receipts are projected to total nearly $9.1 billion in FY 2012, a decrease of $49 million (0.5 percent) from the AIS and First Quarterly Update forecast.

All Funds user taxes and fees for FY 2013 are projected to be nearly $15 billion, a decrease of $111 million (0.7 percent) from the AIS and First Quarterly Update forecast. General Fund user taxes and fees receipts are projected to total nearly $9.3 billion in FY 2013, a decrease of $95 million (1.0 percent) from the AIS forecast. These reductions reflect the lower FY 2012 base and a reduction in consumption growth from the AIS and First Quarterly Update forecast.

USER TAXES AND FEES (millions of dollars)					
	FY 2013 Projected	FY 2014 Projected	Annual $ Change	FY 2015 Projected	Annual $ Change
General Fund[1,2]	**9,288**	**9,681**	**393**	**10,099**	**418**
Sales Tax	8,552	8,948	396	9,367	419
Cigarette and Tobacco Taxes	498	491	(7)	485	(6)
Alcoholic Beverage Taxes	238	242	4	247	5
State/All Funds	**15,018**	**15,553**	**535**	**16,129**	**576**
Sales Tax	12,172	12,730	558	13,319	589
Cigarette and Tobacco Taxes	1,752	1,723	(29)	1,695	(28)
Motor Fuel	515	517	2	520	3
Highway Use Tax	147	142	(5)	144	2
Alcoholic Beverage Taxes	238	242	4	247	5
Taxicab Surcharge	85	85	0	85	0
Auto Rental Tax	109	114	5	119	5

[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 are projected to grow to nearly $15.6 billion in FY 2014, an increase of $535 million (3.6 percent). General Fund receipts are projected to be nearly $9.7 billion, an increase of $393 million (4.2 percent). All Funds and General Funds receipts are projected to grow to $16.1 billion and $10.1 billion, respectively, in FY 2015.

BUSINESS TAXES

BUSINESS TAXES (millions of dollars)							
	FY 2011 Actual	FY 2012 Estimated	Annual $ Change	Annual % Change	FY 2013 Projected	Annual $ Change	Annual % Change
General Fund	**5,279**	**5,868**	**589**	**11.2%**	**6,208**	**340**	**5.8%**
Corporate Franchise Tax	2,472	2,909	437	17.7%	3,006	97	3.3%
Corporation & Utilities Tax	616	639	23	3.7%	702	63	9.9%
Insurance Tax	1,217	1,298	81	6.7%	1,348	50	3.9%
Bank Tax	974	1,022	48	4.9%	1,152	130	12.7%
State/All Funds	**7,279**	**7,895**	**616**	**8.5%**	**8,392**	**497**	**6.3%**
Corporate Franchise Tax	2,846	3,298	452	15.9%	3,474	176	5.3%
Corporation & Utilities Tax	813	842	29	3.6%	905	63	7.5%
Insurance Tax	1,351	1,437	86	6.4%	1,489	52	3.6%
Bank Tax	1,179	1,229	50	4.2%	1,373	144	11.7%
Petroleum Business Tax	1,090	1,089	(1)	-0.1%	1,151	62	5.7%

All Funds business tax receipts for FY 2012 are estimated at $7.9 billion, an increase of $616 million (8.5 percent) from the prior year. The estimates reflect base growth across all taxes from an improving economy, as well as an incremental increase of $213 million (from $100 million in FY 2011 to $313 million in FY 2012) from the deferral of certain tax credits that was part of the FY 2011 Enacted Budget. Adjusted for this deferral, All Funds growth is 5.5 percent.

The annual increase in the corporate franchise tax of $452 million (15.9 percent) is attributable to the incremental increase of $213 million from the tax credit deferral, as well as continued growth in corporate profits. Corporate profits are expected to grow 7.4 percent in tax year 2011. Corporate franchise tax growth adjusted for the credit deferral is 8.4 percent for FY 2012.

The corporation and utilities tax is expected to grow $29 million (3.6 percent) in FY 2012. Revenue from this tax has been affected by declining revenue from the telecommunications sector. Several changes have occurred in this sector over the last several years that have diminished the taxable base. These changes have been highlighted by consumer shifts to mobile and non-cable voice over Internet protocol telecommunications at the expense of landline telecommunications and the growing use of internet-based communications tools such as Twitter and Facebook. This has resulted in a steady decline in revenue from telecommunications companies over the last several years.

Growth in insurance tax receipts ($86 million, 6.4 percent) is expected to return in FY 2012 after several years of decline related to the economic downturn. The bank tax is estimated to grow $50 million (4.2 percent) in FY 2012 as the economy and credit markets continue to show improvement. Additionally, a large bank audit is expected to be received in the second half of FY 2012.

All Funds business tax receipts for FY 2013 of $8.4 billion are projected to increase $497 million (6.3 percent) from the prior year reflecting growth across all business taxes. Projected savings from the tax credit deferral is $384 million in FY 2013.

General Fund business tax receipts for FY 2012 of $5.9 billion are estimated to increase by $589 million (11.2 percent) from FY 2011 results. Business tax receipts deposited to the General Fund reflect the All Funds trends discussed above.

General Fund business tax receipts for FY 2013 of $6.2 billion are projected to increase $340 million (5.8 percent) from the prior year.

BUSINESS TAXES CHANGE FROM FIRST QUARTERLY UPDATE FORECAST
(millions of dollars)

	FY 2012				FY 2013			
	First Quarterly	Mid-Year Update	$ Change	% Change	First Quarterly	Mid-Year Update	$ Change	% Change
General Fund	**6,101**	**5,868**	**(233)**	**-3.8%**	**6,456**	**6,208**	**(248)**	**-3.8%**
Corporate Franchise Tax	3,047	2,909	(138)	-4.5%	3,178	3,006	(172)	-5.4%
Corporation & Utilities Tax	681	639	(42)	-6.2%	750	702	(48)	-6.4%
Insurance Tax	1,266	1,298	32	2.5%	1,318	1,348	30	2.3%
Bank Tax	1,107	1,022	(85)	-7.7%	1,210	1,152	(58)	-4.8%
State/All Funds	**8,173**	**7,895**	**(278)**	**-3.4%**	**8,677**	**8,392**	**(286)**	**-3.3%**
Corporate Franchise Tax	3,463	3,298	(165)	-4.8%	3,698	3,474	(224)	-6.1%
Corporation & Utilities Tax	892	842	(50)	-5.6%	964	905	(59)	-6.1%
Insurance Tax	1,395	1,437	42	3.0%	1,451	1,489	38	2.6%
Bank Tax	1,317	1,229	(88)	-6.7%	1,414	1,373	(41)	-2.9%
Petroleum Business Tax	1,106	1,089	(17)	-1.5%	1,151	1,151	0	0.0%

Compared to the AIS and First Quarterly Update forecast, FY 2012 All Funds business tax receipts are revised down by $278 million, while General Fund receipts are revised down by $233 million. This decrease is the result of weaker than expected calendar year 2011 payments in all taxes, except the insurance tax, and higher prior period adjustments in the corporate franchise tax.

Compared to the AIS and First Quarterly Update forecast, FY 2013 All Funds business tax receipts are revised down by $286 million and the General Fund is revised down by $248 million. Calendar year 2012 corporate profit growth was revised down to 4.6 percent from 6.4 percent in the AIS and First Quarterly Update forecast.

BUSINESS TAXES (millions of dollars)	FY 2013 Projected	FY 2014 Projected	Annual $ Change	FY 2015 Projected	Annual $ Change
General Fund	**6,208**	**6,497**	**289**	**5,952**	**(545)**
Corporate Franchise Tax	3,006	3,230	224	2,472	(758)
Corporation & Utilities Tax	702	731	29	763	32
Insurance Tax	1,348	1,411	63	1,459	48
Bank Tax	1,152	1,125	(27)	1,258	133
State/All Funds	**8,392**	**8,719**	**327**	**8,249**	**(470)**
Corporate Franchise Tax	3,474	3,751	277	3,030	(721)
Corporation & Utilities Tax	905	938	33	973	35
Insurance Tax	1,489	1,561	72	1,617	56
Bank Tax	1,373	1,314	(59)	1,469	155
Petroleum Business Tax	1,151	1,155	4	1,160	5

All Funds business tax receipts for FY 2014 and FY 2015 reflect trend growth that is determined in part by the expected levels of corporate profits, taxable insurance premiums, electric utility consumption prices, the consumption of telecommunications services and automobile fuel consumption and fuel prices. All Funds business tax receipts are projected to increase to $8.7 billion (3.9 percent) in FY 2014, and decline to $8.2 billion (5.4 percent) in FY 2015. The decline in FY 2015 reflects the first year of the repayment of deferred tax credits to taxpayers. General Fund business tax receipts over this period are expected to increase to nearly $6.5 billion (4.7 percent) in FY 2014 and decline to nearly $6 billion (8.4 percent) in FY 2015.

OTHER TAXES

OTHER TAXES (millions of dollars)	FY 2011 Actual	FY 2012 Estimated	Annual $ Change	Annual % Change	FY 2013 Projected	Annual $ Change	Annual % Change
General Fund[1]	**1,237**	**1,092**	**(145)**	**-11.7%**	**1,087**	**(5)**	**-0.5%**
Estate Tax	1,218	1,075	(143)	-11.7%	1,070	(5)	-0.5%
Gift Tax	1	0	(1)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	NA	0	0	0.0%
Pari-Mutuel Taxes	17	16	(1)	-5.9%	16	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%
State/All Funds	**1,817**	**1,712**	**(105)**	**-5.8%**	**1,777**	**65**	**3.8%**
Estate Tax	1,219	1,075	(144)	-11.8%	1,070	(5)	-0.5%
Gift Tax	1	0	(1)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	NA	0	0	0.0%
Real Estate Transfer Tax	579	620	41	7.1%	690	70	11.3%
Pari-Mutuel Taxes	17	16	(1)	-5.9%	16	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%

[1] Excludes Transfers.

All Funds other taxes receipts for FY 2012 are estimated to be $1.7 billion, a decrease of $104 million (5.7 percent) from FY 2011. The decline in the estate tax (11.7 percent) is partially offset by an increase in the real estate transfer tax (7.1 percent). This reflects a return to more normal levels of estate tax receipts along with improved conditions in the real estate and credit markets.

General Fund other taxes receipts are expected to total nearly $1.1 billion in FY 2012, a decrease of $145 million (11.7 percent) from FY 2011. This is almost entirely attributable to the decline in the estate tax noted above.

All Funds other taxes receipts for FY 2013 are projected to be nearly $1.8 billion, an increase of $65 million (3.8 percent) from FY 2012, reflecting strong growth in the real estate transfer tax of $70 million (11.3 percent) partially offset by a decrease of $5 million (0.5 percent) in estate tax receipts. The estate tax decline is a combination of a projected increase in household net worth offset by the estimated impact of the increased Federal gift tax exemption on taxable estates.

OTHER TAXES CHANGE FROM FIRST QUARTERLY UPDATE FORECAST
(millions of dollars)

	FY 2012				FY 2013			
	First Quarterly	Mid-Year Update	$ Change	% Change	First Quarterly	Mid-Year Update	$ Change	% Change
General Fund[1]	**1,030**	**1,092**	**62**	**6.0%**	**1,085**	**1,087**	**2**	**0.2%**
Estate Tax	1,015	1,075	60	5.9%	1,070	1,070	0	0.0%
Gift Tax	0	0	0	0.0%	0	0	0	0.0%
Real Property Gains Tax	0	0	0	0.0%	0	0	0	0.0%
Pari-Mutuel Taxes	14	16	2	14.3%	14	16	2	14.3%
All Other Taxes	1	1	0	0.0%	1	1	0	0.0%
State/All Funds	**1,650**	**1,712**	**62**	**3.8%**	**1,775**	**1,777**	**2**	**0.1%**
Estate Tax	1,015	1,075	60	5.9%	1,070	1,070	0	0.0%
Gift Tax	0	0	0	0.0%	0	0	0	0.0%
Real Property Gains Tax	0	0	0	0.0%	0	0	0	0.0%
Real Estate Transfer Tax	620	620	0	0.0%	690	690	0	0.0%
Pari-Mutuel Taxes	14	16	2	14.3%	14	16	2	14.3%
All Other Taxes	1	1	0	0.0%	1	1	0	0.0%

[1] Excludes Transfers.

All Funds other taxes for FY 2012 have been revised upward by $62 million (3.8 percent) from the estimate reflected in the AIS and First Quarterly Update forecast, primarily due to stronger than expected estate tax receipts for the first two quarters of the fiscal year. All Funds other taxes receipts for FY 2013 have been revised upward by $2 million from the AIS and First Quarterly Update forecast.

General Fund other taxes receipts for FY 2012 have been revised upwards by $62 million from the AIS and First Quarterly Update forecast primarily due to revision in the estate tax. General Fund other taxes for FY 2013 have been revised upward by $2 million reflecting increases in pari-mutuel taxes compared to the AIS and First Quarterly Update forecast.

OTHER TAXES (millions of dollars)	FY 2013 Projected	FY 2014 Projected	Annual $ Change	FY 2015 Projected	Annual $ Change
General Fund[1]	**1,087**	**1,147**	**60**	**1,212**	**65**
Estate Tax	1,070	1,130	60	1,195	65
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Pari-Mutuel Taxes	16	16	0	16	0
All Other Taxes	1	1	0	1	0
State/All Funds	**1,777**	**1,917**	**140**	**2,052**	**135**
Estate Tax	1,070	1,130	60	1,195	65
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Real Estate Transfer Tax	690	770	80	840	70
Pari-Mutuel Taxes	16	16	0	16	0
All Other Taxes	1	1	0	1	0

[1] Excludes Transfers.

The FY 2014 All Funds receipts projection for other taxes is $1.9 billion, up $140 million (7.9 percent) from FY 2013 receipts. Modest growth in the estate tax is projected to follow expected increases in household net worth. Receipts from the real estate transfer tax are projected to increase significantly, reflecting the continuation of the expected improvement in residential and commercial real estate markets.

The FY 2015 All Funds receipts projection for other taxes of nearly $2.1 billion is up $135 million (7 percent) from FY 2014 receipts. The forecast reflects continued projected increases in household net worth and the value of real estate transfers.

DISBURSEMENTS

General Fund disbursements in FY 2012 are estimated to total $56.8 billion, an increase of $1.4 billion (2.5 percent) over preliminary FY 2011 results. State Operating Funds disbursements for FY 2012 are estimated to total $86.9 billion, an increase of $2.4 billion (2.9 percent) over preliminary FY 2011 results.

The multi-year disbursement projections take into account 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 and projected economic conditions. Projections account for the timing of payments, since not all of the amounts appropriated in the Enacted Budget are disbursed in the same fiscal year. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agencies) 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 over time.

Medicaid, education, pension costs, employee and retiree health benefits, social services programs and debt service are significant drivers of spending growth over the Current Financial Plan period. The projections reflect spending at the target growth rates for Medicaid and School Aid, and include a preliminary estimate of the effect of national health care reform on State health care costs. The growth in spending projections reflect the return to a lower Federal matching rate for Medicaid expenditures after June 30, 2011, which increased the share of Medicaid costs that must be financed by State resources, and the loss of temporary Federal aid for education.

LOCAL ASSISTANCE GRANTS

Local Assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. State-funded local assistance spending is estimated at $57.6 billion in FY 2012 and accounts for over 65 percent of total State Operating Funds spending. Education and health care spending account for three-quarters of local assistance spending.

EDUCATION

SCHOOL AID

School Aid helps support elementary and secondary education for New York pupils enrolled in 676 major school districts throughout the State. State funding is provided to districts based on statutory aid formulas and through reimbursement of categorical expenses. This funding for schools assists districts in meeting locally defined needs, supports the construction of school facilities, and finances school transportation for nearly three million students statewide.

School Year (July 1 - June 30)

The FY 2012 budget provides $19.6 billion in School Aid for the 2012 school year, which results in an annual State aid reduction of nearly $1.3 billion, or 6.0 percent. Total school spending is primarily financed through a combination of State and local funding and therefore the reduction in State aid represents 2.4 percent of total general fund operating expenditures projected to be made by school districts statewide in the current (2011) school year. Without consideration of Federal Education Jobs Fund allocations made available to school districts in the 2011 school year, the year-to-year reduction in School Aid is $675 million or 3.3 percent. This amount represents 1.3 percent of total expenditures by school districts.

The budget also includes a two-year appropriation and makes statutory changes to fix future School Aid increases to the rate of growth in New York state personal income. This allowable growth includes spending for new competitive grant programs to reward school districts that demonstrate student performance improvements or that undertake long-term structural changes to reduce costs and improve efficiency. Allowable growth also includes increases in expense-based aid programs (e.g., Building Aid, Transportation Aid) under existing statutory provisions. Any remaining amount of allowable growth can be allocated pursuant to a chapter of law for purposes including, but not limited to, additional spending for competitive grants, increases in Foundation Aid or restoration of the Gap Elimination Adjustment.

Under this growth cap, School Aid is projected to increase by an additional $805 million in the 2013 school year, and $879 million in the 2014 school year. School Aid is projected to reach an annual total of nearly $22.2 billion in the 2015 school year.

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

	SY 2011	SY 2012	Annual $ Change	SY 2013	Annual $ Change	SY 2014	Annual $ Change	SY 2015	Annual $ Change
Total School Aid	$20,924	$19,641	**($1,283)**	$20,446	**$805**	$21,325	**$879**	$22,156	**$831**
Percent Change			-6.1%		4.1%		4.3%		3.9%

State Fiscal Year

The State finances School Aid from General Fund revenues and from Lottery Fund receipts, including video lottery terminals (VLTs), which are accounted for and disbursed from a dedicated revenue account. Because the State fiscal year begins on April 1, the State typically pays approximately 70 percent of the annual school year commitment during the State fiscal year in which it is enacted, and pays the remaining 30 percent in the first three months of the following State fiscal year.

The table below summarizes the multi-year projected funding levels for School Aid on a State fiscal year basis. The total for FY 2011 is restated to exclude a $2.06 billion aid payment that was deferred from FY 2010.

SCHOOL AID - FISCAL YEAR BASIS (ADJUSTED)
STATE OPERATING FUNDS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Total School Aid (Fiscal Year Basis)	**19,788**	**19,686**	**-1%**	**20,250**	**3%**	**21,105**	**4%**	**21,955**	**4%**
General Fund Local Assistance [1]	16,645	16,802	1%	17,197	2%	17,983	5%	18,813	5%
Core Lottery Aid	2,108	2,100	0%	2,217	6%	2,224	0%	2,234	0%
VLT Lottery Aid	912	684	-25%	836	22%	898	7%	908	1%
General Fund Lottery Aid Guarantee	123	100	-19%	0	0%	0	0%	0	0%

[1] General Fund spending in FY 2011 is adjusted to exclude a $2.06B school aid payment deferred from FY 2010.

State spending for School Aid is projected to total $19.7 billion in FY 2012. In future years, receipts available to finance School Aid from lottery sales are expected to increase nominally. Increasing receipts from VLTs in FY 2013 and FY 2014 reflect the opening of a VLT facility at Aqueduct Racetrack in October 2011. In addition to State aid, school districts receive billions of dollars in Federal categorical aid.

School Tax Relief Program

The STAR program provides school tax relief to taxpayers. The three components of STAR and their approximate shares in FY 2012 are: the basic school property tax exemption for homeowners with income under $500,000 (59 percent), the enhanced school property tax exemption for senior citizen homeowners with income under $79,050 (24 percent), and a flat refundable credit and rate reduction for New York City resident personal income taxpayers (17 percent).

SCHOOL TAX RELIEF (STAR)
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
STAR	**3,234**	**3,293**	**2%**	**3,322**	**1%**	**3,510**	**6%**	**3,693**	**5%**
Basic Exemption	1,875	1,933	3%	1,937	0%	2,046	6%	2,162	6%
Enhanced (Seniors)	760	790	4%	792	0%	836	6%	883	6%
New York City PIT	599	570	-5%	593	4%	628	6%	648	3%

The STAR program exempts the first $30,000 of every eligible homeowner's property value from the local school tax levy. Lower-income senior citizens receive a $60,100 exemption. Spending for the STAR property tax exemption reflects reimbursements made to school districts to offset the reduction in property tax revenues.

The budget limits the overall annual increase in a qualifying homeowner's STAR exemption benefit to 2 percent. The multi-year Financial Plan also reflects annual savings from the implementation of an income limitation on STAR benefits, which excludes all homeowners who earn more than $500,000 a year from receiving the STAR property tax exemption, and reduces the benefit for New York City resident personal income taxpayers with annual income over $500,000.

OTHER EDUCATION AID

In addition to School Aid, the State provides funding and support for various other education-related initiatives. These include: special education services; prekindergarten through grade 12 education programs; cultural education; higher and professional education programs; and adult career and continuing education services.

Major programs address specialized student needs or reimburse school districts or other education providers for education-related services, including the school breakfast and lunch programs, non-public school aid, and various special education programs. In special education, New York provides a full spectrum of services to over 400,000 students from ages 3 to 21. Higher and professional education programs monitor the quality and availability of postsecondary education programs and regulate the licensing and oversight of 48 professions.

OTHER EDUCATION
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Total Other Education Aid	**1,474**	**1,742**	**18%**	**1,906**	**9%**	**1,988**	**4%**	**2,058**	**4%**
Special Education	**924**	**1,197**	**30%**	**1,373**	**15%**	**1,456**	**6%**	**1,529**	**5%**
Preschool Special Education	939	870	-7%	937	8%	995	6%	1,056	6%
ARRA Other Government Services Funds	(327)	0	-100%	0	0%	0	0%	0	0%
Summer Special Education Programs	208	292	40%	322	10%	343	7%	352	3%
Schools for Blind and Deaf Children	104	35	-66%	114	226%	118	4%	121	3%
All Other Education	**550**	**545**	**-1%**	**533**	**-2%**	**532**	**0%**	**529**	**-1%**
Higher Education Programs	100	86	-14%	86	0%	86	0%	86	0%
Non-Public School Aid	112	107	-4%	104	-3%	104	0%	107	3%
Cultural Education Programs	92	93	1%	93	0%	93	0%	93	0%
Vocational Rehabilitation	91	82	-10%	82	0%	82	0%	82	0%
School Nutrition	35	36	3%	37	3%	37	0%	38	3%
Other Education Programs	120	141	18%	131	-7%	130	-1%	123	-5%

Spending for special education is expected to increase as program costs and enrollment rise. Other education spending is affected by the phase-out of Federal American Recovery and Reinvestment Act of 2009 (ARRA) Other Government Services Funds. In FY 2012, school districts will finance the costs associated with schools for blind, deaf or orthopedically impaired children in the first instance and will be partially reimbursed by the State following State fiscal year, which results in a significant annual increase in FY 2013 spending.

HIGHER EDUCATION

Local assistance for higher education spending includes funding for the City University of New York (CUNY), SUNY and the Higher Education Services Corporation (HESC). The State provides assistance for CUNY's senior college operations, and works in conjunction with the City of New York to support CUNY's community colleges. The CUNY system is the largest urban public university system in the nation. Funding for SUNY supports 30 community colleges across multiple campuses.

The State also provides a sizeable benefit to SUNY and CUNY through the debt service it pays on bond-financed capital projects at the universities. This is not reflected in the annual spending totals for the universities. State debt service payments for higher education are expected to total over $1 billion in FY 2012.

HESC administers the Tuition Assistance Program (TAP) that provides awards to income-eligible students, and the New York Higher Education Loan Program (NYHELPS). It also provides centralized processing for other student financial aid programs, and offers prospective students information and guidance on how to finance a college education. The financial aid programs that HESC administers are funded by the State and the Federal government.

HIGHER EDUCATION
STATE OPERATING FUNDS LOCAL ASSISTANCE SPENDING PROJECTIONS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Total Higher Education	**2,470**	**2,585**	**5%**	**2,691**	**4%**	**2,752**	**2%**	**2,814**	**2%**
City University	**1,183**	**1,201**	**2%**	**1,280**	**7%**	**1,342**	**5%**	**1,405**	**5%**
Operating Aid to NYC (Senior Colleges)[1]	1,028	1,022	-1%	1,100	8%	1,163	6%	1,226	5%
ARRA Fiscal Stabilization	(32)	0	-100%	0	0%	0	0%	0	0%
Community College Aid	187	178	-5%	179	1%	179	0%	179	0%
Community Projects	0	1	0%	1	0%	0	0%	0	0%
Higher Education Services	**814**	**906**	**11%**	**967**	**7%**	**966**	**0%**	**965**	**0%**
Tuition Assistance Program	801	831	4%	911	10%	910	0%	909	0%
ARRA Fiscal Stabilization	(50)	0	-100%	0	0%	0	0%	0	0%
Aid for Part Time Study	11	12	9%	12	0%	12	0%	12	0%
Scholarships/Awards	29	47	62%	44	-6%	44	0%	44	0%
Other	23	16	-30%	0	-100%	0	**0%**	0	0%
State University	**473**	**478**	**1%**	**444**	**-7%**	**444**	**0%**	**444**	**0%**
Community College Aid	451	441	-2%	439	0%	439	0%	439	0%
ARRA Fiscal Stabilization	(83)	0	-100%	0	0%	0	0%	0	0%
Hospital Subsidy[2]	*96*	*32*	*-67%*	*0*	*-100%*	*0*	*0%*	*0*	*0%*
Other	9	5	-44%	5	0%	5	0%	5	0%

[1] State support for SUNY 4-year institutions is funded through State operations rather than local assistance.

[2] Beginning in academic year 2011-12, the SUNY hospital subsidy will be funded as a transfer from General Fund State operations rather than local assistance.

Growth in spending for higher education over the plan period largely reflects aid to New York City for reimbursement of CUNY senior college operating expenses associated with the rising contribution rates for fringe benefits. Spending growth for tuition assistance reflects the impact of upward trends in student enrollment at institutions of higher education.

HEALTH CARE

Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. DOH works with the local health departments and social services departments, including New York City, to coordinate and administer statewide health insurance programs and activities. The majority of government-financed health care programs are included under DOH, but many programs are supported through multi-agency efforts. The Medicaid program finances inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care, family health plus (FHP), and services provided in a variety of community-based settings (including mental health, substance abuse treatment, developmental disabilities services, school-based services and foster care services). The State share of Medicaid spending is budgeted and expended principally through DOH, but State share Medicaid spending also appears in the mental hygiene agencies, child welfare programs, and School Aid. Medicaid spending is reported separately in the Financial Plan tables for each of the agencies.

In addition, health care-related spending appears in State Operations and GSCs for purposes such as health insurance premiums for State employees and retirees, services delivered to inmates, and services provided in State-operated facilities.

MEDICAID

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through payments to health care providers. The Medicaid program is financed jointly by the State, the Federal government, and local governments (including New York City). New York's Medicaid spending is projected to total approximately $53.3 billion in FY 2012, including the Federal and local contribution.[6]

The Financial Plan projections assume that spending growth is fixed at 4 percent annually for DOH State Medicaid spending beginning annually in State FY 2013. This reflects the target growth rate for Medicaid spending planned in FY 2012 Enacted Budget, which is the ten-year average change in the medical component of the CPI. Statutory changes adopted with the budget grant the Executive certain statutory powers to hold Medicaid spending to this rate. This statutory authority expires after two years; however, the cap remains in place and the Financial Plan assumes that statutory authority will be extended in subsequent years.

[6] The local contribution to the Medicaid program is not included in the State's Financial Plan. Since January 2006, the State has paid the entire non-Federal share of the FHP program and any annual Medicaid increases above a fixed level for counties. In accordance with these statutory indexing provisions, local fiscal year 2011 Medicaid payments by local governments will be held to approximately 3.0 percent over local fiscal year 2010 levels. County and New York City savings from these two local fiscal relief initiatives are expected to total approximately $1.5 billion during State FY 2012.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS [1] (millions of dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Department of Health:					
State Share Without FMAP	15,863	15,633	15,640	16,531	17,192
Enhanced FMAP	(3,948)	(353)	254	0	0
DOH State Share With FMAP	11,915	15,280	15,894	16,531	17,192
Annual $ Change - DOH Only		3,365	614	637	661
Annual % Change - DOH Only		28%	4%	4%	4%
Mental Hygiene	5,677	5,671	5,894	6,213	6,486
Education	29	0	0	0	0
Foster Care	69	111	124	135	141
State Operations - Contractual Expenses[2]	23	46	46	46	46
State Share Total (All Agencies)	**17,713**	**21,108**	**21,958**	**22,925**	**23,865**
Annual $ Change - Total State Share		3,395	850	967	940
Annual % Change - Total State Share		19%	4%	4%	4%

[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.

DOH 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.[7] The number of Medicaid recipients, including FHP, is expected to exceed 6.0 million at the end of FY 2015, an increase of 24.4 percent from the FY 2011 caseload of 4.8 million.

The State share of DOH Medicaid spending is funded from the General Fund, HCRA, provider assessment revenue, and indigent care revenue. The chart below provides information on the financing sources for State Medicaid spending.

[7] In August 2010, the U.S. Congress approved a six-month extension of the enhanced FMAP benefit through June 30, 2011. Under enhanced FMAP (which covered the period from October 2008 through June 30, 2011), the base Federal match rate increased from 50 percent to approximately 57 percent during the period April through June 2011, which resulted in a concomitant decrease in the State and local share.

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

	FY 2012	FY 2013	Annual $ Change	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
State Operating Funds (Before FMAP) [1]	**15,633**	**15,640**	**7**	**0%**	**16,531**	**6%**	**17,192**	**4%**
Enhanced FMAP -- State Share [2]	(353)	254	607	-172%	0	-100%	0	0%
State Operating Funds (After FMAP)	**15,280**	**15,894**	**614**	**4%**	**16,531**	**4%**	**17,192**	**4%**
Total General Fund	10,265	10,456	191	2%	10,946	5%	11,458	5%
Other State Funds Support	5,015	5,438	423	8%	5,585	3%	5,734	3%
HCRA Financing	3,354	3,815	461	14%	3,970	4%	4,119	4%
Provider Assessment Revenue	869	831	(38)	-4%	823	-1%	823	0%
Indigent Care Revenue	792	792	0	0%	792	0%	792	0%

[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 realized in other State agencies. Costs in FY 2013 reflect the reconciliation of the local share benefit for FY 2012 that will occur in FY 2013.

PUBLIC HEALTH/AGING PROGRAMS

Public Health includes the EPIC Program that provides prescription drug insurance to low-income seniors, the child health plus (CHP) program that finances health insurance coverage for children of low-income families up to the age of 19, the General Public Health Work (GPHW) program that reimburses local health departments for the cost of providing certain public health services, the Early Intervention (EI) Program that pays for services to infants and toddlers under the age of three with disabilities or developmental delays, and other HCRA and State-supported programs.

The New York State Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. SOFA primarily oversees community-based services, including, but not limited to, in-home services and nutrition assistance, which are provided through a network of county Area Aging Agencies and local providers.

Many public health programs, such as EI and GPHW programs, are run by county health departments and reimbursed by the State for a share of program costs. The State spending projections do not include the county share of public health funding. In addition, a significant portion of HCRA spending is included under the public health budget. For more information on HCRA projections, see the section entitled "HCRA" below.

PUBLIC HEALTH
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Public Health	**1,898**	**2,010**	**6%**	**2,044**	**2%**	**2,248**	**10%**	**2,289**	**2%**
Child Health Plus	341	320	-6%	344	8%	369	7%	395	7%
General Public Health Works	201	319	59%	322	1%	308	-4%	308	0%
EPIC	322	177	-45%	128	-28%	174	36%	182	5%
Early Intervention	230	167	-27%	164	-2%	164	0%	167	2%
HCRA Program Account	326	493	51%	511	4%	509	0%	511	0%
All Other	478	534	12%	575	8%	724	26%	726	0%
Aging	**117**	**111**	**-5%**	**119**	**7%**	**123**	**3%**	**130**	**6%**

Year-to-year growth in the GPHW program reflects lower spending in FY 2011 due to delays in planned payments. A projected increase in enrollment in the CHP program and inflationary costs are expected to drive growth in the outyears of the plan. Growth in the GPHW and CHP programs is partly offset by a decline in spending for the EI program, which primarily reflects the impact of savings actions implemented in prior year enacted budgets.

EPIC spending is projected to decline through FY 2013, resulting from budgetary actions to provide EPIC coverage to Medicare Part D enrollees only when they are in the coverage gap. After FY 2013, spending is projected to increase slightly as a reflection of the rising costs of prescription medication.

HCRA

HCRA was established in 1996 to help finance a portion of State health care activities in various areas of the budget: Medicaid, Public Health, SOFA, and the Insurance Department. Extensions and modifications to HCRA have financed new health care programs, including FHP, and provided additional funding for the expansion of existing programs such as CHP. HCRA has also provided additional financing for the health care industry, including investments in worker recruitment and retention, and the Health Care Equity and Affordability Law for New Yorkers (HEAL NY) capital program. The FY 2012 Enacted Budget extends the HCRA authorization three years to March 31, 2014.

HCRA receipts include surcharges and assessments on hospital revenues, a "covered lives" assessment paid by insurance carriers, a portion of cigarette tax revenues, and other revenues dedicated by statute, as well as potential future proceeds from insurance company conversions.

HCRA FINANCIAL PLAN FY 2011 THROUGH FY 2015
(millions of dollars)

	FY 2011 Results	FY 2012 Revised	FY 2013 Projected	FY 2014 Projected	FY 2015 Projected
Opening Balance	**26**	**159**	**1**	**7**	**13**
Total Receipts	5,286	5,364	6,061	6,218	6,315
Surcharges	2,743	2,692	3,064	3,171	3,264
Covered Lives Assessment	1,021	1,050	1,045	1,045	1,045
Cigarette Tax Revenue	1,136	1,194	1,254	1,232	1,210
Conversion Proceeds	0	0	250	300	300
Hospital Assessment (1 percent)	317	373	394	417	444
NYC Cigarette Tax Transfer/Other	69	55	54	53	52
Total Disbursements	5,153	5,522	6,055	6,212	6,320
Medicaid Assistance Account	2,843	3,361	3,822	3,914	4,127
Medicaid Costs	*1,600*	*2,140*	*2,433*	*2,593*	*2,805*
Family Health Plus	*597*	*602*	*690*	*657*	*657*
Workforce Recruitment & Retention	*196*	*184*	*211*	*197*	*197*
All Other	*450*	*435*	*488*	*467*	*468*
HCRA Program Account	326	493	511	509	511
Hospital Indigent Care	871	792	792	792	792
Elderly Pharmaceutical Insurance Coverage	195	110	128	174	182
Child Health Plus	348	327	352	377	403
Public Health Programs	111	120	120	120	120
All Other	459	319	330	326	185
Annual Operating Surplus/(Deficit)	**133**	**(158)**	**6**	**6**	**(5)**
Closing Balance	**159**	**1**	**7**	**13**	**8**

HCRA spending partially finances Medicaid, EPIC, CHP, FHP, and Indigent Care payments, which provide funds to hospitals that serve a disproportionate share of individuals without health insurance; as well as funds Workforce Recruitment and Retention rate adjustments to health facilities; physician excess medical malpractice; and HEAL NY funds for capital improvement to health care facilities.

HCRA is expected to remain in balance over the multi-year projection period. Given the close relationship between the General Fund and HCRA, any balances in HCRA are typically eliminated by adjusting the level of Medicaid expenditures that HCRA finances. This reduces costs that otherwise would have been paid for by the General Fund. Conversely, any shortfall in HCRA is expected to be financed by the General Fund.

MENTAL HYGIENE

The Department of Mental Hygiene is comprised of four independent agencies, Office of Mental Health (OMH), Office for People with Developmental Disabilities (OPWDD), Office for Alcoholism and Substance Abuse Services (OASAS), and the Developmental Disabilities Planning Council (DDPC) as well as one oversight agency, the Commission on Quality Care and Advocacy for Persons with Disabilities (CQCAPD). Services are administered to adults with serious and persistent mental illness; children with serious emotional disturbances; individuals with developmental disabilities and their families; and persons with chemical dependence. These agencies provide services directly to their patients through State-operated facilities and indirectly through community service providers. The cost of providing services and agency operations are funded by reimbursement from Medicaid, Medicare, third-party insurance, and State funding. Patient care revenues are pledged first to the payment of debt service on outstanding mental hygiene bonds, with the remaining revenue deposited to the Patient Income Account, which supports State costs of providing services.

MENTAL HYGIENE
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Total Mental Hygiene	**3,578**	**3,599**	**1%**	**3,854**	**7%**	**4,168**	**8%**	**4,396**	**5%**
People with Developmental Disabilities	**2,176**	**2,158**	**-1%**	**2,271**	**5%**	**2,465**	**9%**	**2,586**	**5%**
Residential Services	1,537	1,496	-3%	1,578	5%	1,716	9%	1,803	5%
Day Programs	555	581	5%	607	4%	655	8%	683	4%
Clinic	22	22	0%	23	5%	25	9%	27	8%
Other	62	59	-5%	63	7%	69	10%	73	6%
Mental Health	**1,106**	**1,125**	**2%**	**1,248**	**11%**	**1,351**	**8%**	**1,441**	**7%**
Adult Local Services	885	901	2%	999	11%	1,081	8%	1,153	7%
OMH Children Local Services	221	224	1%	249	11%	270	8%	288	7%
Alcohol and Substance Abuse	**295**	**315**	**7%**	**334**	**6%**	**351**	**5%**	**368**	**5%**
Outpatient/Methadone	142	151	6%	161	7%	169	5%	176	4%
Residential	96	103	7%	109	6%	114	5%	120	5%
Prevention	37	40	8%	42	5%	44	5%	46	5%
Crisis	11	11	0%	12	9%	13	8%	13	0%
Program Support	9	10	11%	10	0%	11	10%	13	18%
CQCAPD	**1**	**1**	**0%**	**1**	**0%**	**1**	**0%**	**1**	**0%**

Local assistance spending in mental hygiene accounts for approximately half of total mental hygiene State spending and is projected to grow by an average rate of 5.2 percent over the Current Financial Plan period. 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 New York State - Creating Alternatives in Residential Environments and Services (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 that is under a temporary stay; and several chemical dependence treatment and prevention initiatives in OASAS.

SOCIAL SERVICES

OTDA local assistance programs provide cash benefits and supportive services to low-income families. The State's three main programs include Family Assistance, Safety Net Assistance and Supplemental Security Income (SSI). The Family Assistance program, which is financed by the Federal government, provides time-limited cash assistance to eligible families. The Safety Net Assistance program, financed by the State and local districts, provides cash assistance for single adults, childless couples, and families that have exhausted their five-year limit on Family Assistance imposed by Federal law. The State SSI Supplementation program provides a supplement to the Federal SSI benefit for the elderly, visually handicapped, and disabled.

TEMPORARY AND DISABILITY ASSISTANCE
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Temporary and Disability Assistance	**1,202**	**1,412**	**17%**	**1,549**	**10%**	**1,599**	**3%**	**1,612**	**1%**
SSI	722	740	2%	753	2%	766	2%	779	2%
Public Assistance Benefits	309	485	57%	622	28%	658	6%	658	0%
Welfare Initiatives	13	23	77%	7	-70%	7	0%	7	0%
All Other	158	164	4%	167	2%	168	1%	168	0%

The State share of OTDA spending is expected to grow primarily due to the loss of Federal TANF Contingency Funds, resulting in costs reverting back to State funding. The average public assistance caseload is projected to total 565,518 recipients in FY 2012, an increase of 2.6 percent from FY 2011 levels. Approximately 261,761 families are expected to receive benefits through the Family Assistance program, an increase of 1.3 percent from the current year. In the Safety Net program, an average of 123,419 families is expected to be helped in FY 2012, an increase of 3.3 percent. The caseload for single adults/childless couples supported through the Safety Net program is projected at 180,338, an increase of 3.9 percent.

OCFS provides funding for 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. Specifically, child welfare services, which are financed jointly by the Federal government, the State, and local districts, are structured to encourage local governments to invest in preventive services to reduce out-of-home placement of children. In addition, the Child Care Block Grant, which is also financed by a combination of Federal, State and local sources, supports child care subsidies for public assistance and low-income families. The youth facilities program serves youth directed by family or criminal courts to be placed in residential facilities.

CHILDREN AND FAMILY SERVICES STATE OPERATING FUNDS SPENDING PROJECTIONS (millions of dollars)									
	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Children and Family Services	**1,667**	**1,506**	**-10%**	**1,680**	**12%**	**1,741**	**4%**	**1,844**	**6%**
Child Welfare Service	490	330	-33%	463	40%	508	10%	556	9%
Foster Care Block Grant	433	436	1%	463	6%	492	6%	522	6%
Adoption	196	170	-13%	179	5%	188	5%	197	5%
Day Care	134	145	8%	143	-1%	139	-3%	139	0%
Youth Programs	113	137	21%	127	-7%	111	-13%	111	0%
Medicaid	69	111	61%	124	12%	135	9%	140	4%
C.S.E.	65	38	-42%	42	11%	46	10%	51	11%
Adult Protective/Domestic Violence	42	33	-21%	38	15%	43	13%	49	14%
All Other	125	106	-15%	101	-5%	79	-22%	79	0%

OCFS spending is projected to increase, driven primarily by expected growth in claims-based programs. Growth in Child Welfare Services and Adult Protective/Domestic Violence reflects anticipated growth in local claims and flat Federal funding. Growth in Foster Care Block Grant is attributable to the Human Services cost-of-living adjustment. Projected growth in Medicaid from FY 2011 to FY 2012 is primarily attributable to the annualization of costs related to the Bridges to Health Medicaid Waiver program.

TRANSPORTATION

In FY 2012, the State will provide $4.2 billion in local assistance to support statewide mass transit systems. This funding, financed through the collection of dedicated taxes and fees, is provided to mass transit operators throughout the State to support operating costs. Due to the size and scope of its transit system, the Metropolitan Transportation Authority (MTA) receives the majority of the statewide mass transit operating aid. Additionally, the MTA receives operating support from the Mobility Tax and MTA Aid Trust Fund[8], authorized in May 2009 to collect regional taxes and fees imposed within the Metropolitan Commuter Transportation District. The State collects these taxes and fees on behalf of, and disburses the entire amount to, the MTA to support the transit system. Spending from this fund is projected to grow modestly in FY 2013 and later years, commensurate with the forecasted growth in receipts.

[8] Note that there are currently several cases which challenge the constitutionality of the Mobility Tax and MTA Aid Trust Fund. See the "Litigation" section herein for more information.

TRANSPORTATION STATE OPERATING FUNDS SPENDING PROJECTIONS (millions of dollars)	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Transportation	**4,254**	**4,225**	**-1%**	**4,325**	**2%**	**4,414**	**2%**	**4,508**	**2%**
Mass Transit Operating Aid:	1,894	1,772	-6%	1,772	0%	1,772	0%	1,772	0%
Metro Mass Transit Aid	1,750	1,633	-7%	1,633	0%	1,633	0%	1,633	0%
Public Transit Aid	92	87	-5%	87	0%	87	0%	87	0%
18-B General Fund Aid	27	27	0%	27	0%	27	0%	27	0%
School Fare	25	25	0%	25	0%	25	0%	25	0%
Mobility Tax and MTA Aid Trust	1,662	1,744	5%	1,819	4%	1,908	5%	2,001	5%
Dedicated Mass Transit	653	662	1%	688	4%	689	0%	690	0%
AMTAP	43	45	5%	45	0%	45	0%	45	0%
All Other	2	2	0%	1	-50%	0	-100%	0	0%

Local Government Assistance

Direct aid to local governments primarily includes the AIM program, which was created in FY 2006 to consolidate various unrestricted local aid funding streams. Along with AIM, the State provides incentive grants to local governments to promote local efforts to increase efficiency and performance through consolidation or shared services. Other direct aid to local governments includes VLT impact aid, Small Government Assistance and Miscellaneous Financial Assistance.

LOCAL GOVERNMENT ASSISTANCE STATE OPERATING FUNDS SPENDING PROJECTIONS (millions of dollars)	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
Local Government Assistance	**775**	**758**	**-2%**	**793**	**5%**	**790**	**0%**	**791**	**0%**
AIM:									
Big Four Cities	438	429	-2%	429	0%	429	0%	429	0%
Other Cities	222	218	-2%	218	0%	218	0%	218	0%
Towns and Villages	69	68	-2%	68	0%	68	0%	68	0%
Efficiency Incentives	10	6	-40%	42	600%	46	10%	48	4%
All Other Local Aid	36	37	3%	36	-3%	29	-19%	28	-3%

Agency Operations

Agency operating costs includes personal service, non-personal service costs and GSCs. Personal service includes salaries of State employees of the Executive, Legislative, and Judicial branches, as well as overtime payments and costs for temporary employees. Non-personal service generally accounts for the cost of operating 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. GSCs account for the costs of fringe benefits (e.g., pensions, health insurance) provided to State employees and retirees of the Executive, Legislative and Judicial branches, and certain fixed costs paid by the State. In addition, certain agency operations of Transportation and Motor Vehicles are included in the capital projects fund type and not reflected in the State Operating Funds personal service or non-personal service totals.

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); United University Professions (UUP), which represents faculty and non-teaching professional staff within the State University system; and the New York State Correctional Officers and Police Benevolent Association (NYSCOPBA), which represents security personnel (correction officers, safety and security officers).

Growth in State Operations spending over the multi-year Financial Plan is concentrated in agencies that operate large facilities, such as the State University, 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.

Agency redesign savings over the Plan period 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.

The SAGE Commission is charged with making recommendations to reduce the number of State agencies, authorities, and commissions by 20 percent over the next four years. The 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.

GENERAL STATE CHARGES

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, unemployment insurance, and dental and vision benefits. The majority of employee fringe benefit costs are paid centrally from statewide appropriations. However, certain agencies, including 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. The largest General Fund reimbursement comes from the mental hygiene agencies.

GSCs also include certain fixed costs such as State taxes paid to local governments for certain State-owned lands and payments related to lawsuits against the State and its public officers.

GENERAL STATE CHARGES STATE OPERATING FUNDS SPENDING PROJECTIONS (millions of dollars)	FY 2011	FY 2012	Annual % Change	FY 2013	Annual % Change	FY 2014	Annual % Change	FY 2015	Annual % Change
General State Charges	**6,102**	**6,534**	**7%**	**7,050**	**8%**	**7,551**	**7%**	**7,890**	**-13%**
Fringe Benefits	**5,495**	**5,970**	**9%**	**6,289**	**5%**	**6,957**	**11%**	**7,246**	**4%**
Health Insurance	3,055	3,416	12%	3,731	9%	4,064	9%	4,092	0%
Employee Health Insurance	1,834	2,136	16%	2,332	9%	2,540	9%	2,558	0%
Retiree Health Insurance	1,221	1,280	5%	1,399	9%	1,524	9%	1,534	0%
Pensions	1,470	1,586	8%	1,610	2%	1,936	20%	2,197	900%
Social Security	970	968	0%	948	-2%	957	1%	957	-150%
All Other Fringe	257	216	-16%	421	95%	257	-39%	302	-141%
Fixed Costs	**350**	**348**	**-1%**	**340**	**-2%**	**337**	**-1%**	**342**	**-50%**

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. The projections assume the amortization of pension costs. See "Other Matters Affecting the Financial Plan — Pension Amortization" herein.

DEBT SERVICE

The State pays debt service on all outstanding State-supported bonds. These include general obligation bonds, for which the State is constitutionally obligated to pay debt service, as well as bonds issued by State public authorities (i.e., Empire State Development Corporation (ESDC), DASNY, HFA EFC, and the New York State Thruway Authority (NYSTA), 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)	FY 2012 Enacted	FY 2012 Mid-Year	Change	Percent Change
General Fund	**1,449**	**1,455**	**6**	**0.4%**
Other State Support	4,406	4,379	(27)	-0.6%
State Operating Funds/All Funds	**5,855**	**5,834**	**(21)**	**-0.4%**

Total debt service is projected at $5.8 billion in FY 2012, of which $1.5 billion is paid from the General Fund through transfers and the remaining balance 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, but not limited to, Personal Income Tax bonds, Dedicated Highway and Bridget Trust Fund bonds, and mental health facilities bonds.

GAAP-BASIS RESULTS FOR PRIOR FISCAL YEARS

The Comptroller prepares Basic Financial Statements and Other Supplementary Information on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements, released in July each year, include the Statements of Net Assets and Activities, the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds, the Statements of Net Assets, Revenues, Expenses and Changes in Fund Net Assets and Cash Flows for the Enterprise Funds, the Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets, and the Combining Statements of Net Assets and Activities for Discretely Presented Component Units. These statements are audited by independent certified public accountants. The Comptroller also prepares and issues a Comprehensive Annual Financial Report ("CAFR"), which includes a management discussion and analysis ("MD&A"), the Basic Financial Statements, required supplementary information, other supplementary information which includes individual fund combining statements, and a statistical section.

The following table summarizes recent governmental funds results on a GAAP basis. The State issued the Basic Financial Statements for FY 2011 in July 2011.

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

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accum. General Fund Surplus/(Deficit)
March 31, 2011	1,529	742	198	(568)	1,901	(2,009)
March 31, 2010	(594)	(722)	378	1,061	123	(3,538)
March 31, 2009	(6,895)	(1,183)	35	44	(7,999)	(2,944)

Summary of Net Assets
(millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2011	27,648	(618)	27,030
March 31, 2010	27,976	116	28,092
March 31, 2009	30,894	3,031	33,925

The Basic Financial Statements (including Other Supplementary Information) and the CAFR can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the Office of the State Comptroller's website at www.osc.state.ny.us. The Basic Financial Statements can also be accessed through EMMA at www.emma.msrb.org.

STATE RETIREMENT SYSTEMS

GENERAL

This section summarizes key disclosures regarding the New York State and Local Retirement System ("NYSLRS" or the "Systems") and the Common Retirement Fund ("CRF"), a pooled investment vehicle, which holds its assets. Greater detail, including the independent auditor's report for the fiscal year ending March 31, 2011, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' CAFR") for the fiscal year ended March 31, 2011. A copy of NYSLRS' CAFR and Asset Listing, as well as the NYSLRS' CAFR for each of the seven prior fiscal years is available on the Comptroller's web site. The Actuary's Annual Reports to the Comptroller issued from 2007 through 2011 are also available on the internet. Copies of these reports and benefit plan booklets may be accessed at www.osc.state.ny.us/retire/publications.. 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 32 percent of the membership during FY 2011. There were 3,039 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 many local authorities of the State.

As of March 31, 2011, 672,723 persons were members of the Systems and 385,031 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 FY 2009 negatively impacted the value of assets held for the Systems. The current actuarial smoothing method spreads the impact over a 5-year period. Thus, contribution rates increased for FY 2011, FY 2012 and FY 2013 and further increases are expected for FY 2014 and FY 2015. The amount of such future increases will depend, in part, on the value of the assets held by the CRF as of each April 1, as well as on the present value of the anticipated benefits to be paid by the Systems as of each April 1. In addition, the assumed investment rate of return used by the Systems' Actuary, which is one of the factors used to calculate contribution requirements, was reduced from 8 percent to 7.5 percent beginning with FY 2012. Final contribution rates for FY 2013 were released in early September 2011. The average ERS rate increased from 16.3 percent of salary in FY 2012 to 18.9 percent of salary in FY 2013, while the average PFRS rate increased from 21.6 percent of salary in FY 2012 to 25.8 percent of salary in FY 2013. Information regarding average rates for FY 2013 may be found in the 2011 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at www.osc.state.ny.us/retire/publications.

The Systems' members are categorized into one of five tiers depending on date of membership. Benefits provided to members vary depending on tier membership. On December 10, 2009, former Governor Paterson signed a bill that amended Articles 14, 15 and 19 and enacted Article 22 of the Retirement and Social Security Law. This bill created Tier 5, which resulted in significant changes to the benefit structure for ERS members joining on or after January 1, 2010 and PFRS members joining on or after January 9, 2010. The following chart compares the benefits provided to members in Tiers 3 and 4 (approximately 91 percent of the Systems' members as of March 31, 2011) to those benefits to be provided to members in Tier 5.

TIERS 3 THROUGH 5 BENEFIT COMPARISON

Comparison of Benefits	Tiers 3 & 4 Benefits[1]	Tier 5 Benefits
Vesting – ERS and PFRS	Five Years	Ten Years
Overtime Cap:		
ERS	No Cap	$15,000/year with 3% escalation
PFRS	No Cap	15%/year of regular salary
Contributions:		
ERS	3% for ten years	3% for entire career[2]
PFRS	3 % for ten years; None, if employer offers non-contributory plan	3% for entire career or until maximum service credit accrued[3]
Regular Retirement[4]:		
Both ERS and PFRS	Age 62 and five years service credit or Age 55 and 30 years of service credit	Age 62 and ten years service credit
Early Retirement:		
ERS	Reduction for early retirement between 55 and 62 with less than 30 years of service credit	Increased reduction for early retirement between 55 and 62 regardless of years of service[5]
PFRS	Reduction for early retirement between 55 and 62	Reduction for early retirement between 55 and 62

1. There is no Tier 4 PFRS plan.
2. Correction Officers' contributions cease w/ 30 years of service credit. Peace Officers/Court Officers contribute 4 percent.
3. Certain PFRS members are non-contributory (see "Contributions" section herein).
4. Does not include special plans which permit retirement upon accrual of a certain number of years without regard to age (uniform services plans).
5. Except for Uniformed Court and Peace Officers employed by the Unified Court System.

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. The cost of the incentive is borne by the State and each employer electing the incentive over a five-year period commencing with a payment in FY 2012. A total of 6,412 members retired under the State ERI. 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. Because of the large number of individuals who retired with the ERI in a relatively brief time period, some are still awaiting a final calculation of their monthly benefit payment. In the interim, these individuals are receiving monthly benefit payments based on the estimates calculated at the time of their retirement and will receive a lump sum payment to correct any underpayment once the final calculation is completed.

Part TT of Chapter 57 of the Laws of 2010, authorized the State and participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. Amortized amounts must be paid by State and participating employers 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 fiscal year 2011, the Comptroller has set an interest rate of 5 percent. For amounts amortized in fiscal year 2012, the interest rate is 3.75 percent. The first payment will be due in the fiscal year following the decision to amortize pension costs. 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 reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, it is expected that this will reduce the budgetary volatility of employer contributions (see the section on "Other Matters Affecting the Financial Plan" in this AIS Update for DOB projections of amounts amortized in FY 2011 and amounts expected to be amortized in FY 2012 through FY 2018.) In FY 2011, the State elected to amortize $249.6 million, and 57 participating employers amortized a total of $43.75 million. Please see “Other Matters Affecting the Financial Plan - Pension Amortization” herein.

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, and most PFRS members joining after January 9, 2010, are required to contribute 3 percent of their salaries for their career. However, if a participating employer had a collective bargaining agreement in effect when Tier 5 became effective on January 9, 2010, that provided for PFRS members to be non-contributory, individuals who first become Tier 5 members prior to the expiration of the agreement would be non-contributory in their plan for their career. Individuals who first became Tier 5 members after the expiration of the current collective bargaining agreement would be subject to the 3 percent contribution.

Legislation enacted in May 2003 realigned the Retirement Systems billing cycle to match participating local governments’ budget cycles and also instituted a minimum annual payment. The employer contribution for a given fiscal year is based on the value of CRF’s assets and its liabilities on the preceding 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 FY 2005, FY 2006 and FY 2007. As of March 31, 2011, the amortized amount receivable for FY 2005 from the State is $229.4 million and from participating employers is $48.5 million; the amortized amount receivable for FY 2006 from the State is $87.7 million and from participating employers is $17.2 million; and the amortized amount receivable for FY 2007 from participating employers is $15.8 million. The State did not amortize any portion of its 2007 contributions. The State paid $1,303.2 million in contributions (including judiciary) for FY 2011, including amortization payments of some $87.0 million for 2005 and 2006 bills. As noted above, the State elected to amortize $249.6 million for FY 2011 under Part TT of Chapter 57 of the laws of 2010. The estimated State payment (including judiciary) due March 1, 2012 is $1,994.6 million. Prepayments (including interest credit) have reduced this amount by $32.9 million to $1,961.7 million. The State (including judiciary) has the option to amortize up to $574.8 million which would reduce the required payment to $1,386.9 million. The estimated State payment (including judiciary) for FY 2013 is $2,226.1 million of which the State has the option to amortize up to $781.9 million which would reduce the required payment due March 1, 2013 to $1,444.2 million. The State payments for FY 2012 and FY 2013 are estimates. If these amounts change, then the amounts that can be amortized would also change. Amounts amortized are treated as receivables for purposes of calculating assets of the CRF.

Pension Assets and Liabilities

Assets are held by the CRF for the exclusive benefit of members, pensioners and beneficiaries. Investments for the Systems are made by the Comptroller as trustee of the CRF. The Systems report that the net assets available for benefits as of March 31, 2011 were $149.5 billion (including $3.4 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 $15.3 billion or 11.4 percent from the FY 2010 level of $134.2 billion. The increase in net assets available for benefits from FY 2010 to FY 2011 reflects, in large part, equity market performance[9]. The Systems report that the present value of anticipated benefits for current members, retirees, and beneficiaries increased from $186.8 billion on April 1, 2010 to $194.3 billion (including $80.8 billion for current retirees and beneficiaries) on April 1, 2011. 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, 2011 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 FY 2011, 40 percent of the unexpected gain for the FY 2010, 60 percent of the unexpected loss for FY 2009 and 80 percent of the unexpected gain for FY 2008. Actuarial assets increased from $147.7 billion on April 1, 2010 to $148.6 billion on April 1, 2011. The funded ratio, as of April 1, 2011, calculated by the System Actuary in August 2011 using the entry age normal funding method and actuarial assets, was 90 percent. Detail on the funded ratios of ERS and PFRS as of April 1 for each of the 5 years previous to the fiscal year ended March 31, 2011 can be found on page 54 of the NYSLRS' CAFR for the fiscal year ending March 31, 2011. Detail regarding employers Annual Required Contributions for FY 2011 and each of the 5 previous fiscal years can be found on page 55 of the NYSLRS CAFR for the fiscal year ending March 31, 2011.

[9] On November 22, 2011, the State Comptroller released a statement indicating that the value of the Systems' invested assets posted a negative 7.48 percent rate of return through September 30, 2011. This report reflects unaudited data for assets invested on behalf of the Systems. The value of invested assets changes daily.

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
2011	4,165	2,406	1,759	286	8,520
2012 [4]	4,940	3,112	1,828	306	8,904

(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. Additional information on the ARC can be accessed on page 55 of the NYSLRS CAFR for fiscal year ending March 31, 2011.

(3) Includes payments from Group Life Insurance Plan, which funds the first $50,000 of any death benefit paid.

(4) Amounts reflected for FY 2012 are estimates provided by the Division of the Budget.

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	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
2011	149,549	11.4

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, 2011 includes approximately $3.4 billion of receivables.

AUTHORITIES AND LOCALITIES

Note that there have been no developments concerning authorities that require the AIS section on "Authorities and Localities" to be updated since the dated date of the AIS.

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.

AS OF JUNE 30 OF EACH YEAR
(millions of dollars)

Year	General Obligation Bonds	Obligations of TFA (1)		Obligations of Municipal Assistance Corporation	Obligations of STAR Corp. (2)	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other(3) Obligations	Treasury Obligations	Total
1980	6,179	0		6,116	0	0	0	995	(295)	12,995
1990	13,499	0		7,122	0	0	0	1,077	(1,671)	20,027
2000	27,245	6,438	(4)	3,532	0	709	0	2,065	(230)	39,759
2001	27,147	7,386		3,217	0	704	0	2,019	(168)	40,305
2002	28,465	10,489	(5)	2,880	0	740	0	2,463	(116)	44,921
2003	29,679	13,134	(6)	2,151	0	1,258	0	2,328	(64)	48,486
2004	31,378	13,364		1,758	0	1,256	0	2,561	(52)	50,265
2005	33,903	12,977		0	2,551	1,283	0	3,746	(39)	54,421
2006	35,844	12,233		0	2,470	1,334	0	3,500	0	55,381
2007	34,506	14,607		0	2,368	1,317	2,100	3,394	0	58,292
2008	36,100	14,828		0	2,339	1,297	2,067	2,556	0	59,187
2009	39,991	16,913		0	2,253	1,274	2,033	2,442	0	64,906
2010	41,555	20,094		0	2,178	1,265	2,000	2,402	0	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 Transitional Finance Authority (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 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.

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

(5) 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.

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

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

Building, 6th Floor, One Centre Street, New York, NY 10007-2341, Attention: Deputy Comptroller for Budget; and IBO, 110 William Street, 14th Floor, New York, NY 10038, Attention: Director.

OTHER LOCALITIES

Certain localities outside New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing has become more common in recent years. Between 2004 and July 2010, the State Legislature authorized 21 bond issuances to finance local government operating deficits, including four deficit financing authorizations during the 2009 and 2010 legislative sessions. 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 FY 2004, but may transition to Advisory Period powers during the City's FY 2012. 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 Nassau will incur a major operating funds deficit of 1 percent or more during the County's FY 2011.

Nassau County commenced a lawsuit challenging NIFA's determination and authority to impose a Control Period, and seeking to enjoin the imposition of the Control Period. State Supreme Court denied the injunction and the County has indicated it is no longer pursuing the lawsuit. NIFA is now operating with Control Period powers.

Erie County has a Fiscal Stability Authority, the City of New York has a Financial Control Board, and the City of Troy has a Supervisory Board, all of which presently perform certain review and advisory functions. The City of Yonkers no longer operates under an oversight board but must adhere to a Special Local Finance and Budget Act. The City of Newburgh operates 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 FY 2012 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. State cashflow problems in prior fiscal years have resulted in delays in the payment of State aid, and in some cases, have necessitated borrowing by the localities. Additionally, recent enactment of legislation that caps most local government and school district property tax levies may affect the amount of property tax revenue available for local government and school district purposes. The legislation does not apply to New York City. 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

There are several cases in which Native American tribes have asserted possessory interests in real property or sought monetary damages as a result of claims that certain transfers of property from the tribes or the predecessors-in-interest in the 18th and 19th Centuries were illegal.

In *Oneida Indian Nation of New York v. State of New York*, 74-CV-187 (NDNY), the plaintiff, 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 between 1795 and 1846, money damages, and the ejectment of the State and Madison and Oneida Counties from all publicly-held lands in the claim area. In 1998, the United States intervened in support of plaintiff.

During the pendency of this case, 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.

Relying on these decisions, in *Oneida Indian Nation et al. v. County of Oneida et al.*, 617 F.3d 114 (2d Cir. 2010), the Second Circuit Court of Appeals dismissed the *Oneida* land claim. On October 17, 2011, the United States Supreme Court denied plaintiffs' petitions for certiorari to review the decision of the Second Circuit.

In *Canadian St. Regis Band of Mohawk Indians, et al. v. State of New York, et al.* (NDNY), plaintiffs seek ejectment and monetary damages for their claim that approximately 15,000 acres in Franklin and St. Lawrence Counties were illegally transferred from their predecessors-in-interest. The defendants' motion for judgment on the pleadings, relying on the decisions in *Sherrill, Cayuga,* and *Oneida*, is pending in District Court.

In *The Onondaga Nation v. The State of New York, et al.* (NDNY), 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 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 September 22, 2010, the District Court granted defendants' motion to dismiss the action for laches, based on the *Oneida, Sherrill* and *Cayuga* decisions. Plaintiff's appeal of that decision is pending before the Second Circuit Court of Appeals.

In *Shinnecock Indian Nation v. State of New York, et al*. (EDNY), plaintiff seeks ejectment, monetary damages, and declaratory and injunctive relief for its claim that approximately 3,600 acres in the Town of Southampton were illegally transferred from its predecessors-in-interest. On December 5, 2006, the District Court granted defendants' motion to dismiss, based on the *Sherrill* and *Cayuga* decisions. Plaintiff moved for reconsideration before the District Court and also appealed to the Second

Circuit Court of Appeals. The motions for reconsideration and appeal have both been stayed pending resolution of the Second Circuit's dismissal of the Oneida land claim.

METROPOLITAN TRANSPORTATION AUTHORITY

There are several cases in which the plaintiffs challenge the constitutionality of Chapter 25 of the Laws of 2009, which imposed certain taxes and fees, including a regional payroll tax, in that portion of the State lying within the Metropolitan Commuter Transportation District. The revenues derived from this statute are intended to assist the Metropolitan Transportation Authority, which a State commission concluded was facing substantial financial pressure. The plaintiffs seek judgments declaring that the 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 bill, and liability for the debts of public authorities. Some of the plaintiffs also seek a judgment declaring that the enactment of Chapter 25 violated provisions of Public Authority Law §1266 requiring that the Metropolitan Transportation Authority be self-sustaining. These cases include *Hampton Transportation Ventures, Inc. et al. v. Silver et al. (*now in *Sup. Ct., Albany Co.), William Floyd Union Free School District v. State (*now in *Sup. Ct., New York Co.), Town of Brookhaven v. Silver, et al. (*now in *Sup. Ct., Albany Co.), Town of Southampton and Town of Southold v. Silver (*now in *Sup. Ct. Albany Co.), Town of Huntington v. Silver (*now in *Sup. Ct. Albany Co.), Mangano v. Silver (Sup. Ct. Nassau Co.), Town of Smithtown v. Silver (*now part of the *Mangano* case in *Sup. Ct. Nassau Co.),* and *Vanderhoef v. Silver (now in Sup. Ct. Albany Co.)*. Suffolk County, the Orange County Chamber of Commerce, and a number of additional towns, and a village have also joined the *Mangano* case as plaintiffs.

The defendants sought to change the venue of all of these cases to Albany County or New York County and venue has been changed in most of the cases. In *Mangano*, the Supreme Court, Nassau County denied defendants' motion for change of venue. An appeal of that order is proceeding and issue has not yet been joined in Supreme Court. In *Vanderhoef, Huntington, Floyd, Brookhaven, Southampton/Southold* and *Hampton,* the defendants moved for judgment in their favor. The plaintiffs in *Hampton* then voluntarily stipulated their case. The Supreme Court, Albany County issued decisions granting summary judgment to defendants in *Brookhaven, Huntington* and *Southampton/Southold*. The plaintiffs in *Brookhaven* and *Huntington* have appealed from those decisions.

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. Since 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, 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 statute 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 ("SBE"). In a decision and order dated July 21, 2009, Supreme Court, Albany County, denied the State's motion to dismiss the action. On January 13, 2011, the Appellate Division, Third Department, affirmed the denial of the motion to dismiss. On May 6, 2011, the Third Department granted defendants leave to appeal to the Court of Appeals. On September 15, 2011, the Court of Appeals placed the appeal on track for full briefing and oral argument. The State's brief is due December 5, 2011.

On August 18, 2011, Supreme Court, Albany County granted the State's motion to stay all proceedings in the case until further order of the court or a decision from the Court of Appeals. The plaintiffs have filed a motion to have the stay vacated or modified to permit the continuation of depositions and the filing of a motion for partial summary judgment. The motion is pending.

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. By decision and order dated March 8, 2011, the Appellate Division, Second Department, affirmed the decision of the Court of Claims.

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. The appeal is pending.

SALES TAX

There are several cases challenging the State's authority to collect taxes on cigarettes sold on Indian reservations.

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 May 9, 2011, the Second Circuit Court of Appeals affirmed the Western District's orders denying the plaintiffs' motions for preliminary injunctions, and vacated the Northern District's order granting the motion for a preliminary injunction, vacated all stays pending appeal, and remanded the cases to the District Courts for further proceedings consistent with the Court's opinion. The State has moved for summary judgment in the Northern and Western District cases. The plaintiffs have moved for voluntary dismissal without prejudice in these cases. The motions will be taken on submission in the Northern District on November 25, 2011 and argued in the Western District on December 20, 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. Pursuant to the rules of the Appellate Division, Fourth Department, the appeal is deemed abandoned because plaintiffs failed to perfect the appeal within nine months of the filing of the notice of appeal. The State is seeking a formal discontinuation of this action.

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 intended to enable the State to collect taxes on certain sales of cigarettes on Indian reservations. Plaintiffs seek declaratory judgment that the regulations are void and temporary and permanent injunctions against enforcing both the regulations and the statutory provisions authorizing the voucher system. On May 10, 2011, the Supreme Court, Erie County issued a temporary restraining order that temporarily enjoined the implementation, administration, and enforcement of the statutory system, pending a hearing and determination of plaintiff's motion for a preliminary injunction. On June 8, 2011, the Court issued an order granting defendants' motion for summary judgment and vacating the temporary restraining order. Plaintiff appealed and that appeal was argued in the Appellate Division, Fourth Department on October 25, 2011. The appeal is pending. On June 21, 2011, the Appellate Division, Fourth Department, denied plaintiff's motion for a preliminary injunction pending appeal, and plaintiff moved for leave to appeal to the Court of Appeals from the denial of that motion. Plaintiff's motion for leave to appeal is pending. On June 23, 2011, a Judge of the Court of Appeals declined to stay the implementation, administration and enforcement of the statutory system pending the appeal to the Court of Appeals. On September 20, 2011 the Court of Appeals dismissed plaintiff's motion for leave to appeal.

In July 2011, plaintiffs commenced *Akwesasne Convenience Store Association et al. v. State of New York,* in Supreme Court, Erie County, against the State of New York and other defendants, seeking a declaration that the statutory voucher system impermissibly burdens Indian commerce and is preempted by Federal law and further seeking to enjoin the implementation, administration or enforcement of the system. The court denied plaintiffs' request for a temporary restraining order and, by decision dated August 18, 2011, also denied plaintiffs' subsequent motion for a preliminary injunction. Plaintiffs appealed to the Appellate Division, Fourth Department, which denied plaintiffs' motion for a preliminary injunction pending appeal on September 14, 2011. The appeal is pending.

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, 2011 or upon passage of the State budget. The settlement was approved following an April 15, 2011 fairness hearing and payment of the first installment of the settlement proceeds is in process.

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 their 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. By opinion dated November 21, 2011, the Court of Appeals reversed the Appellate Division and dismissed the cause of action under Article VII, § 8.

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 for a total of $19 million. All infant compromise and Surrogate's Court proceedings have been completed and the settlement process is being completed.

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. Plaintiffs have since filed an amended complaint adding challenges to assessments issued after the commencement of this action and the State has withdrawn its motion for summary judgment without prejudice. The State has filed its answer to the amended complaint and is engaged in the discovery process.

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

	FY 2011 Actuals	FY 2012 Projected	Annual $ Change	Annual % Change
Opening Fund Balance	2,302	1,376	(926)	-40.2%
Receipts:				
Taxes:				
Personal Income Tax	23,894	25,870	1,976	8.3%
User Taxes and Fees	8,795	9,056	261	3.0%
Business Taxes	5,279	5,868	589	11.2%
Other Taxes	1,237	1,092	(145)	-11.7%
Miscellaneous Receipts	3,095	3,152	57	1.8%
Federal Receipts	54	60	6	11.1%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	7,625	8,056	431	5.7%
Sales Tax in Excess of LGAC Debt Service	2,351	2,394	43	1.8%
Real Estate Taxes in Excess of CW/CA Debt Service	348	395	47	13.5%
All Other Transfers	1,769	923	(846)	-47.8%
Total Receipts	54,447	56,866	2,419	4.4%
Disbursements:				
Local Assistance Grants	37,206	38,721	1,515	4.1%
Departmental Operations:				
Personal Service	6,151	5,713	(438)	-7.1%
Non-Personal Service	1,822	1,749	(73)	-4.0%
General State Charges	4,187	4,704	517	12.3%
Transfers to Other Funds:				
Debt Service	1,737	1,455	(282)	-16.2%
Capital Projects	932	778	(154)	-16.5%
State Share Medicaid	2,497	2,910	413	16.5%
Other Purposes	841	825	(16)	-1.9%
Total Disbursements	55,373	56,855	1,482	2.7%
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(926)	11	937	-101.2%
Closing Fund Balance	1,376	1,387	11	0.8%
Statutory Reserves				
Tax Stabilization Reserve Fund	1,031	1,031	0	
Rainy Day Reserve Fund	175	275	100	
Contingency Reserve Fund	21	21	0	
Community Projects Fund	136	51	(85)	
Reserved For				
Prior-Year Labor Agreements (2007-2011)	0	346	346	
Debt Management	13	13	0	
Budget Shortfall	N/A	(350)	N/A	

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
FY 2012 through FY 2015
(millions of dollars)

	FY 2012 Projected	FY 2013 Projected	FY 2014 Projected	FY 2015 Projected
Receipts:				
Taxes:				
Personal Income Tax	25,870	25,619	27,333	28,623
User Taxes and Fees	9,056	9,288	9,681	10,099
Business Taxes	5,868	6,208	6,497	5,952
Other Taxes	1,092	1,087	1,147	1,212
Miscellaneous Receipts	3,152	3,024	2,583	2,122
Federal Receipts	60	60	60	60
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	8,056	7,800	8,309	8,673
Sales Tax in Excess of LGAC Debt Service	2,394	2,450	2,592	2,724
Real Estate Taxes in Excess of CW/CA Debt Service	395	471	557	634
All Other Transfers	923	628	586	602
Total Receipts	56,866	56,635	59,345	60,701
Disbursements:				
Local Assistance Grants	38,721	39,955	41,665	43,352
Departmental Operations:				
Personal Service	5,713	5,945	6,052	6,220
Non-personal Service	1,749	2,114	1,969	2,090
General State Charges	4,704	5,093	5,456	5,623
Transfers to Other Funds:				
Debt Service	1,455	1,722	1,696	1,614
Capital Projects	778	1,126	1,323	1,419
State Share Medicaid	2,910	2,903	2,796	2,750
Other Purposes	825	936	1,520	2,289
Total Disbursements	56,855	59,794	62,477	65,357
Reserves:				
Community Projects Fund	(85)	(51)	0	0
Rainy Day Reserve Fund	100	0	0	0
Prior-Year Labor Agreements (2007-2011)	346	142	142	142
Increase (Decrease) in Reserves	361	91	142	142
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(350)	(3,250)	(3,274)	(4,798)

DOB is developing a Financial Management Plan that is expected to produce $350 million in savings in the current year to maintain budget balance in the General Fund.

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
FY 2012
(millions of dollars)

	Enacted	Change	Mid-Year
Opening fund balance	1,376	0	1,376
Receipts:			
Taxes:			
Personal Income Tax	26,001	(131)	25,870
User Taxes and Fees	9,105	(49)	9,056
Business Taxes	6,101	(233)	5,868
Other Taxes	1,030	62	1,092
Miscellaneous Receipts	3,098	54	3,152
Federal Receipts	60	0	60
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	8,096	(40)	8,056
Sales Tax in Excess of LGAC Debt Service	2,409	(15)	2,394
Real Estate Taxes in Excess of CW/CA Debt Service	395	0	395
All Other	998	(75)	923
Total Receipts	57,293	(427)	56,866
Disbursements:			
Local Assistance Grants	38,888	(167)	38,721
State Operations:			
Personal Service	5,560	153	5,713
Non-Personal Service	1,796	(47)	1,749
General State Charges	4,668	36	4,704
Transfers to Other Funds:			
Debt Service	1,449	6	1,455
Capital Projects	800	(22)	778
State Share Medicaid	3,032	(122)	2,910
Other Purposes	739	86	825
Total Disbursements	56,932	(77)	56,855
Reserves:			
Community Projects Fund	(85)	0	(85)
Rainy Day Reserve Fund	100	0	100
Prior-Year Labor Agreements (2007-2011)	346	0	346
Increase (Decrease) in Reserves	361	0	361
Excess (Deficiency) of Receipts Over Disbursements and Reserves	0	(350)	(350)

DOB is developing a Financial Management Plan that is expected to produce $350 million in savings in the current year to maintain budget balance in the General Fund.

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
FY 2013
(millions of dollars)

	Enacted	Change	Mid-Year
Receipts:			
Taxes:			
Personal Income Tax	26,085	(466)	25,619
User Taxes and Fees	9,383	(95)	9,288
Business Taxes	6,456	(248)	6,208
Other Taxes	1,085	2	1,087
Miscellaneous Receipts	2,917	107	3,024
Federal Receipts	60	0	60
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	7,923	(123)	7,800
Sales Tax in Excess of LGAC Debt Service	2,492	(42)	2,450
Real Estate Taxes in Excess of CW/CA Debt Service	469	2	471
All Other	772	(144)	628
Total Receipts	57,642	(1,007)	56,635
Disbursements:			
Local Assistance Grants	40,115	(160)	39,955
Departmental Operations:			
Personal Service	5,773	172	5,945
Non-Personal Service	2,178	(64)	2,114
General State Charges	5,126	(33)	5,093
Transfers to Other Funds:			
Debt Service	1,712	10	1,722
Capital Projects	1,168	(42)	1,126
State Share Medicaid	3,119	(216)	2,903
Other Purposes	739	197	936
Total Disbursements	59,930	(136)	59,794
Reserves:			
Community Projects Fund	(51)	0	(51)
Prior-Year Labor Agreements (2007-2011)	142	0	142
Increase (Decrease) in Reserves	91	0	91
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(2,379)	(871)	(3,250)

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
FY 2014
(millions of dollars)

	Enacted	Change	Mid-Year
Receipts:			
Taxes:			
Personal Income Tax	27,569	(236)	27,333
User Taxes and Fees	9,723	(42)	9,681
Business Taxes	6,721	(224)	6,497
Other Taxes	1,145	2	1,147
Miscellaneous Receipts	2,496	87	2,583
Federal Receipts	60	0	60
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	8,374	(65)	8,309
Sales Tax in Excess of LGAC Debt Service	2,617	(25)	2,592
Real Estate Taxes in Excess of CW/CA Debt Service	556	1	557
All Other	615	(29)	586
Total Receipts	59,876	(531)	59,345
Disbursements:			
Local Assistance Grants	41,996	(331)	41,665
Departmental Operations:			
Personal Service	5,879	173	6,052
Non-Personal Service	2,036	(67)	1,969
General State Charges	5,499	(43)	5,456
Transfers to Other Funds:			
Debt Service	1,658	38	1,696
Capital Projects	1,361	(38)	1,323
State Share Medicaid	3,082	(286)	2,796
Other Purposes	1,059	461	1,520
Total Disbursements	62,570	(93)	62,477
Reserves:			
Community Projects Fund	0	0	0
Prior-Year Labor Agreements (2007-2011)	142	0	142
Increase (Decrease) in Reserves	142	0	142
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(2,836)	(438)	(3,274)

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
FY 2015
(millions of dollars)

	Enacted	Change	Mid-Year
Receipts:			
Taxes:			
Personal Income Tax	28,698	(75)	28,623
User Taxes and Fees	10,082	17	10,099
Business Taxes	6,141	(189)	5,952
Other Taxes	1,210	2	1,212
Miscellaneous Receipts	2,066	56	2,122
Federal Receipts	60	0	60
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	8,707	(34)	8,673
Sales Tax in Excess of LGAC Debt Service	2,729	(5)	2,724
Real Estate Taxes in Excess of CW/CA Debt Service	634	0	634
All Other	610	(8)	602
Total Receipts	60,937	(236)	60,701
Disbursements:			
Local Assistance Grants	43,734	(382)	43,352
Departmental Operations:			
Personal Service	6,047	173	6,220
Non-Personal Service	2,163	(73)	2,090
General State Charges	5,660	(37)	5,623
Transfers to Other Funds:			
Debt Service	1,566	48	1,614
Capital Projects	1,456	(37)	1,419
State Share Medicaid	3,082	(332)	2,750
Other Purposes	1,692	597	2,289
Total Disbursements	65,400	(43)	65,357
Reserves:			
Community Projects Fund	0	0	0
Prior-Year Labor Agreements (2007-2011)	142	0	142
Increase (Decrease) in Reserves	142	0	142
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(4,605)	(193)	(4,798)

Source: NYS DOB

CASH RECEIPTS
CURRENT STATE RECEIPTS
GENERAL FUND
FY 2012 THROUGH FY 2015
(millions of dollars)

	2011-2012 Projected	2012-2013 Projected	2013-2014 Projected	2014-2015 Projected
Taxes:				
Withholdings	31,202	31,801	34,185	36,183
Estimated Payments	11,975	11,478	11,695	12,325
Final Payments	2,110	2,199	2,154	2,151
Other Payments	1,089	1,134	1,211	1,313
Gross Collections	46,376	46,612	49,245	51,972
State/City Offset	(298)	(298)	(198)	(148)
Refunds	(7,194)	(7,725)	(7,922)	(8,736)
Reported Tax Collections	38,884	38,589	41,125	43,088
STAR (Dedicated Deposits)	(3,293)	(3,322)	(3,510)	(3,693)
RBTF (Dedicated Transfers)	(9,721)	(9,648)	(10,282)	(10,772)
Personal Income Tax	25,870	25,619	27,333	28,623
Sales and Use Tax	11,135	11,402	11,930	12,489
Cigarette and Tobacco Taxes	472	498	491	485
Motor Fuel Tax	0	0	0	0
Alcoholic Beverage Taxes	233	238	242	247
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	11,840	12,138	12,663	13,221
LGAC Sales Tax (Dedicated Transfers)	(2,784)	(2,850)	(2,982)	(3,122)
User Taxes and Fees	9,056	9,288	9,681	10,099
Corporation Franchise Tax	2,909	3,006	3,230	2,472
Corporation and Utilities Tax	639	702	731	763
Insurance Taxes	1,298	1,348	1,411	1,459
Bank Tax	1,022	1,152	1,125	1,258
Petroleum Business Tax	0	0	0	0
Business Taxes	5,868	6,208	6,497	5,952
Estate Tax	1,075	1,070	1,130	1,195
Real Estate Transfer Tax	620	690	770	840
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	16	16	16	16
Other Taxes	1	1	1	1
Gross Other Taxes	1,712	1,777	1,917	2,052
Real Estate Transfer Tax (Dedicated)	(620)	(690)	(770)	(840)
Other Taxes	1,092	1,087	1,147	1,212
Payroll Tax	0	0	0	0
Total Taxes	41,886	42,202	44,658	45,886
Licenses, Fees, Etc.	565	616	552	538
Abandoned Property	755	735	670	655
Motor Vehicle Fees	132	109	36	36
ABC License Fee	49	51	50	50
Reimbursements	202	202	197	197
Investment Income	10	10	10	10
Other Transactions	1,439	1,301	1,068	636
Miscellaneous Receipts	3,152	3,024	2,583	2,122
Federal Grants	60	60	60	60
Total	45,098	45,286	47,301	48,068

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	1,376	2,139	454	3,969
Receipts:				
Taxes	41,886	8,273	13,006	63,165
Miscellaneous Receipts	3,152	15,050	949	19,151
Federal Receipts	60	1	79	140
Total Receipts	45,098	23,324	14,034	82,456
Disbursements:				
Local Assistance Grants	38,721	18,844	0	57,565
Departmental Operations:				
Personal Service	5,713	6,104	0	11,817
Non-Personal Service	1,749	3,295	62	5,106
General State Charges	4,704	1,830	0	6,534
Debt Service	0	0	5,834	5,834
Capital Projects	0	5	0	5
Total Disbursements	50,887	30,078	5,896	86,861
Other Financing Sources (Uses):				
Transfers from Other Funds	11,768	7,177	6,380	25,325
Transfers to Other Funds	(5,968)	(536)	(14,410)	(20,914)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	5,800	6,641	(8,030)	4,411
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	11	(113)	108	6
Closing Fund Balance	1,387	2,026	562	3,975

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	42,202	8,590	13,069	63,861
Miscellaneous Receipts	3,024	16,101	996	20,121
Federal Receipts	60	1	79	140
Total Receipts	45,286	24,692	14,144	84,122
Disbursements:				
Local Assistance Grants	39,955	19,813	0	59,768
Departmental Operations:				
Personal Service	5,945	6,274	0	12,219
Non-Personal Service	2,114	3,252	62	5,428
General State Charges	5,093	1,957	0	7,050
Debt Service	0	0	6,300	6,300
Capital Projects	0	5	0	5
Total Disbursements	53,107	31,301	6,362	90,770
Other Financing Sources (Uses):				
Transfers from Other Funds	11,349	7,084	6,392	24,825
Transfers to Other Funds	(6,687)	(82)	(14,091)	(20,860)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	4,662	7,002	(7,699)	3,965
Designated General Fund Reserves:				
Reserve for Collective Bargaining	142	0	0	142
Reserve for Community Projects Fund	(51)	0	0	(51)
Net Designated General Fund Reserves	91	0	0	91
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(3,250)	393	83	(2,774)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	44,658	8,912	13,916	67,486
Miscellaneous Receipts	2,583	16,454	1,043	20,080
Federal Receipts	60	1	79	140
Total Receipts	47,301	25,367	15,038	87,706
Disbursements:				
Local Assistance Grants	41,665	20,611	0	62,276
Departmental Operations:				
Personal Service	6,052	6,416	0	12,468
Non-Personal Service	1,969	3,359	62	5,390
General State Charges	5,456	2,095	0	7,551
Debt Service	0	0	6,518	6,518
Capital Projects	0	5	0	5
Total Disbursements	55,142	32,486	6,580	94,208
Other Financing Sources (Uses):				
Transfers from Other Funds	12,044	7,410	6,295	25,749
Transfers to Other Funds	(7,335)	107	(14,678)	(21,906)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	4,709	7,517	(8,383)	3,843
Designated General Fund Reserves:				
Reserve for Collective Bargaining	142	0	0	142
Net Designated General Fund Reserves	142	0	0	142
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(3,274)	398	75	(2,801)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2015
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	45,886	9,268	14,616	69,770
Miscellaneous Receipts	2,122	16,732	1,064	19,918
Federal Receipts	60	1	79	140
Total Receipts	48,068	26,001	15,759	89,828
Disbursements:				
Local Assistance Grants	43,352	21,250	0	64,602
Departmental Operations:				
Personal Service	6,220	6,588	0	12,808
Non-Personal Service	2,090	3,436	62	5,588
General State Charges	5,623	2,267	0	7,890
Debt Service	0	0	6,620	6,620
Capital Projects	0	5	0	5
Total Disbursements	57,285	33,546	6,682	97,513
Other Financing Sources (Uses):				
Transfers from Other Funds	12,633	7,666	5,904	26,203
Transfers to Other Funds	(8,072)	232	(14,876)	(22,716)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	4,561	7,898	(8,972)	3,487
Designated General Fund Reserves:				
Reserve for Collective Bargaining	142	0	0	142
Net Designated General Fund Reserves	142	0	0	142
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(4,798)	353	105	(4,340)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	1,376	2,149	(167)	454	3,812
Receipts:					
Taxes	41,886	8,273	1,338	13,006	64,503
Miscellaneous Receipts	3,152	15,182	4,017	949	23,300
Federal Receipts	60	40,598	2,294	79	43,031
Total Receipts	45,098	64,053	7,649	14,034	130,834
Disbursements:					
Local Assistance Grants	38,721	53,590	2,711	0	95,022
Departmental Operations:					
Personal Service	5,713	6,790	0	0	12,503
Non-Personal Service	1,749	4,251	0	62	6,062
General State Charges	4,704	2,132	0	0	6,836
Debt Service	0	0	0	5,834	5,834
Capital Projects	0	5	5,147	0	5,152
Total Disbursements	50,887	66,768	7,858	5,896	131,409
Other financing sources (Uses):					
Transfers from Other Funds	11,768	7,178	1,038	6,380	26,364
Transfers to Other Funds	(5,968)	(4,575)	(1,435)	(14,410)	(26,388)
Bond and Note Proceeds	0	0	484	0	484
Net Other Financing Sources (Uses)	5,800	2,603	87	(8,030)	460
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	11	(112)	(122)	108	(115)
Closing Fund Balance	1,387	2,037	(289)	562	3,697

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	42,202	8,590	1,397	13,069	65,258
Miscellaneous Receipts	3,024	16,232	3,735	996	23,987
Federal Receipts	60	37,548	1,847	79	39,534
Total Receipts	45,286	62,370	6,979	14,144	128,779
Disbursements:					
Local Assistance Grants	39,955	51,680	2,010	0	93,645
Departmental Operations:					
Personal Service	5,945	6,955	0	0	12,900
Non-Personal Service	2,114	4,211	0	62	6,387
General State Charges	5,093	2,289	0	0	7,382
Debt Service	0	0	0	6,300	6,300
Capital Projects	0	5	5,289	0	5,294
Total Disbursements	53,107	65,140	7,299	6,362	131,908
Other Financing Sources (Uses):					
Transfers from Other Funds	11,349	7,085	1,368	6,392	26,194
Transfers to Other Funds	(6,687)	(3,921)	(1,503)	(14,091)	(26,202)
Bond and Note Proceeds	0	0	400	0	400
Net Other Financing Sources (Uses)	4,662	3,164	265	(7,699)	392
Designated General Fund Reserves:					
Reserve for Collective Bargaining	142	0	0	0	142
Reserve for Community Projects Fund	(51)	0	0	0	(51)
Net Designated General Fund Reserves	91	0	0	0	91
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(3,250)	394	(55)	83	(2,828)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	44,658	8,912	1,398	13,916	68,884
Miscellaneous Receipts	2,583	16,585	3,575	1,043	23,786
Federal Receipts	60	39,876	1,811	79	41,826
Total Receipts	47,301	65,373	6,784	15,038	134,496
Disbursements:					
Local Assistance Grants	41,665	54,845	2,001	0	98,511
Departmental Operations:					
Personal Service	6,052	7,088	0	0	13,140
Non-Personal Service	1,969	4,284	0	62	6,315
General State Charges	5,456	2,433	0	0	7,889
Debt Service	0	0	0	6,518	6,518
Capital Projects	0	5	5,089	0	5,094
Total Disbursements	55,142	68,655	7,090	6,580	137,467
Other Financing Sources (Uses):					
Transfers from Other Funds	12,044	7,411	1,545	6,295	27,295
Transfers to Other Funds	(7,335)	(3,731)	(1,552)	(14,678)	(27,296)
Bond and Note Proceeds	0	0	338	0	338
Net Other Financing Sources (Uses)	4,709	3,680	331	(8,383)	337
Designated General Fund Reserves:					
Reserve for Collective Bargaining	142	0	0	0	142
Net Designated General Fund Reserves	142	0	0	0	142
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(3,274)	398	25	75	(2,776)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2015
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	45,886	9,268	1,408	14,616	71,178
Miscellaneous Receipts	2,122	16,863	3,325	1,064	23,374
Federal Receipts	60	44,969	1,809	79	46,917
Total Receipts	48,068	71,100	6,542	15,759	141,469
Disbursements:					
Local Assistance Grants	43,352	60,993	1,730	0	106,075
Departmental Operations:					
Personal Service	6,220	7,262	0	0	13,482
Non-Personal Service	2,090	4,354	0	62	6,506
General State Charges	5,623	2,611	0	0	8,234
Debt Service	0	0	0	6,620	6,620
Capital Projects	0	5	5,039	0	5,044
Total Disbursements	57,285	75,225	6,769	6,682	145,961
Other Financing Sources (Uses):					
Transfers from Other Funds	12,633	7,667	1,483	5,904	27,687
Transfers to Other Funds	(8,072)	(3,189)	(1,526)	(14,876)	(27,663)
Bond and Note Proceeds	0	0	306	0	306
Net Other Financing Sources (Uses)	4,561	4,478	263	(8,972)	330
Designated General Fund Reserves:					
Reserve for Collective Bargaining	142	0	0	0	142
Net Designated General Fund Reserves	142	0	0	0	142
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(4,798)	353	36	105	(4,304)

Source: NYS DOB

CASHFLOW
GENERAL FUND
FY 2012
(dollars in millions)

	2011 April Actuals	May Actuals	June Actuals	July Actuals	August Actuals	September Actuals	October Projected	November Projected	December Projected	2012 January Projected	February Projected	March Projected	Total
OPENING BALANCE	1,376	4,510	1,809	2,492	1,884	1,571	4,948	3,447	2,502	1,962	6,208	5,737	1,376
RECEIPTS:													
Personal Income Tax	4,153	1,072	2,610	1,661	1,817	2,689	1,547	1,598	248	4,988	1,705	1,782	25,870
User Taxes and Fees	689	667	892	716	688	881	702	694	861	724	616	926	9,056
Business Taxes	161	28	1,173	(36)	43	1,022	62	126	1,198	53	215	1,823	5,868
Other Taxes	65	132	74	88	109	119	100	81	81	81	81	81	1,092
Total Taxes	5,068	1,899	4,749	2,429	2,657	4,711	2,411	2,499	2,388	5,846	2,617	4,612	41,886
Licenses, Fees, etc.	46	64	56	29	47	85	37	46	41	39	41	34	565
Abandoned Property	1	0	39	32	18	77	23	140	60	70	53	242	755
ABC License Fee	5	5	6	5	5	6	5	3	3	3	3	0	49
Motor vehicle fees	0	0	13	(13)	0	0	0	20	20	20	20	52	132
Reimbursements	4	7	56	2	18	36	10	12	25	10	10	12	202
Investment Income	1	0	1	1	0	0	0	1	1	1	1	3	10
Other Transactions	21	16	146	59	34	301	80	42	96	40	68	536	1,439
Total Miscellaneous Receipts	78	92	317	115	122	505	155	264	246	183	196	879	3,152
Federal Grants	2	13	0	0	0	17	0	0	15	0	0	13	60
PIT in Excess of Revenue Bond Debt Service	1,385	211	1,000	491	251	1,092	328	188	997	898	335	880	8,056
Sales Tax in Excess of LGAC Debt Service	201	98	378	215	136	281	214	211	270	220	3	167	2,394
Real Estate Taxes in Excess of CW/CA Debt Service	38	41	19	42	66	34	34	22	26	26	23	24	395
All Other	96	2	17	12	11	10	25	13	20	59	31	627	923
Total Transfers from Other Funds	1,720	352	1,414	760	464	1,417	601	434	1,313	1,203	392	1,698	11,768
TOTAL RECEIPTS	6,868	2,356	6,480	3,304	3,243	6,650	3,167	3,197	3,962	7,232	3,205	7,202	56,866
DISBURSEMENTS:													
School Aid	233	2,579	1,894	145	544	1,207	596	1,060	1,500	218	455	6,371	16,802
Higher Education	32	19	525	129	341	51	451	38	230	30	312	412	2,570
All Other Education	23	21	223	266	42	31	231	227	21	264	173	208	1,730
Medicaid - DOH	962	904	983	1,327	691	300	1,335	1,250	649	551	967	345	10,264
Public Health	15	18	41	37	155	39	53	40	36	25	81	190	730
Mental Hygiene	19	2	387	3	6	545	16	0	478	3	148	273	1,880
Children and Families	8	114	230	67	71	44	251	87	83	161	73	316	1,505
Temporary & Disability Assistance	326	63	65	166	191	65	91	76	87	75	18	179	1,402
Transportation	0	24	0	0	24	0	0	25	15	0	10	1	99
Unrestricted Aid	1	12	294	0	3	90	9	0	206	1	0	142	758
All Other	(30)	16	190	21	41	31	24	25	53	161	276	173	981
Total Local Assistance Grants	1,589	3,772	4,832	2,161	2,109	2,403	3,057	2,828	3,358	1,489	2,513	8,610	38,721
Personal Service	602	525	598	554	667	356	370	413	495	381	530	222	5,713
Non-Personal Service	199	125	90	143	165	118	89	129	128	123	166	274	1,749
Total State Operations	801	650	688	697	832	474	459	542	623	504	696	496	7,462
General State Charges	404	322	119	419	241	248	359	350	213	232	217	1,580	4,704
Debt Service	522	22	(129)	376	38	(111)	469	0	(1)	432	(18)	(145)	1,455
Capital Projects	(23)	52	52	16	64	(12)	36	47	15	22	17	492	778
State Share Medicaid	273	202	206	217	244	205	196	271	272	275	237	312	2,910
Other Purposes	168	37	29	26	28	66	92	104	22	32	14	207	825
Total Transfers to Other Funds	940	313	158	635	374	148	793	422	308	761	250	866	5,968
TOTAL DISBURSEMENTS	3,734	5,057	5,797	3,912	3,556	3,273	4,668	4,142	4,502	2,986	3,676	11,552	56,855
Excess/(Deficiency) of Receipts over Disbursements	3,134	(2,701)	683	(608)	(313)	3,377	(1,501)	(945)	(540)	4,246	(471)	(4,350)	11
CLOSING BALANCE	4,510	1,809	2,492	1,884	1,571	4,948	3,447	2,502	1,962	6,208	5,737	1,387	1,387

Source: NYS DOB

GAAP FINANCIAL PLAN
GENERAL FUND
FY 2012
(millions of dollars)

	Enacted	Change	Mid-Year
Revenues:			
Taxes:			
Personal income tax	25,360	(317)	25,043
User taxes and fees	9,124	(135)	8,989
Business taxes	6,129	(15)	6,114
Other taxes	1,068	(43)	1,025
Miscellaneous revenues	6,569	57	6,626
Federal grants	60	0	60
Total revenues	48,310	(453)	47,857
Expenditures:			
Grants to local governments	41,520	55	41,575
State operations	10,995	75	11,070
General State charges	5,454	14	5,468
Debt service	0	0	0
Capital projects	0	0	0
Total expenditures	57,969	144	58,113
Other financing sources (uses):			
Transfers from other funds	14,711	64	14,775
Transfers to other funds	(5,798)	7	(5,791)
Proceeds from financing arrangements/	0		0
advance refundings	374	0	374
Net other financing sources (uses)	9,287	71	9,358
Operating Surplus/(Deficit)	(372)	(526)	(898)

Source: NYS DOB

GAAP FINANCIAL PLAN
GENERAL FUND
FY 2012 THROUGH FY 2015
(millions of dollars)

	FY 2012 Projected	FY 2013 Projected	FY 2014 Projected	FY2015 Projected
Revenues:				
Taxes:				
Personal income tax	25,043	24,699	26,627	28,565
User taxes and fees	8,989	9,302	9,704	10,125
Business taxes	6,114	6,314	6,608	5,913
Other taxes	1,025	1,129	1,192	1,201
Miscellaneous revenues	6,626	6,503	6,019	5,596
Federal grants	60	60	60	60
Total revenues	47,857	48,007	50,210	51,460
Expenditures:				
Grants to local governments	41,575	42,721	44,481	46,376
State operations	11,070	11,772	11,599	12,163
General State charges	5,468	5,967	6,445	6,704
Debt service	0	0	0	0
Capital projects	0	0	0	0
Total expenditures	58,113	60,460	62,525	65,243
Other financing sources (uses):				
Transfers from other funds	14,775	14,488	15,171	15,605
Transfers to other funds	(5,791)	(6,492)	(7,354)	(7,554)
Proceeds from financing arrangements/ advance refundings	374	400	400	400
Net other financing sources (uses)	9,358	8,396	8,217	8,451
Operating Surplus/(Deficit)	(898)	(4,057)	(4,098)	(5,332)

Source: NYS DOB

Annual Information Statement

State of New York

May 24, 2011

ANNUAL INFORMATION STATEMENT
STATE OF NEW YORK
DATED: MAY 24, 2011

TABLE OF CONTENTS

INTRODUCTION

This Annual Information Statement (AIS) is dated May 24, 2011 and contains information only through that date. This AIS constitutes the official disclosure regarding the financial position of the State of New York (the State) and replaces the AIS dated September 7, 2010 and all updates and supplements thereto. This AIS is scheduled to be updated on a quarterly basis (in August 2011, November 2011, and February 2012) and may be supplemented from time to time as developments 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. Information on the State's current financial projections, including summaries and extracts from the State's Enacted Budget Financial Plan (the "Enacted Budget Financial Plan" or "Enacted Budget") for fiscal year 2012 ("FY 2012" or "2011-12") issued by the Division of the Budget ("DOB") on May 6, 2011. The Enacted Budget Financial Plan sets forth the State's official Financial Plan projections for FYs 2012 through 2015. It includes, among other things, the major components of the gap-closing plan approved for FY 2012, projected annual spending growth, the magnitude of future potential budget gaps, and detailed information on projected total receipts and disbursements in the State's governmental funds.

2. A discussion of issues and risks that may affect the Financial Plan during the State's current fiscal year or in future years (under the heading "Other Matters Affecting the Financial Plan").

3. Information on other subjects relevant to the State's finances, including summaries of: (a) operating results for the three prior fiscal years, presented on a cash basis of accounting, (b) the State's revised economic forecast and a profile of the State economy, (c) the State's debt and other financing activities, (d) the organization of State government, and (e) activities of public authorities and localities.

4. 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 also relied on information drawn from other sources, including the Office of the State Comptroller (OSC). In particular, information contained in the section entitled "State Retirement Systems" has been furnished by OSC, while information relating to matters described in the section entitled "Litigation and Arbitration" has been furnished by the State Office of the Attorney General. DOB has not undertaken any independent verification of the information contained in the sections entitled "State Retirement Systems" or "Litigation and Arbitration".

INTRODUCTION

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 position, including potential operating results for the current fiscal year and projected budget 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 position of the State.

The factors affecting the State's financial position are complex. This AIS contains forecasts, projections, and estimates that are based on expectations and assumptions which existed at the time they were prepared. Since many factors may materially affect fiscal and economic conditions in the State, the inclusion in this AIS of forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. Forecasts, projections, and estimates are not intended as representations of fact or guarantees of results. The words “expects”, “forecasts”, “projects”, “intends”, “anticipates”, “estimates”, and analogous expressions are intended to identify forward-looking statements in the AIS. 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, impediments to the implementation of gap-closing actions, 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 of this AIS.

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 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 FY 2010 in July 2010. The Basic Financial Statements for FY 2011 are expected to be available in late July 2011. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and on its website at www.osc.state.ny.us. The Basic Financial Statements can also be accessed through EMMA at www.emma.msrb.org.

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BUDGETARY AND ACCOUNTING BACKGROUND

TO HELP THE READER UNDERSTAND THE CURRENT FINANCIAL PLAN PROJECTIONS, THIS SECTION PROVIDES A BRIEF OVERVIEW OF THE STATE'S BUDGET PROCESS AND BUDGETARY AND ACCOUNTING PRACTICES. *SEE "EXHIBIT A - SELECTED STATE GOVERNMENT SUMMARY" HEREIN FOR MORE INFORMATION ON BUDGETARY AND ACCOUNTING PRACTICES.*

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, as described below, 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 and projections in the State Financial Plan. Adjustments may also be made to the State Financial Plan to reflect changes in the economic outlook, updated data on program activities, and other factors, as well as new actions taken by the Governor or the Legislature. As required by the State Finance Law, the DOB 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 as part of the Executive Budget.

Once the budget is adopted for the fiscal year, the Legislature may enact one multi-purpose appropriation bill and additional single-purpose 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 may 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 in any fiscal year to supplement existing appropriations or to provide new appropriations for purposes not covered by the regular and supplemental appropriations.

SIGNIFICANT BUDGETARY/ACCOUNTING PRACTICES

The State's General Fund receives the majority of State taxes and all income not earmarked for a particular program or activity. State law requires the Governor to submit, and the Legislature to enact, a budget that is balanced on a cash-basis of accounting. The State Constitution and State Finance Law do not provide a precise definition of budget balance. In practice, the General Fund is considered balanced on a cash basis of accounting if sufficient resources are, or are expected to be, available during the fiscal year for the State to (a) make all planned payments, including PIT refunds, without the issuance of deficit notes or bonds or extraordinary cash management actions, (b) restore the balances in the Tax Stabilization Reserve and Rainy Day Reserve to levels at or above the levels on deposit when the fiscal year began, and (c) maintain other reserves, as required by law.

The General Fund is typically the financing source of last resort for the State's other major funds, including the Health Care Reform Act (HCRA) funds, the Dedicated Highway and Bridge Trust Fund (DHBTF), the School Tax Relief (STAR) 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 budgetary and gap-closing discussion is generally weighted toward the General Fund.

State Operating Funds is a broader measure of spending for operations (as distinct from capital purposes) that is financed with State resources. It includes not only the General Fund, but also State-financed special revenue funds and debt service funds. It excludes spending from capital project funds and Federal funds. As more spending has occurred outside of the General Fund, State Operating Funds has become, in DOB's view, a more meaningful measure of State-financed spending for operating purposes. Therefore, the discussion of disbursement projections often emphasizes the State Operating Funds perspective.

The State accounts for 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 State projections and results by fund and category. The State also reports disbursements and receipts activity for All Governmental Funds ("All Funds"), which includes spending from Capital Projects Funds and State and Federal operating funds, providing the most comprehensive view of the cash-basis financial operations of the State.

Fund types of the State include: the General Fund; State Special Revenue Funds, which receive certain dedicated taxes, fees and other revenues that are used for a specified purpose; Federal Special Revenue Funds, which receive certain Federal grants; Capital Projects Funds, which account for costs incurred in the construction and rehabilitation of roads, bridges, prisons, university facilities, and other infrastructure projects; and Debt Service Funds, which account for the payment of principal, interest, and related expenses for debt issued by the State and its public authorities.

State Finance Law also requires DOB to prepare a financial plan using generally accepted accounting principles (GAAP), although this requirement is for informational purposes only, and is not used for statutory reporting purposes. The GAAP-basis Financial Plan follows, to the extent practicable, the accrual methodologies and fund accounting rules applied by OSC in preparation of the audited Basic Financial Statements. The GAAP-basis financial plan is not used by DOB as a benchmark for managing State finances during the fiscal year.

FINANCIAL PLAN INFORMATION

FISCAL YEAR 2011 (ENDING MARCH 31, 2011) SUMMARY RESULTS

Based on preliminary, unaudited results, the State ended FY 2011 in balance on a cash basis in the General Fund. Receipts, including transfers from other funds, totaled $54.4 billion, an increase of $343 million from the last public forecast.[1] Tax receipts exceeded projections by approximately $150 million, with stronger than expected collections in personal income tax (PIT) and sales taxes, offset in part by lower collections for business taxes. All planned refunds were made according to schedule. Other sources of General Fund receipts (including transfers of fund balances, miscellaneous receipts, and Federal grants) were approximately $195 million above planned levels. This was due almost exclusively to the transfer of excess balances from certain special revenue funds at the close of the fiscal year.

General Fund disbursements, including transfers to other funds, totaled $55.4 billion, an increase of $324 million from the last public forecast. The increase was due in part to the timing of payments that were due and budgeted for the first quarter of FY 2012 but that were made in the final quarter of FY 2011. These previously unanticipated payments included approximately $154 million for debt service expenses and $100 million for health care expenses.

The General Fund had a closing balance of $1.37 billion, consisting of $1.2 billion in the State's rainy day reserves ($1.0 billion in the Tax Stabilization Reserve and $175 million in the Rainy Day Reserve), $136 million in the Community Projects Fund, $21 million in the Contingency Reserve, and $13 million in an undesignated fund balance. The closing balance in the General Fund was $926 million lower than the closing balance for FY 2010. This reflects the planned use of an undesignated fund balance carried forward from FY 2010 into FY 2011. See "Prior Fiscal Years" herein for more information.

FISCAL YEAR 2012 (ENDING MARCH 31, 2012) SUMMARY OUTLOOK

BUDGET GAPS BEFORE BUDGET ADOPTION ("BASE" OR "CURRENT SERVICES" GAPS)

Before enactment of the FY 2012 budget, the State faced a projected budget gap of $10 billion, and projected budget gaps in future years of $14.9 billion in FY 2013, $17.4 billion in FY 2014, and $20.9 billion in FY 2015. These budget gaps represented the difference between (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain anticipated service levels and specific commitments, and (b) the expected level of resources to pay for them based on current law.[2] The gap estimates were based on a number of assumptions and projections developed by DOB in consultation with other State agencies. The assumptions reflected the impact of current statutory provisions on spending growth and tax receipts. Statutory mandates and entitlements, combined with enrollment increases and assumed reductions in Federal grants, accounted for a significant portion of projected base spending increases.

The estimated base gaps reflected, in part, the short-term impact of the recession on State tax receipts and economically-sensitive expenditure programs, the long-term growth in spending commitments, the expiration of the temporary PIT surcharge at the end of calendar year 2011, and the phase-out[3] of the Federal stimulus funding for Medicaid, education, and other purposes.

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[1] Derived from the "FY 2012 Executive Budget Financial Plan Updated for Governor's Amendments and Forecast Revisions," dated March 3, 2011, as summarized in the Quarterly Update to the FY 2011 AIS dated March 15, 2011.

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

[3] Under the Federal American Recovery and Reinvestment Act of 2009 (ARRA), the Federal government increased the matching amount it paid on eligible State Medicaid expenditures from 50 percent to approximately 62 percent. This temporary

EXECUTIVE BUDGET PROPOSAL

The Governor submitted his Executive Budget proposal for FY 2012 on February 1, 2011, and amendments on February 24 and March 1, 2011, as permitted by law. The Governor's Executive Budget proposed measures (the "gap-closing plan") to eliminate the projected General Fund budget gap of $10 billion in FY 2012, and to reduce the future projected budget gaps to $2.2 billion in FY 2013, $2.5 billion in FY 2014, and $4.4 billion in FY 2015. The Executive Budget proposed 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.

ENACTED BUDGET FOR FISCAL YEAR 2012

The Governor and legislative leaders announced general agreement on the outlines of a budget for FY 2012 on March 27, 2011. The Legislature passed the appropriations and accompanying legislation needed to complete the budget on March 31, 2011. Consistent with past practice, the Legislature enacted the annual debt service appropriations without amendment before the start of the fiscal year (on March 16, 2011). On April 11, 2011, the Governor completed his review of all budget bills, finalizing the enactment of the FY 2012 Budget. The following table provides selected projected indicators and measures of the Enacted Budget Financial Plan relative to the prior year and relative to the base budget for FY 2012 (i.e., before reflecting the anticipated impact of the gap-closing actions approved in the Enacted Budget).

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.

ENACTED BUDGET FINANCIAL PLAN AT-A-GLANCE: SELECTED INDICATORS AND MEASURES (millions of dollars)	2010-11	2011-12	
	Year-End Results [1]	Before Actions [1,2]	Enacted Budget [1]
State Operating Funds Budget			
Size of Budget	$84,417	$95,047	$86,879
Annual Growth	4.7%	12.6%	2.9%
Other Budget Measures			
General Fund (with transfers)	$55,373	$65,346	$56,932
	6.1%	18.0%	2.8%
State Funds (Including Capital)	$90,118	$101,311	$92,804
	4.7%	12.4%	3.0%
Capital Budget (Federal and State)	$7,844	$8,273	$7,888
	10.3%	5.5%	0.6%
Federal Operating	$42,564	$40,273	$36,931
	8.8%	-5.4%	-13.2%
All Funds	$134,825	$143,593	$131,698
	6.3%	6.5%	-2.3%
All Funds (Including "Off-Budget" Capital)	$136,261	$145,251	$133,395
	6.0%	6.6%	-2.1%
All Funds Receipts			
Taxes	$60,870	$64,538	$64,976
	5.6%	6.0%	6.7%
Miscellaneous Receipts	$23,148	$22,809	$23,407
	-1.7%	-1.5%	1.1%
Federal Grants	$49,303	$46,753	$43,305
	8.3%	-5.2%	-12.2%
Total Receipts	$133,321	$134,100	$131,688
	5.2%	0.6%	-1.2%
Base Tax Growth/(Decline) [3]	2.1%	7.5%	7.5%
Inflation (CPI)	1.4%	1.9%	2.1%
Budget Gaps			
2011-12	N/A	($10,001)	0
2012-13	N/A	($14,945)	($2,379)
2013-14	N/A	($17,429)	($2,836)
2014-15	N/A	($20,903)	($4,605)
Total General Fund Reserves	$1,376	N/A	$1,737
Rainy Day Reserve Funds	$1,206	N/A	$1,306
Reserved for Potential Retroactive Payments [4]	$0	N/A	$346
All Other Reserves	$170	N/A	$85
State Workforce (Subject to Direct Executive Control) [5]	125,787	127,032	126,395
Debt			
Debt Service as % All Funds Receipts	4.6%	4.9%	4.9%
State-Related Debt Outstanding	$55,674	$57,855	$57,939

[1] Spending in State Operating Funds, State Funds, and Federal Operating Funds has been restated to follow the classification of State and Federal special revenue accounts used by the State Comptroller.

[2] Before spending reductions and other actions 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 has set aside funds that are expected to cover the costs of potential retroactive labor settlements with unions that have not agreed to contracts through FY 2011.

[5] FY 2012 estimate does not reflect layoffs that may be necessary in the absence of negotiated workforce savings.

The gap-closing plan authorized in the Enacted Budget Financial Plan did not differ significantly from the Executive Budget proposal. DOB estimates that the gap-closing plan eliminates the General Fund budget gap of $10 billion in FY 2012 and reduces the budget gaps to $2.4 billion in FY 2013, $2.8 billion in FY 2014, and $4.6 billion in FY 2015. The following table summarizes the multi-year impact of the gap-closing plan.

GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS
SUMMARY OF CHANGES FROM REVISED CURRENT-SERVICES THROUGH ENACTED BUDGET
(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)**
Enacted Budget Actions	**10,001**	**12,566**	**14,593**	**16,298**
Spending Reductions/Offsets	8,537	11,967	14,302	15,908
Aid to Localities Reductions [1]	*7,040*	*10,389*	*12,707*	*14,319*
State Agency Redesign	*1,497*	*1,578*	*1,595*	*1,589*
Revenue Enhancements	324	293	91	21
Non-Recurring Resources	860	2	0	0
New Resources/Costs	380	304	200	369
Planned Deposit to Rainy Day Fund	(100)	0	0	0
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE AFTER ACTIONS	**0**	**(2,379)**	**(2,836)**	**(4,605)**

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

The gap-closing plan authorizes actions to lower General Fund spending by approximately $8.5 billion in FY 2012 compared to the current-services forecast. The Enacted Budget includes estimated savings of $2.8 billion for School Aid and $2.7 billion for Medicaid (including a caseload reestimate); $1.5 billion for State agency operations; and $1.5 billion for a range of other programs and activities.

The gap-closing plan anticipates $324 million in additional revenues associated with specific statutory changes. These changes include modernizing the State's tax system, improving voluntary compliance with tax law, and increasing the level of resources available from the Abandoned Property Fund. The Legislature authorized certain tax modernization initiatives for two years (scheduled to sunset on December 31, 2012).

Non-recurring actions are estimated by DOB to total approximately $860 million in FY 2012. 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 (PAYGO) financing for eligible capital expenses (rather than increasing the level in FY 2012, as assumed in the base budget projections).

The Enacted Budget Financial Plan limits the annual growth rates for major programs, including Medicaid and School Aid. The established growth rate for the Department of Health (DOH) Medicaid State Funds spending is limited by law to the ten-year average change in the medical component of the Consumer Price Index (CPI). This is estimated at approximately 4 percent over the plan period. The growth rate for School Aid is limited to the rate of growth in New York State personal income.

The Enacted Budget includes two-year appropriations and changes to law for Medicaid and School Aid to help limit the growth in these programs to the target rates. In Medicaid, the budget grants State officials authority to make certain modifications to the Medicaid program to help maintain spending within the allowable limit. DOB anticipates that most potential modifications that are likely to be considered to constrain Medicaid spending will require the approval of the Federal government. Adherence to the limit is dependent on other factors, including the adoption of voluntary cost-saving measures by the health care industry. The new administrative authority granted to State officials to modify the Medicaid program expires after two years; however, the statutory Medicaid spending cap is not scheduled to expire. The Financial Plan projections for all fiscal years assume that Medicaid and School Aid will grow at the capped rates.

PROJECTED CLOSING BALANCES

DOB estimates the State will end FY 2012 with a General Fund balance of $1.7 billion. The closing balance in the Rainy Day Reserve reflects a planned deposit of $100 million in FY 2012.

GENERAL FUND ESTIMATED CLOSING BALANCE (millions of dollars)

	2010-11	Planned Deposit	Planned Uses	2011-12
Projected Year-End Fund Balance	**1,376**	**446**	**(85)**	**1,737**
Tax Stabilization Reserve Fund	1,031	0	0	1,031
Rainy Day Reserve Fund	175	100	0	275
Contingency Reserve Fund	21	0	0	21
Community Projects Fund	136	0	(85)	51
Prior Year Labor Agreements (2007-2011)	0	346	0	346
Undesignated	13	0	0	13

The closing balance also includes $346 million identified to cover the costs of potential retroactive labor settlements with unions that have not agreed to contracts through FY 2011. The amount is calculated based on the pattern settlement for FYs 2007 through 2011 agreed to by the State's largest unions for that period. In prior years, this amount has been carried in the annual spending totals. If settlements are reached in FY 2012, the projected fund balance in the General Fund would decline by an amount equal to the cost of the settlements.

The Community Projects Fund, which finances discretionary ("member item") grants allocated by the Legislature and Governor, is expected to disburse $85 million in FY 2012, reflecting slower than anticipated spending and the repeal, as part of the FY 2012 gap-closing plan, of $85 million in scheduled General Fund deposits for FY 2012.

ANNUAL SPENDING GROWTH

DOB estimates that State Operating Funds spending will total $86.9 billion in FY 2012, an increase of $2.5 billion (2.9 percent) from FY 2011 results. All Governmental Funds spending, which includes capital projects and Federal operating spending, is expected to total $131.7 billion, a decrease of $3.1 billion from the prior year. Consistent with recent experience, disbursements in FY 2011 were well below budgeted levels in State Operating Funds and in All Governmental Funds. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agencies) in special revenue funds and capital projects funds have been adjusted downward in FY 2012 and thereafter based on typical spending patterns and the observed variance between estimated and actual results over time.

TOTAL DISBURSEMENTS (millions of dollars)			Before Actions			After Actions	
	2010-11 Results	2011-12 Base	Annual $ Change	Annual % Change	2011-12 Enacted	Annual $ Change	Annual % Change
State Operating Funds	**84,417**	**95,047**	**10,630**	**12.6%**	**86,879**	**2,462**	**2.9%**
General Fund (excluding transfers)	49,366	58,591	9,225	18.7%	50,912	1,546	3.1%
Other State Funds	29,373	30,364	991	3.4%	30,050	677	2.3%
Debt Service Funds	5,678	6,092	414	7.3%	5,917	239	4.2%
All Governmental Funds	**134,825**	**143,593**	**8,768**	**6.5%**	**131,698**	**(3,127)**	**-2.3%**
State Operating Funds	84,417	95,047	10,630	12.6%	86,879	2,462	2.9%
Capital Projects Funds	7,844	8,273	429	5.5%	7,888	44	0.6%
Federal Operating Funds	42,564	40,273	(2,291)	-5.4%	36,931	(5,633)	-13.2%
General Fund, including Transfers	**55,373**	**65,346**	**9,973**	**18.0%**	**56,932**	**1,559**	**2.8%**
State Funds	**90,118**	**101,311**	**11,193**	**12.4%**	**92,804**	**2,686**	**3.0%**

The annual spending growth in State Operating Funds is affected by the annual increases 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 $700 million in FY 2012. Debt service on State-supported debt is projected to increase by $239 million (4.2 percent) in FY 2012. This includes the payment in FY 2011 of $154 million in debt service expenses that were not due until the first quarter of FY 2012. Spending on fringe benefits and certain other fixed costs is projected to increase by $428 million (7.0 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 $200 million (13.6 percent) in FY 2012, even with the amortization (i.e., deferral with interest expense) of contributions in excess of 10.5 percent of payroll in FY 2012. Without amortization, the State contribution to the State pension system in FY 2012 would total approximately $2.1 billion, or $635 million above the amount in the Enacted Budget Financial Plan.[4] See "Other Matters Affecting the Financial Plan - Pension Expenditures (Including Amortization)" herein for more information. The following table summarizes the major sources of annual change in State spending by major program, purpose, and Fund perspective.

[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 FY 2011 pension bill of $1.5 billion and paid the balance on March 1, 2011. The amounts assumed to be amortized over the Financial Plan period are $635 million in FY 2012, $878 million in FY 2013, $1.1 billion in FY 2014, and $1.2 billion in FY 2015.

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

STATE OPERATING FUNDS	2010-11 Results	2011-12 Base	Annual Change Before Actions $	Annual Change Before Actions %	2011-12 Enacted	Annual Change After Actions $	Annual Change After Actions %
Local Assistance	**55,295**	**64,509**	**9,214**	**16.7%**	**57,761**	**2,466**	**4.5%**
School Aid [1]	19,788	22,453	2,665	13.5%	19,686	(102)	-0.5%
Medicaid [2]	14,158	19,992	5,834	41.2%	17,567	3,409	24.1%
Department of Health [3]	15,887	17,943	2,056	12.9%	15,679	(208)	-1.3%
Enhanced FMAP (DOH Only)	(3,948)	(353)	3,595	-91.1%	(353)	3,595	-91.1%
Mental Hygiene	2,150	2,290	140	6.5%	2,130	(20)	-0.9%
Children and Family Services	69	112	43	62.3%	111	42	60.9%
Transportation	4,254	4,298	44	1.0%	4,236	(18)	-0.4%
STAR	3,234	3,418	184	5.7%	3,293	59	1.8%
Social Services (Non-Medicaid)	2,800	3,302	502	17.9%	3,018	218	7.8%
Higher Education	2,469	2,711	242	9.8%	2,594	125	5.1%
Public Health/Aging	2,015	2,412	397	19.7%	2,121	106	5.3%
Other Education Aid	1,474	1,830	356	24.2%	1,743	269	18.2%
Mental Hygiene (Non-Medicaid)	1,428	1,661	233	16.3%	1,470	42	2.9%
Local Government Assistance	775	1,070	295	38.1%	767	(8)	-1.0%
All Other [4]	2,900	1,362	(1,538)	-53.0%	1,266	(1,634)	-56.3%
State Operations	**17,387**	**17,908**	**521**	**3.0%**	**16,728**	**(659)**	**-3.8%**
Personal Service:	12,422	12,485	63	0.5%	11,677	(745)	-6.0%
Executive Agencies	7,163	7,054	(109)	-1.5%	6,511	(652)	-9.1%
University System	3,338	3,457	119	3.6%	3,316	(22)	-0.7%
Judiciary	1,525	1,568	43	2.8%	1,469	(56)	-3.7%
Legislature	174	165	(9)	-5.2%	165	(9)	-5.2%
Department of Law	112	117	5	4.5%	109	(3)	-2.7%
Audit & Control	110	124	14	12.7%	107	(3)	-2.7%
Non-Personal Service	4,965	5,423	458	9.2%	5,051	86	1.7%
Fringe Benefits/Fixed Costs	**6,102**	**6,598**	**496**	**8.1%**	**6,530**	**428**	**7.0%**
Pensions	1,470	1,672	202	13.7%	1,670	200	13.6%
Health Insurance	3,055	3,409	354	11.6%	3,429	374	12.2%
All Other Fringe Benefits	1,227	1,189	(38)	-3.1%	1,103	(124)	-10.1%
Fixed Costs	350	328	(22)	-6.3%	328	(22)	-6.3%
Debt Service	**5,615**	**6,030**	**415**	**7.4%**	**5,855**	**240**	**4.3%**
Capital Projects	**18**	**2**	**(16)**	**-88.9%**	**5**	**(13)**	**-72.2%**
TOTAL STATE OPERATING FUNDS	**84,417**	**95,047**	**10,630**	**12.6%**	**86,879**	**2,462**	**2.9%**
Capital Projects (State Funded)	**5,701**	**6,264**	**563**	**9.9%**	**5,925**	**224**	**3.9%**
TOTAL STATE FUNDS	**90,118**	**101,311**	**11,193**	**12.4%**	**92,804**	**2,686**	**3.0%**
Federal Spending (Including Capital Grants)	**44,707**	**42,282**	**(2,425)**	**-5.4%**	**38,894**	**(5,813)**	**-13.0%**
TOTAL ALL GOVERNMENTAL FUNDS	**134,825**	**143,593**	**8,768**	**6.5%**	**131,698**	**(3,127)**	**-2.3%**

[1] Excludes payment deferral. Includes Medicaid spending for School Supportive Health Services in FY 2011.

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

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

[4] All other includes 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.

Beginning with the Third Quarterly Update to the FY 2011 AIS, DOB changed its classification of State and Federal special revenue funds to conform to the accounting classifications used by OSC. 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 on prior-year results is summarized in the following table for comparability.

STATE OPERATING FUNDS AS RESTATED
(millions of dollars)

	Before Restatement	Reporting Adjustment[1]	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	80,491	3,926	84,417

[1] 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.

FISCAL YEAR 2012 ENACTED BUDGET GAP-CLOSING PLAN

As noted above, DOB estimates that the Enacted Budget gap-closing plan eliminates the General Fund budget gap of $10 billion in FY 2012 and reduces the budget gaps to $2.4 billion in FY 2013, $2.8 billion in FY 2014, and $4.6 billion in FY 2015. The following table provides information on the actions and other changes that DOB believes will be sufficient to close the $10.0 billion budget gap in FY 2012, and the impact these gap-closing actions are projected to have on upcoming fiscal years.

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 Enacted Budget Gap-Closing Plan	**10,001**	**12,566**	**14,593**	**16,298**
Spending Reductions/Offsets	**8,537**	**11,967**	**14,302**	**15,908**
Local Assistance	**7,040**	**10,389**	**12,707**	**14,319**
Medicaid	2,744	4,047	4,875	5,605
Public Health/Aging	52	140	147	154
School Aid	2,767	4,752	6,238	7,133
Lottery Aid	147	158	158	158
School Tax Relief	125	262	262	262
Special Education	98	0	0	0
Higher Education	47	50	51	51
Human Services/Labor/Housing	284	302	310	323
Local Government Aid	325	295	295	295
Mental Hygiene	328	327	317	280
Member Item Fund Deposit Repeal	85	0	0	0
All Other	38	56	54	58
State Agency Redesign	**1,497**	**1,578**	**1,595**	**1,589**
Revenue Enhancements	**324**	**293**	**91**	**21**
Tax Modernization/Voluntary Compliance	200	150	0	0
Abandoned Property	110	125	70	55
Prison Closure Tax Credit	0	0	(5)	(60)
All Other	14	18	26	26
Non-Recurring Resources	**860**	**2**	**0**	**0**
MTA Transaction	200	0	0	0
Debt Management/Capital Financing	200	0	0	0
HCRA Resource Reestimate	155	0	0	0
NYPA/Other Authorities	150	0	0	0
Recoveries	75	0	0	0
Fund Sweeps/Other	80	2	0	0
New Resources/Costs	**380**	**304**	**200**	**369**
Updated Receipts Forecast	387	455	460	448
Debt Service	154	0	0	0
Health Insurance Conversion	(150)	(25)	0	0
HEAL Capital Plan Reestimate	160	(94)	(160)	0
Native American Cigarette Tax Enforcement	(103)	0	0	0
All Other	(68)	(32)	(100)	(79)
Deposit to Rainy Day Reserve	**(100)**			
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(2,379)**	**(2,836)**	**(4,605)**

The gap-closing plan authorizes actions to lower spending by approximately $8.5 billion in FY 2012 compared to the current-services forecast. The Enacted Budget includes savings of $2.8 billion for School Aid and $2.7 billion for Medicaid; $1.5 billion for State agency operations; and $1.5 billion for a range of other programs and activities. Significant actions reflected in the Enacted Budget Financial Plan are described below.

- **Medicaid ($2.7 billion in savings and reestimates):** The gap-closing plan includes a series of programmatic changes and cost-containment measures that are expected to generate savings in FY 2012, and restrain growth in future years. These include programmatic reforms to Medicaid payments and program structures; the elimination of annual statutory inflation factors for hospitals, nursing homes and home and personal care providers ($185 million); 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 FMAP payments ($66 million); and an industry-led effort to generate additional savings ($640 million). DOB believes that the imposition of an overall cap on spending and administrative flexibility to implement alternative savings will help ensure the cap is not exceeded in FY 2012. In addition, the plan recognizes the impact of slower caseload growth and changes in provider spending patterns ($475 million). See “Other Matters Affecting the Financial Plan - Budget Risks and Uncertainties” for a discussion of potential implementation risks. The following table summarizes the most significant Medicaid savings actions included in the Enacted Budget Financial Plan.

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

	2011-12	2012-13	2013-14	2014-15
Total Medicaid Savings Actions	**2,744**	**4,047**	**4,875**	**5,605**
Non-MRT Medicaid Actions	**535**	**667**	**867**	**867**
Program Growth Revision	475	650	850	850
Anti-Tobacco Spending Reduction	17	17	17	17
HEAL NY & Stem Cell Spending Reduction	43	0	0	0
Medicaid Redesign Team Savings Actions	**2,209**	**3,380**	**4,008**	**4,738**
Hospitals/Clinics	**267**	**317**	**320**	**290**
Reduce Costs by 2 Percent	66	68	68	68
Eliminate Inflationary Rate Increases (2011 and 2012)	28	61	61	61
Implement Health Homes for High-Cost/High-Need Population	33	112	119	95
All Other	140	76	72	66
Managed Care	**296**	**329**	**339**	**341**
Reduce Profit Margin from 3% to 1%	94	100	100	100
Reduce Costs by 2 Percent (Managed Care/Family Health Plus)	86	89	89	89
Reduce Premium Rate	84	86	86	86
Eliminate Marketing Funding	23	23	23	23
All Other	9	31	41	43
Home Care/Personal Care	**256**	**212**	**200**	**196**
Reduce Utilization	157	127	88	69
Reduce Costs by 2 Percent	58	60	60	60
Permanently Eliminate Inflationary Rate Increases	27	58	58	58
Establish Supportive Housing Initiative	0	(75)	(75)	(75)
All Other	14	42	69	84
Nursing Home	**187**	**249**	**253**	**253**
Provider Assessment (2 Percent Reduction Alternative)	70	73	73	73
Permanently Eliminate Inflationary Rate Increases	47	100	100	100
Restructure Reimbursement for Proprietary Homes	44	44	44	44
All Other	26	32	36	36
Pharmaceutical Savings	**154**	**244**	**245**	**252**
Reduce Costs by 2 Percent	42	43	43	43
Comprehensive Fee for Service Reform	59	92	92	92
All Other	53	109	110	117
All Other	**1,049**	**2,029**	**2,651**	**3,406**
Contingency Industry Utilization Reduction	640	1,525	2,135	2,693
Enhance Program Integrity	80	160	160	160
Payment Acceleration	66	0	0	0
Non-institutional Services - Reduce Costs by 2 Percent	19	20	20	20
Transportation - Reduce Costs by 2 Percent	4	4	4	4
All Other	240	320	332	529

- **Public Health/Aging ($52 million):** Limits the Elderly Pharmaceutical Insurance Coverage (EPIC) only to enrollees affected by the Medicare Part D coverage gap; modifies the payment rates, eligibility standards, and operation of the EI program; eliminates reimbursement for optional services provided through the General Public Health Works Program (GPHW); and reduces certain public health and aging programs.

- **School Aid ($2.8 billion on a State fiscal year basis):** Reduces general School Aid, with low-wealth districts receiving proportionally smaller reductions, and extends the phase-in of Foundation Aid and universal pre-kindergarten (UPK) at the FY 2011 school year levels. Additional savings are expected to be realized in future years by limiting annual School Aid increases to the rate of growth in New York personal income.

- **Lottery Aid ($147 million):** Enhances 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):** Caps growth in STAR exemption benefits per qualifying property at 2 percent annually.

- **Education ($98 million):** Alters the reimbursement schedule for certain special education programs.

- **Human Services/Labor/Housing ($284 million):**

  In the area of the Office of Temporary and Disability Assistance (OTDA), delays by one year a 10 percent increase in the public assistance grant that was scheduled for July 1, 2011; eliminates State participation for New York City's shelter supplement program; and reduces reimbursement to New York City for adult homeless shelter costs. In addition, the Enacted Budget maximizes Federal Temporary Assistance for Needy Families (TANF) funds to pay the full costs for TANF-eligible households on public assistance.

  In the area of the Office of Children and Family Services (OCFS), reduces Child Welfare disbursements based on improved program performance data; decreases the State share of the Adoption Subsidy Program from 73.5 to 62 percent; increases the share of Committee on Special Education program costs paid by school districts to better align costs with program responsibility; restructures funding for local detention costs; and eliminates the 1.2 percent Human Services cost of living adjustment (COLA) scheduled for FY 2012.

- **Local Government Aid ($325 million):** Continues the State's current Aid and Incentives for Municipalities (AIM) policy that excludes payments for New York City, reduces AIM for other municipalities by 2 percent, and reduces other targeted aid provided to municipalities.

- **Mental Hygiene ($328 million):** Eliminates the planned 1.2 percent Human Services COLA; reforms and restructures Office for Mental Health (OMH), Office for People with Developmental Disabilities (OPWDD), and the Office for Alcoholism and Substance Abuse Services (OASAS) programs; enhances billing and auditing recovery; freezes community bed development and planned program expansion; maintains existing funding levels related to the implementation of the Rockefeller-era drug law reforms and other programs; and delays funding related to pending adult home litigation.

- **Higher Education ($47 million):** Reduces State support for the State University of New York (SUNY) and the City University of New York (CUNY) community colleges and reduces the Tuition Assistance Program (TAP) spending by continuing changes to eligibility standards and reducing certain grant awards. Savings will be offset in part by renewal of funding for certain scholarship programs, and new funding to extend TAP awards for students attending certain institutions of higher education not supervised by the State Education Department (SED).

- **Member Item Deposit ($85 million):** Repeals a planned deposit of $85 million to the fund that was authorized in the FY 2010 Enacted Budget.

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 expected to be negotiated with the State's employee unions. In total, the reductions are expected to provide an estimated $1.5 billion in savings compared to the current-services forecast (including $170 million from the Office of Court Administration (OCA)). If the State is unsuccessful in negotiating wage and benefit changes, DOB expects that significant layoffs will be necessary to achieve the State agency savings contained in the Enacted Budget Financial Plan.

To achieve the overall savings target, the gap-closing plan includes year-to-year reductions 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 (DOT) and the Department of Motor Vehicles (DMV). State agency operations are financed from a number of different appropriations and funds. In some instances, only a portion of an agency's operations were exempt from reduction (e.g., SUNY). Results for FY 2011, subsequent revisions to estimated disbursements in FY 2012, and the ongoing implementation of efficiencies will affect the size of the reductions among agencies. The Legislature, and activities financed with specific dedicated revenues such as tuition, are not included in the reductions.

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 Enacted Budget Financial Plan projections.

REVENUE ENHANCEMENTS

The gap-closing plan anticipates $324 million in additional revenues associated with specific statutory changes. These changes include modernizing the State's tax system, improving voluntary compliance with tax law, and increasing the level of resources available from the Abandoned Property Fund. The Legislature authorized certain tax modernization initiatives that are scheduled to sunset on December 31, 2012.

Tax modernization initiatives are expected to increase the level of PIT returns filed electronically. Electronic filing improves data matching with existing IRS and other data sources, resulting in increased State revenue through denied refunds and more accurate final returns. In addition, the Tax Commissioner is provided discretion to require dedicated bank accounts for sales tax deposits and more frequent filing from sales tax filers who have a poor filing record.

The Enacted Budget Financial Plan also includes law changes that reduce the dormancy periods on thirteen items that currently fall dormant at either five or six years, to three years. These dormancy periods reflect the length of time a vendor (e.g. a bank) can hold funds before they are deemed abandoned and turned over to the State. Dormancy periods are reduced for demand deposit accounts, lost property, savings accounts, time deposit accounts, and trust funds, among others. Persons are able to retrieve abandoned funds through OSC. In addition, the Enacted Budget Financial Plan assumes additional revenues based on a review of abandoned property resources.

NON-RECURRING RESOURCES

Non-recurring actions are estimated by DOB to total approximately $860 million in FY 2012. The actions are expected to be derived from, among other things, contributions by the State's public authorities, use of fund balances, and maintaining a consistent level of PAYGO financing for eligible capital expenses (rather than increasing the level in FY 2012 as assumed in the base budget projections).

OTHER RESOURCES

Additional resources were identified during negotiations on the FY 2012 budget that were offset in part by new costs and forecast revisions. Net new resources, which are based on a review of FY 2011 results and other information, are estimated to total $380 million in FY 2012. The resources include $387 million in higher projected tax receipts; $154 million in estimated lower debt service costs from the payment of certain expenses in March 2011; and $160 million related to grants for capital construction and repair of eligible health care facilities that are expected to be disbursed more slowly than originally anticipated, resulting in lower projected disbursements in FY 2012, but increased spending in future years. New costs reflect changes in the timing of expected proceeds from the conversion of a non-profit health insurer to for-profit status and a reduction to the estimate of tax receipts in FY 2012 related to tax enforcement efforts on Native American lands due to delays related to ongoing litigation.

OTHER MATTERS AFFECTING THE ENACTED BUDGET FINANCIAL PLAN

GENERAL

The Enacted Budget Financial Plan forecasts are subject to many complex economic, social, financial, and political risks and uncertainties, many of which are outside the ability of the State to control. DOB believes that the projections of receipts and disbursements in the Enacted Budget 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 Enacted Budget 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. Other uncertainties and risks concerning the economic and receipts forecasts include the impact of: international events in Japan, the Middle East, and elsewhere on consumer confidence, oil supplies and oil prices; Federal statutory and regulatory changes concerning financial sector activities; changes concerning the structure of financial sector bonuses, as well as any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; financial and real estate market developments on bonus income and capital gains realizations; and, household deleveraging on consumer spending and State tax collections. See the section on “Economics and Demographics” in this AIS for more detailed information on specific economic risks.

The Enacted Budget 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 reflected in the Enacted Budget Financial Plan; 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 the Enacted Budget Financial Plan. The projections and assumptions contained in the Enacted Budget 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

There can be no assurance that the projected outyear budget gaps will not increase materially from the levels currently projected. 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 or reductions 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 Enacted Budget Financial Plan anticipates the use of certain statutory tools to implement the Medicaid cost controls assumed in the gap-closing plan. However, there can be no assurance that these controls will be sufficient to achieve the level of gap-closing savings anticipated in FY 2012 or limit the rate of annual growth in DOH State Funds Medicaid spending to the projected level, which is estimated at approximately 4 percent annually over the plan period. Every 1 percent variance in the annual growth rate would change spending by approximately $150 million. In addition, savings in FY 2012 and in future years are dependent upon timely Federal approvals, appropriate amendments to existing systems and processes, and a collaborative working relationship with health care industry stakeholders.

The Enacted Budget Financial Plan 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 Enacted Budget Financial Plan, including payments pursuant to the Tribal State Compact; and the achievement of cost-saving measures including, but not limited to, 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 Enacted Budget Financial Plan in the current year or future years.

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 following table), as well as relatively small amounts of other money belonging to the State.

The General Fund used this authorization to meet certain payment obligations in May, June, September, November, and December 2010, and April 2011. The General Fund is likely to rely on this borrowing authority at times during FY 2012.

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.

The projected month-end cash balances for FY 2012 are shown in the following table. The projections assume successful implementation of the gap-closing plan. General Fund cash balances are expected to be relatively low, especially during the first half of the fiscal year.

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	4,475	4,195	8,670
May	1,098	4,372	5,470
June	489	3,613	4,102
July	1,245	4,454	5,699
August	946	4,830	5,776
September	4,192	2,339	6,531
October	3,023	3,347	6,370
November	1,568	3,661	5,229
December	1,906	2,620	4,526
January	5,645	4,437	10,082
February	5,025	4,776	9,801
March	1,737	2,523	4,260

Source: NYS DOB

Pension Expenditures (Including Amortization)

Part TT of Chapter 57 of the Laws of 2010 (see description on page 113 of this AIS) authorized the State and local governments to elect to defer paying (or "amortize") a portion of their pension costs beginning in FY 2011. Amortization temporarily reduces the pension costs that must be paid by participating employers in a given fiscal year, but results in higher costs overall. Specifically, the amount of the difference between the actuarial contribution rate and statutory amortization thresholds in a given fiscal year (which were 9.5 percent of payroll for Employees' Retirement System (ERS) and 17.5 percent for the Police and Fire Retirement System (PFRS) in FY 2011), may be amortized by governmental entities which elect to do so. The statutory threshold for amortization increases by 1 percentage point annually (e.g., from 9.5 percent in FY 2011 to 10.5 percent in FY 2012). Under the amortization program, if the State elects to amortize each year, the State's minimum ERS pension contribution rate as a percentage of payroll will grow from 10.5 percent in FY 2012 to 13.5 percent in FY 2015. The PFRS minimum contribution rate under the amortization program will be 18.5 percent in FY 2012 and grow to 21.5 percent in FY 2015. 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 in the same direction as the actuarial rate 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 comparable to taxable fixed income instruments of comparable duration as determined annually by the State Comptroller. For amounts amortized in FY 2011, the State Comptroller set an interest rate of 5 percent.

In March 2011, the State made a pension payment of $1.078 billion for FY 2011, 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 FY 2012. The Enacted Budget Financial Plan assumes that the State and OCA 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 a 10-year period, beginning in the fiscal year following each deferred payment.

The following table, which summarizes pension contributions and projections for future fiscal years, reflects the "normal costs" of pension contributions as the amount the State would contribute to fund pensions before amortization, along with "new amortized amounts" assumed in upcoming years. The repayment costs associated with these amortizations are reflected as the "amortization payment." Consistent with these amortization assumptions, Part TT of Chapter 57 of the Laws of 2010 requires that: a) the State make "additional contributions" in upcoming fiscal years, above the actuarially required contribution, and b) once all outstanding amortizations are paid off, that additional contributions will be set aside as "reserves for rate increases", to be invested by the State Comptroller and used to offset future year rate increases. Projections in the table below are based on certain assumptions about actuarial factors on investment earnings and benefits to be paid, and actual results may vary from the projections provided below.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM*
PENSION CONTRIBUTIONS AND OUTYEAR PROJECTIONS
(millions of dollars)

Fiscal Year	Normal Costs**	New Amortized Amounts	Amortization Payment	Additional Contributions	Total	Reserves for Rate Increases	Plus Interest at 5%
2010-11 Actual	1,552.4	(249.0)	0.0	0.0	1,303.4	0.0	0.0
2011-12 Projected	2,105.9	(634.6)	32.4	0.0	1,503.7	0.0	0.0
2012-13 Projected	2,454.0	(877.8)	114.7	0.0	1,690.9	0.0	0.0
2013-14 Projected	2,832.9	(1,118.7)	228.7	0.0	1,942.9	0.0	0.0
2014-15 Projected	3,088.3	(1,221.2)	373.6	0.0	2,240.7	0.0	0.0
2015-16 Projected	2,734.1	(759.0)	532.2	0.0	2,507.3	0.0	0.0
2016-17 Projected	2,480.4	(414.0)	630.5	0.0	2,696.9	0.0	0.0
2017-18 Projected	2,393.0	(143.8)	684.1	0.0	2,933.3	0.0	0.0
2018-19 Projected	2,360.4	0.0	684.1	80.5	3,125.0	0.0	0.0
2019-20 Projected	2,082.1	0.0	656.0	321.6	3,059.8	0.0	0.0
2020-21 Projected	1,662.1	0.0	545.2	699.9	2,907.2	0.0	0.0
2021-22 Projected	1,104.1	0.0	347.2	1,182.4	2,633.7	0.0	0.0
2022-23 Projected	1,036.3	0.0	23.5	1,168.0	2,227.8	1,136.3	1,193.1
2023-24 Projected	1,005.9	0.0	0.0	1,109.4	2,115.3	2,245.7	2,417.7
2024-25 Projected	993.1	0.0	0.0	1,025.7	2,018.8	3,271.4	3,615.5
2025-26 Projected	957.0	0.0	0.0	957.8	1,914.8	4,229.2	4,802.0

Source: NYS DOB
*Pension contribution values do not include pension costs related to the Optional Retirement Program and Teachers' Retirement System for SUNY and SED, whereas the projected pension disbursements in the Financial Plan tables presented in this AIS include these costs. Pension contribution values include the State's Office of Court Administration (OCA)
**Includes amortization payments from amortizations prior to FY 2011.

OTHER POST EMPLOYMENT BENEFITS (OPEB)

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 OPEB liabilities. As disclosed in Note 13 of the State's Basic Financial Statements for FY 2010, 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 FY 2010, 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 FY 2010 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 FY 2010. This difference between the State's PAYGO costs and the actuarially determined required annual contribution under GASBS 45 reduced the State's then positive net asset condition at the end of FY 2010 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 actuarially accrued total liability for benefits 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 FY 2011. In future updates to this calculation, 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.

GASBS 45 does not require the additional costs to be funded on the State's budgetary basis, and no increased funding is assumed for this purpose in the Enacted Budget 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 budgeted and projected payments for health insurance in the Enacted Budget Financial Plan.

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

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 (Actual)	1,834	1,221	3,055
2011-12 (Projected)	2,144	1,285	3,429
2012-13 (Projected)	2,367	1,418	3,785
2013-14 (Projected)	2,575	1,543	4,118

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 Enacted Budget Financial Plan to pre-fund the OPEB liability. 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 circumstances.

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 on or after April 1, 2000. The State estimates that $32.8 billion of State-supported debt outstanding was subject to the limit as of March 31, 2011, which is equal to approximately 3.5 percent of personal income. Debt service subject to the limit will be approximately $3.1 billion, equal to 2.4 percent of All Governmental Funds receipts.

Based on the updated forecast, debt outstanding and debt service costs over the 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 $5.0 billion in FY 2011 to approximately $1.1 billion in FY 2013 and FY 2014. 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 are expected to continue to be needed for the State to stay in compliance with the statutory limit on debt outstanding. The table below reflects the State's estimated and projected t available debt capacity (after factoring in the SUNY transaction described below, which would add $152 million to the State’s outstanding debt), and other adjustments, such as changes to projected bond-financed capital spending and to estimated growth in State personal income over the plan period.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Since April 1, 2000	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Prior to April 1, 2000	Total State-Supported Debt Outstanding
2010-11	946,054	4.00%	37,842	32,824	5,018	3.47%	0.53%	18,808	51,632
2011-12	990,586	4.00%	39,623	37,080	2,543	3.74%	0.26%	17,196	54,276
2012-13	1,026,944	4.00%	41,078	39,909	1,169	3.89%	0.11%	15,605	55,513
2013-14	1,079,719	4.00%	43,189	42,119	1,070	3.90%	0.10%	14,011	56,130
2014-15	1,137,630	4.00%	45,505	43,810	1,695	3.85%	0.15%	12,417	56,227
2015-16	1,197,873	4.00%	47,915	45,259	2,656	3.78%	0.22%	10,880	56,139

SUNY ACQUISITION OF LONG ISLAND COLLEGE HOSPITAL (LICH) AND ASSUMPTION OF DEBT

SUNY is expected to take possession of LICH, a 500-licensed-bed facility located in Brooklyn, New York by May 29, 2011. The operations of LICH are expected to be merged into those of SUNY's Downstate Medical Center. As part of the transaction, which has been approved by the State Comptroller, DOB, and the Attorney General, SUNY will assume outstanding LICH debt of $152 million. Annual debt service on this debt is expected to total approximately $17 million. Based on the structure of the transaction, once the debt is assumed by the State it will be classified as State-supported debt and subject to the State's statutory debt limits.

Bond Market

Implementation of the Enacted Budget Financial Plan is dependent on the State's ability to market its bonds successfully. The State finances much of its capital spending in the first instance from the General Fund or STIP, which it then reimburses with proceeds from the sale of general obligation or other State-supported bonds. If the State cannot sell bonds at the levels (or on the timetable) expected in the capital plan, it can adversely affect the State's overall cash position and capital funding plan. 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. Such litigation may not meet the materiality threshold (or a determination of materiality is not possible to make at this time) to warrant individual description in this AIS but, in the aggregate, could still adversely affect the State's Enacted Budget Financial Plan. See "Litigation and Arbitration" herein.

Federal Funding

The State receives a substantial amount of Federal aid for health care, education, transportation, and other governmental purposes. The Enacted Budget 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 Enacted Budget Financial Plan.

The Enacted Budget 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. The Federal Centers for Medicare and Medicaid Services (CMS) has engaged the State regarding claims for services provided to individuals in developmental centers operated by OPWDD. Although no official audit has commenced and the rates paid for these services are established in full 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. The State has begun the process of seeking CMS approval to proceed with the development of a new demonstration waiver to create a contemporary and sustainable system of service funding and delivery for individuals with developmental disabilities. In addition, the Enacted Budget Financial Plan assumes a Medicaid rate increase in FY 2012 to cover the cost of continuing to provide services to individuals residing in State Development Centers. This increase is primarily attributable to a volume adjustment related to the State's on-going efforts to move individuals with developmental disabilities into more individualized community-based residential settings. An adverse decision regarding this rate increase would jeopardize approximately $150 million in Federal Financial Participation currently assumed in the Enacted Budget Financial Plan.

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 HCRA account. For planning purposes, the Enacted Budget Financial Plan assumes no proceeds from a health care conversion in FY 2012, but counts on proceeds of approximately $250 million annually in future years of the plan, which would be deposited into HCRA. If a conversion does not occur on the timetable or at the levels assumed in the Enacted Budget Financial Plan, the State would be required to take other actions to increase available resources or to reduce planned spending to fund projected HCRA disbursements.

LABOR SETTLEMENTS

The Enacted Budget Financial Plan for FY 2012 includes a reserve of $346 million to cover the costs of a pattern settlement with all unions that have not agreed to contracts for FY 2008 through FY 2011. 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 Enacted Budget Financial Plan. An additional risk is the potential cost of salary increases for judges which could occur in FY 2013 and beyond as a result of the actions of a statutorily authorized judicial compensation commission. The Enacted Budget Financial Plan does not include any costs for potential general wage increases after the current labor agreements expire or for salary increases for judges.

FINANCIAL PLAN PROJECTIONS
FISCAL YEARS 2012 THROUGH 2015

INTRODUCTION

This section presents the State's updated multi-year Financial Plan projections for receipts and disbursements, reflecting the impact of the FY 2012 Enacted Budget actions. The projections cover the period for FYs 2012 through 2015, with an emphasis on the FY 2012 projections.

The State's cash-basis budgeting system, complex fund structure, and practice of earmarking certain tax receipts for specific purposes complicates the discussion of the State's receipts and disbursement projections. Therefore, to minimize the distortions caused by these factors and, equally important, to highlight relevant aspects of the projections, DOB has adopted the following approaches in summarizing the projections:

- **Receipts**: The detailed discussion of tax receipts covers projections for both the General Fund and State Funds (including capital projects). The latter perspective reflects overall estimated tax receipts before their diversion among various funds and accounts, including tax receipts dedicated to capital projects funds (which fall outside of the General Fund and State Operating Funds accounting perspectives). DOB believes this presentation provides a clearer picture of projected receipts, trends and forecast assumptions, by factoring out the distorting effects of earmarking.

- **Disbursements:** Over 40 percent of projected State-financed 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. To provide a clearer picture of spending commitments, the multi-year projections and growth rates are presented, where appropriate, on both a General Fund and State Operating Funds basis. The projections for School Aid and Medicaid reflect the FY 2012 Enacted Budget spending limitations, as described earlier.

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections as a predictor of the State's future financial position is likely to diminish the further removed such estimates and projections are from the date of this AIS. Accordingly, in terms of the outyear projections, FY 2013 is the most relevant from a planning perspective.

SUMMARY

DOB estimates that the Enacted Budget provides for a balanced General Fund Financial Plan in FY 2012 and leaves projected gaps that total approximately $2.4 billion in FY 2013, $2.8 billion in FY 2014, and $4.6 billion in FY 2015. The projected net operating shortfalls in State Operating Funds are projected at $1.8 billion in FY 2013, $2.1 billion in FY 2014, and $3.8 billion in FY 2015.

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.

The following tables present the multi-year projections and growth rates for the General Fund and State Operating Funds, as well as a reconciliation between the State Operating Funds projections and the General Fund budget gaps. It is followed by a summary of the multi-year receipts and disbursement forecasts.

GENERAL FUND PROJECTIONS

MULTI-YEAR GENERAL FUND PROJECTIONS
(millions of dollars)

	2010-11	2011-12	2012-13	2013-14	2014-15
Receipts					
Taxes (After Debt Service)	49,529	53,137	53,893	56,705	58,201
Miscellaneous Receipts/Federal Grants	3,149	3,158	2,977	2,556	2,126
Other Transfers	1,769	998	772	615	610
Total Receipts	**54,447**	**57,293**	**57,642**	**59,876**	**60,937**
Disbursements					
Local Assistance Grants	37,206	38,888	40,115	41,996	43,734
School Aid	16,645	16,802	17,197	18,030	18,876
Other Education Aid	1,459	1,732	1,904	1,993	2,060
Higher Education	2,448	2,578	2,715	2,804	2,891
Medicaid (incl. administration)	7,478	10,236	10,456	11,009	11,458
Public Health/Aging	765	852	891	881	886
Mental Hygiene	2,239	1,881	1,978	2,161	2,280
Social Services	2,859	3,117	3,441	3,721	3,885
Local Government Assistance	776	767	797	787	787
All Other [1]	2,537	923	736	610	611
State Operations	7,973	7,356	7,951	7,915	8,210
Personal Service	6,151	5,560	5,773	5,879	6,047
Non-Personal Service	1,822	1,796	2,178	2,036	2,163
General State Charges	4,187	4,668	5,126	5,499	5,660
Pensions	1,470	1,670	1,857	2,113	2,411
Health Insurance (Active Employees)	1,834	2,144	2,367	2,575	2,592
Health Insurance (Retired Employees)	1,221	1,285	1,418	1,543	1,553
All Other	(338)	(431)	(516)	(732)	(896)
Transfers to Other Funds	6,007	6,020	6,738	7,160	7,796
State Share Medicaid	2,497	3,032	3,119	3,082	3,082
Debt Service	1,737	1,449	1,712	1,658	1,566
Capital Projects	932	800	1,168	1,361	1,456
SUNY- Hospital Medicaid	207	200	200	200	200
Judiciary Funds	131	119	119	121	123
Banking Services	74	55	55	55	55
Financial Management System	5	42	55	55	55
Indigent Legal Services	45	40	40	40	40
Mental Hygiene	0	0	0	317	869
All Other	379	283	270	271	350
Total Disbursements	**55,373**	**56,932**	**59,930**	**62,570**	**65,400**
Change in Reserves	**(926)**	**361**	**91**	**142**	**142**
Prior-Year Labor Agreements (2007-11)	0	346	142	142	142
Community Projects Fund	40	(85)	(51)		
Rainy Day Fund	0	100			
Reserved for Deferred Payments	(906)				
Reserved for Debt Management	(60)				
Budget Surplus/(Gap) Before Actions	**0**	**0**	**(2,379)**	**(2,836)**	**(4,605)**

[1] All other includes school aid deferral and local aid spending in a number of other programs, including parks and the environment, economic development, and public safety.

STATE OPERATING FUNDS PROJECTIONS

STATE OPERATING FUNDS PROJECTIONS (millions of dollars)	2010-11	2011-12	2012-13	2013-14	2014-15
Receipts:					
Taxes	59,532	63,615	64,901	68,139	70,093
Personal Income Tax	36,209	39,059	39,210	41,440	43,189
User Taxes and Fees	13,608	14,059	14,510	14,976	15,464
Business Taxes	6,657	7,544	8,024	8,338	7,828
Other Taxes	3,058	2,953	3,157	3,385	3,612
Miscellaneous Receipts/Federal Grants	19,260	19,399	20,126	20,135	19,982
Total Receipts	**78,792**	**83,014**	**85,027**	**88,274**	**90,075**
Disbursements:					
Local Assistance Grants	55,295	57,761	59,893	62,387	64,750
School Aid	19,788	19,686	20,250	21,151	22,018
STAR	3,234	3,293	3,322	3,510	3,693
Other Education Aid	1,474	1,744	1,912	2,000	2,067
Higher Education	2,470	2,594	2,715	2,804	2,891
Medicaid (DOH incl. administration)	11,915	15,280	15,894	16,531	17,192
Public Health/Aging	2,015	2,121	2,139	2,174	2,216
Mental Hygiene	3,578	3,601	3,853	4,169	4,370
Social Services	2,869	3,129	3,452	3,722	3,886
Transportation	4,254	4,236	4,325	4,405	4,495
Local Government Assistance	776	767	797	787	787
All Other [1]	2,922	1,310	1,234	1,134	1,135
State Operations	17,387	16,728	17,545	17,708	18,194
Personal Service	12,422	11,677	11,971	12,174	12,468
Non-Personal Service	4,965	5,051	5,574	5,534	5,726
General State Charges	6,102	6,530	7,125	7,644	7,990
Pensions	1,470	1,670	1,857	2,113	2,411
Health Insurance (Active Employees)	1,834	2,144	2,367	2,575	2,592
Health Insurance (Retired Employees)	1,221	1,285	1,418	1,543	1,553
All Other	1,577	1,431	1,483	1,413	1,434
Debt Service	5,615	5,855	6,332	6,498	6,551
Capital Projects	18	5	5	5	5
Total Disbursements	**84,417**	**86,879**	**90,900**	**94,242**	**97,490**
Net Other Financing Sources/(Uses)	**4,784**	**4,431**	**4,091**	**3,892**	**3,581**
Net Operating Surplus/(Deficit)	**(841)**	**566**	**(1,782)**	**(2,076)**	**(3,834)**
Reconciliation to General Fund Gap:					
Designated Fund Balances	**841**	**(566)**	**(597)**	**(760)**	**(771)**
General Fund	926	(361)	(91)	(142)	(142)
Special Revenue Funds	(42)	(85)	(404)	(512)	(483)
Debt Service Funds	(43)	(120)	(102)	(106)	(146)
General Fund Budget Gap	**0**	**0**	**(2,379)**	**(2,836)**	**(4,605)**

[1] All other includes school aid deferral and local aid spending in a number of other programs, including parks and the environment, economic development, and public safety.

FISCAL YEAR 2012 OVERVIEW

RECEIPTS

Financial Plan receipts comprise a variety of taxes, fees, and charges for State-provided services, Federal grants, and other miscellaneous receipts. The receipts estimates and projections have been prepared by DOB 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.

Tax receipts are expected to grow at an average annual rate of approximately 4.2 percent over the multi-year Financial Plan. The tax forecast reflects the sunset of the PIT surcharge after tax year 2011, and an expected continuation of modest economic growth in the New York State economy.

OVERVIEW OF THE RECEIPTS FORECAST

- During the first calendar quarter of 2011 New York's recovery continued to gather momentum, with employment and wages registering their fourth and fifth consecutive quarters of growth, respectively. As a result of this growth and accompanying changes in consumer spending and corporate profits, receipts are expected to grow for the second consecutive year in FY 2012.

- After declining 12.3 percent in FY 2010, base receipts adjusted for tax law changes, grew by 2.1 percent in FY 2011 and are expected to increase by 7.5 percent in FY 2012.

- Corporate profits are expected to record a second consecutive year of growth in calendar year 2011, albeit at a reduced rate compared to 2010. This is expected to translate into continued growth in business tax receipts in FY 2012.

- Both the PIT settlement for tax year 2010 and first quarter 2011 financial sector bonus payments surpassed expectations (compared to the State's last public Financial Plan) and provide the basis for 2011 PIT liability growth of 7.2 percent. A portion of the PIT settlement appears related to the impact of capital gains realized during late 2010 in anticipation of the end of preferential Federal tax rates. This is likely a one-time benefit to revenue results. These lower rates were ultimately extended, but not until December 7, 2010.

- After a decline of 1.6 percent in FY 2010, consumer spending on taxable goods and services rose 7.5 percent in FY 2011 and is estimated to rise 5.4 percent in FY 2012.

- The volatility in oil prices due to the situation in some oil-exporting countries presents a downside risk to the receipts forecast. The uncertainty surrounding fuel prices over the near-term horizon could result in slower receipts growth than anticipated.

- While receipts growth has improved, results to date reflect growth compared to the weak receipts base of the past three fiscal years.

The table below summarizes the receipts projections for FY 2012 and FY 2013.

TOTAL RECEIPTS (millions of dollars)	2010-11 Results	2011-12 Enacted	Annual $ Change	Annual % Change	2012-13 Projected	Annual $ Change	Annual % Change
General Fund	**54,448**	**57,293**	**2,845**	**5.2%**	**57,642**	**349**	**0.6%**
Taxes	39,205	42,237	3,032	7.7%	43,009	772	1.8%
Miscellaneous Receipts	3,095	3,098	3	0.1%	2,917	(181)	-5.8%
Federal Grants	55	60	5	9.1%	60	0	0.0%
Transfers	12,093	11,898	(195)	-1.6%	11,656	(242)	-2.0%
State Funds	**83,981**	**88,396**	**4,415**	**5.3%**	**90,109**	**1,713**	**1.9%**
Taxes	60,870	64,976	4,106	6.7%	66,293	1,317	2.0%
Miscellaneous Receipts	22,993	23,275	282	1.2%	23,671	396	1.7%
Federal Grants	118	145	27	22.9%	145	0	0.0%
All Funds	**133,322**	**131,688**	**(1,634)**	**-1.2%**	**129,768**	**(1,920)**	**-1.5%**
Taxes	60,870	64,976	4,106	6.7%	66,293	1,317	2.0%
Miscellaneous Receipts	23,147	23,407	260	1.1%	23,802	395	1.7%
Federal Grants	49,305	43,305	(6,000)	-12.2%	39,673	(3,632)	-8.4%

Base growth in tax receipts of 7.5 percent is estimated for FY 2012, after adjusting for law changes, and is projected to be 7.2 percent in FY 2013. These projected increases in overall base growth in tax receipts are dependent on many factors, including: continued growth in a broad range of economic activities; improving profitability and compensation gains, particularly among financial services companies; 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)	2010-11 Results	2011-12 Enacted	Annual $ Change	Annual % Change	2012-13 Projected	Annual $ Change	Annual % Change
General Fund[1]	**23,894**	**26,001**	**2,107**	**8.8%**	**26,085**	**84**	**0.3%**
Gross Collections	44,002	46,901	2,899	6.6%	47,417	516	1.1%
Refunds/Offsets	(7,793)	(7,842)	(49)	0.6%	(8,207)	(365)	4.7%
STAR	(3,263)	(3,292)	(29)	0.9%	(3,322)	(30)	0.9%
RBTF	(9,052)	(9,766)	(714)	7.9%	(9,803)	(37)	0.4%
State Funds	**36,209**	**39,059**	**2,850**	**7.9%**	**39,210**	**151**	**0.4%**
Gross Collections	44,002	46,901	2,899	6.6%	47,417	516	1.1%
Refunds/Offsets	(7,793)	(7,842)	(49)	0.6%	(8,207)	(365)	4.7%

[1] Excludes Transfers.

PIT receipts for FY 2012 are projected to be $39.1 billion, an increase of $2.9 billion, or 7.9 percent above FY 2011. This increase reflects stronger growth in extension payments for tax year 2010 ($1.2 billion), stronger growth in estimated payments for tax year 2011 ($944 million) and higher FY 2011 refunds caused by the deferral of $500 million of planned FY 2010 refunds into FY 2011. Withholding, the largest component of PIT is also projected to be 1.8 percent ($562 million) higher than FY 2011, reflecting a combination of moderate underlying wage growth of 4.0 percent and the expiration of the temporary rate increase at the end of December 2011.

USER TAXES AND FEES

USER TAXES AND FEES (millions of dollars)							
	2010-11 Results	2011-12 Enacted	Annual $ Change	Annual % Change	2012-13 Projected	Annual $ Change	Annual % Change
General Fund[1,2]	**8,795**	**9,105**	**310**	**3.5%**	**9,382**	**277**	**3.0%**
Sales Tax	8,085	8,380	295	3.6%	8,626	246	2.9%
Cigarette and Tobacco Taxes	480	492	12	2.5%	518	26	5.3%
Alcoholic Beverage Taxes	230	233	3	1.3%	238	5	2.1%
State Funds	**14,205**	**14,672**	**467**	**3.3%**	**15,129**	**457**	**3.1%**
Sales Tax	11,538	11,915	377	3.3%	12,272	357	3.0%
Cigarette and Tobacco Taxes	1,616	1,686	70	4.3%	1,772	86	5.1%
Motor Fuel	516	511	(5)	-1.0%	515	4	0.8%
Highway Use Tax	129	144	15	11.6%	144	0	0.0%
Alcoholic Beverage Taxes	230	233	3	1.3%	238	5	2.1%
Taxicab Surcharge	81	81	0	0.0%	81	0	0.0%
Auto Rental Tax	95	102	7	7.4%	107	5	4.9%

[1] Excludes Transfers.

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

User taxes and fees receipts for FY 2012 are estimated to be $14.7 billion, an increase of $467 million or 3.3 percent from FY 2011. Sales tax receipts are expected to increase by $377 million due to base growth of 5.4 percent ($543 million) and incremental law changes ($43 million). This increase is offset in part by the sunset of a provision that temporarily eliminated the exemption on the per-item price of clothing ($120 million) and other adjustments ($89 million). The exemption on clothing will be $55 in FY 2012, increasing to $110 in FY 2013. Non-sales tax user taxes and fees are estimated to increase by $90 million from FY 2011, mainly due to the full implementation of the cigarette and tobacco tax rate increases as well as assumed part-year enforcement of provisions enacted in FY 2011. Highway use tax receipts are estimated to increase by $15 million due to additional enforcement efforts, including carrier decal requirements. User taxes and fees receipts for FY 2013 are projected to be $15.1 billion, an increase of $457 million, or 3.1 percent from FY 2012. This increase largely reflects an increase in sales tax receipts ($357 million) and cigarette tax collections ($86 million).

General Fund user taxes and fees receipts are expected to total $9.1 billion in FY 2012, an increase of $310 million or 3.5 percent from FY 2011. The increase largely reflects an increase in sales tax receipts ($295 million) and cigarette and tobacco tax collections ($12 million).

BUSINESS TAXES

BUSINESS TAXES (millions of dollars)	2010-11 Results	2011-12 Enacted	Annual $ Change	Annual % Change	2012-13 Projected	Annual $ Change	Annual % Change
General Fund	**5,278**	**6,101**	**823**	**15.6%**	**6,456**	**355**	**5.8%**
Corporate Franchise Tax	2,472	3,047	575	23.3%	3,178	131	4.3%
Corporation & Utilities Tax	616	681	65	10.6%	750	69	10.1%
Insurance Tax	1,217	1,266	49	4.0%	1,318	52	4.1%
Bank Tax	973	1,107	134	13.8%	1,210	103	9.3%
State Funds	**7,278**	**8,173**	**895**	**12.3%**	**8,677**	**504**	**6.2%**
Corporate Franchise Tax	2,846	3,463	617	21.7%	3,698	235	6.8%
Corporation & Utilities Tax	813	892	79	9.7%	964	72	8.1%
Insurance Tax	1,351	1,395	44	3.3%	1,451	56	4.0%
Bank Tax	1,178	1,317	139	11.8%	1,414	97	7.4%
Petroleum Business Tax	1,090	1,106	16	1.5%	1,150	44	4.0%

Business tax receipts for FY 2012 are estimated at $8.2 billion, an increase of $895 million, or 12.3 percent from the prior year. The estimates reflect base growth across all taxes from an improving economy as well as an incremental increase of $323 million from the deferral of certain tax credits that was part of the FY 2011 Enacted Budget. Adjusted for this deferral, growth is 7.8 percent.

The annual increase in the corporate franchise tax of $617 million is attributable to the incremental increase of $323 million from the tax credit deferral as well as continued growth in corporate profits. Corporate profits are expected to grow 7.0 percent in calendar year 2011. Higher audit receipts and lower refunds also contribute to growth in FY 2012. Corporate franchise tax growth adjusted for the credit deferral is 10.3 percent for FY 2012. Both the corporation and utilities tax and the insurance tax are expected to return to trend growth in FY 2012 after declines of 14.7 percent and 9.4 percent, respectively, in FY 2011. The economic downturn and several unusual items in the corporation and utilities tax in FY 2011 (e.g. a Tax Tribunal decision that resulted in a FY 2011 refund of $37 million) contributed to the year-over-year decline in these two taxes. The bank tax is estimated to grow 11.8 percent in FY 2012, consistent with the expected improvement in economic conditions and the credit markets.

Business tax receipts for FY 2013 of $8.7 billion are projected to increase $504 million, or 6.2 percent over the prior year reflecting growth across all business taxes.

General Fund business tax receipts for FY 2012 of $6.1 billion are estimated to increase by $823 million, or 15.6 percent above FY 2011 results. Business tax receipts deposited to the General Fund reflect the All Funds trends, and policy changes discussed above. General Fund business tax receipts for FY 2013 of $6.5 billion are projected to increase $355 million, or 5.8 percent from the prior year.

OTHER TAXES

OTHER TAXES (millions of dollars)							
	2010-11 Results	2011-12 Enacted	Annual $ Change	Annual % Change	2012-13 Projected	Annual $ Change	Annual % Change
General Fund[1]	**1,237**	**1,030**	**(207)**	**-16.7%**	**1,085**	**55**	**5.3%**
Estate Tax	1,218	1,015	(203)	-16.7%	1,070	55	5.4%
Gift Tax	1	0	(1)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	0.0%	0	0	0.0%
Pari-Mutuel Taxes	17	14	(3)	-17.6%	14	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%
State Funds	**1,817**	**1,650**	**(167)**	**-9.2%**	**1,775**	**125**	**7.6%**
Estate Tax	1,218	1,015	(203)	-16.7%	1,070	55	5.4%
Gift Tax	1	0	(1)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	0.0%	0	0	0.0%
Real Estate Transfer Tax	580	620	40	6.9%	690	70	11.3%
Pari-Mutuel Taxes	17	14	(3)	-17.6%	14	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%

[1] Excludes Transfers.

Other tax receipts for FY 2012 are estimated to be $1.7 billion, a decrease of $167 million or 9.2 percent from FY 2011. This reflects a decline of $203 million (16.7 percent) in estate tax receipts and $3 million (17.6 percent) in the pari-mutuel tax as a result of atypically large estate payments in FY 2011 and the closure of NYC Off Track Betting in December 2010, respectively. This decline is partially offset by growth of $40 million (6.9 percent) in the real estate transfer tax as a result of strong commercial activity and improving vacancy rates in New York City. Other tax receipts for FY 2013 are projected to be nearly $1.8 billion, an increase of $125 million or 7.6 percent from FY 2012. This reflects modest growth in the real estate transfer tax and estate tax receipts.

Other tax receipts in the General Fund are expected to be $1.0 billion in FY 2012, a decrease of $207 million or 16.7 percent from FY 2011. This reflects the declines in the estate tax and pari-mutuel taxes noted above. In FY 2013, other tax receipts in the General Fund are expected to total approximately $1.1 billion. This reflects an increase of $55 million in estate tax receipts due to a forecast increase in household net worth.

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS
(millions of dollars)

	2010-11 Results	2011-12 Enacted	Annual $ Change	Annual % Change	2012-13 Projected	Annual $ Change	Annual % Change
General Fund	**3,150**	**3,158**	**8**	**0.3%**	**2,977**	**(181)**	**-5.7%**
Miscellaneous Receipts[1]	3,095	3,098	3	0.1%	2,917	(181)	-5.8%
Federal Grants	55	60	5	9.1%	60	0	0.0%
State Funds	**23,111**	**23,420**	**309**	**1.3%**	**23,816**	**396**	**1.7%**
Miscellaneous Receipts[1]	22,993	23,275	282	1.2%	23,671	396	1.7%
Federal Grants	118	145	27	22.9%	145	0	0.0%
All Funds	**72,452**	**66,712**	**(5,740)**	**-7.9%**	**63,475**	**(3,237)**	**-4.9%**
Miscellaneous Receipts[1]	23,147	23,407	260	1.1%	23,802	395	1.7%
Federal Grants	49,305	43,305	(6,000)	-12.2%	39,673	(3,632)	-8.4%

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

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 $23.4 billion in FY 2012, an increase of $260 million from FY 2011, largely driven by growth in SUNY Income Fund revenues ($375 million), which includes the anticipated acquisition of LICH and the incorporation of its financial activities within SUNY, partially offset by the decline or non-recurrence in other sources of miscellaneous receipts.

All Funds miscellaneous receipts are projected to increase by $395 million in FY 2013 driven by increases in HCRA resources ($544 million), SUNY Income Fund revenues ($238 million) and lottery receipts ($169 million), partially offset by a projected decline in programs financed with authority bond proceeds, including economic development and health projects ($331 million).

Federal grants help pay for State spending on Medicaid, temporary and disability assistance, mental hygiene, School Aid, public health, and other activities. Annual changes to Federal grants generally correspond to changes in federally-reimbursed spending. Accordingly, DOB typically plans for Federal reimbursement to be received in the State fiscal year in which spending occurs. All Funds Federal grants are projected to total $43.3 billion in FY 2012, a decline of $6.0 billion from FY 2011, reflecting the phase-out of extraordinary Federal stimulus aid, including enhanced FMAP. The expiration of Federal ARRA aid is the primary contributor to the All Funds Federal grant decline of $3.6 billion in FY 2013.

General Fund miscellaneous receipts and Federal grants collections are estimated to be nearly $3.2 billion in FY 2012, on par with FY 2011 results.

General Fund miscellaneous receipts for FY 2013 are projected to decline by $181 million from the current year, and primarily reflect the loss of certain one-time sweeps and payments expected in FY 2012.

DISBURSEMENTS

General Fund disbursements in FY 2012 are estimated to total $56.9 billion, an increase of $1.6 billion (2.8 percent) over preliminary FY 2011 results. With State Operating Funds disbursements for FY 2012 are estimated to total $86.9 billion, an increase of $2.5 billion (2.9 percent) over preliminary FY 2011 results.

The multi-year disbursement projections take into account 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 and projected economic conditions. Projections account for the timing of payments, since not all of the amounts appropriated in the Budget are disbursed in the same fiscal year. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agencies) 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 over time.

Over the multi-year Financial Plan, spending is expected to increase by an average annual rate of 4.3 percent in the General Fund and 3.7 percent in State Operating Funds. The projections reflect spending at the target growth rates for Medicaid and School Aid, and include a preliminary estimate of the effect of national health care reform on State health care costs. The growth in spending projections reflect 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.

Medicaid, education, pension costs, employee and retiree health benefits, social services programs and debt service are significant drivers of spending growth over the Plan period.

Selected assumptions used by DOB in preparing the spending projections for the State's major programs and activities are summarized in the following tables.

FINANCIAL PLAN PROJECTIONS FISCAL YEARS 2012 THROUGH 2015

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING OPERATING ACTIVITIES

	Results	Forecast[2]			
	2010-11	2011-12	2012-13	2013-14	2014-15
Medicaid					
Medicaid Coverage	4,437,840	4,667,275	4,939,712	5,238,126	5,558,859
Family Health Plus Coverage	400,534	412,958	428,096	443,235	458,374
Child Health Plus Coverage	402,892	420,892	438,892	456,892	474,892
State Takeover of County/NYC Costs ($ millions)[1]	$1,839	$2,386	$2,930	$3,513	$4,186
- Family Health Plus	$403	$441	$481	$525	$573
- Medicaid	$1,436	$1,945	$2,449	$2,988	$3,613
Education					
School Aid (School Year) ($000)	$20,924	$19,641	$20,446	$21,386	$22,220
Personal Income Growth Index	N/A	N/A	4.1%	4.6%	3.9%
Higher Education					
Public Higher Education Enrollment (FTEs)	574,350	585,837	585,837	591,695	597,612
Tuition Assistance Program Recipients	325,870	329,177	332,011	331,659	331,659
Welfare					
Family Assistance Caseload	374,338	368,666	364,255	360,860	357,728
Single Adult/No Children Caseload	164,832	163,057	160,692	158,866	157,438
Mental Hygiene					
Total: Mental Hygiene Community Beds	86,017	91,361	95,064	96,959	97,837
- OMH Community Beds	34,832	39,399	42,235	43,251	43,371
- OPWDD Community Beds	38,408	39,101	39,857	40,640	41,313
- OASAS Community Beds	12,777	12,861	12,972	13,068	13,153
Prison Population (Corrections)	56,144	56,300	56,300	56,300	56,300

1 Does not reflect 2010-11 results.
2 Projected by DOB.

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

	Results	Forecast[2]			
	2010-11	2011-12	2012-13	2013-14	2014-15
ERS Pension Contribution Rate:[3]					
Before Amortization	12.1%	16.7%	18.0%	20.0%	20.9%
After Amortization	9.5%	10.5%	11.5%	12.5%	13.5%
PFRS Pension Contribution Rate:					
Before Amortization	18.3%	22.1%	24.2%	26.4%	27.1%
After Amortization	17.5%	18.5%	19.5%	20.5%	21.5%
Employee/Retiree Health Insurance Growth Rates	13.3%	11.4%	8.5%	8.5%	8.5%
PS/Fringe as % of Receipts (All Funds Basis)	14.9%	14.8%	15.8%	15.7%	15.4%

[1] As percent of salary.
[2] Projected by DOB.

LOCAL ASSISTANCE GRANTS

Local Assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. State-funded local assistance spending is estimated at $57.8 billion in FY 2012 and accounts for over 65 percent of total State Operating Funds spending. Education and health care spending account for three-quarters of local assistance spending.

EDUCATION

SCHOOL AID

School Aid helps support elementary and secondary education for New York pupils enrolled in 676 major school districts throughout the State. State funding is provided to districts based on statutory aid formulas and through reimbursement of categorical expenses. This funding for schools assists districts in meeting locally defined needs, supports the construction of school facilities, and finances school transportation for nearly three million students statewide.

School Year (July 1 — June 30)

The FY 2012 Enacted Budget provides $19.6 billion in School Aid for the FY 2012 school year, which results in an annual State aid reduction of nearly $1.3 billion, or 6.1 percent. Total school spending is primarily financed through a combination of State and local funding and thus, the reduction in State aid represents 2.4 percent of total general fund operating expenditures projected to be made by school districts statewide in the current (FY 2011) school year. Without consideration of Federal Education Jobs Fund allocations made available to school districts in FY 2011, the year-to-year reduction in School Aid is $675 million or 3.3 percent. This amount represents 1.3 percent of total expenditures by school districts.

The Enacted Budget also includes a two-year appropriation and makes statutory changes to limit future School Aid increases to the rate of growth in New York state personal income. This allowable growth includes spending for new competitive grant programs to reward school districts that demonstrate significant student performance improvements or that undertake long-term structural changes to reduce costs and improve efficiency. Allowable growth also includes increases in expense-based aid programs (e.g., Building Aid, Transportation Aid) under existing statutory provisions. Any remaining amount of allowable growth can be allocated pursuant to a chapter of law for purposes including, but not limited to, additional spending for competitive grants, increases in Foundation Aid or restoration of the Gap Elimination Adjustment.

Under this growth cap, School Aid is projected to increase by an additional $805 million in FY 2013, and $940 million in FY 2014. School Aid is projected to reach an annual total of $22.2 billion in FY 2015.

FOUR-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
Total School Aid	20,924	19,641	(1,283)	20,446	805	21,386	940	22,220	834
Percent Change			-6.1%		4.1%		4.6%		3.9%

State Fiscal Year

The State finances School Aid from General Fund revenues and from Lottery Fund receipts, including VLTs, which are accounted for and disbursed from a dedicated revenue account. Because the State fiscal year begins on April 1, the State typically pays approximately 70 percent of the annual school year commitment during the State fiscal year in which it is enacted, and pays the remaining 30 percent in the first three months of the following State fiscal year.

The table below summarizes the multi-year projected funding levels for School Aid on a State fiscal year basis. The total for FY 2011 is restated to exclude a $2.0 billion aid payment that was deferred from FY 2010.

SCHOOL AID - FISCAL YEAR BASIS (ADJUSTED)
STATE OPERATING FUNDS
(millions of dollars)

	2010-11	2011-12	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
Total State Funds	**19,788**	**19,686**	**-1%**	**20,250**	**3%**	**21,151**	**4%**	**22,018**	**4%**
General Fund Local Assistance [1]	16,645	16,802	1%	17,197	2%	18,029	5%	18,876	5%
Core Lottery Aid	2,108	2,200	4%	2,217	1%	2,224	0%	2,234	0%
VLT Lottery Aid	912	684	-25%	836	22%	898	7%	908	1%
General Fund Lottery Aid Guarantee	123	0	-100%	0	0%	0	0%	0	0%

[1] General Fund spending in FY 2011 is adjusted to exclude a $2.06B school aid payment deferred from FY 2010.

State spending for School Aid is projected to total $19.7 billion in FY 2012. In future years, receipts available to finance School Aid from lottery sales are expected to increase nominally. Increasing receipts from VLTs in FY 2013 and FY 2014 reflect the anticipated opening of a VLT facility at Aqueduct Racetrack by October 2011. In addition to State aid, school districts receive billions of dollars in Federal categorical aid.

SCHOOL TAX RELIEF PROGRAM

The STAR program provides school tax relief to taxpayers. The three components of STAR and their approximate shares in FY 2012 are: the basic school property tax exemption for homeowners with income under $500,000 (59 percent), the enhanced school property tax exemption for senior citizen homeowners with income under $79,050 (24 percent), and a flat refundable credit and rate reduction for New York City resident personal income taxpayers (17 percent).

STAR
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	2010-11	2011-12	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
STAR	**3,234**	**3,293**	**2%**	**3,322**	**1%**	**3,510**	**6%**	**3,693**	**5%**
Basic Exemption	1,875	1,933	3%	1,937	0%	2,046	6%	2,162	6%
Enhanced (Seniors)	760	790	4%	792	0%	836	6%	883	6%
New York City PIT	599	570	-5%	593	4%	628	6%	648	3%

The STAR program exempts the first $30,000 of every eligible homeowner’s property value from the local school tax levy. Lower-income senior citizens receive a $60,100 exemption. Spending for the STAR property tax exemption reflects reimbursements made to school districts to offset the reduction in property tax revenues.

The Enacted Budget Financial Plan limits the overall annual increase in a qualifying homeowner's STAR exemption benefit to 2 percent. The multi-year Financial Plan also reflects annual savings from the implementation of an income limitation on STAR benefits, which excludes all homeowners who earn more than $500,000 a year from receiving the STAR property tax exemption, and reduces the benefit for New York City resident personal income taxpayers with annual income over $500,000.

OTHER EDUCATION AID

In addition to School Aid, the State provides funding and support for various other education-related initiatives. These include: special education services; prekindergarten through grade 12 education programs; cultural education; higher and professional education programs; and adult career and continuing education services.

Major programs under the Office of Prekindergarten through Grade 12 Education address specialized student needs or reimburse school districts for education-related services, including the school breakfast and lunch programs, non-public school aid, and various special education programs. In special education, New York provides a full spectrum of services to over 400,000 students from ages 3 to 21. Higher and professional education programs monitor the quality and availability of postsecondary education programs and regulate the licensing and oversight of 48 professions.

EDUCATION
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	2010-11	2011-12	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
Special Education	**924**	**1,197**	**30%**	**1,373**	**15%**	**1,456**	**6%**	**1,529**	**5%**
Pre-School Special Education	939	870	-7%	922	6%	978	6%	1,036	6%
ARRA Fiscal Stabilization	(327)	0	-100%	0	0%	0	0%	0	0%
Summer School Programs	208	292	40%	322	10%	343	7%	352	3%
Blind and Deaf	104	35	-66%	129	269%	135	5%	141	4%
All Other Education	**550**	**547**	**-1%**	**539**	**-1%**	**544**	**1%**	**538**	**-1%**
Higher Education Programs	100	86	-14%	86	0%	86	0%	86	0%
Non-Public School Aid	112	107	-4%	104	-3%	104	0%	104	0%
Cultural Education Programs	92	93	1%	93	0%	93	0%	93	0%
Vocational Rehabilitation	91	82	-10%	82	0%	82	0%	82	0%
School Nutrition	35	36	3%	37	3%	37	0%	38	3%
Other Education Programs	120	143	19%	137	-4%	142	4%	135	-5%

Spending for special education is expected to increase as program costs and enrollment rise. Other education spending is affected by the phase-out of Federal ARRA Stabilization Funds. In FY 2012, school districts will finance the costs associated with schools for the blind and deaf in the first instance and will be partially reimbursed by the State in the first quarter of the FY 2013 State fiscal year, which drives a significant annual increase in FY 2013 spending.

HIGHER EDUCATION

Local assistance for higher education spending includes funding for CUNY, SUNY and HESC. The State provides assistance for CUNY's senior college operations, and works in conjunction with the City of New York to support CUNY's community colleges. The CUNY system is the largest urban public university system in the nation. Funding for SUNY supports 30 community colleges across multiple campuses.

The State also provides a sizeable benefit to SUNY and CUNY through the debt service it pays on bond-financed capital projects at the universities. This is not reflected in the annual spending totals for the universities. State debt service payments for higher education are expected to total over $1 billion in FY 2012.

HESC administers the TAP program that provides awards to income-eligible students, and the New York Higher Education Loan Program (NYHELPS). It also provides centralized processing for other student financial aid programs, and offers prospective students information and guidance on how to finance a college education. The financial aid programs that HESC administers are funded by the State and the Federal government.

HIGHER EDUCATION
STATE OPERATING FUNDS LOCAL ASSISTANCE SPENDING PROJECTIONS
(millions of dollars)

	2010-11	2011-12	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
City University:	**1,183**	**1,205**	**2%**	**1,299**	**8%**	**1,389**	**7%**	**1,477**	**6%**
Community College Aid	187	178	-5%	179	1%	179	0%	179	0%
ARRA Fiscal Stabilization	(32)	0	-100%	0	0%	0	0%	0	0%
Operating Aid to NYC (Senior Colleges)[1]	1,028	1,025	0%	1,118	9%	1,208	8%	1,296	7%
Community Projects	0	2	0%	2	0%	2	0%	2	0%
Higher Education Services:	**814**	**906**	**11%**	**967**	**7%**	**966**	**0%**	**965**	**0%**
Tuition Assistance Program	801	831	4%	911	10%	910	0%	909	0%
ARRA Fiscal Stabilization	(50)	0	-100%	0	0%	0	0%	0	0%
Aid for Part Time Study	11	12	9%	12	0%	12	0%	12	0%
Scholarships/Awards	29	47	62%	44	-6%	44	0%	44	0%
Other	23	16	-30%	0	-100%	0	**0%**	0	0%
State University:	**473**	**483**	**2%**	**449**	**-7%**	**449**	**0%**	**449**	**0%**
Community College Aid	451	441	-2%	439	0%	439	0%	439	0%
ARRA Fiscal Stabilization	(83)	0	-100%	0	0%	0	0%	0	0%
Hospital Subsidy[2]	96	32	-67%	0	-100%	0	0%	0	0%
Other	9	10	11%	10	0%	10	0%	10	0%

[1]State support for SUNY 4-year institutions is funded through State operations rather than local assistance.
[2]Beginning in academic year 2011-12, the SUNY hospital subsidy will be funded as a transfer from General Fund State operations rather than local assistance.

Growth in spending for higher education over the plan period largely reflects aid to New York City for reimbursement of CUNY senior college operating expenses associated with the rising contribution rates for fringe benefits. Spending growth for tuition assistance reflects the impact of upward trends in student enrollment at institutions of higher education.

HEALTH CARE

Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. DOH works with the local health departments and social services departments, including New York City, to coordinate and administer statewide health insurance programs and activities. The majority of government-financed health care programs are included under DOH, but many programs are supported through multi-agency efforts. The Medicaid program finances inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care, family health plus (FHP), and services provided in a variety of community-based settings (including mental health, substance abuse treatment, developmental disabilities services, school-based services and foster care services). The State share of Medicaid spending is budgeted and expended principally through DOH, but State share Medicaid spending also appears in the mental hygiene agencies, child welfare programs, and School Aid. Medicaid spending is reported separately in the Financial Plan tables for each of the agencies.

In addition, health care-related spending appears in State Operations and GSCs for purposes such as health insurance premiums for State employees and retirees, services delivered to inmates, and services provided in State-operated facilities.

MEDICAID

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through payments to health care providers. The Medicaid program is financed jointly by the State, the Federal government, and local governments (including New York City). New York's Medicaid spending is projected to total approximately $52.6 billion in FY 2012, including the local contribution.[5]

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

	2010-11	2011-12	2012-13	2013-14	2014-15
Department of Health	11,915	15,280	15,894	16,531	17,192
State Share Without FMAP	15,863	15,633	15,640	16,531	17,192
Enhanced FMAP	(3,948)	(353)	254	0	0
Mental Hygiene	5,677	5,752	5,979	6,297	6,568
Education	29	0	0	0	0
Foster Care	69	111	121	132	138
State Operations - Contractual Expenses[2]	23	46	46	46	46
State Share Total	**17,713**	**21,189**	**22,040**	**23,006**	**23,944**
Annual $ Change - Total State Share		3,476	851	966	938
Annual % Change - Total State Share		19.6%	4.0%	4.4%	4.1%
Annual $ Change - DOH Only		3,365	614	637	661
Annual % Change - DOH Only		28.2%	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.

The Financial Plan projections assume that spending growth is limited to 4 percent annually for DOH State Medicaid spending beginning annually in State FY 2013. This reflects the target growth rate for Medicaid proposed in the Enacted Budget, which is the ten-year average change in the medical component of the CPI. Statutory changes adopted with the budget grant the Executive certain statutory powers to hold Medicaid spending to this rate. This statutory authority expires after two years; however, the cap remains in place and the Financial Plan assumes that statutory authority will be extended in subsequent years.

DOH 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.[6] The number of Medicaid recipients, including FHP, is expected to exceed 6.0 million at the end of FY 2015, an increase of 24.4 percent from the FY 2011 caseload of 4.8 million. The expiration of the enhanced FMAP is expected to result in an increase of State-share spending of over $600 million from FY 2012 to FY 2013, primarily due to the reconciliation of costs between the State and counties related to the Medicaid cap.

[5] The local contribution to the Medicaid program is not included in the State's Financial Plan. Since January 2006, the State has paid the entire non-Federal share of the FHP program and any annual Medicaid increases above a fixed level for counties. In accordance with these statutory indexing provisions, local fiscal year 2011 Medicaid payments by local governments will be held to approximately 3.0 percent over local fiscal year 2010 levels. County and New York City savings from these two local fiscal relief initiatives are expected to total approximately $2.4 billion during State FY 2012, an annual increase in local savings of $547 million over State FY 2011 levels.

[6] In August 2010, the U.S. Congress approved a six-month extension of the enhanced FMAP benefit through June 30, 2011. Under enhanced FMAP (which now covers the period from October 2008 through June 30, 2011), the base Federal match rate increases from 50 percent to approximately 57 percent during the period April through June 2011, which results in a concomitant decrease in the State and local share.

The table below summarizes the benefit of enhanced FMAP since it began in 2008-09.

DOH MEDICAID SPENDING - STATE OPERATING FUNDS WITH AND WITHOUT FMAP IMPACT [1]
TOTAL DISBURSEMENTS
(millions of dollars)

	2008-09	2009-10	2010-11	2011-12	2012-13
DOH Medicaid - Without FMAP	12,668	14,523	15,887	15,680	15,686
Enhanced FMAP	(1,092)	(3,041)	(3,948)	(353)	254
DOH Medicaid - With FMAP	**11,576**	**11,482**	**11,939**	**15,327**	**15,940**

[1] Additional Federal aid from enhanced FMAP in mental hygiene agencies brings the total cumulative State benefit to $9.6 billion.

The State share of DOH Medicaid spending is funded from the General Fund, HCRA, provider assessment revenue, and indigent care revenue. The chart below provides information on the financing sources for State Medicaid spending.

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]	**15,633**	**15,640**	**7**	**0.0%**	**16,531**	**5.7%**	**17,192**	**4.0%**
Enhanced FMAP -- State Share [2]	**(353)**	**254**	**607**	**-172.0%**	**0**	**-100.0%**	**0**	**0.0%**
State Operating Funds (After FMAP)	**15,280**	**15,894**	**614**	**4.0%**	**16,531**	**4.0%**	**17,192**	**4.0%**
Other State Funds Support	**(5,044)**	**(5,438)**	**(394)**	**7.8%**	**(5,522)**	**1.5%**	**(5,734)**	**3.8%**
HCRA Financing	(3,383)	(3,815)	(432)	12.8%	(3,907)	2.4%	(4,119)	5.4%
Provider Assessment Revenue	(869)	(831)	38	-4.4%	(823)	-1.0%	(823)	0.0%
Indigent Care Revenue	(792)	(792)	0	0.0%	(792)	0.0%	(792)	0.0%
Total General Fund	**10,236**	**10,456**	**220**	**2.1%**	**11,009**	**5.3%**	**11,458**	**4.1%**

[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.

PUBLIC HEALTH/AGING PROGRAMS

Public Health includes the EPIC Program that provides prescription drug insurance to low-income seniors, the child health plus (CHP) program that finances health insurance coverage for children of low-income families up to the age of 19, GPHW program that reimburses local health departments for the cost of providing certain public health services, the Early Intervention (EI) Program that pays for services to infants and toddlers under the age of three with disabilities or developmental delays, and other HCRA and State-supported programs.

The New York State Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. SOFA primarily oversees community-based services, including, but not limited to, in-home services and nutrition assistance, which are provided through a network of county Area Aging Agencies and local providers.

Many public health programs, such as EI and GPHW programs, are run by county health departments and reimbursed by the State for a share of program costs. The State spending projections do not include the county share of public health funding. In addition, a significant portion of HCRA spending is included under the public health budget. For more information on HCRA projections, see the section entitled "HCRA" below.

PUBLIC HEALTH
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	2010-11	2011-12	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
Public Health	**1,898**	**2,011**	**6%**	**2,027**	**1%**	**2,062**	**2%**	**2,104**	**2%**
General Public Health Works	201	319	59%	322	1%	308	-4%	308	0%
Early Intervention	230	167	-27%	165	-1%	169	2%	173	2%
Child Health Plus	341	325	-5%	346	6%	371	7%	397	7%
EPIC	322	232	-28%	166	-28%	174	5%	182	5%
HCRA Program Account	304	498	64%	473	-5%	486	3%	488	0%
All Other	500	470	-6%	555	18%	554	0%	556	0%
Aging	**117**	**110**	**-6%**	**112**	**2%**	**112**	**0%**	**112**	**0%**

Year-to-year growth in the GPHW program reflects lower spending in FY 2011 due to delays in planned payments instituted by the DOH that are not expected to continue. A projected increase in enrollment in the CHP program and inflationary costs are expected to drive growth in the outyears of the plan. Growth in the GPHW and CHP programs is partly offset by a decline in spending for the EI program, which primarily reflects the impact of savings actions implemented in prior year enacted budgets.

EPIC spending is projected to decline through FY 2013, resulting from budgetary actions to provide EPIC coverage to Medicare Part D enrollees only when they are in the coverage gap. After FY 2013, spending is projected to increase slightly as a reflection of the rising costs of prescription medication.

HCRA

HCRA was established in 1996 to help finance a portion of State health care activities in various areas of the budget: Medicaid, Public Health, SOFA, and the Insurance Department. Extensions and modifications to HCRA have financed new health care programs, including FHP, and provided additional funding for the expansion of existing programs such as CHP. HCRA has also provided additional financing for the health care industry, including investments in worker recruitment and retention, and the Health Care Equity and Affordability Law for New Yorkers (HEAL NY) capital program. The FY 2012 Enacted Budget extends the HCRA authorization three years to March 31, 2014.

HCRA receipts include surcharges and assessments on hospital revenues, a "covered lives" assessment paid by insurance carriers, a portion of cigarette tax revenues, and other revenues dedicated by statute, as well as potential future proceeds from insurance company conversions.

HCRA spending partially finances Medicaid, EPIC, CHP, FHP, and Indigent Care payments, which provide funds to hospitals that serve a disproportionate share of individuals without health insurance; as well as funds Workforce Recruitment and Retention grants and rate adjustments to health facilities; physician excess medical malpractice; and, HEAL NY funds for capital improvement to health care facilities.

HCRA FINANCIAL PLAN 2010-11 THROUGH 2014-15
(millions of dollars)

	2010-11 Results	2011-12 Enacted	2012-13 Projected	2013-14 Projected	2014-15 Projected
Opening Balance	**26**	**159**	**0**	**0**	**0**
Total Receipts	5,286	5,482	6,086	6,220	6,317
Surcharges	2,743	2,810	3,089	3,173	3,266
Covered Lives Assessment	1,021	1,050	1,045	1,045	1,045
Cigarette Tax Revenue	1,136	1,194	1,254	1,232	1,210
Conversion Proceeds	0	0	250	300	300
Hospital Assessment (1 percent)	317	373	394	417	444
NYC Cigarette Tax Transfer/Other	69	55	54	53	52
Total Disbursements	5,153	5,641	6,086	6,220	6,317
Medicaid Assistance Account	2,843	3,390	3,822	3,914	4,127
Medicaid Costs	*1,600*	*2,091*	*2,500*	*2,593*	*2,805*
Family Health Plus	*597*	*635*	*657*	*657*	*657*
Workforce Recruitment & Retention	*196*	*197*	*197*	*197*	*197*
All Other	*450*	*467*	*468*	*467*	*468*
HCRA Program Account	326	522	496	509	511
Hospital Indigent Care	871	792	792	792	792
Elderly Pharmaceutical Insurance Coverage	195	165	166	174	182
Child Health Plus	348	332	354	379	405
Public Health Programs	111	120	120	120	120
All Other	459	320	336	332	180
Annual Operating Surplus/(Deficit)	**133**	**(159)**	**0**	**0**	**0**
Closing Balance	**159**	**0**	**0**	**0**	**0**

HCRA is expected to remain in balance over the multi-year projection period. Given the close relationship between the General Fund and HCRA, any balances in HCRA are typically eliminated by adjusting the level of Medicaid expenditures that HCRA finances. This reduces costs that otherwise would have been paid for by the General Fund. Conversely, any shortfall in HCRA is expected to be financed by the General Fund.

MENTAL HYGIENE

The Department of Mental Hygiene is comprised of four independent agencies, OMH, OPWDD, OASAS, and the Developmental Disabilities Planning Council (DDPC) as well as one oversight agency, the Commission on Quality Care and Advocacy for Persons with Disabilities (CQCAPD). Services are administered to adults with serious and persistent mental illness; children with serious emotional disturbances; individuals with developmental disabilities, and their families; and persons with chemical dependence. These agencies provide services directly to their patients through State-operated facilities and indirectly through community service providers. The cost of providing services and agency operations are funded by reimbursement from Medicaid, Medicare, third-party insurance, and State funding. Patient care revenues are pledged first to the payment of debt service on outstanding mental hygiene bonds, with the remaining revenue deposited to the Patient Income Account, which supports State costs of providing services.

MENTAL HYGIENE
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	2010-11	2011-12	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
Office for People with Devel. Disabilities:	**2,175**	**2,158**	**-1%**	**2,271**	**5%**	**2,466**	**9%**	**2,577**	**5%**
Residential Services	1,537	1,496	-3%	1,578	5%	1,717	9%	1,797	5%
Day Programs	555	581	5%	607	5%	655	8%	681	4%
Clinic	22	22	0%	23	6%	25	9%	27	8%
Other	61	59	-3%	63	6%	69	9%	72	5%
CQCAPD	**1**	**1**	**0%**	**1**	**0%**	**1**	**0%**	**1**	**0%**
Mental Health:	**1,106**	**1,126**	**2%**	**1,247**	**11%**	**1,350**	**8%**	**1,441**	**7%**
Adult Local Services	885	901	2%	998	11%	1,080	8%	1,153	7%
OMH Children Local Services	221	225	2%	249	11%	270	8%	288	7%
Alcohol and Substance Abuse:	**295**	**316**	**7%**	**334**	**6%**	**351**	**5%**	**351**	**0%**
Prevention	37	40	8%	42	5%	44	5%	44	0%
Program Support	9	10	11%	10	0%	11	10%	11	0%
Residential	96	103	7%	109	6%	114	5%	114	0%
Outpatient/Methadone	142	152	7%	161	6%	169	5%	169	0%
Crisis	11	11	0%	12	9%	13	8%	13	0%

Local assistance spending in mental hygiene accounts for approximately half of total mental hygiene State spending and is projected to grow by an average rate of 5.2 percent over the plan. 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 New York State - Creating Alternatives in Residential Environments and Services (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.

SOCIAL SERVICES

OTDA local assistance programs provide cash benefits and supportive services to low-income families. The State's three main programs include Family Assistance, Safety Net Assistance and Supplemental Security Income (SSI). The Family Assistance program, which is financed by the Federal government, provides time-limited cash assistance to eligible families. The Safety Net Assistance program, financed by the State and local districts, provides cash assistance for single adults, childless couples, and families that have exhausted their five-year limit on Family Assistance imposed by Federal law. The State SSI Supplementation program provides a supplement to the Federal SSI benefit for the elderly, visually handicapped, and disabled.

TEMPORARY AND DISABILITY ASSISTANCE
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	2010-11	2011-12	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
Temporary and Disability Assistance	**1,202**	**1,412**	**17%**	**1,549**	**10%**	**1,599**	**3%**	**1,612**	**1%**
Public Assistance Benefits	309	485	57%	622	28%	658	6%	658	0%
SSI	722	740	2%	753	2%	766	2%	779	2%
Welfare Initiatives	13	23	77%	7	-70%	7	0%	7	0%
All Other	158	164	4%	167	2%	168	1%	168	0%

The State share of OTDA spending is expected to grow primarily due to the loss of Federal TANF Contingency Funds, resulting in costs reverting back to State funding. The average public assistance caseload is projected to total 531,723 recipients in FY 2012, a decrease of 1.4 percent from FY 2011 levels. Approximately 252,353 families are expected to receive benefits through the Family Assistance program, a decrease of 1.3 percent from the current year. In the Safety Net program, an average of 116,313 families are expected to be helped in FY 2012, a decrease of 2.1 percent. The caseload for single adults/childless couples supported through the Safety Net program is projected at 163,057, a decrease of 1.1 percent. Despite the decreases in projected caseload, the State share of public assistance benefits increases in FY 2012 due to the loss of Federal funding described above.

OCFS provides funding for 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. Specifically, child welfare services, which are financed jointly by the Federal government, the State, and local districts, are structured to encourage local governments to invest in preventive services to reduce out-of-home placement of children. In addition, the Child Care Block Grant, which is also financed by a combination of Federal, State and local sources, supports child care subsidies for public assistance and low-income families. The youth facilities program serves youth directed by family or criminal courts to be placed in residential facilities.

CHILDREN AND FAMILY SERVICES STATE OPERATING FUNDS SPENDING PROJECTIONS (millions of dollars)	2010-11	2011-12	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
Children and Family Services	**1,667**	**1,717**	**3%**	**1,903**	**11%**	**2,123**	**12%**	**2,274**	**7%**
Child Welfare Service	490	499	2%	634	27%	827	30%	947	15%
Foster Care Block Grant	433	436	1%	464	6%	493	6%	493	0%
Adoption	196	185	-6%	198	7%	212	7%	219	3%
Day Care	134	145	8%	143	-1%	139	-3%	139	0%
C.S.E.	65	38	-42%	43	13%	50	16%	57	14%
Adult Protective/Domestic Violence	42	44	5%	53	20%	63	19%	74	17%
Youth Programs	113	137	21%	127	-7%	111	-13%	111	0%
Medicaid	69	111	61%	121	9%	132	9%	138	5%
All Other	125	122	-2%	120	-2%	96	-20%	96	0%

OCFS spending is projected to increase, driven primarily by expected growth in claims-based programs. Growth in Child Welfare Services and Adult Protective/Domestic Violence reflects anticipated growth in local claims and flat Federal funding. Growth in Foster Care Block Grant is attributable to the Human Services cost-of-living adjustment. Projected growth in Medicaid from FY 2011 to FY 2012 is primarily attributable to the annualization of costs related to the Bridges to Health Medicaid Waiver program.

TRANSPORTATION

In FY 2012, the State will provide $4.2 billion in local assistance to support statewide mass transit systems. This funding, financed through the collection of dedicated taxes and fees, is provided to mass transit operators throughout the State to support operating costs. Due to the size and scope of its transit system, the Metropolitan Transportation Authority (MTA) receives the majority of the statewide mass transit operating aid. Additionally, the MTA receives operating support from the Mobility Tax and MTA Aid Trust Fund, authorized in May 2009 to collect regional taxes and fees imposed within the Metropolitan Commuter Transportation District. The State collects these taxes and fees on behalf of, and disburses the entire amount to, the MTA to support the transit system. Spending from this fund is projected to grow modestly in FY 2013 and later years, commensurate with the forecasted growth in receipts.

TRANSPORTATION STATE OPERATING FUNDS SPENDING PROJECTIONS (millions of dollars)	2010-11	2011-12	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
Transportation	**4,254**	**4,236**	**0%**	**4,325**	**2%**	**4,405**	**2%**	**4,495**	**2%**
Mass Transit Operating Aid:	1,894	1,772		1,772		1,772		1,772	
Metro Mass Transit Aid	1,750	1,633	-7%	1,633	0%	1,633	0%	1,633	0%
Public Transit Aid	92	87	-5%	87	0%	87	0%	87	0%
18-B General Fund Aid	27	27	0%	27	0%	27	0%	27	0%
School Fare	25	25	0%	25	0%	25	0%	25	0%
Mobility Tax and MTA Aid Trust	1,662	1,756	6%	1,841	5%	1,927	5%	2,017	5%
Dedicated Mass Transit	653	661	1%	665	1%	659	-1%	659	0%
AMTAP	43	45	5%	45	0%	45	0%	45	0%
All Other	2	2	0%	2	0%	2	0%	2	0%

LOCAL GOVERNMENT ASSISTANCE

Direct aid to local governments primarily includes the AIM program, which was created in FY 2006 to consolidate various unrestricted local aid funding streams. Along with AIM, the State provides incentive grants to local governments to promote local efforts to increase efficiency and performance through consolidation or shared services. Other direct aid to local governments includes VLT impact aid, Small Government Assistance and Miscellaneous Financial Assistance.

LOCAL GOVERNMENT ASSISTANCE
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	2010-11	2011-12	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
Local Government Assistance	**776**	**767**	**-1%**	**797**	**4%**	**787**	**-1%**	**787**	**0%**
AIM:									
Big Four Cities	438	429	-2%	429	0%	429	0%	429	0%
Other Cities	222	218	-2%	218	0%	218	0%	218	0%
Towns and Villages	69	68	-1%	68	0%	68	0%	68	0%
Efficiency Incentives	10	15	50%	45	200%	44	-2%	44	0%
All Other Local Aid	37	37	0%	37	0%	28	-24%	28	0%

AGENCY OPERATIONS

Agency operating costs includes personal service, non-personal service costs and GSCs. Personal service includes salaries of State employees of the Executive, Legislative, and Judicial branches, as well as overtime payments and costs for temporary employees. Non-personal service generally accounts for the cost of operating 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. GSCs account for the costs of fringe benefits (e.g., pensions, health insurance) provided to State employees and retirees of the Executive, Legislative and Judicial branches, and certain fixed costs paid by the State. In addition, certain agency operations of Transportation and Motor Vehicles are included in the capital projects fund type and not reflected in the State Operating Funds personal service or non-personal service totals.

Approximately 94 percent of the State workforce is unionized. The largest unions include the Civil Service Employees Association (CSEA), which primarily represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; Public Employees Federation (PEF), which primarily represents professional and technical personnel (e.g., attorneys, nurses, accountants, engineers, social workers, and institution teachers); United University Professions (UUP), which represents faculty and non-teaching professional staff within the State University system; and the New York State Correctional Officers and Police Benevolent Association (NYSCOPBA), which represents security personnel (correction officers, safety and security officers).

Growth in State Operations spending over the multi-year Financial Plan is concentrated in agencies that operate large facilities, such as the State University, 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.

Agency redesign savings over the Plan period 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. 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 Financial Plan.

The Spending and Government Efficiency (SAGE) Commission is charged with making recommendations to reduce the number of State agencies, authorities, and commissions by 20 percent over the next four years. The 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.

GENERAL STATE CHARGES

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, unemployment insurance, and dental and vision benefits. The majority of employee fringe benefit costs are paid centrally from statewide appropriations. However, certain agencies including 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. The largest General Fund reimbursement comes from the mental hygiene agencies.

GSCs also include certain fixed costs such as State taxes paid to local governments for certain State-owned lands and payments related to lawsuits against the State and its public officers.

GENERAL STATE CHARGES
STATE OPERATING FUNDS SPENDING PROJECTIONS
(millions of dollars)

	2010-11	2011-12	Annual % Change	2012-13	Annual % Change	2013-14	Annual % Change	2014-15	Annual % Change
Fringe Benefits:									
Health Insurance	3,055	3,429	12.2%	3,785	10.4%	4,118	8.8%	4,145	0.7%
Employee Health Insurance	1,834	2,144	16.9%	2,367	10.4%	2,575	8.8%	2,592	0.7%
Retiree Health Insurance	1,221	1,285	5.2%	1,418	10.4%	1,543	8.8%	1,553	0.6%
Pensions	1,470	1,670	13.6%	1,857	11.2%	2,113	13.8%	2,411	14.1%
Social Security	970	972	0.2%	964	-0.8%	974	1.0%	973	-0.1%
All Other Fringe	257	131	-49.0%	187	42.7%	102	-45.5%	119	16.7%
Fixed Costs	350	328	-6.3%	332	1.2%	337	1.5%	342	1.5%
Total State Operating Funds	**6,102**	**6,530**	**7.0%**	**7,125**	**9.1%**	**7,644**	**7.3%**	**7,990**	**4.5%**

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. The projections assume the amortization of pension costs. See "Other Matters Affecting the Enacted Budget Financial Plan — Pension Expenditures (Including Amortization)" herein.

DEBT SERVICE

The State pays debt service on all outstanding State-supported bonds. These include general obligation bonds, for which the State is constitutionally obligated to pay debt service, as well as bonds issued by State public authorities (i.e., Empire State Development Corporation (ESDC), Dormitory Authority of the State of New York (DASNY), and the New York State Thruway Authority (NYSTA), 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)

	2010-11 Results	2011-12 Enacted	Annual Change	Percent Change
General Fund	**1,737**	**1,449**	**(288)**	**-16.6%**
Other State Support	3,878	4,406	528	13.6%
State Operating Funds	**5,615**	**5,855**	**240**	**4.3%**
Total All Funds	**5,615**	**5,855**	**240**	**4.3%**

Total debt service is projected at $5.9 billion in FY 2012, of which $1.4 billion is paid from the General Fund through transfers and $4.4 billion from other State funds. The General Fund transfer primarily finances debt service payments on general obligation and service contract bonds. Debt service is paid directly from other State funds for the State's revenue bonds, including, but not limited to, PIT bonds, DHBTF bonds, and mental health facilities bonds.

Enacted budget projections for debt service spending have been revised to reflect the pre-payment of $154 million of SUNY debt service in March 2011. Otherwise, FY 2012 debt service estimates are relatively unchanged, with minor revisions for Dedicated Highway, general obligation, and PIT bonding programs.

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

	2010-2011 Year-End	2011-2012 Enacted	Annual $ Change	Annual % Change
Opening Fund Balance	2,302	1,376	(926)	-40.2%
Receipts:				
Taxes:				
Personal Income Tax	23,894	26,001	2,107	8.8%
User Taxes and Fees	8,795	9,105	310	3.5%
Business Taxes	5,279	6,101	822	15.6%
Other Taxes	1,237	1,030	(207)	-16.7%
Miscellaneous Receipts	3,095	3,098	3	0.1%
Federal Receipts	54	60	6	11.1%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	7,625	8,096	471	6.2%
Sales Tax in Excess of LGAC Debt Service	2,351	2,409	58	2.5%
Real Estate Taxes in Excess of CW/CA Debt Service	348	395	47	13.5%
All Other Transfers	1,769	998	(771)	-43.6%
Total Receipts	54,447	57,293	2,846	5.2%
Disbursements:				
Local Assistance Grants	37,206	38,888	1,682	4.5%
Departmental Operations:				
Personal Service	6,151	5,560	(591)	-9.6%
Non-Personal Service	1,822	1,796	(26)	-1.4%
General State Charges	4,187	4,668	481	11.5%
Transfers to Other Funds:				
Debt Service	1,737	1,449	(288)	-16.6%
Capital Projects	932	800	(132)	-14.2%
State Share Medicaid	2,497	3,032	535	21.4%
Other Purposes	841	739	(102)	-12.1%
Total Disbursements	55,373	56,932	1,559	2.8%
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(926)	361	1,287	-139.0%
Closing Fund Balance	1,376	1,737	361	26.2%
Statutory Reserves				
Tax Stabilization Reserve Fund	1,031	1,031	0	
Rainy Day Reserve Fund	175	275	100	
Contingency Reserve Fund	21	21	0	
Community Projects Fund	136	51	(85)	
Reserved For				
Prior-Year Labor Agreements (2007-2011)	0	346	346	
Debt Management	13	13	0	

Source: NYS DOB

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

	2011-2012 Enacted	2012-2013 Projected	2013-2014 Projected	2014-2015 Projected
Receipts:				
Taxes:				
Personal Income Tax	26,001	26,085	27,569	28,698
User Taxes and Fees	9,105	9,383	9,723	10,082
Business Taxes	6,101	6,456	6,721	6,141
Other Taxes	1,030	1,085	1,145	1,210
Miscellaneous Receipts	3,098	2,917	2,496	2,066
Federal Receipts	60	60	60	60
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	8,096	7,923	8,374	8,707
Sales Tax in Excess of LGAC Debt Service	2,409	2,492	2,617	2,729
Real Estate Taxes in Excess of CW/CA Debt Service	395	469	556	634
All Other Transfers	998	772	615	610
Total Receipts	57,293	57,642	59,876	60,937
Disbursements:				
Local Assistance Grants	38,888	40,115	41,996	43,734
Departmental Operations:				
Personal Service	5,560	5,773	5,879	6,047
Non-personal Service	1,796	2,178	2,036	2,163
General State Charges	4,668	5,126	5,499	5,660
Transfers to Other Funds:				
Debt Service	1,449	1,712	1,658	1,566
Capital Projects	800	1,168	1,361	1,456
State Share Medicaid	3,032	3,119	3,082	3,082
Other Purposes	739	739	1,059	1,692
Total Disbursements	56,932	59,930	62,570	65,400
Reserves:				
Community Projects Fund	(85)	(51)	0	0
Rainy Day Reserve Fund	100	0	0	0
Prior-Year Labor Agreements (2007-2011)	346	142	142	142
Increase (Decrease) in Reserves	361	91	142	142
Excess (Deficiency) of Receipts Over Disbursements and Reserves	0	(2,379)	(2,836)	(4,605)

Source: NYS DOB

CASH RECEIPTS
CURRENT STATE RECEIPTS
GENERAL FUND
2011-2012 THROUGH 2014-2015
(millions of dollars)

	2011-2012 Enacted	2012-2013 Projected	2013-2014 Projected	2014-2015 Projected
Taxes:				
Withholdings	31,802	32,356	34,535	36,383
Estimated Payments	11,900	11,728	11,910	12,575
Final Payments	2,110	2,199	2,154	2,151
Other Payments	1,089	1,134	1,210	1,312
Gross Collections	46,901	47,417	49,809	52,421
State/City Offset	(148)	(148)	(98)	(98)
Refunds	(7,694)	(8,059)	(8,272)	(9,136)
Reported Tax Collections	39,059	39,210	41,439	43,187
STAR (Dedicated Deposits)	(3,292)	(3,322)	(3,510)	(3,692)
RBTF (Dedicated Transfers)	(9,766)	(9,803)	(10,360)	(10,797)
Personal Income Tax	26,001	26,085	27,569	28,698
Sales and Use Tax	11,173	11,503	11,960	12,440
Cigarette and Tobacco Taxes	492	518	511	505
Motor Fuel Tax	0	0	0	0
Alcoholic Beverage Taxes	233	238	242	247
Highw ay Use Tax	0	0	0	0
Auto Rental Tax	0	0	0	0
Taxicab Surcharge	0	0	0	0
Gross Utility Taxes and Fees	11,898	12,259	12,713	13,192
LGAC Sales Tax (Dedicated Transfers)	(2,793)	(2,876)	(2,990)	(3,110)
User Taxes and Fees	9,105	9,383	9,723	10,082
Corporation Franchise Tax	3,047	3,178	3,284	2,527
Corporation and Utilities Tax	681	750	780	813
Insurance Taxes	1,266	1,318	1,376	1,438
Bank Tax	1,107	1,210	1,281	1,363
Petroleum Business Tax	0	0	0	0
Business Taxes	6,101	6,456	6,721	6,141
Estate Tax	1,015	1,070	1,130	1,195
Real Estate Transfer Tax	620	690	770	840
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	14	14	14	14
Other Taxes	1	1	1	1
Gross Other Taxes	1,650	1,775	1,915	2,050
Real Estate Transfer Tax (Dedicated)	(620)	(690)	(770)	(840)
Other Taxes	1,030	1,085	1,145	1,210
Payroll Tax	0	0	0	0
Total Taxes	42,237	43,009	45,158	46,131
Licenses, Fees, Etc.	455	525	486	506
Abandoned Property	755	735	670	655
Motor Vehicle Fees	132	109	36	36
ABC License Fee	49	51	50	50
Reimbursements	202	202	197	197
Investment Income	10	10	10	10
Other Transactions	1,495	1,285	1,047	612
Miscellaneous Receipts	3,098	2,917	2,496	2,066
Federal Grants	60	60	60	60
Total	45,395	45,986	47,714	48,257

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	1,376	2,141	453	3,970
Receipts:				
Taxes	42,237	8,319	13,059	63,615
Miscellaneous Receipts	3,098	15,212	949	19,259
Federal Receipts	60	1	79	140
Total Receipts	45,395	23,532	14,087	83,014
Disbursements:				
Local Assistance Grants	38,888	18,873	0	57,761
Departmental Operations:				
Personal Service	5,560	6,117	0	11,677
Non-Personal Service	1,796	3,193	62	5,051
General State Charges	4,668	1,862	0	6,530
Debt Service	0	0	5,855	5,855
Capital Projects	0	5	0	5
Total Disbursements	50,912	30,050	5,917	86,879
Other Financing Sources (Uses):				
Transfers from Other Funds	11,898	7,322	6,524	25,744
Transfers to Other Funds	(6,020)	(719)	(14,574)	(21,313)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	5,878	6,603	(8,050)	4,431
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	361	85	120	566
Closing Fund Balance	1,737	2,226	573	4,536

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	43,009	8,643	13,249	64,901
Miscellaneous Receipts	2,917	16,072	997	19,986
Federal Receipts	60	1	79	140
Total Receipts	45,986	24,716	14,325	85,027
Disbursements:				
Local Assistance Grants	40,115	19,778	0	59,893
Departmental Operations:				
Personal Service	5,773	6,198	0	11,971
Non-Personal Service	2,178	3,334	62	5,574
General State Charges	5,126	1,999	0	7,125
Debt Service	0	0	6,332	6,332
Capital Projects	0	5	0	5
Total Disbursements	53,192	31,314	6,394	90,900
Other Financing Sources (Uses):				
Transfers from Other Funds	11,656	7,285	6,607	25,548
Transfers to Other Funds	(6,738)	(283)	(14,436)	(21,457)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	4,918	7,002	(7,829)	4,091
Designated General Fund Reserves:				
Reserve for Collective Bargaining	(142)	0	0	(142)
Reserve for Community Projects Fund	51	0	0	51
Net Designated General Fund Reserves	(91)	0	0	(91)
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,379)	404	102	(1,873)

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	45,158	8,980	14,001	68,139
Miscellaneous Receipts	2,496	16,456	1,043	19,995
Federal Receipts	60	1	79	140
Total Receipts	47,714	25,437	15,123	88,274
Disbursements:				
Local Assistance Grants	41,996	20,391	0	62,387
Departmental Operations:				
Personal Service	5,879	6,295	0	12,174
Non-Personal Service	2,036	3,436	62	5,534
General State Charges	5,499	2,145	0	7,644
Debt Service	0	0	6,498	6,498
Capital Projects	0	5	0	5
Total Disbursements	55,410	32,272	6,560	94,242
Other Financing Sources (Uses):				
Transfers from Other Funds	12,162	7,477	6,552	26,191
Transfers to Other Funds	(7,160)	(130)	(15,009)	(22,299)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	5,002	7,347	(8,457)	3,892
Designated General Fund Reserves:				
Reserve for Collective Bargaining	(142)	0	0	(142)
Net Designated General Fund Reserves	(142)	0	0	(142)
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,836)	512	106	(2,218)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2014-2015
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	46,131	9,334	14,628	70,093
Miscellaneous Receipts	2,066	16,712	1,064	19,842
Federal Receipts	60	1	79	140
Total Receipts	48,257	26,047	15,771	90,075
Disbursements:				
Local Assistance Grants	43,734	21,016	0	64,750
Departmental Operations:				
Personal Service	6,047	6,421	0	12,468
Non-Personal Service	2,163	3,501	62	5,726
General State Charges	5,660	2,330	0	7,990
Debt Service	0	0	6,551	6,551
Capital Projects	0	5	0	5
Total Disbursements	57,604	33,273	6,613	97,490
Other Financing Sources (Uses):				
Transfers from Other Funds	12,680	7,683	6,185	26,548
Transfers to Other Funds	(7,796)	26	(15,197)	(22,967)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	4,884	7,709	(9,012)	3,581
Designated General Fund Reserves:				
Reserve for Collective Bargaining	(142)	0	0	(142)
Net Designated General Fund Reserves	(142)	0	0	(142)
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(4,605)	483	146	(3,976)

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	1,376	2,150	(168)	453	3,811
Receipts:					
Taxes	42,237	8,319	1,361	13,059	64,976
Miscellaneous Receipts	3,098	15,344	4,016	949	23,407
Federal Receipts	60	40,872	2,294	79	43,305
Total Receipts	45,395	64,535	7,671	14,087	131,688
Disbursements:					
Local Assistance Grants	38,888	53,805	2,711	0	95,404
Departmental Operations:					
Personal Service	5,560	6,803	0	0	12,363
Non-Personal Service	1,796	4,203	0	62	6,061
General State Charges	4,668	2,165	0	0	6,833
Debt Service	0	0	0	5,855	5,855
Capital Projects	0	5	5,177	0	5,182
Total Disbursements	50,912	66,981	7,888	5,917	131,698
Other financing sources (Uses):					
Transfers from Other Funds	11,898	7,323	1,060	6,524	26,805
Transfers to Other Funds	(6,020)	(4,791)	(1,445)	(14,574)	(26,830)
Bond and Note Proceeds	0	0	484	0	484
Net Other Financing Sources (Uses)	5,878	2,532	99	(8,050)	459
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	361	86	(118)	120	449
Closing Fund Balance	1,737	2,236	(286)	573	4,260

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	43,009	8,643	1,392	13,249	66,293
Miscellaneous Receipts	2,917	16,203	3,685	997	23,802
Federal Receipts	60	37,687	1,847	79	39,673
Total Receipts	45,986	62,533	6,924	14,325	129,768
Disbursements:					
Local Assistance Grants	40,115	51,669	2,010	0	93,794
Departmental Operations:					
Personal Service	5,773	6,879	0	0	12,652
Non-Personal Service	2,178	4,243	0	62	6,483
General State Charges	5,126	2,331	0	0	7,457
Debt Service	0	0	0	6,332	6,332
Capital Projects	0	5	5,276	0	5,281
Total Disbursements	53,192	65,127	7,286	6,394	131,999
Other Financing Sources (Uses):					
Transfers from Other Funds	11,656	7,286	1,410	6,607	26,959
Transfers to Other Funds	(6,738)	(4,288)	(1,505)	(14,436)	(26,967)
Bond and Note Proceeds	0	0	400	0	400
Net Other Financing Sources (Uses)	4,918	2,998	305	(7,829)	392
Designated General Fund Reserves:					
Reserve for Collective Bargaining	(142)	0	0	0	(142)
Reserve for Community Projects Fund	51	0	0	0	51
Net Designated General Fund Reserves	(91)	0	0	0	(91)
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,379)	404	(57)	102	(1,930)

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	45,158	8,980	1,397	14,001	69,536
Miscellaneous Receipts	2,496	16,587	3,516	1,043	23,642
Federal Receipts	60	39,731	1,811	79	41,681
Total Receipts	47,714	65,298	6,724	15,123	134,859
Disbursements:					
Local Assistance Grants	41,996	54,433	2,001	0	98,430
Departmental Operations:					
Personal Service	5,879	6,966	0	0	12,845
Non-Personal Service	2,036	4,324	0	62	6,422
General State Charges	5,499	2,483	0	0	7,982
Debt Service	0	0	0	6,498	6,498
Capital Projects	0	5	5,067	0	5,072
Total Disbursements	55,410	68,211	7,068	6,560	137,249
Other Financing Sources (Uses):					
Transfers from Other Funds	12,162	7,478	1,582	6,552	27,774
Transfers to Other Funds	(7,160)	(4,052)	(1,554)	(15,009)	(27,775)
Bond and Note Proceeds	0	0	338	0	338
Net Other Financing Sources (Uses)	5,002	3,426	366	(8,457)	337
Designated General Fund Reserves:					
Reserve for Collective Bargaining	(142)	0	0	0	(142)
Net Designated General Fund Reserves	(142)	0	0	0	(142)
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,836)	513	22	106	(2,195)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2014-2015
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	46,131	9,334	1,408	14,628	71,501
Miscellaneous Receipts	2,066	16,843	3,244	1,064	23,217
Federal Receipts	60	45,067	1,809	79	47,015
Total Receipts	48,257	71,244	6,461	15,771	141,733
Disbursements:					
Local Assistance Grants	43,734	60,763	1,730	0	106,227
Departmental Operations:					
Personal Service	6,047	7,095	0	0	13,142
Non-Personal Service	2,163	4,384	0	62	6,609
General State Charges	5,660	2,674	0	0	8,334
Debt Service	0	0	0	6,551	6,551
Capital Projects	0	5	4,995	0	5,000
Total Disbursements	57,604	74,921	6,725	6,613	145,863
Other Financing Sources (Uses):					
Transfers from Other Funds	12,680	7,684	1,519	6,185	28,068
Transfers to Other Funds	(7,796)	(3,524)	(1,528)	(15,197)	(28,045)
Bond and Note Proceeds	0	0	306	0	306
Net Other Financing Sources (Uses)	4,884	4,160	297	(9,012)	329
Designated General Fund Reserves:					
Reserve for Collective Bargaining	(142)	0	0	0	(142)
Net Designated General Fund Reserves	(142)	0	0	0	(142)
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(4,605)	483	33	146	(3,943)

Source: NYS DOB

CASHFLOW
GENERAL FUND
2011-2012
(dollars in millions)

	2011 April Projected	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2012 January Projected	February Projected	March Projected	Total
OPENING BALANCE	1,376	4,475	1,098	489	1,245	946	4,192	3,023	1,568	1,906	5,645	5,025	1,376
RECEIPTS:													
Personal Income Tax	4,127	846	2,496	1,720	1,837	2,712	1,693	1,324	441	5,165	1,800	1,840	26,001
User Taxes and Fees	685	669	878	703	717	933	685	689	865	730	625	926	9,105
Business Taxes	151	55	925	74	104	1,063	124	87	1,317	105	122	1,974	6,101
Other Taxes	75	87	87	87	88	88	87	86	86	87	86	86	1,030
Total Taxes	5,038	1,657	4,386	2,584	2,746	4,796	2,589	2,186	2,709	6,087	2,633	4,826	42,237
Licenses, Fees, etc.	46	32	33	31	35	40	41	39	41	39	39	39	455
Abandoned Property	1	0	30	16	10	92	23	127	42	73	56	285	755
ABC License Fee	5	4	4	5	4	5	3	3	3	4	5	4	49
Motor vehicle fees	0	0	0	0	0	7	21	21	21	21	21	20	132
Reimbursements	12	12	25	9	12	24	12	12	27	10	10	37	202
Investment Income	1	1	0	2	0	0	1	0	0	1	1	3	10
Other Transactions	20	51	98	97	55	371	52	48	96	47	76	484	1,495
Total Miscellaneous Receipts	85	100	190	160	116	539	153	250	230	195	208	872	3,098
Federal Grants	2	0	14	0	0	15	0	0	15	0	0	14	60
PIT in Excess of Revenue Bond Debt	1,375	135	964	525	258	1,067	304	171	1,044	1,018	328	907	8,096
Sales Tax in Excess of LGAC Debt S	205	35	443	214	220	224	212	213	263	230	3	147	2,409
Real Estate Taxes in Excess of CW/C	39	36	38	33	41	34	38	25	32	30	26	23	395
All Other	96	14	44	77	9	14	42	22	27	6	(48)	695	998
Total Transfers from Other Funds	1,715	220	1,489	849	528	1,339	596	431	1,366	1,284	309	1,772	11,898
TOTAL RECEIPTS	6,840	1,977	6,079	3,593	3,390	6,689	3,338	2,867	4,320	7,566	3,150	7,484	57,293
DISBURSEMENTS:													
School Aid	232	2,615	2,169	100	540	1,300	500	1,000	1,520	530	500	5,796	16,802
Higher Education	32	25	624	43	198	72	443	32	247	78	321	463	2,578
All Other Education	23	100	306	75	55	70	223	157	62	227	97	337	1,732
Medicaid - DOH	971	927	1,384	480	1,053	156	1,271	1,424	460	810	862	438	10,236
Public Health	15	87	107	79	34	129	29	19	102	16	17	108	742
Mental Hygiene	19	8	352	1	1	533	1	1	349	137	113	366	1,881
Children and Families	8	162	192	117	93	206	88	116	194	78	75	386	1,715
Temporary & Disability Assistance	326	131	136	104	81	122	75	75	89	75	18	170	1,402
Transportation	0	24	0	0	24	0	0	24	15	0	10	3	100
Unrestricted Aid	1	13	295	2	2	92	11	2	205	2	2	140	767
All Other	(23)	25	207	36	50	58	(42)	33	28	33	484	44	933
Total Local Assistance Grants	1,604	4,117	5,772	1,037	2,131	2,738	2,599	2,883	3,271	1,986	2,499	8,251	38,888
Personal Service	602	464	544	512	626	378	348	489	394	373	505	325	5,560
Non-Personal Service	199	149	135	172	166	145	131	112	114	160	157	156	1,796
Total State Operations	801	613	679	684	792	523	479	601	508	533	662	481	7,356
General State Charges	404	338	102	405	416	52	378	440	60	446	282	1,345	4,668
Debt Service	520	0	(99)	375	(4)	(107)	565	0	(84)	445	(18)	(144)	1,449
Capital Projects	(23)	43	(21)	54	59	(42)	87	80	(48)	130	67	414	800
State Share Medicaid	273	209	240	248	257	257	257	257	257	257	257	263	3,032
Other Purposes	162	34	15	34	38	22	142	61	18	30	21	162	739
Total Transfers to Other Funds	932	286	135	711	350	130	1,051	398	143	862	327	695	6,020
TOTAL DISBURSEMENTS	3,741	5,354	6,688	2,837	3,689	3,443	4,507	4,322	3,982	3,827	3,770	10,772	56,932
Excess/(Deficiency) of Receipts over D	3,099	(3,377)	(609)	756	(299)	3,246	(1,169)	(1,455)	338	3,739	(620)	(3,288)	361
CLOSING BALANCE	4,475	1,098	489	1,245	946	4,192	3,023	1,568	1,906	5,645	5,025	1,737	1,737

Source: NYS DOB

PART III

STATE OF NEW YORK

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED MARCH 31, 2011 INCLUDING BASIC FINANCIAL STATEMENTS AND OTHER SUPPLEMENTARY INFORMATION**

**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, 2011 (FY 2011 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 2011 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, 2011, which are included in the FY 2011 CAFR, were filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system on July 29, 2011. 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 2011 CAFR is available on the Internet at:

http://www.osc.state.ny.us/finance/finreports/cafr11.pdf