



New York State

2006-07 Financial Plan First Quarterly Update

George E. Pataki, Governor
John F. Cape, Director of the Budget

July 31, 2006

TABLE OF CONTENTS

INTRODUCTION	1
2006-07 UPDATED FINANCIAL PLAN	2
Updated Financial Plan At-a-Glance	2
Summary of Changes to the Enacted Budget Financial Plan (General Fund)	3
2006-07 Spending Under the Updated Financial Plan	9
2006-07 Receipts Under the Updated Financial Plan	13
2006-07 REVENUES UNDER THE UPDATED FINANCIAL PLAN	14
Projected 2006-07 Year-End Balances	17
FIRST QUARTER OPERATING RESULTS	19
General Fund	19
All Funds	20
ECONOMIC FORECAST	22
The National Economy	22
The New York State Economy	23
RISKS TO THE FINANCIAL PLAN	25
GENERAL FUND FINANCIAL PLAN PROJECTIONS FOR 2007-08 AND 2008-09	27
Outyear General Fund Receipt Projections	30
Outyear General Fund Disbursement Projections	32
Grants to Local Governments	33
State Operations	35
General State Charges	36
Transfers to Other Funds	36
CASH FLOW FORECAST	36
GAAP-BASIS FINANCIAL PLANS/GASB 45	37
2006-07 UPDATED HCRA FINANCIAL PLAN	39
DEBT/CAPITAL UPDATE	42
Capital and Debt Summary	42
Debt Affordability	44
Debt Outstanding	45
Debt Service	46

INTRODUCTION

This First Quarterly Financial Plan Update (the “Updated Financial Plan”) revises the State’s budgetary projections for the 2006-07 through 2008-09 fiscal years that were set forth in the Enacted Budget Financial Plan issued on May 12, 2006. The Updated Financial Plan reflects (a) the estimated impact of budgetary changes approved through the end of the regular 2006 legislative session and (b) a recast of spending and revenue estimates based on operating results through the first three months of the 2006-07 fiscal year and a review of factors affecting the long-term current services forecast. The Updated Financial Plan is intended to assist the Legislature and public in understanding the current operating forecast and the impact of the Budget on State finances over a multi-year period. The Updated Financial Plan is available on-line at www.budget.state.ny.us or by contacting the Division of the Budget, State Capitol, Albany, NY 12224, (518) 473-8705.

First Quarterly Update to the 2006-07 Financial Plan

2006-07 UPDATED FINANCIAL PLAN

UPDATED FINANCIAL PLAN AT-a-GLANCE

2006-07 Budget At-a-Glance: Impact on Key Measures					
(billions of dollars)					
	<u>2005-06 Results</u>	<u>2006-07</u>			<u>Change vs. Enacted</u>
		<u>Executive</u>	<u>Enacted</u>	<u>Current</u>	
Receipts					
Taxes	53.6	57.0	56.9	57.1	0.2
Miscellaneous Receipts	18.3	16.9	18.7	18.3	(0.4)
Federal Grants	35.1	35.8	35.6	35.9	0.3
Disbursements					
General Fund	46.5	49.7	50.8	51.0	0.2
State Funds	69.7	75.0	77.1	78.1	1.0
All Funds	104.3	110.6	112.5	113.6	1.1
Outyear Gap Forecast					
2007-08	n/ap	1.9	3.7	3.2	(0.5)
2008-09	n/ap	3.9	4.3	5.4	1.1
Key Reserves					
Spending Stabilization Reserve	2.0	2.1	1.8	0.8	(1.0)
Rainy Day Reserve	0.9	0.9	0.9	0.9	-
Debt					
Debt Service as % All Funds	4.0%	4.2%	4.2%	4.2%	0.0%
Debt Outstanding	46.9	49.1	50.7	51.0	0.3

- The General Fund for 2006-07 continues to be balanced on a budgetary (cash) basis of accounting.
- Projected year-end General Fund reserves to cover unforeseen needs total \$1.7 billion, a decline of \$1 billion from the levels anticipated at budget enactment, with resources used primarily to finance new local property tax reductions authorized at the end of the 2006 legislative session. These reserves consist of \$787 million available in a flexible stabilization reserve, and \$944 million in the “rainy day” reserve which is available only for unforeseen shortfalls after the beginning of the fiscal year.
- Base tax receipts (adjusted for law changes) are expected to return to a more typical growth rate of roughly 6 percent over 2005-06 levels, following two consecutive years in which base growth exceeded 10 percent.

First Quarterly Update to the 2006-07 Financial Plan

- All Governmental Funds¹ spending, which includes Federal aid, is estimated at \$113.6 billion, an increase of nearly \$9.3 billion (8 percent) from 2005-06. The largest drivers of annual spending growth continue to be Medicaid (up \$1.8 billion); School Aid (up \$1.4 billion excluding \$1.8 billion for the new EXCEL school construction program); School Tax Relief (STAR)/Local Property Tax Relief (\$828 million); Public Health (up \$552 million); General State Charges (up nearly \$500 million mainly for employee health insurance and pensions); State University (\$490 million); Correctional Services (up \$486 million primarily for retroactive labor settlements); Mental Hygiene (\$388 million); Debt Service (up \$384 million); and Transportation (\$346 million).
- State debt outstanding is projected to total \$58.3 billion at the end of the current Five-Year Capital Program and Financing Plan in 2010-11, with debt service equal to roughly 5.2 percent of All Funds receipts.
- The Division of the Budget's (DOB's) economic forecast is relatively unchanged from the Enacted Budget. Real U.S. Gross Domestic Product (GDP) of 3.5 percent is now forecast for 2006, with the economy expected to lose considerable momentum over the course of the year. Growth of 2.7 percent is projected for 2007, with rates of economic expansion that are slightly below the nation's long-term trend rate projected for much of the forecast horizon.
- On a Generally Accepted Accounting Principles (GAAP) basis, the State expects to end 2006-07 with an accumulated General Fund surplus of roughly \$550 million. The State's long-term net asset condition was \$49.1 billion at the end of 2005-06, before recognizing liabilities for retiree health care costs that will be reported starting with 2007-08 results under new accounting rules. A preliminary report by consultants, which is currently under review by the State, indicates that liability could be roughly \$47 billion, which would nearly eliminate the State's net positive asset condition.
- The State's risk profile remains similar to what was described in the Enacted Budget Financial Plan, with school finance litigation, economic uncertainties, adverse Federal actions, and future labor settlements posing the greatest potential fiscal risks. Litigation over certain gubernatorial vetoes has been discontinued following a negotiated agreement between the Governor and Legislature on a Medicaid cost containment package.

SUMMARY OF CHANGES TO THE ENACTED BUDGET FINANCIAL PLAN (GENERAL FUND)

The State finalized the Enacted Budget for 2006-07 on April 26, 2006.² Since that time, the Legislature enacted and the Governor approved several actions that have

¹ Hereafter "All Funds." Comprises the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds.

² See DOB's 2006-07 Enacted Budget Financial Plan available at www.budget.state.ny.us.

First Quarterly Update to the 2006-07 Financial Plan

substantive fiscal implications for 2006-07 and future years. These include expanding local property tax relief initiatives, capping the State's sales tax on gasoline, authorizing new State debt for economic development projects, and altering the scope of Medicaid cost containment. In addition, DOB has revised its revenue and spending estimates. The table below summarizes the impact of these changes on the three-year operating forecast for the General Fund.

Changes to General Fund Operating Forecast for 2006-07 Through 2008-09			
Savings/(Costs)			
(millions of dollars)			
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Enacted Budget Surplus/(Gap) Estimate	<u>0</u>	<u>(3,677)</u>	<u>(4,298)</u>
Legislative Session Changes:			
Tax Changes	(789)	(450)	(1,125)
<i>Property Tax Rebate/Credit</i>	(673)	(293)	(968)
<i>Gasoline Tax Cap</i>	(108)	(127)	(127)
<i>All Other Tax Changes</i>	(8)	(30)	(30)
Medicaid	(501)	1,114	955
<i>Nursing Home Assessment Continuation</i>	0	258	258
<i>Cost Containment</i>	(501)	229	211
<i>HCRA "Guarantee" Removal</i>	0	627	486
All Other Changes	(17)	(156)	(194)
<i>Debt Service (Advanced Micro Devices/Other)</i>	0	(125)	(155)
<i>Environmental Protection Fund Increase</i>	0	(25)	(25)
<i>All Other Session Changes</i>	(17)	(6)	(14)
Total Legislative Session Changes	(1,307)	508	(364)
Revenue and Spending Revisions	311	108	148
Stabilization Reserve Use/(Loss) (leaves \$787 million in 2006-07)	996	(105)	(891)
CURRENT BUDGET SURPLUS/(GAP) ESTIMATE	<u>0</u>	<u>(3,166)</u>	<u>(5,405)</u>

The Updated Financial Plan projects that General Fund disbursements will exceed receipts by nearly \$1.0 billion in 2006-07, with the difference financed with a portion of the stabilization reserve that had been set aside from the 2005-06 surplus. The budget gap projected for 2007-08 is roughly \$500 million below the level projected in the Enacted Budget Financial Plan, mainly due to savings from Medicaid cost containment, the elimination of a planned subsidy payment to the Health Care Reform Act (HCRA), and the use of the entire stabilization reserve in 2007-08. The gap for 2008-09 has increased by over \$1.1 billion, as the full cost of local property tax relief is realized in that year and the use of reserves is accelerated. Below is a description of the

First Quarterly Update to the 2006-07 Financial Plan

substantive fiscal policy actions that were approved since the publication of the Enacted Budget Financial Plan.

Tax Changes

- **Local Property Tax Rebate/Credit:** Property taxpayers and residents of New York City will receive a State rebate in 2006-07 on their local taxes. Rebates per taxpayer are expected to average about \$200 statewide. Based on statutory provisions, the projections assume that in future years taxpayers will receive a credit on their State income taxes instead of a rebate check.
- **Gasoline Tax Cap:** In response to rising gasoline prices, the State enacted a “cap” on the State sales tax for gasoline. The law caps the State sales tax at 8 cents per gallon. Based on current prices and energy price projections, DOB estimates that the cap, which took effect on June 1, 2006, will result in a revenue loss of roughly \$110 million in the current fiscal year and \$125 million annually thereafter.
- **Other Tax Changes:** A number of other tax initiatives were approved, with relatively minor current year fiscal impacts, including changes to the Empire Zone tax preference program.

Medicaid

- **Nursing Home Assessment Continuation:** Legislation was approved to continue the partially reimbursable assessment on nursing home revenues at 6 percent for the period April 1, 2007 through March 31, 2009. This money will be used to support Medicaid spending that would otherwise be financed from the General Fund.
- **Medicaid Cost Containment:** The Enacted Budget Financial Plan projected over \$600 million in General Fund Medicaid savings in 2006-07 from items that the Governor vetoed on constitutional grounds. At the time, savings from these measures were not included in the outyear forecast because there was no statutory authority to continue the measures without concurrence of the Legislature. The Governor and Legislature subsequently reached agreement on a cost containment package, which includes several actions that will take effect starting in the 2007-08 fiscal year. The impact is that, in some instances, savings that had been counted on in 2006-07 in the Enacted Budget Financial Plan have been lost, but costs that had been anticipated in the outyears have been reduced or eliminated. Significant actions include:
 - Hospitals: The automatic increase in 2006-07 reimbursement rates that was vetoed by the Governor has been restored, but at a lower level (\$73 million cost in 2006-07; \$9 million savings in 2007-08 and 2008-09); funding levels for graduate medical education grants (\$36 million), volume adjustment rates

First Quarterly Update to the 2006-07 Financial Plan

- (\$23 million), and inpatient detoxification (\$23 million) have been returned to “pre-veto” levels; and rate increases were approved for emergency services (\$7 million growing to \$26 million in 2007-08 and \$36 million in 2008-09) and displaced workers (\$5 million in 2007-08 growing to \$10 million in 2008-09).
- Pharmacies: Changes in pharmacy costs include elimination of certain modifications to the Preferred Drug Program that were counted on in the Enacted Budget Financial Plan, including physician override provisions (\$56 million) and an upward adjustment to pharmacy reimbursement rates in Medicaid and the Elderly Pharmaceutical Insurance Coverage program, based on a percentage reduction to the average wholesale price (\$36 million cost in 2006-07; \$19 million savings in 2007-08).
 - Medicare Part D: Comprehensive Medicaid coverage for all drugs not covered by Part D will be extended another six months through December 31, 2006 at a cost of \$121 million in 2006-07. Savings in the outyears will be realized as the wrap-around coverage will be limited to certain medications for HIV/AIDS, mental illness, and organ transplants beginning in January 2007 (\$258 million in 2007-08 and \$289 million in 2008-09).
 - Nursing Homes: The automatic increase in 2006-07 reimbursement rates that was vetoed by the Governor has been restored, but at a lower level (\$65 million cost in 2006-07; \$8 million savings in 2007-08); certain rate “add-ons” were added or restored to “pre-veto” levels (\$40 million growing to \$65 million in 2007-08 and \$90 million in 2008-09); a cost-basis adjustment to adult-care providers' reimbursement rates that would have saved money has been delayed one year (\$13 million cost in 2006-07; \$13 million recurring savings beginning in 2007-08), and various other grants were added. The costs of these changes are expected to be partially offset by additional savings attributable to ongoing efforts to recoup delinquent nursing home assessments (\$33 million).
 - All Other: New costs include elimination of a requirement that spouses contribute assets to pay for the cost of long-term care services (\$34 million), increased emergency transportation funding (\$7 million), and additional clinic rate “add-ons” (\$5 million). Savings are expected from the implementation of Federal mandates to close certain long-term care eligibility loopholes (\$7 million growing to \$26 million in 2007-08 and \$34 million in 2008-09).
 - **HCRA “Guarantee”:** HCRA is scheduled to expire on June 30, 2007. Following enactment of the 2006-07 budget, the Legislature eliminated mandatory subsidies that the General Fund would have to pay in 2007-08 and 2008-09 to finance HCRA programs. The removal of the planned subsidies results in a projected HCRA current services deficit of roughly \$900 million in 2007-08 growing to \$2.2 billion in 2008-09. However, under the current HCRA appropriation structure, automatic spending reductions will occur if HCRA has

First Quarterly Update to the 2006-07 Financial Plan

insufficient resources to pay for them. It should be noted that the reauthorization of HCRA in earlier years generated new resources or saving actions to restore HCRA solvency without the need for automatic spending reductions.

In addition, legislation was enacted to enhance Medicaid anti-fraud efforts, including the creation of an Office of the Medicaid Inspector General to consolidate enforcement activities; authorization for the Department of Health to upgrade its fraud-detection information technology; the creation of a provider compliance program; and the establishment of criminal penalties for fraudulent health care practices. These efforts will help support audit plan savings and fraud recoveries already budgeted in the 2006-07 Financial Plan. This legislation, however, did not include a fixed term for the Inspector General which could have provided continuity and reduced the likelihood of future disruptions in anti-fraud efforts.

All Other Session Changes

- **Debt Service for Advanced Micro Devices (AMD)/Other Purposes:** As part of a wide-ranging package of incentives to encourage AMD to build a computer-chip manufacturing plant in New York, the State agreed to bond-finance certain capital construction and related improvements totaling \$650 million. The debt service on the bonds is expected to begin in 2007-08. In addition, the Legislature approved additional capital spending that will be financed with State debt, including economic development grants for cities (\$300 million), a new arena for the New York Nets (\$34 million), redevelopment of the Atlantic Yards in Brooklyn (\$33 million), a new veterinary lab at Cornell University (\$50 million), and Lower Manhattan redevelopment projects (\$25 million).
- **Environmental Protection Fund Increase:** Beginning in 2007-08, the General Fund will make an additional \$25 million annual deposit to the Environmental Protection Fund to support additional capital projects on a pay-as-you-go basis.
- **All Other:** Includes accelerated aid for Buffalo and Erie County; continuation of funding for Camp Pharsalia; and funding for pilot programs to provide employment services to non-custodial parents.

Revenue and Spending Revisions

In addition to legislative session changes, DOB has adjusted its operating projections based on results through the first quarter of the fiscal year and an updated review of program trends³. The following table summarizes the revisions.

³ Operating results through the first quarter are discussed in the section entitled "First Quarter Operating Results."

First Quarterly Update to the 2006-07 Financial Plan

Summary of General Fund Financial Plan Reestimates - General Fund Savings/(Costs) (millions of dollars)			
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Receipts	242	(81)	18
Medicaid	156	195	195
Flood Relief (State Share)	(35)	(13)	0
Prisoner Health Care	(18)	(19)	(20)
Public Health	2	30	11
Judiciary Arbitration Award	(14)	(14)	(14)
Substance Abuse Services	(1)	(22)	(27)
Children and Family Services	24	(2)	(26)
All Other	(45)	34	11
TOTAL	311	108	148

Substantive re-estimates since the Enacted Budget Financial Plan include:

- **Receipts:** The revised estimates are based on year-to-date results and DOB's latest economic forecast. The outyear estimates also reflect lower abandoned property receipts consistent with information provided by the State Comptroller's Office.
- **Medicaid:** Spending estimates have been revised based on overall program trends and implementation delays in the Preferred Drug Program.
- **Flood Relief:** The State is providing financial assistance to individuals, businesses, and local governments recently affected by widespread flooding in upstate New York.
- **Prisoner Health Care:** Costs for treating inmates in settings outside of correctional facilities are exceeding projected levels.
- **Public Health:** Savings are mainly related to personal service reestimates and improvements in agency operations.
- **Judiciary Arbitration Award:** An award was granted concerning location pay for court officers.
- **Substance Abuse Services:** Costs for bed development, cost-of-living adjustments, reductions in Federal aid, and information technology enhancements account for most of the change.
- **Children and Family Services:** Lower projected costs related to the placement of children with handicapping conditions are offset in future years by cost-of-living adjustments and changes in Federal aid.

First Quarterly Update to the 2006-07 Financial Plan

- **All Other:** Primarily reflects revisions to anticipated Shared Municipal Services grants, an increase in the Lottery aid guarantee related to video lottery terminals (VLTs), greater than anticipated surcharge receipts for the statewide wireless network and lower than planned debt service costs.

Stabilization Reserve

- The Enacted Budget Financial Plan projected a balance of \$1.78 billion in the spending stabilization reserve at the end of the 2006-07 fiscal year, with the amount planned to lower the 2007-08 and 2008-09 budget gaps in equal amounts. The additions to the 2006-07 Financial Plan since that time have reduced the projected year-end balance by \$996 million to a total of \$787 million. The entire amount is now shown as lowering the 2007-08 gap.

2006-07 SPENDING UNDER THE UPDATED FINANCIAL PLAN

In 2006-07, General Fund spending, including transfers to other funds, is projected to total \$51 billion. State Funds spending, which includes spending from both the General Fund and other funds supported by dedicated taxes, assessments, tuition revenues, HCRA resources and other non-Federal revenues, is projected to total \$78.1 billion in 2006-07. All Funds spending, the broadest measure of the State Budget that includes Federal aid, is projected to total \$113.6 billion in 2006-07.

Annual Growth in Spending, 2005-06 Results to 2006-07 Current Forecast (millions of dollars)				
	2005-06	2006-07	Annual Change	
	Results	Current	Dollar	Percent
General Fund	46,495	50,984	4,489	9.7%
State Funds	69,723	78,081	8,358	12.0%
All Funds	104,341	113,607	9,266	8.9%

The updated Financial Plan projects General Fund spending in 2006-07 that is roughly \$140 million higher than forecast at the time of budget enactment. State Funds is up by over \$900 million, mainly due to significant increases in local property tax relief. All Funds spending is now estimated at \$113.6 billion in 2006-07, an increase of \$1.1 billion over the enacted estimate. The main revisions to 2006-07 spending estimates since enactment are summarized in the following table.

First Quarterly Update to the 2006-07 Financial Plan

Revisions to 2006-07 Spending Forecast			
Enacted Budget to First Quarterly Estimate -- Increases/(Decreases)			
(millions of dollars)			
	General Fund	State Funds	All Funds
2006-07 Enacted Estimate	50,843	77,100	112,463
Session Changes	521	1,425	1,876
Local Property Tax Relief	0	673	673
Medicaid	501	546	967
Other Capital Additions	0	168	168
Erie County/Buffalo Aid	16	16	16
All Other	4	22	52
Reestimates	(380)	(444)	(732)
Medicaid	(156)	(120)	(380)
Medicare Part D (No Financial Plan Impact)	120	120	120
Federal Help America Vote Act	0	0	(100)
Shared Municipal Services Grants	(10)	(10)	(10)
CUNY Aid Consistent with 2005-06	(428)	(428)	(428)
Tribal-State Compact	0	48	48
Flood Relief	35	35	69
Children and Family Services	(24)	(27)	(36)
Prisoner Health Care	18	18	18
Judiciary Arbitration Award	(14)	(14)	(14)
All Other	79	(66)	(19)
2006-07 Spending Estimate	50,984	78,081	113,607
\$ Change	141	981	1,144
% Change	0.3%	1.3%	1.0%

Medicaid revisions, and a reestimate of local aid payments consistent with 2005-06 actual results, are responsible for most of the General Fund spending change since enactment. In addition, the State's emergency Medicare Part D spending, which occurred in the General Fund to cover disruptions caused by Federal implementation problems, has been reimbursed by the Federal government. However, the reimbursement has been reflected in General Fund miscellaneous receipts, thus, spending is higher but there is no Financial Plan impact. Other revisions reflect acceleration of certain aid to Erie County and the City of Buffalo; increased costs from an arbitration award for court officers over location pay differentials; spending for upstate flood relief; higher costs to treat State inmates in outside health facilities; lower costs in Children and Family Services; and slower than expected disbursements for the Shared Municipal Services program. Also, the payment of the City University of New York (CUNY) aid is now assumed to be consistent with its treatment in 2005-06, and 2006-07 miscellaneous receipts are reduced by a like amount.

First Quarterly Update to the 2006-07 Financial Plan

The State Funds changes are consistent with the General Fund revisions described above, and include a downward reestimate for CUNY capital spending based on historical experience and an expected increase in spending for local enforcement activities funded from Tribal-State compact revenues.

Consistent with current accounting treatment, capital spending for AMD is reflected only in the State's GAAP accounting results, not in budgetary basis reports of actual results. However, to aid transparency, the Updated Financial Plan reflects this and other capital spending for programs financed in the first instance by bond proceeds in the specific programmatic area of responsibility. To conform with reported results, the overall Financial Plan spending total subtracts this spending.

In All Funds, a cut in Federal aid to New York State to protect against terror threats, along with slower spending under the Help America Vote Act and other federally-supported programs, account for the changes.

Size of the Budget			
2006-07 Budget Spending Estimates - Annual Increases/(Decreases)			
(millions of dollars)			
	General Fund	State Funds	All Funds
2005-06 Spending Results	46,495	69,723	104,341
Medicaid	968	1,523	1,803
Other Public Health (including HCRA)	84	616	552
School Aid (Excludes EXCEL)	1,035	1,418	1,434
Other Education Aid	302	275	326
Local Property Tax Relief/STAR	0	828	828
Higher Education	289	608	641
Social Services	119	129	191
Mental Hygiene	349	421	388
Transportation	(89)	213	382
Municipal Aid	164	164	164
Judiciary	204	239	242
General State Charges	426	467	494
Debt Service	50	384	384
All Other	588	1,073	1,437
2006-07 Spending Estimate	50,984	78,081	113,607
Annual \$ Change	4,489	8,358	9,266
Annual % Change	9.7%	12.0%	8.9%

Medicaid: Higher costs are driven by the State cap on local Medicaid expenditures (\$525 million), the State takeover of Family Health Plus (\$239 million), and steady increases in utilization including the total number of recipients, medical inflation including drug price increases (roughly \$720 million), as well as delayed Federal aid and other program changes (roughly \$375 million). The updated Financial Plan

First Quarterly Update to the 2006-07 Financial Plan

includes roughly \$1.0 billion in enacted Medicaid savings and cost avoidance, including limiting the “wrap-around” prescription drug benefit for people eligible for both Medicare Part D and Medicaid and adjustments to hospital, nursing home and pharmacy payment rates; stepped-up anti-fraud activities; efforts to recoup delinquent nursing home assessments; and a range of other cost-saving measures.

Other Public Health (HCRA): Increases are primarily the result of higher spending for Graduate Medical Education, Healthy New York, AIDS Drug Assistance Program and cancer services, as well as Enacted Budget targeted investments for anti-tobacco programs, Physicians Excess Medical Malpractice, and stockpiling medications and supplies for Avian Flu. Other increases are due to accelerated HEAL NY capital spending and growth in the Elderly Pharmaceutical Insurance Coverage as a result of the rising cost of prescription drugs and increasing enrollment.

School Aid: An increase of nearly \$1.3 billion in school aid on a school year basis was enacted. Annual increases are provided for most categories of aid, including Sound Basic Education (SBE) Aid (\$375 million), Supplemental Extraordinary Needs Aid (\$136 million), Excess Cost Aid (\$125 million), Transportation Aid (\$99 million), Building Aid (\$92 million), Flex Aid (\$85 million), Tax Limitation Aid (\$77 million), BOCES (\$58 million), and additional Pre-K (\$50 million), as well as other categorical and formula-based programs. Roughly 70 percent of the school year increase is paid in the State’s fiscal year.

School Construction (EXCEL): During fiscal year 2006-07, the State expects to finance \$1.8 billion of the \$2.6 billion EXCEL program. The program provides \$1.8 billion for school construction financing to New York City, \$400 million to other “high needs” school districts, and \$400 million to all other school districts based on a per-pupil formula. As noted above, based on current accounting treatment, spending for EXCEL is not reflected in actual cash-basis results since spending will occur directly from bond proceeds.

Other Education Programs: Spending is driven by enrollment and cost increases in special education programs; additional funding for legislatively-directed education-related programs; aid enhancements for libraries; public broadcasting; vocational rehabilitation services; math and science high schools; and increases for agency operations.

Local Property Tax Relief/STAR: Reflects the new local property tax rebate/credit program (\$673 million) and growth in the existing STAR program associated with changes in property valuations, school tax rates, increased number of STAR exemptions, and an enhancement in the benefit for senior citizens.

Higher Education: The Budget authorizes an expansion of the State University of New York (SUNY) and the City University of New York (CUNY) capital programs, and operating increases for senior and community colleges. Eligibility limits on TAP partially offset the growth in aid to public universities.

First Quarterly Update to the 2006-07 Financial Plan

Social Services: Public Assistance caseloads continue to decline, but cost-of-living adjustments for foster care workers and the loss of one-time offsets drive spending growth.

Mental Hygiene: Additional funding is provided for community-based initiatives, as well as capital improvements and operating inflationary costs at State facilities and programs. Savings are generated by maximizing Federal aid, audit recoveries, overtime controls, and efficiency savings for certain local programs.

Transportation: Reflects the acceleration of \$245 million in State Funds transit aid from 2005-06 to 2006-07, and additional capital spending pursuant to the second year of the Department of Transportation (DOT) five-year Capital Plan.

Municipal Aid: Reflects second year increases in funding for local governments under the Aid and Incentives for Municipalities program, as well as additional unrestricted aid.

Judiciary: Growth is primarily due to increased operational costs including proposed salary increases, consistent with the Judiciary's budget request.

General State Charges: Premiums for the State employee health plan are projected to increase by 8.5 percent in 2006-07. Spending growth is also attributable to increases in the State's pension contribution rate applied to higher salary costs.

Debt Service: Increases in bond-financed capital spending drive most of the growth in debt service.

Based on current accounting treatment, roughly \$3.6 billion of capital spending for projects spent directly from bond proceeds is not reflected in the State's budgetary basis results. A table at the end of this Updated Financial Plan details the \$3.6 billion in 2006-07 "off-budget" capital spending, which is roughly \$2.6 billion more than 2005-06 (mostly for EXCEL and AMD).

2006-07 RECEIPTS UNDER THE UPDATED FINANCIAL PLAN

	Total Receipts (millions of dollars)			
	2005-06 Results	2006-07 First Quarterly Update	Annual Change	Percent Change
General Fund	47,206	50,005	2,799	5.9%
State Funds	71,728	75,396	3,668	5.1%
All Funds	107,027	111,214	4,187	3.9%

First Quarterly Update to the 2006-07 Financial Plan

Summary of Tax Reduction			
	2006-07	2007-08	2008-09
Enacted Budget Tax Reductions	(866)	(863)	(892)
End of Session Tax Reductions	(789)	(450)	(1,123)
Sales Tax on Gasoline & Diesel	(108)	(127)	(127)
Property Tax Rebate/Credit	(675)	0	(675)
NYC STAR	2	(213)	(213)
STAR Additional Participation	0	(80)	(80)
All Other	(8)	(30)	(28)
Total Tax Reductions	(1,655)	(1,313)	(2,015)

Annual Receipts			
2006-07 Budget Receipts Estimates - Annual Increases/(Decreases)			
(millions of dollars)			
	General Fund	State Funds	All Funds
2005-06 Receipts Results	47,206	71,728	107,027
Personal Income Tax	1,911	3,377	3,377
User Taxes and Fees	(392)	(299)	(299)
Business Taxes	395	389	389
Other Taxes	43	(46)	(46)
Miscellaneous Receipts	406	79	51
Federal Grants	180	168	715
Transfers	256	n/ap	n/ap
2006-07 Receipts Estimate	50,005	75,396	111,214
Annual \$ Change	2,799	3,668	4,187
Annual % Change	5.9%	5.1%	3.9%

2006-07 REVENUES UNDER THE UPDATED FINANCIAL PLAN

General Fund receipts, including transfers from other funds, are now projected to total \$50.0 billion in 2006-07, a downward revision of \$855 million from the Enacted Budget estimate. The revised estimate is primarily the result of two factors: one, legislative changes enacted at the end of the 2006-07 session valued at \$789 million; and two, a reduction in the miscellaneous receipts estimate of \$428 million resulting from a change in the form of an intergovernmental transaction. Upward revisions to the estimates for the corporate franchise tax and the real estate transfer tax, based on collections to date, partially offset these changes. All Funds tax receipts are projected to total \$57.1 billion in the current year, an upward revision of nearly \$160 million from Enacted Budget estimates.

First Quarterly Update to the 2006-07 Financial Plan

Personal Income Tax (PIT)/Revenue Bond Tax Fund

Compared to the Enacted Budget estimate, All Funds PIT receipts for 2006-07 are revised down by \$28 million. The small change in the estimate results from including a portion of the cost of the Empire State Film Production credit under the income tax. A \$50 million increase in estimated delinquency collections is offset by a \$50 million increase in refund payments related to the 2005 tax year. There are no other changes to the PIT component estimates for 2006-07.

All Funds 2006-07 PIT receipts are projected to increase by \$3.4 billion or 11.0 percent over the prior year, principally reflecting growth in withholding of \$1.6 billion (6.7 percent), estimated taxes of \$1.0 billion (10.9 percent) and lower refunds of \$435 million (7.6 percent). The decline in 2006-07 refunds is primarily attributable to the \$552 million increase in 2005 tax year refunds paid in last quarter of 2005-06.

General Fund PIT receipts are revised down by \$526 million in 2006-07 from Enacted Budget estimates. This primarily reflects the impact of the real property STAR tax rebates that will increase the amount of PIT receipts transferred to the STAR Fund by \$675 million, offset by a reduction in the amount of receipts transferred to the Revenue Bond Tax Fund (RBTF) of \$175 million.

Compared to the Enacted Budget estimate, General Fund PIT receipts for 2007-08 are revised down by \$367 million (1.5 percent). The reduction is attributable to a slight decrease in forecasted wages that is anticipated to reduce receipts from withholding by \$200 million from Enacted Budget estimates. The decrease also reflects transfers to the STAR Fund of \$212 million reflecting the increase in the STAR credit for New York City enacted with the STAR rebate program. The STAR transfer is also increased by \$80 million to reflect an increase in anticipated participation in the basic STAR program. The total \$292 million increase in the transfer to STAR is offset by an expected reduction in the transfer to the RBTF (\$122 million). PIT receipts for 2007-08 anticipate that the school tax PIT credit authorized in the legislation enacted in June, will replace the 2006 STAR rebate program. In addition, estimates reflect the impact of new credits provided for the replacement of home heating systems and the use of bio-fuel for heating purposes.

Compared to the Enacted Budget estimate, General Fund PIT receipts for 2008-09 are projected to decrease by \$807 million (3.1 percent). The projections anticipate that the school tax PIT credit for tax year 2007 will increase refunds by approximately \$675 million.

Business Taxes

Compared to the Enacted Budget estimate, All Funds business tax receipts for 2006-07 are revised upward by \$168 million or 2.3 percent. The change is attributable to stronger-than-anticipated growth in corporate profits that is estimated to increase corporate franchise tax receipts by about \$278 million from Enacted Budget estimates,

First Quarterly Update to the 2006-07 Financial Plan

offset by downward revisions to estimated receipts from the bank tax (\$85 million) and the petroleum business tax (\$25 million). Estimated All Funds receipts for insurance taxes and corporate and utilities taxes remain unchanged from the Enacted Budget.

All Funds 2006-07 business tax receipts are projected to increase by \$389 million or 5.5 percent over the prior year. The overall increase in the business tax category is due primarily to growth in the corporate franchise tax (13.2 percent), insurance tax (9.5 percent) and petroleum business tax (1.9 percent), offset by declines in corporate and utility taxes (4.9 percent) and the bank tax (10.1 percent).

Compared to the Enacted Budget estimate, General Fund business tax receipts are revised up by \$176 million in 2006-07, reflecting stronger-than-expected growth in corporate franchise tax receipts (\$251 million), offset by a reduction in estimated bank tax receipts (\$75 million). Estimated General Fund receipts from the insurance taxes and corporate and utilities taxes remain unchanged from the Enacted Budget.

Compared to the Enacted Budget, the General Fund corporate franchise tax estimate is increased by \$565 million over the 2007-08 and 2008-09 period, while the General Fund bank tax forecast is reduced by \$150 million over the two years. Projected General Fund receipts from the insurance taxes and corporate and utilities taxes for 2007-08 and 2008-09 remain unchanged from the Enacted Budget.

User Taxes and Fees

Compared to the Enacted Budget estimate, All Funds user taxes and fees for 2006-07 are reduced by \$58 million or 0.4 percent. The decrease primarily reflects the tax law change of capping sales and compensating use taxes on motor fuel and diesel motor fuel at 8 cents per gallon offset by a reclassification of motor vehicle fees.

All Funds 2006-07 user taxes and fees are projected to decrease by \$298 million or 2.1 percent from 2005-06. The decline in 2006-07 is attributable to a decrease in sales and use tax collections from the enactment of the permanent exemption on clothing and footwear priced under \$110 and the tax law change of capping sales and compensating use taxes on motor fuel and diesel motor fuel at 8 cents per gallon.

Compared to the Enacted Budget estimate, General Fund user taxes and fees for 2006-07 are projected to decrease by \$76 million or 0.1 percent. This decrease reflects the tax law change of capping sales and compensating use taxes on motor fuel and diesel motor fuel at 8 cents per gallon.

Compared to the Enacted Budget estimate, General Fund user taxes and fees for 2007-08 and 2008-09 are projected to decrease by \$92 million or 0.1 percent. The decrease is primarily due to the tax law change of capping the State sales and compensating use taxes on motor fuel and diesel motor fuel at 8 cents per gallon.

First Quarterly Update to the 2006-07 Financial Plan

Other Taxes

Compared to the Enacted Budget estimate, All Funds receipts estimates for other taxes are increased \$78 million or 4.6 percent for 2006-07 due primarily to growth in estate tax and real estate transfer tax collections. The estate tax estimate has been revised up by \$26 million from the Enacted Budget estimate. This increase is due to the high volume of large estate tax payments received during the first quarter of the year and the continued strong growth in small estate tax collections. The real estate transfer tax estimate has increased by \$50 million as this source continues to show positive performance through the first quarter of the fiscal year. The balance of the revised estimate is the result of collections from audits of the gift tax and real property gains tax.

All Funds 2006-07 other tax receipts are projected to be \$46 million or 2.5 percent less than the prior year. The year over year decline is attributable to the expected weakness in real estate transfer tax collections compared to last year.

Projected All Funds receipts are revised upward by \$77 million for 2007-08 and \$74 million for 2008-09 from the Enacted Budget estimates to reflect base changes to the 2006-07 estimate.

Compared to the Enacted Budget estimate, the 2006-07 General Fund other taxes estimate is increased by \$28 million or 3.1 percent. The increase is primarily due to greater-than-expected estate tax collections to date. Projected General Fund receipts from the estate tax are increased \$27 million for 2007-08 and \$24 million for 2008-09. Estimates for the remaining taxes are unchanged.

Miscellaneous Receipts

General Fund miscellaneous receipts estimates have been decreased by \$522 million in 2006-07 compared to the Enacted Budget estimate. The revision is mainly attributable to savings actions that are now expected to occur as lower spending rather than as higher receipts, and the reclassification of certain Federal grants.

PROJECTED 2006-07 YEAR-END BALANCES

DOB projects the State will end the 2006-07 fiscal year with a General Fund balance of \$2.3 billion. This balance is not a surplus from 2006-07 operations, but reflects \$1.0 billion in long-term undesignated reserves and \$1.3 billion previously set aside to finance existing or planned commitments.

First Quarterly Update to the 2006-07 Financial Plan

General Fund Estimated Closing Balance 2006-07					
(millions of dollars)					
			2006-07		
	<u>Executive</u>	<u>Change</u>	<u>Enacted</u>	<u>Change</u>	<u>Current</u>
Closing Fund Balance	3,833	(559)	3,274	(996)	2,278
General Reserves					
Statutory Rainy Day Reserve Fund	945	(1)	944	0	944
Contingency Reserve Fund	21	0	21	0	21
Designated Reserves					
Spending Stabilization Reserve	2,106	(323)	1,783	(996)	787
Collective Bargaining Reserve	275	(275)	0	0	0
Debt Reduction Reserve	250	0	250	0	250
Community Projects Fund	236	40	276	0	276

The long-term reserves consist of \$944 million in the State's Rainy Day Reserve, which has a balance that is at the statutory maximum of 2 percent of spending, and \$21 million in the Contingency Reserve for litigation risks. The reserves previously set aside for planned commitments include \$276 million in the Community Projects Fund to finance existing legislative and gubernatorial initiatives, \$787 million in a spending stabilization reserve (the amount of the 2005-06 surplus remaining after balancing the 2006-07 budget) that is planned to lower the projected 2007-08 budget gap, and \$250 million for debt reduction.

It is expected that the money for debt reduction will be used by the end of the fiscal year to reduce high cost debt and future debt service costs. If that happens, the General Fund closing balance in 2006-07 would be \$2.0 billion.

First Quarterly Update to the 2006-07 Financial Plan

FIRST QUARTER OPERATING RESULTS

GENERAL FUND

The General Fund ended the first quarter of the 2006-07 fiscal year with a cash balance of \$4.5 billion, \$25 million lower than the Enacted Budget projection. Spending was \$139 million below planned levels, while receipts were \$164 million lower-than-expected. The spending variance reflects in large part the timing of payments related to retroactive labor settlements, which were forecasted to occur in June, but are now expected in August.

2006-07 Fiscal Year				
Year-to-Date (First Quarter) Results through June 2006				
General Fund Results vs. Enacted Budget Forecast				
(millions of dollars)				
	Enacted Forecast	Actual Results	Favorable/ (Unfavorable) vs. Plan	Increase/ (Decrease) from Prior Year
Opening Balance (April 1, 2006)	<u>3,257</u>	<u>3,257</u>	<u>n/a</u>	<u>711</u>
Receipts	<u>15,117</u>	<u>14,953</u>	<u>(164)</u>	<u>2,131</u>
Personal Income Tax	7,305	7,252	(53)	1,138
User Taxes and Fees	2,101	2,040	(61)	(182)
Business Taxes	1,485	1,410	(75)	125
All Other Taxes, Receipts & Grants	879	975	96	731
Transfers From Other Funds	3,347	3,276	(71)	320
Disbursements	<u>13,863</u>	<u>13,724</u>	<u>139</u>	<u>1,944</u>
Local Assistance	8,472	8,459	13	665
State Operations				
Personal Service	2,252	1,892	360	123
Non-Personal Service	595	650	(55)	73
General State Charges	1,749	1,932	(183)	1,071
Transfers To Other Funds	795	791	4	12
Change in Operations	<u>1,254</u>	<u>1,229</u>	<u>(25)</u>	<u>186</u>
Closing Balance (June 30, 2006)	<u>4,511</u>	<u>4,486</u>	<u>(25)</u>	<u>479</u>

General Fund Year-to-Date Results vs. Enacted Budget Projections

Through June 2006, General Fund receipts, including transfers from other funds, totaled nearly \$15.0 billion, which was \$164 million lower than the Enacted forecast. Collections for several taxes fell below expectations, including PIT (\$53 million, primarily due to refunds), user taxes (\$61 million) and business taxes (\$75 million). Results for the estate tax (\$46 million), real estate transfer tax (\$56 million), and miscellaneous receipts and Federal grants (\$50 million) exceeded planned levels.

First Quarterly Update to the 2006-07 Financial Plan

General Fund disbursements, including transfers to other funds, totaled \$13.7 billion, \$139 million below the Enacted Budget estimate. In State Operations, spending came in \$306 million below expectations, primarily due to retroactive contract payments to public safety unions not occurring as quickly as planned. In General State Charges, accelerated payments in May and June 2006 of pension obligations originally planned for July (\$172 million) accounted for most of the \$183 million in over-spending. Local assistance spending for the quarter was \$13 million below projections. Higher local claiming in the first quarter for the preschool special education program, payments for adult shelter services, and an acceleration of a planned payment to Yonkers were offset by lower-than-expected disbursements for Medicaid, Children and Families, Medicaid administration, and a range of other programs. Transfers to other funds were slightly above planned levels.

General Fund Annual Disbursements Change (First Quarter)

Through June 2006, total taxes, before the deposits to the debt service funds and the School Tax Relief Fund, increased by \$1.1 billion, or 12 percent, compared to the same period in 2005-06. This increase is largely attributable to continued economic improvement in 2005, strong payments on personal income tax liability and the continued strength in the real estate market.

General Fund spending through June 2006 was \$1.9 billion, or 14 percent, higher than actual results through the same period for fiscal year 2005-06. The increase in year-to-year spending is concentrated in Medicaid (up \$345 million) due to an extra weekly cycle in May 2006, Medicare Part D implementation, and the State takeover initiatives, and in School Aid (\$312 million). Other sources of growth include higher personal service costs (\$123 million) due to contractual salary increases and regular movement through grade levels, and higher pension costs due primarily to earlier payment of obligations to lower interest costs (\$1.1 billion).

ALL FUNDS

2006-07 Fiscal Year				
Year-to-Date (First Quarter) Results through June 2006				
All Governmental Funds Results vs. Enacted Budget Forecast				
(millions of dollars)				
	Enacted Forecast	Actual Results	Favorable/ (Unfavorable) vs. Plan	Increase/ (Decrease) from Prior Year
Total Disbursements	25,746	25,491	255	2,435
General Fund*	13,068	12,933	135	1,930
Special Revenue Funds	10,587	10,602	(15)	585
Capital Projects Funds	1,273	1,175	98	(10)
Debt Service Funds	818	781	37	(70)

* Excludes Transfers

First Quarterly Update to the 2006-07 Financial Plan

All Funds Year-to-Date Results vs. Enacted Budget Projections

Through June 2006, All Funds disbursements totaled nearly \$25.5 billion, \$255 million under Enacted Budget projections. In addition to the General Fund variance, described earlier, Capital Projects and Debt Service funds spending were also below Enacted forecasts by \$98 million and \$37 million, respectively. Lower Capital spending was primarily due to the timing of transportation projects financed from the Dedicated Highway and Bridge Trust Fund (\$58 million) and various Housing programs financed from the Housing Program Fund (\$20 million). Debt Service reflected payments disbursed in early July rather than June, as projected.

All Funds Annual Change (First Quarter)

Compared to the same period in 2005-06, All Funds spending was up \$2.4 billion. Special Revenue Funds disbursements were \$585 million higher, due primarily to an increase in Federal Medicaid spending. The Capital Projects Funds decrease from the prior year is due to the timing of accounting reclassifications within the Dedicated Highway and Bridge Trust Fund. Lower Debt Service Funds spending versus the prior year largely reflects the continued implementation of the PIT Revenue Bond program, which is gradually replacing more expensive financing programs.

ECONOMIC FORECAST

THE NATIONAL ECONOMY

The U.S. economy entered the year with significantly more strength than originally estimated by the U.S. Bureau of Economic Analysis (BEA), exhibiting first quarter growth of 5.6 percent. However, as anticipated in the Enacted Budget forecast, all indicators point to a significant slowdown from the economy's first quarter growth. Persistently high energy prices, rising interest rates, and a cooling housing market, all appear to be generating a drag on economic growth. These developments leave DOB's economic outlook relatively unchanged from the Enacted Budget forecast. Based on revised first quarter data, DOB now projects growth in real U.S. GDP of 3.5 percent for 2006, with the economy expected to lose considerable momentum over the course of the year. Growth of 2.7 percent is projected for 2007, a rate of economic expansion slightly below the nation's long-term trend rate projected for much of the forecast horizon.

Strong corporate earnings, boosted by high energy sector profits, raised corporate profits from current production well beyond expectations for the first quarter. Consequently, DOB now projects corporate profits to rise by almost 25 percent for 2006. However, profit growth is expected to decelerate significantly from its first quarter peak and fall to 3.8 percent for 2007. Consistent with the overall slowing of the economy, employment growth slowed significantly in the second quarter, but only slightly more than anticipated in the Enacted Budget. DOB's forecast for employment growth for this year is virtually unchanged at 1.5 percent. Consistent with moderate employment growth, wages and salaries are now expected to grow 4.9 percent for 2006, following growth of 6.0 percent in 2005. Total personal income is expected to grow 5.6 percent for this year, following growth of 5.4 percent for 2005. The change in DOB's forecast for personal income and wages for 2006 largely reflect BEA revisions to the underlying fourth quarter 2005 data.

Perhaps the most significant shift in DOB's outlook going forward is in energy prices and their impact on the overall price level. Mounting geopolitical concerns have sent energy prices higher since the Enacted Budget forecast and DOB has altered its outlook for oil prices accordingly. Despite a slowing economy, persistently higher energy prices are expected to result in a higher rate of overall inflation than was reflected in the Enacted Budget forecast. Consumer prices rose at a seasonally adjusted annualized rate of 5 percent in the second quarter, prompting yet another 25 basis point increase in the Federal Reserve's short-term interest rate target at the end of June. DOB currently projects consumer price inflation of 3.5 percent for 2006, following growth of 3.4 percent for 2005. One additional increase in the Federal funds target rate is expected by the end of the third quarter. Moreover, it now appears that expectations for a slowing economy have augmented the decline in the term premium, bringing long-term interest rates down from their June highs. DOB now expects the ten-year Treasury yield to average 5.1 percent for 2006.

First Quarterly Update to the 2006-07 Financial Plan

The risks outlined in the Enacted Budget forecast still pertain. A direct attack on the homeland remains the greatest risk to the U.S. forecast, but geopolitical concerns originating elsewhere also pose a risk to the national economy, particularly through higher energy prices. Without the buffer of a strong housing market, the risks to household spending from rising energy prices and interest rates are even greater. In addition, if the economy slows more rapidly than DOB now expects, the resulting pace of employment and income growth may not be enough to compensate for the negative impact on spending of rising prices and a weaker housing market. Should the Federal Reserve raise interest rates by more than is necessary to reduce inflationary pressures, these risks are heightened even further. Excessive volatility in equity prices represents an additional source of uncertainty going forward. In contrast, slower growth in long-term interest rates may lead to stronger corporate profits and equity market growth than projected for 2006. Stronger job growth or lower than anticipated energy prices could similarly result in a stronger national economy than projected.

Major U.S. Economic Indicators			
	2005	2006	2007
Gross Domestic Product (real)	3.5	3.5	2.7
Personal Income	5.4	5.6	5.9
Corporate Profits	16.4	23.5	3.8
Consumer Price Index	3.4	3.5	2.6

Note: Projected growth rates are percent changes, calendar year basis.
 DOB estimates are based on National Income and Product Account data through June 2006.
 Source: Moody's Economy.com, DOB staff estimates.

THE NEW YORK STATE ECONOMY

Consistent with the Enacted Budget forecast, the New York State economy will begin a fourth year of expansion at the end of the summer, but at a slower pace of growth than observed last year. The most recent data continue to indicate that the State's economic momentum peaked during the first half of 2005, presaging the national slowdown that is only currently becoming visible in the data. Because of the State's position as a financial market capital, the State economy was expected to be more sensitive to the Federal Reserve's ongoing policy of monetary tightening than the economies of other states. While the health, education, professional and business services, and tourism sectors are expected to continue to lead State economic growth, the overall pace of growth is expected to slow going forward. Total State employment growth of 0.7 percent is now projected for 2006, following growth of 0.9 percent in 2005. Private sector employment growth is now projected to slow to 0.8 percent for this year, following growth of 1.0 percent in 2005. The employment outlook for 2007 remains unchanged from the Enacted Budget forecast.

First Quarterly Update to the 2006-07 Financial Plan

Based on the most recent New York State Department of Labor data, DOB now projects growth in State wages of 5.1 percent for 2005 and 5.4 percent for 2006. Based largely on the revision to the base year wage forecast, total State personal income is now projected to have grown 5.3 percent for 2005, while projected growth for 2006 remains at 5.9 percent. For 2007, personal income growth has been revised down slightly to 5.2 percent, while wage growth remains unchanged at 5.2 percent.

All of the risks to the U.S. forecast apply to the State forecast as well, although interest rate risk and equity market volatility pose a particularly large degree of uncertainty for New York. The risk to the national expansion should the central bank tighten more than is necessary to keep inflation in check is amplified for New York. The impact of rising rates on the State’s housing sector also continues to pose a risk. Should the State’s real estate market cool more rapidly than anticipated, household consumption and taxable capital gains realizations could be negatively affected. Rising energy prices pose a particular risk to the State’s tourism sector. In contrast, should the national and world economies grow faster than expected, an upturn in equity markets and other financial market activity could result in higher wage and bonus growth than projected. In addition, stronger growth in U.S. corporate profits could boost State employment growth beyond current expectations.

Major New York Economic Indicators			
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Personal Income	5.3	5.9	5.2
Nonagricultural Employment	0.9	0.7	0.7
Unemployment Rate	5.0	4.7	4.5

Note: Numbers above are percent changes for personal income and nonagricultural employment and percents for the unemployment rate, calendar year basis. Data for 2006 and 2007 are projected by DOB.

Source: Moody’s Economy.com, NYS Department of Labor, DOB staff estimates.

First Quarterly Update to the 2006-07 Financial Plan

RISKS TO THE FINANCIAL PLAN

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

School Finance Litigation: In 2003, the State Court of Appeals found that the State's school financing system failed to provide students in New York City with an opportunity for a SBE, in violation of the State Constitution. The State's SBE aid program that began in 2005-06 is part of an effort to comply with the State Court of Appeals ruling. On May 8, 2006, the Court of Appeals authorized an expedited briefing schedule to hear arguments related to the State's compliance with the Court's order. Oral arguments may occur as early as September 2006.

The 2006-07 Budget includes \$700 million in SBE Aid in the 2006-07 school year, of which approximately 60 percent is for New York City (an increase of roughly \$225 million in 2006-07). Approximately 40 percent of "traditional" school aid (which increased \$1.3 billion statewide in the 2006-07 school year) is provided to New York City. The State's Financial Plan projects traditional school aid increases of roughly \$500 million annually. In addition, VLT revenues are forecast to total \$328 million in State fiscal year 2006-07, \$820 million in State Fiscal Year 2007-08 and \$1.3 billion in State fiscal year 2008-09, with the entire amount earmarked to finance SBE Aid. Delays in the opening of currently authorized VLT facilities or the failure to approve proposed expansion of the number of authorized facilities would adversely affect the level of VLT revenues available to finance SBE Aid. Specifically, the VLT estimate for 2007-08 is dependent on an October 2007 opening of the Aqueduct VLT facility. However, the contract for development of the VLT facility at Aqueduct has not been finalized. If the contract is executed and construction commences in the near future it is possible for Aqueduct to begin operations by this date. However, if delays in facility development persist, at the mid-year update it may be necessary to revise the assumed start date and lower the estimated receipts from the Aqueduct facility in 2007-08. In addition, VLT estimates beginning in 2008-09 depend upon the passage of legislation authorizing an expansion in the number of VLT facilities. Without the timely adoption of an expansion by the Legislature it is unlikely that the state would receive any additional revenue from expansion prior to the 2009-10 fiscal year. It should be noted that the Legislature has failed to adopt expansion legislation for the past three years. It should become clear by early 2007 whether the expansion necessary to support the VLT receipt assumptions is viable.

To directly address the New York City school construction funding directed by the Court, the Budget further authorizes (1) \$1.8 billion in capital grants for New York City school construction, and (2) the City's Transitional Finance Authority to issue \$9.4 billion in bonds for school construction, which will be financed in part with State building aid payments.

First Quarterly Update to the 2006-07 Financial Plan

Litigation is ongoing and there is no assurance that these remedies will be sufficient to meet the Court's standards, or that other litigation will not arise related to the adequacy of the State's school financing system.

Federal Actions: At the request of the Federal government, the State discontinued intergovernmental transfer payments in 2005-06 pending Federal approval of a State Plan Amendment (SPA). The SPA was approved late in the 2005-06 fiscal year for a one-year term only and must be resubmitted annually. These payments are related to disproportionate share hospital payments to public hospitals throughout the State, including those operated by the New York City Health and Hospital Corporation, SUNY and the counties. If these payments are not approved in 2006-07 and beyond, the State's health care financing system could be adversely affected.

Labor Contracts: Existing labor contracts with all the State's major employee unions are set to expire at the end of 2006-07. The Updated Financial Plan does not set aside any reserves for future collective bargaining agreements in 2007-08 or beyond. Each future 1 percent salary increase would cost roughly \$83 million annually in the General Fund and \$129 million in All Funds.

Miscellaneous Receipts: The State Financial Plan projections for 2007-08 and beyond assume approximately \$500 million annually in receipts that are the subject of ongoing negotiations between the State and counties and New York City. Actual receipts in 2005-06 were \$450 million below planned levels, which was offset by a reduction in spending for State aid to localities. The State now expects to take comparable action in 2006-07.

School Supportive Health Services: The Office of the Inspector General (OIG) of the United States Department of Health and Human Services is conducting six audits of aspects of New York State's School Supportive Health Services program with regard to Medicaid reimbursement that cover \$1.4 billion in claims submitted between 1990 and 2001. To date, OIG has issued four final audit reports, which cover claims submitted by upstate and New York City school districts for speech pathology and transportation services. The final audits recommend that the Centers for Medicare and Medicaid Services (CMS) disallow \$173 million of the \$362 million in claims for upstate speech pathology services, \$17 million of \$72 million for upstate transportation services, \$436 million of the \$551 million in claims submitted for New York City speech pathology services, and \$96 million of the \$123 million for New York City transportation services. New York State disagrees with the audit findings on several grounds and has requested that these be withdrawn. If these recommended disallowances are not withdrawn Federal regulations do include an appeals process that could postpone repayment of any disallowances.

While CMS has not taken any action with regard to the disallowances recommended by OIG, CMS is deferring 25 percent of New York City claims and 9.7 percent of claims submitted by the rest of the State, pending completion of the audits. Since the State has continued to reimburse school districts for certain costs, these Federal deferrals are

First Quarterly Update to the 2006-07 Financial Plan

projected to drive additional spending of \$161 million over the next three years, which has been reflected in the State's Financial Plan.

GENERAL FUND FINANCIAL PLAN PROJECTIONS FOR 2007-08 AND 2008-09

Absent policy changes, growth in spending is expected to outpace revenues over the next two years, based on DOB's economic forecast and current services projections for the State's major programs.

General Fund receipts are expected to result in roughly 5 percent annual base-level growth over the outyears. The small annual change in expected 2007-08 receipts reflects the impact of the tax law changes that will lower receipts. Spending is projected to grow about 7 percent on average through 2008-09, based on the current services forecast.

DOB currently projects General Fund budget gaps of \$3.2 billion in 2007-08 and \$5.4 billion in 2008-09. For a discussion of the revisions to the gap forecast since budget enactment, see the section entitled "Summary of Changes to the Enacted Budget Financial Plan" earlier in the Updated Financial Plan.

The following chart provides a "zero-based" look at the causes of the 2007-08 budget gap. It is followed by a brief summary of the assumptions behind the projections. For a detailed explanation of the specific assumptions supporting the revenue and spending projections, see the section entitled "General Fund Financial Plan Financial Plan Projections for 2007-08 and 2008-09."

First Quarterly Update to the 2006-07 Financial Plan

General Fund Gap Estimate for 2007-08: "Zero-Based" Estimate	
Savings/(Costs)	
(millions of dollars)	
	<u>2007-08</u>
Receipts	737
Constant Law Growth	3,080
Tax Reductions	(1,590)
Phaseout of Temporary PIT Actions	(425)
Change in RBTF, STAR, LGAC	(765)
All Other	437
Disbursements	(3,636)
Medicaid	(1,044)
Medicaid Cap/Family Health Plus Takeover	(593)
School Aid	(558)
Higher Education	(536)
Welfare/Children and Families	(313)
General State Charges	(316)
Mental Hygiene	(200)
State Operations	(160)
All Other Spending	84
Change in Stabilization Reserve/Other Fund Balances	(267)
BUDGET GAP FOR 2007-08	(3,166)

The gap for 2007-08 is a forecast based on assumptions related to economic performance, revenue collections, spending patterns, and projections for the current services costs of program activities. DOB believes the gap forecast and the assumptions from which it is derived are reasonable. However, as with any forecast, the gap estimate is subject to estimation risks that can lead to significant variations. The most significant assumptions affecting the 2007-08 gap include the following:

1. **Economic growth will continue at a steady pace over the forecast period.** DOB's forecast expects personal income in New York to grow at 5.9 percent in 2006 and 5.2 percent in 2007, bolstered by slow but consistent employment growth and moderate growth in the financial services sector. A significant shock to the economy, such as another terrorist attack, spiraling energy prices, or a steep decline in the housing market, pose the most significant risks to the State economy in the short-run.
2. **Revenues, adjusting for tax law changes, will grow at roughly 5.4 percent in 2007-08.** The growth rate is consistent with DOB's forecast for the economy, but, as in any year, is subject to significant volatility. Changes in the economic growth rate, Federal law, and taxpayer behavior all have a significant influence on receipts collections.

First Quarterly Update to the 2006-07 Financial Plan

3. **The majority of the Medicaid cost containment approved annually since 1995 will continue**, providing roughly \$500 million in savings annually over the Financial Plan.
4. **Any shortfall in the HCRA will be closed without the need for additional General Fund resources.** HCRA expires on July 1, 2007. In the past, reauthorization of HCRA has produced new savings actions or revenues that resulted in fully solvent plans that did not require direct General Fund support.
5. **School Aid is projected to increase by roughly \$900 million annually (Including SBE Aid outside the General Fund).** Recent enacted budgets have authorized higher increases. The projections assume that this total level of spending increase will be sufficient to satisfy court directives. SBE Aid is funded by VLT receipts and, in 2006-07, with a subsidy from the General Fund. On a State fiscal year basis, VLT receipts are projected to total \$820 million in 2007-08 and \$1.3 billion in 2008-09. The VLT estimates depend on the opening of Yonkers (expected in September 2006) and Aqueduct (expected in October 2007), and legislative approval of an expansion of VLT gaming. Lack of legislative approval for VLT expansion in recent years and the status of development at the Aqueduct facility constitute a risk to these assumptions. Delays in opening planned facilities or failure to approve expansion would have an adverse impact on VLT receipts. For example, the opening of Aqueduct is valued at \$300 million in 2007-08 and VLT expansion is valued at an additional \$300 million in 2008-09.
6. **Receipts of roughly \$500 million are budgeted in 2007-08 and 2008-09 that are the subject of ongoing negotiations between the State and counties and New York City.** Actual miscellaneous receipts in 2005-06 were \$450 million less than planned but offsetting savings were achieved through a reduction in State aid. A comparable action is expected again in 2006-07.
7. **The entire \$787 million stabilization reserve is projected to be used to lower the 2007-08 gap.**
8. **The Federal government will not make substantive funding changes to major aid programs, including the Temporary Assistance for Needy Families (TANF), Medicaid, and transportation aid.**
9. **The projections for 2007-08 and 2008-09 do not include any extra costs for new labor settlements** once the current contracts expire on April 1, 2007. Thus, the projections assume that any future collective bargaining cost increases will be offset by productivity improvements. Each 1 percent increase is valued at \$83 million in the General Fund and \$129 million in All Funds.
10. **Spending for employee and retiree health care costs assumes an average annual premium increase of 11 percent.** Escalating health care costs,

First Quarterly Update to the 2006-07 Financial Plan

including prescription drugs, will significantly influence future health care premiums. In addition, projections do not include any changes in health care costs driven by new labor settlements once the current contracts expire.

Significant changes to any of these assumptions have the potential to materially alter the size of the budget gap for 2007-08. A detailed discussion of the receipts and disbursement estimates for 2007-08 and 2008-09 follows.

OUTYEAR GENERAL FUND RECEIPT PROJECTIONS

General Fund receipts, including transfers from other funds, are projected to total \$50.7 billion in 2007-08, an increase of \$737 million from 2006-07 estimates. Receipts are projected to grow by nearly \$1.9 billion in 2008-09 to total \$52.6 billion. The growth in underlying tax receipts for 2006 through 2008 is consistent with average historical growth during the mature stages of an economic expansion. In general, there is significant uncertainty associated with forecasts of receipts more than 18 months into the future. Overall, the tax receipt projections for the outyears follow the path dictated by DOB's forecast of economic growth. History suggests a wide range of potential outcomes around these estimates.

General Fund Receipts Forecast (millions of dollars)					
	2006-07	2007-08	Annual Change	2008-09	Annual Change
Personal Income Tax	22,611	23,547	936	24,884	1,337
User Taxes and Fees	8,247	8,573	326	8,877	304
Business Taxes	5,479	5,591	112	5,714	123
Other Taxes	924	994	70	1,054	60
Miscellaneous Receipts	2,435	2,182	(253)	1,971	(211)
Federal Grants	180	60	(120)	60	0
Transfers from Other Funds					
Revenue Bond Fund	6,971	6,822	(149)	6,966	144
LGAC Fund	2,179	2,276	97	2,375	99
CW/CA Fund	583	510	(73)	512	2
All Other	396	187	(209)	191	4
Total Receipts	50,005	50,742	737	52,604	1,862
<i>Annual Percent Change</i>			1.5%		3.7%

Taxes

In general, income tax growth for 2007-08 and 2008-09 is governed by projections of growth in taxable personal income and its major components, including wages, interest and dividend earnings, realized taxable capital gains, and business net income and income derived from partnerships and S corporations. In addition, recent past and current tax law changes affect year-over-year comparisons.

First Quarterly Update to the 2006-07 Financial Plan

General Fund Personal Income Tax (PIT) receipts are projected to increase by \$936 million to just over \$23.5 billion in 2007-08. The change from 2006-07 reflects the impact of the elimination of the temporary surcharge on the growth in base liabilities, and the full-year impact of the Enacted Budget tax reductions discussed above. General Fund PIT receipts for 2008-09 are projected to increase by \$1.3 billion to \$24.9 billion, reflecting growth in liability that is consistent with an expanding personal income base during a period of expected economic growth.

The 2007-08 and 2008-09 projections also assume increases in the other major components of income, consistent with continued growth in the overall economy.

General Fund user taxes and fees receipts for 2007-08 are projected to reach \$8.6 billion, an increase of \$326 million, or 4.0 percent, from 2006-07. Sales tax receipts are projected to increase \$311 million, or 4.1 percent due to a modest growth in the base of the sales tax. Other user taxes and fees in the General Fund are projected to be virtually unchanged from 2006-07.

General Fund user taxes and fees are expected to grow to \$8.9 billion in 2008-09. The economy is expected to continue to grow at trend rates over this period, resulting in sales tax growth consistent with historical averages.

General Fund business tax receipts are expected to increase to \$5.6 billion in 2007-08 and to \$5.7 billion in 2008-09 reflecting trend growth in business tax receipts and the continued impact of the 2006-07 tax reductions described above.

General Fund receipts from other taxes are expected to increase to \$994 million in 2007-08 and \$1.1 billion in 2008-09, primarily reflecting continued growth in estate tax receipts.

Miscellaneous Receipts

General Fund miscellaneous receipts in 2007-08 are projected to be nearly \$2.2 billion, down \$253 million from the current year. This decrease is primarily the result of revised estimates of abandoned property receipts. In 2008-09, General Fund miscellaneous receipts collections are projected to be nearly \$2.0 billion, down \$211 million from 2007-08. This decrease results from expected declines in licenses and fees, and a decrease in the value of the local government revenue and disbursement program.

Transfer from Other Funds

Transfers from other funds are estimated to decline \$300 million to \$10.0 billion in 2007-08, and grow to \$10.5 billion in 2008-09. In 2007-08, the projected decline is due to increases in debt service related to PIT Revenue Bonds, the Local Government Assistance Corporation (LGAC) Bonds and Clean Water/Clean Air general obligation debt service (\$481 million), the decline in real estate tax receipts (\$65 million) and the

First Quarterly Update to the 2006-07 Financial Plan

decline in all other transfers (\$225 million) due in part to the loss of non-recurring fund sweeps. These variances are partially offset by projected increases in PIT and sales tax receipts (\$421 million). In 2008-09, transfers are projected to grow due primarily to the net increase of tax receipts (\$548 million) in excess of debt service payments on revenue bonds (\$303 million).

OUTYEAR GENERAL FUND DISBURSEMENT PROJECTIONS

General Fund Disbursement Projections (millions of dollars)					
	2006-07	2007-08	Annual Change	2008-09	Annual Change
Grants to Local Governments:	34,278	37,527	3,249	40,491	2,964
School Aid	14,535	15,093	558	15,626	533
Medicaid	9,259	10,896	1,637	12,914	2,018
Higher Education	1,833	2,369	536	2,441	72
Education Aid - All Other	1,700	1,593	(107)	1,646	53
Mental Hygiene	1,587	1,787	200	1,922	135
Children and Family Services	1,318	1,458	140	1,557	99
Welfare	1,250	1,423	173	1,420	(3)
Local Government Assistance	1,183	1,211	28	1,214	3
Public Health	602	694	92	737	43
All Other	1,011	1,003	(8)	1,014	11
State Operations:	9,503	9,663	160	9,923	260
Personal Service	6,800	6,826	26	6,923	97
Non-Personal Service	2,703	2,837	134	3,000	163
General State Charges:	4,401	4,717	316	4,999	282
Pensions	1,222	1,236	14	1,214	(22)
Health Insurance	2,389	2,682	293	2,963	281
All Other	790	799	9	822	23
Transfers to Other Funds:	2,802	2,713	(89)	2,746	33
Debt Service	1,760	1,768	8	1,749	(19)
Capital Projects	225	248	23	284	36
All Other	817	697	(120)	713	16
Total Disbursements	50,984	54,620	3,636	58,159	3,539
<i>Annual Percent Change</i>			<i>7.1%</i>		<i>6.5%</i>

DOB forecasts General Fund current services spending of \$54.6 billion in 2007-08, an increase of \$3.6 billion (7.1 percent) over 2006-07 projections. Growth in 2008-09 growth is projected at \$3.5 billion (6.5 percent). The growth levels are derived from current services projections based on the 2006-07 Updated Financial Plan. The main sources of annual spending growth for 2007-08 and 2008-09 are itemized in the above table.

First Quarterly Update to the 2006-07 Financial Plan

GRANTS TO LOCAL GOVERNMENTS

Annual growth in local assistance is driven primarily by Medicaid and school aid. The following table summarizes some of the factors that affect the local assistance projections over the Financial Plan period.

Forecast for Selected Program Measures Affecting Local Assistance					
	Actual		Forecast		
	2004-05	2005-06	2006-07	2007-08	2008-09
Medicaid					
Medicaid Coverage (excl. FHP)	3,531,938	3,744,808	3,893,762	4,013,762	4,137,460
Medicaid Inflation	4.1%	3.9%	3.8%	3.7%	3.7%
Medicaid Utilization	3.2%	3.7%	3.8%	3.9%	4.0%
State Takeover of County/NYC Costs					
- Family Health Plus (in millions)	\$60	\$289	\$528	\$573	\$573
- Medicaid	N/A	\$113	\$638	\$1,186	\$1,844
Education					
School Aid (School Year - in millions)	\$15,400	\$16,400	\$17,600	\$18,400	\$19,400
K-12 Enrollment	2,850,124	2,826,981	2,810,128	2,810,128	2,810,128
Public Higher Education Enrollment (FTEs)	490,916	496,189	500,070	500,070	500,070
TAP Recipients	336,700	343,881	334,124	334,124	334,124
Welfare					
Family Assistance Caseload	485,500	453,200	441,400	419,200	414,800
Single Adult/No Children Caseload	140,200	146,000	141,700	133,100	132,800
Mental Hygiene					
Mental Hygiene Community Beds	81,446	82,948	84,445	86,105	86,943

School Aid

On a school year basis, school aid (including funding for SBE Aid) is now projected at \$18.4 billion in 2007-08 and \$19.4 billion in 2008-09. Growth of \$800 million in 2007-08 and \$1.0 billion in 2008-09 reflects traditional school aid increases (\$500 million in each of 2007-08 and 2008-09), and growth in SBE aid. SBE aid is projected at \$700 million in 2006-07 growing to \$1 billion in 2007-08 and \$1.5 billion in 2008-09. The 2006-07 amount includes a \$230 million subsidy from the General Fund.

On a State fiscal year basis, General Fund school aid spending is projected to grow by approximately \$558 million in 2007-08 and \$533 million in 2008-09. This growth is attributable to Building Aid (roughly \$100 million in 2007-08 and 2008-09); special education cost increases (approximately \$125 million in 2007-08 and 2008-09); Transportation Aid (roughly \$125 million in 2007-08 and 2008-09) and growth in other aid categories. Outside of the General Fund, revenues from the general lottery are projected to increase slightly (by \$36 million in 2007-08 and \$65 million in 2008-09) and VLT revenues are projected to increase by roughly \$492 million in 2007-08 and another \$530 million in 2008-09. Outyear VLT estimates assume the start of new operations at

First Quarterly Update to the 2006-07 Financial Plan

two racetracks, Yonkers (in September 2006) and Aqueduct (in October 2007), and the approval of an expansion plan in 2007-08.

The recently enacted \$2.6 billion EXCEL school construction program, which authorizes State bonding for school construction throughout the State, is projected to total \$1.8 billion in 2006-07 and \$400 million each year in 2007-08 and 2008-09. Of the \$2.6 billion, \$1.8 billion is for New York City, \$400 million will go to “high-needs” school districts, while the remaining \$400 million will go to all other school districts based on a per-pupil formula. These districts will be able to use the EXCEL aid to help cover the local taxpayer share of costs for new school building projects.

School districts will be able to use EXCEL funds either in lieu of building aid (provided as part of school aid) or as a supplement to building aid. To the extent that New York City and other school districts use EXCEL funds in lieu of building aid, projected building aid growth could be somewhat dampened as a result of the new EXCEL program. To the extent that EXCEL funds are used in conjunction with building aid to fully fund local school construction costs, there could be an acceleration in school construction that may produce an eventual increase in projected building aid growth. However, any such potential increase in State building aid over the next two to five years should be relatively modest due to: school districts using EXCEL funds to offset the recent construction materials cost increases that may exceed maximum cost allowances; the lead time needed to plan and implement school construction programs; the finite capacity of local school districts to undertake school construction programs; the payment of building aid on an assumed amortization basis; and the lag in initial building aid payments until at least 18 months after construction plans have been approved by the State Education Department (for school districts other than New York City).

Medicaid

General Fund spending for Medicaid, after the impact of 2006-07 actions, is expected to grow by roughly \$1.7 billion in 2007-08 and another \$2.1 billion in 2008-09. This growth results, in part, from the combination of more recipients, higher service utilization, and medical-care cost inflation, including prescription drug prices. These factors are projected to add about \$1.1 billion in 2007-08 and \$1.4 billion in 2008-09. The remaining growth is primarily attributed to the State cap on local Medicaid costs and takeover of local Family Health Plus (FHP) costs growing from \$1.1 billion in 2006-07 to \$1.7 billion in 2007-08 and to \$2.4 billion in 2008-09.

DOB projects the average number of Medicaid recipients will grow to 4 million in 2007-08, an increase of 2.6 percent over the estimated 2006-07 caseload of almost 3.9 million. FHP enrollment is estimated to grow to approximately 748,000 in 2007-08, an increase of 14 percent over projected 2006-07 enrollment of 658,000.

First Quarterly Update to the 2006-07 Financial Plan

Welfare

Welfare spending, including administration, is projected at \$1.4 billion in 2007-08, an increase of \$173 million (13.9 percent) from 2006-07, and to remain at the same level in 2008-09. Although the caseloads for family assistance and single adult/childless couples are projected to decline (by 5 percent and 6.1 percent, respectively), the loss of offsets to General Fund Public Assistance costs will drive spending growth.

Other Local

All other local assistance programs total \$10.1 billion in 2007-08, an increase of nearly \$900 million over 2006-07 revised levels. This increase consists primarily of growth in mental health and mental retardation programs (\$200 million), children and families services (\$140 million), public health (\$92 million), and local government assistance (\$28 million). In addition, it is expected that local aid payments to New York City will return to prior levels.

STATE OPERATIONS

Forecast of Selected Program Measures Affecting State Operations					
	Actual		Forecast		
	2004-05	2005-06	2006-07	2007-08	2008-09
State Operations					
Prison Population (Corrections)	63,307	62,890	63,100	63,100	63,100
Negotiated Salary Increases ⁽¹⁾	2.5%	2.75%	3.00%	0.0%	0.0%
Personal Service Inflation	0.8%	0.8%	0.8%	0.8%	0.8%
State Workforce	188,925	191,400	191,275	191,675	191,675

(1) Negotiated salary increases include a recurring \$800 base salary adjustment effective April 1, 2007.

State Operations spending in the General Fund is expected to total \$9.7 billion in 2007-08, an annual increase of \$160 million (1.7 percent). In 2008-09, spending is projected to grow by another \$260 million to a total of \$9.9 billion (2.7 percent). In 2007-08, personal service costs increase with an \$800 base salary adjustment effective April 1, 2007, and both years reflect longevity increases. Offsetting the personal service growth from 2006-07 to 2007-08 is the retroactive component associated with the NYSCOPBA award, which does not recur in 2007-08. As noted, there is no provision for additional collective bargaining costs in 2007-08 or 2008-09. Non-personal service spending is projected to grow by roughly 5 percent annually.

First Quarterly Update to the 2006-07 Financial Plan

GENERAL STATE CHARGES (GSCS)

Forecast of Selected Program Measures Affecting General State Charges					
	Actual		Forecast		
	2004-05	2005-06	2006-07	2007-08	2008-09
General State Charges					
Pension Contribution Rate	7.0%	8.8%	10.2%	10.2%	10.0%
Employee/Retiree Health Insurance Rate	13.5%	8.2%	8.5%	11.4%	11.1%

GSCs are projected to total \$4.7 billion in 2007-08 and \$5 billion in 2008-09. The annual increases are due mainly to anticipated cost increases in health insurance for State employees and retirees.

The State's pension contribution rate to the New York State and Local Retirement Systems is expected to remain at 10.2 percent in both 2006-07 and 2007-08 with a decline to 10.0 percent in 2008-09. Spending for employee and retiree health care costs is expected to increase by \$293 million in 2007-08 and another \$281 million in 2008-09, and assumes average annual premium increases of 11 percent. Health insurance is projected at \$2.7 billion in 2007-08 (\$1.6 billion for active employees and \$1.0 billion for retired employees) and \$3.0 billion in 2008-09 (\$1.8 billion for active employees and \$1.2 billion for retired employees).

TRANSFERS TO OTHER FUNDS

Forecast of Selected Program Measures Affecting Debt Service					
	Actual		Forecast		
	2004-05	2005-06	2006-07	2007-08	2008-09
State Debt					
Interest on Variable Rate Debt	1.44%	2.65%	3.25%	3.25%	3.30%
Interest on Fixed Rate 30-Year Bonds	5.09%	5.00%	5.65%	6.00%	6.15%

Transfers to other funds are estimated to total \$2.7 billion in 2007-08, essentially the same level as 2006-07. Debt service transfers from the General Fund are projected to remain stable primarily because increases in debt service costs are reflected in State Funds due to the accounting treatment of the personal income tax revenue bond program. All other transfers decline by \$100 million, reflecting a non-recurring General Fund subsidy to support SBE grants financed by VLTs.

CASH FLOW FORECAST

In 2006-07, the General Fund is projected to have quarterly-ending balances of \$4.9 billion in September 2006, \$2.5 billion by the end of December 2006, and \$2.3 billion at the end of March 2007. March has the lowest projected month-end cash flow balance.

First Quarterly Update to the 2006-07 Financial Plan

The 2006-07 General Fund cash flow estimates by month appear in the Financial Plan Tables.

GAAP-BASIS FINANCIAL PLANS/GASB 45

In addition to the cash-basis Financial Plans, the General Fund and All Funds Financial Plans are prepared on a basis of GAAP in accordance with Governmental Accounting Standards Board (GASB) regulations. Tables comparing the cash basis and GAAP basis General Fund Financial Plans are provided at the end of this Updated Financial Plan. The GAAP projections for both years are based on the accounting principles applied by the State Comptroller in the financial statements issued for 2004-05.

In 2006-07, the General Fund GAAP Financial Plan shows total revenues of \$41.1 billion, total expenditures of \$54.1 billion, and net other financing sources of \$11.4 billion, resulting in an operating deficit of \$1.5 billion and a projected accumulated surplus of \$881 million. These changes are due primarily to the impact of enacted tax reductions on revenue accruals and a partial use of the 2005-06 surplus to support 2006-07 operations. The projected accumulated surplus of \$550 million is roughly the same as 2004-05 actuals.

The GAAP basis results for 2005-06 showed the State in a net positive overall asset condition of \$49.1 billion. The net positive asset condition is before the State reflects the impact of GASB 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions". GASB 45 requires State and local governments to reflect the value of post-employment benefits, predominantly health care, for current employees and retirees.

The State has hired an independent actuarial consulting firm to complete the analysis of retiree health care liabilities. A preliminary analysis has been completed by the firm and is currently under review by the State. Assuming there is no pre-funding of this liability, the preliminary analysis indicates that the present value of the actuarial accrued liability for benefits to date would be roughly \$47 billion under two actuarial methods and \$54 billion under another method. This is based on a 4.1 percent annual discount rate. Any determination to pre-fund this liability via a Trust Fund or comparable structure would result in a higher discount rate, with a corresponding reduction in the estimated actuarial liabilities.

This liability will be reflected in the 2007-08 fiscal year GAAP-basis financial statements. As noted, these costs are substantial, and would significantly reduce or even potentially eliminate the current \$49.1 billion net positive condition. There is no requirement, however, for any additional costs to be funded on the State's budgetary basis and no funding is assumed for this purpose in the Financial Plan.

First Quarterly Update to the 2006-07 Financial Plan

On a budgetary (cash) basis, the State continues to finance these costs, along with all other employee health care expenses, on a pay-as-you-go basis. Anticipated increases in these costs are reflected in the State's multi-year Financial Plan.

DOB's detailed GAAP Financial Plans for 2005-06 through 2008-09 appear in the Financial Plan tables at the end of this Updated Financial Plan.

First Quarterly Update to the 2006-07 Financial Plan

2006-07 UPDATED HCRA FINANCIAL PLAN

HCRA Financial Plan 2006-07 through 2008-09 (millions of dollars)			
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Opening Balance	1,600	514	(854)
Total Receipts	<u>4,430</u>	<u>3,942</u>	<u>3,963</u>
Conversion Proceeds	1,000	500	550
Surcharges	1,699	1,740	1,722
Covered Lives Assessment	775	775	775
Hospital Assessment (1 percent)	241	242	242
Cigarette Tax Revenue	563	578	569
All Other	152	107	105
Total Disbursements	<u>5,516</u>	<u>5,310</u>	<u>5,344</u>
Medicaid Assistance Account	2,192	1,917	1,900
<i>Pharmacy Costs</i>	625	418	407
<i>Family Health Plus</i>	526	572	566
<i>Workforce Recruitment & Retention</i>	485	370	370
<i>All Other</i>	556	557	557
HCRA Program Account (incl. GME)	1,162	1,086	1,101
Hospital Indigent Care	841	841	841
EPIC	582	626	626
Child Health Plus	365	384	384
Public Health Programs	160	133	133
Mental Health Programs	92	92	92
All Other	122	231	267
Excess/(Deficiency) of Receipts over Disbursements	<u>(1,086)</u>	<u>(1,368)</u>	<u>(1,381)</u>
Closing Balance ⁽¹⁾	<u>514</u>	<u>(854)</u>	<u>(2,235)</u>

⁽¹⁾ Prior to required spending reductions.

- The HCRA Fund for 2006-07 is balanced on a budgetary (cash) basis of accounting, with roughly \$500 million projected to be available at year end for use in 2007-08. The current statutory authorization for HCRA expires on June 30, 2007.
- Since the Enacted Budget, there has been no change to the 2006-07 estimate for receipts, and spending has been modestly increased.
- Outyear operating gaps have been increased to roughly \$900 million in 2007-08 and \$2.2 billion in 2008-09. These increases are primarily due to end-of-session

First Quarterly Update to the 2006-07 Financial Plan

changes that removed the planned General Fund subsidies in each of the outyears.

- However, under the current HCRA appropriation structure automatic spending reductions will occur if HCRA has insufficient resources. These spending reductions could potentially impact core HCRA programs, including the nearly 50 percent of HCRA spending that may affect the General Fund. The reauthorization of HCRA in prior years restored HCRA's solvency without the need for automatic spending reductions.

The table below summarizes the impact of changes since the Enacted Budget on the three-year operating forecast for the HCRA Financial Plan.

Changes to HCRA Operating Forecast for 2006-07 Through 2008-09			
Savings/(Costs)			
(millions of dollars)			
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Opening Fund Balance	1,600	514	(854)
Enacted Budget Operational Surplus/(Gap)	<u>(1,000)</u>	<u>(723)</u>	<u>(881)</u>
Legislative Session Changes:	<u>(12)</u>	<u>(627)</u>	<u>(486)</u>
Remove General Fund "Guarantee"	0	(627)	(486)
All Other Spending Changes	(12)	0	0
Reestimates:	<u>(74)</u>	<u>(18)</u>	<u>(14)</u>
Bad Debt Charity Care Clinic Payments	(36)	(36)	(36)
Workforce Recruitment and Retention Grants	(39)	(1)	(1)
Health Care Stabilization Grants	(10)	0	0
Anti-Tobacco Savings	10	10	0
Workforce Retraining	0	7	7
All Other	1	2	16
Additional Use of Fund Balance	<u>(86)</u>	<u>(645)</u>	<u>(500)</u>
Current Budget Operational Surplus/(Gap)	<u>(1,086)</u>	<u>(1,368)</u>	<u>(1,381)</u>
Closing Balance ⁽¹⁾	514	(854)	(2,235)

⁽¹⁾ Prior to required spending reductions.

The updated HCRA Financial Plan projects disbursements will exceed receipts by nearly \$1.1 billion in 2006-07, which will be financed by the significant fund balance available at the beginning of the fiscal year as a result of the receipt of \$2.7 billion in health care conversion proceeds in 2005-06. The outyear operating gaps have

First Quarterly Update to the 2006-07 Financial Plan

increased since the Enacted Budget primarily due to a reduction in planned General Fund support.

Revenues have been reduced in the outyears due to the removal of planned General Fund support in both 2007-08 and 2008-09 through the tobacco guarantee legislation (\$627 million in 2007-08 and \$486 million in 2008-09) and the elimination of a \$200 million loan repayment to HCRA from the General Fund.

Spending increases over the Enacted Budget total \$86 million in 2006-07, \$18 million in 2007-08, and \$14 million in 2008-09, respectively. Most of the growth is for reestimates in various programs including the hospital and nursing home workforce recruitment and retention program (\$39 million) and the healthcare stabilization grant program (\$10 million); statutorily increased HCRA funding for the clinic Bad Debt and Charity Care Program due to Federal disapproval of the State Plan Amendment (\$36 million), as well as revisions to spending estimates for the home care workforce recruitment and retention program, as enacted in the Budget (\$12 million).

Additional detail on HCRA quarterly receipts and disbursements is contained in the Financial Plan Tables.

First Quarterly Update to the 2006-07 Financial Plan

DEBT/CAPITAL UPDATE

CAPITAL AND DEBT SUMMARY

The Updated Financial Plan reflects new or increased bond-financed capital authorizations, totaling over \$1.8 billion, enacted at the close of the 2006 legislative session and anticipated to be committed over the five-year plan period. These include \$650 million for an AMD microchip fabrication plant, \$800 million for economic development efforts statewide including \$300 million for grants for improvements to inner cities, \$80 million for multi-modal and industrial access program restorations and high speed rail, and \$140 million for a new centralized data processing center and a new food testing laboratory.

These additions are offset partially by re-estimates to spending across many existing programs based on year-to-date results.

All Funds Projected Capital Projects Spending (millions of dollars)					
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Projected Capital Projects Funds Spending Enacted Budget	\$9,050	\$9,417	\$8,323	\$7,583	\$7,489
Total Spending Changes	\$600	\$172	\$346	\$466	\$238
Economic Development (AMD; RESTORE)	\$691	\$127	\$141	\$131	\$53
Transportation	\$4	\$4	(\$29)	(\$51)	(\$99)
State Facilities	\$7	\$25	\$50	\$58	\$0
CUNY	(\$148)	(\$103)	\$20	\$79	\$91
All Other	\$46	\$119	\$164	\$249	\$193
Projected Capital Projects Funds Spending First Quarter	\$9,650	\$9,589	\$8,669	\$8,049	\$7,727

The following tables summarize the net impact of these changes on State debt levels and debt service spending.

First Quarterly Update to the 2006-07 Financial Plan

The increases in debt outstanding, debt issuances and debt service costs detailed below are consistent with the capital spending changes noted in the previous chart. In addition, the changes in debt for transportation and in the all other category reflect revisions based on more recent information regarding the timing of bond sales and the amount of new bond proceeds needed to support the capital spending plan.

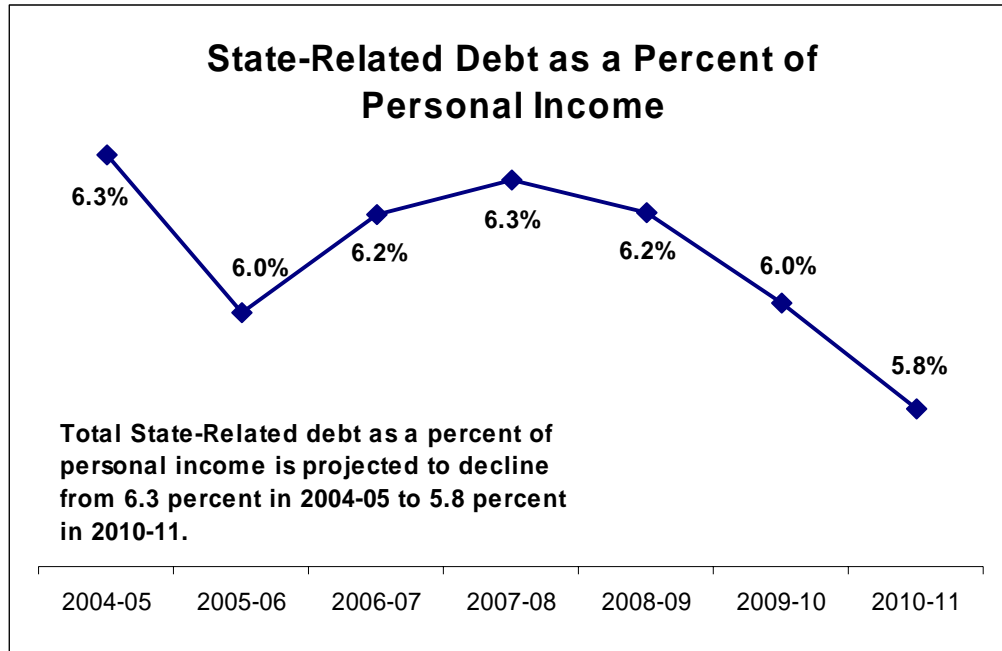
Projected Debt Outstanding (millions of dollars)					
	2006-07	2007-08	2008-09	2009-10	2010-11
Enacted Budget State-Related Debt Outstanding	50,683	53,813	55,884	57,057	57,967
AMD	663	613	560	503	443
Other Economic Development Adds	42	185	355	550	695
State Facilities	10	66	140	136	132
Transportation	(37)	(56)	(100)	(205)	(296)
SUNY/CUNY	(149)	(251)	(227)	(144)	(53)
All Other Reestimates	(258)	(199)	(304)	(486)	(637)
Subtotal	271	358	424	354	284
1st Quarter Update State-Related Debt Outstanding	\$ 50,954	\$ 54,171	\$ 56,308	\$ 57,411	\$ 58,251

Projected Debt Issuances (millions of dollars)					
	2006-07	2007-08	2008-09	2009-10	2010-11
Enacted Budget State-Related Debt Issuances	6,149	5,791	4,872	4,336	4,180
AMD	663	0	0	0	0
Other Economic Development Adds	42	145	180	215	176
State Facilities	10	56	76	0	0
Transportation	(37)	(13)	(44)	(107)	(95)
SUNY/CUNY	(151)	(105)	20	80	93
All Other Reestimates	(259)	51	(115)	(199)	(179)
Subtotal	268	134	117	(11)	(5)
1st Quarter Update State-Related Debt Issuances	\$ 6,417	\$ 5,925	\$ 4,989	\$ 4,325	\$ 4,175

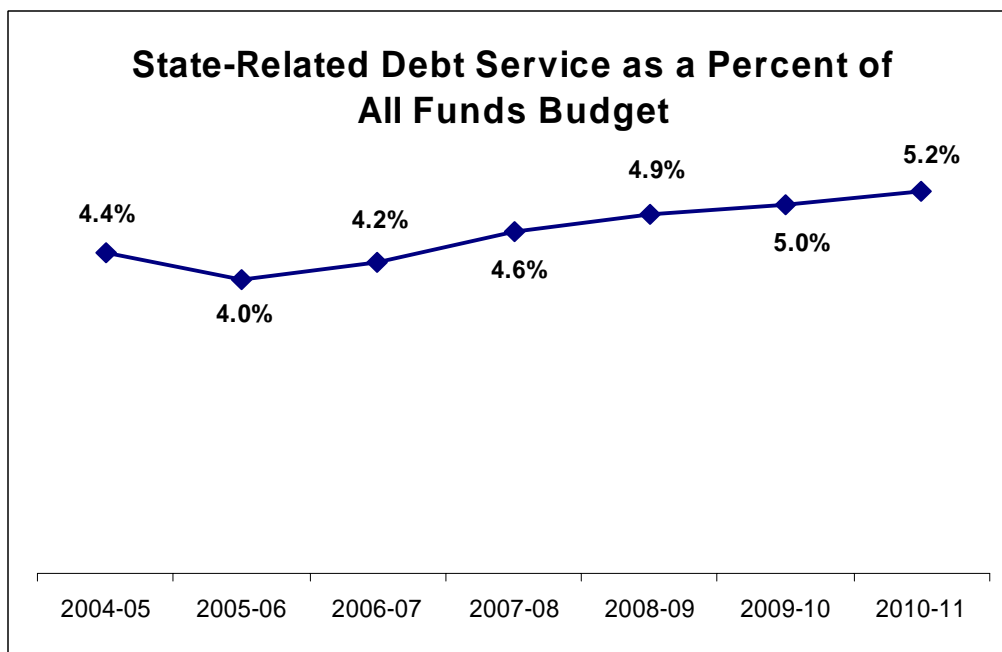
Projected Debt Service (millions of dollars)					
	2006-07	2007-08	2008-09	2009-10	2010-11
Enacted Budget State-Related Debt Service	4,699	5,277	5,758	6,172	6,682
AMD	0	94	90	90	90
Other Economic Development Adds	0	5	22	42	67
State Facilities	0	2	7	12	12
Transportation	1	(5)	(8)	(14)	(23)
SUNY/CUNY	(6)	(14)	(17)	(14)	(7)
All Other Reestimates	6	(21)	(22)	(34)	(60)
Subtotal	1	61	72	82	79
1st Quarter Update State-Related Debt Service	\$ 4,700	\$ 5,338	\$ 5,830	\$ 6,254	\$ 6,761

DEBT AFFORDABILITY

State debt levels and costs continue to remain affordable, based on a variety of debt measures commonly used by the financial community. Some key measures are summarized below. All measures reflect the total level of State-related debt issued for all State purposes as reported in the State's Comprehensive Financial Report.

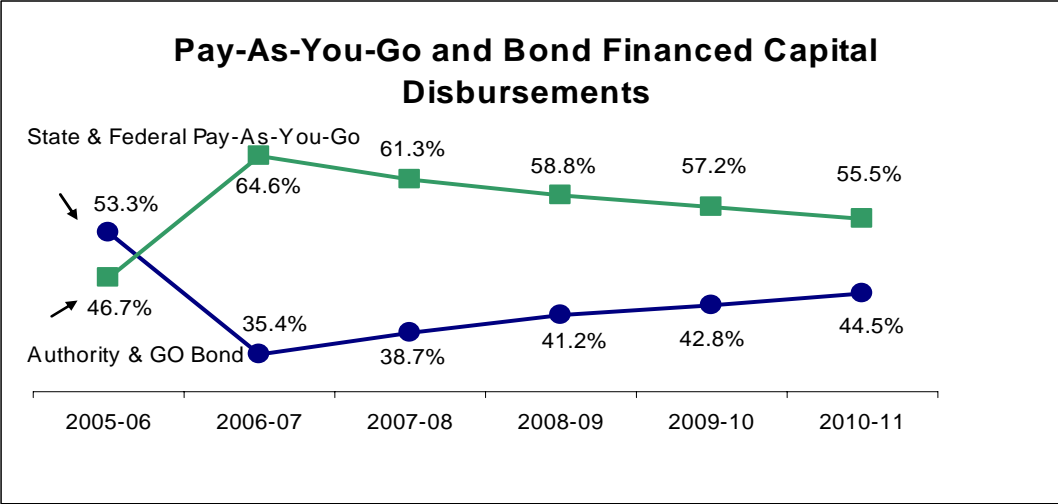


The projections from 2005-06 to 2010-11 reflect a roughly 4 percent average annual increase in debt levels and a roughly 5 percent average annual increase in statewide personal income.



First Quarterly Update to the 2006-07 Financial Plan

Beginning in 2006-07, debt service costs are projected to increase by an average of 9.5 percent annually, while All Funds receipts are projected to grow by 4.0 percent annually. The greater debt service costs primarily reflect the increased costs for the Dedicated Highway and Bridge Trust Fund after the recent restructuring, the new EXCEL school construction initiative, the expanding SUNY and CUNY capital programs, along with the AMD chip fab plant and other end-of-session adds.



The level of projects financed with cash from both State and Federal sources (i.e., PAYGO) is expected to average roughly 40 percent for the five years.

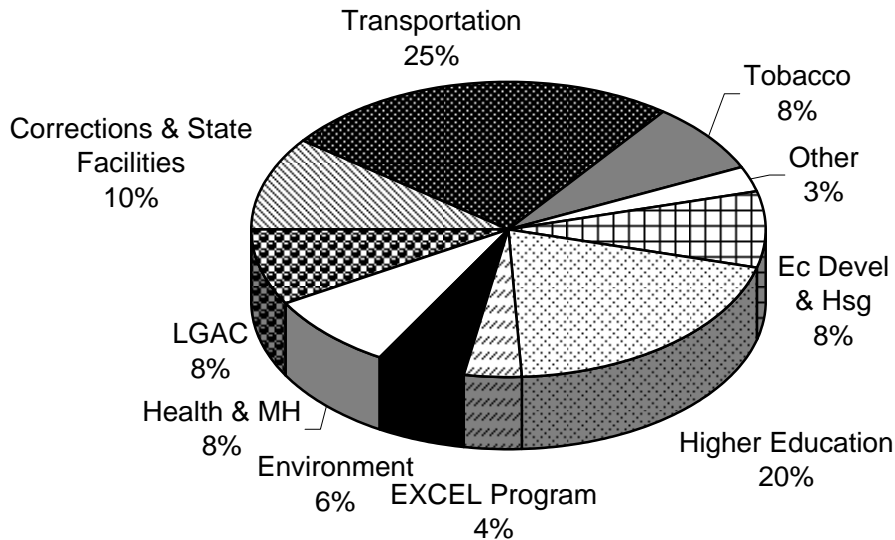
DEBT OUTSTANDING

The State’s debt levels are the result of three factors: (i) the amount of debt issued in prior years, (ii) the amount of capital spending that will be financed with new debt during the forecast period, and (iii) the amount of debt that is planned to be retired (paid off) during the forecast period.

The \$51 billion of State-related debt in 2006-07 consists of debt issued for each of the major programmatic areas as summarized below. The debt of the Local Government Assistance Corporation (LGAC), issued to eliminate seasonal borrowing) and Tobacco bonds (issued to stabilize finances after September 11th) are not allocable to any specific functional area since they served a statewide purpose.

First Quarterly Update to the 2006-07 Financial Plan

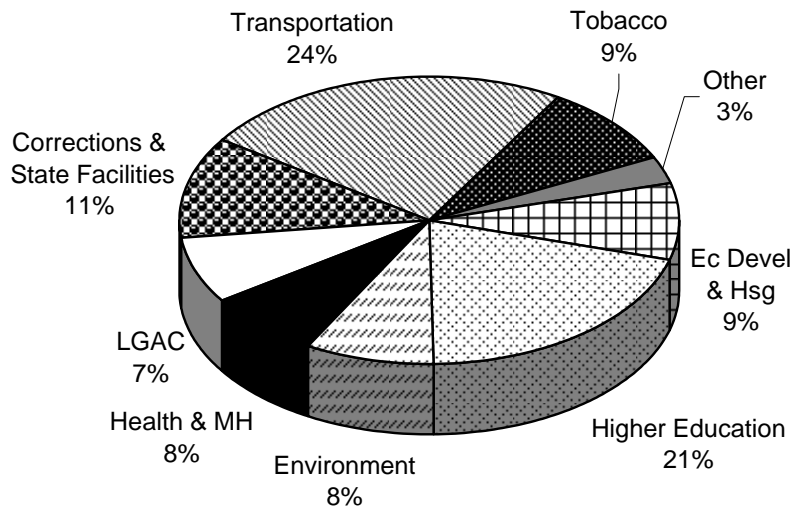
**Debt Outstanding by Function
\$51 Billion Projected at March 31, 2007**



DEBT SERVICE

The following chart provides a summary of the major debt service costs by function. Significant bond-financed capital investments, primarily for transportation, education, corrections, economic development, mental hygiene facilities, and the environment, drive more than 80 percent of the State's debt service costs.

**2006-07 Debt Service by Function
\$4.7 Billion**



INDEX OF FINANCIAL PLAN TABLES

	Page
GENERAL FUND	
Annual Change from 2005-2006 to 2006-2007	49
Receipts Change from 2005-2006 to 2006-2007	50
Personal Income Tax Components Change from 2005-06 to 2006-07	51
Update of 2006-2007, Change from Enacted Budget	52
Update of Receipts, Change from Enacted Budget	53
Update of Personal Income Tax Components, Change from Enacted Budget	54
Update of 2007-2008, Change from Enacted Budget	55
Update of 2008-2009, Change from Enacted Budget	56
Projections, 2006-2007 through 2008-2009	57
STATE FUNDS UPDATE OF 2006-07	
2006-2007 Financial Plan	58
Update of 2006-07, Change from 2005-06 and Enacted Budget	59
2007-2008 Financial Plan	60
2008-2009 Financial Plan	61
ALL GOVERNMENTAL FUNDS	
2006-2007 Financial Plan	62
Update of 2006-07, Change from 2005-06 and Enacted Budget	63
Receipts Change from 2005-2006 and Enacted Budget	64
2007-2008 Financial Plan	65
2008-2009 Financial Plan	66
SPECIAL REVENUE FUNDS	
2006-2007 State and Federal Funds	67
2007-2008 State and Federal Funds	68
2008-2009 State and Federal Funds	69
CAPITAL PROJECTS FUNDS	
2006-2007 Capital Projects Funds	70
2007-2008 Capital Projects Funds	71
2008-2009 Capital Projects Funds	72
2006-07 CASH FLOW	
General Fund Monthly Projections	73
Special Revenue Funds Quarterly Projections	74
Capital Projects Funds Quarterly Projections	75
Debt Service Funds Quarterly Projections	76

First Quarterly Update to the 2006-07 Financial Plan

CASH DISBURSEMENTS BY FUNCTION	
General Fund, Annual Change from 2005-06 to 2006-07	77
State Funds, Annual Change from 2005-06 to 2006-07	80
All Governmental Funds, Annual Change from 2005-06 to 2006-07	83
Capital Off-Budget Spending	86
General Fund, Change from Enacted Budget	87
State Funds, Change from Enacted Budget	90
All Governmental Funds, Change from Enacted Budget	93
GAAP — ALL GENERAL FUND	
Annual Change from 2005-2006 to 2006-2007	96
GAAP — GOVERNMENTAL FUNDS	
2006-2007 Financial Plan	97
2005-2006 Major Funds Financial Plan	98
2006-2007 Major Funds Financial Plan	99
HEALTH CARE REFORM ACT RESOURCES FUND	
Annual Change from 2005-2006 to 2006-2007	100
Update of 2006-2007, Change from Enacted Budget	101
Projections, 2006-2007 through 2008-2009	102
2006-2007 Quarterly Cash Flow Projections	103
WORKFORCE SUMMARY REPORT	
General Fund, 2005-2006 to 2006-2007	104
All Funds, 2005-2006 to 2006-2007	106
STATE DEBT DETAIL	
Debt Outstanding	108
Debt Service	111
Debt Retirements	114
Debt Issuances	117

First Quarterly Update to the 2006-07 Financial Plan

CASH FINANCIAL PLAN GENERAL FUND 2005-2006 and 2006-2007 (millions of dollars)

	<u>2005-2006</u> <u>Actuals</u>	<u>2006-2007</u> <u>First Quarter</u>	<u>Annual</u> <u>Change</u>
Opening fund balance	<u>2,546</u>	<u>3,257</u>	<u>711</u>
Receipts:			
Taxes:			
Personal income tax	20,700	22,611	1,911
User taxes and fees	8,639	8,247	(392)
Business taxes	5,084	5,479	395
Other taxes	881	924	43
Miscellaneous receipts	2,029	2,435	406
Federal Grants	0	180	180
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	6,500	6,971	471
Sales tax in excess of LGAC debt service	2,295	2,179	(116)
Real estate taxes in excess of CW/CA debt service	715	583	(132)
All other	363	396	33
Total receipts	<u>47,206</u>	<u>50,005</u>	<u>2,799</u>
Disbursements:			
Grants to local governments	31,287	34,278	2,991
State operations	8,160	9,503	1,343
General State charges	3,975	4,401	426
Transfers to other funds:			
Debt service	1,710	1,760	50
Capital projects	286	225	(61)
Other purposes	1,077	817	(260)
Total disbursements	<u>46,495</u>	<u>50,984</u>	<u>4,489</u>
Change in fund balance	<u>711</u>	<u>(979)</u>	<u>(1,690)</u>
Closing fund balance	<u>3,257</u>	<u>2,278</u>	<u>(979)</u>
General Reserves			
Statutory Rainy Day Reserve Fund	944	944	0
Contingency Reserve Fund	21	21	0
Designated Reserves			
Spending Stabilization Reserve	2,041	787	(1,254)
Community Projects Fund	251	276	25
Debt Reduction Reserve	0	250	250

First Quarterly Update to the 2006-07 Financial Plan

**CURRENT STATE RECEIPTS
GENERAL FUND
2005-2006 and 2006-2007
(millions of dollars)**

	<u>2005-2006 Actuals</u>	<u>2006-2007 First Quarter</u>	<u>Annual Change</u>
Personal income tax	20,700	22,611	1,911
User taxes and fees:	8,639	8,247	(392)
Sales and use tax	7,978	7,610	(368)
Cigarette and tobacco taxes	403	402	(1)
Motor vehicle fees	24	0	(24)
Alcoholic beverages taxes	192	191	(1)
Alcoholic beverage control license fees	42	44	2
Business taxes:	5,084	5,479	395
Corporation franchise tax	2,665	3,057	392
Corporation and utilities tax	591	593	2
Insurance taxes	987	1,083	96
Bank tax	841	746	(95)
Other taxes:	882	924	42
Estate tax	855	900	45
Gift tax	2	1	(1)
Real property gains tax	1	1	0
Pari-mutuel taxes	23	21	(2)
Other taxes	1	1	0
Total Taxes	<u>35,305</u>	<u>37,261</u>	<u>1,956</u>
Miscellaneous receipts	<u>2,029</u>	<u>2,435</u>	<u>406</u>
Federal grants	<u>0</u>	<u>180</u>	<u>180</u>
Total	<u><u>37,334</u></u>	<u><u>39,876</u></u>	<u><u>2,542</u></u>

First Quarterly Update to the 2006-07 Financial Plan

**GENERAL FUND
PERSONAL INCOME TAX COMPONENTS
2005-2006 and 2006-2007
(millions of dollars)**

	<u>2005-2006 Actuals</u>	<u>2006-2007 First Quarter</u>	<u>Annual Change</u>
Withholdings	24,761	26,410	1,649
Estimated Payments	9,158	10,152	994
Final Payments	1,849	2,100	251
Delinquencies	<u>776</u>	<u>824</u>	<u>48</u>
Gross Collections	36,544	39,486	2,942
State/City Offset	(466)	(440)	26
Refunds	<u>(5,265)</u>	<u>(4,856)</u>	<u>409</u>
Reported Tax Collections	30,813	34,190	3,377
STAR	(3,213)	(4,041)	(828)
RBTF	<u>(6,900)</u>	<u>(7,538)</u>	<u>(638)</u>
General Fund	<u><u>20,700</u></u>	<u><u>22,611</u></u>	<u><u>1,911</u></u>

First Quarterly Update to the 2006-07 Financial Plan

CASH FINANCIAL PLAN GENERAL FUND 2006-2007 (millions of dollars)

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
Opening fund balance	<u>3,257</u>	<u>0</u>	<u>3,257</u>
Receipts:			
Taxes:			
Personal income tax	23,137	(526)	22,611
User taxes and fees	8,323	(76)	8,247
Business taxes	5,303	176	5,479
Other taxes	896	28	924
Miscellaneous receipts	2,846	(411)	2,435
Federal Grants	9	171	180
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	7,135	(164)	6,971
Sales tax in excess of LGAC debt service	2,208	(29)	2,179
Real estate taxes in excess of CW/CA debt service	533	50	583
All other	470	(74)	396
Total receipts	<u>50,860</u>	<u>(855)</u>	<u>50,005</u>
Disbursements:			
Grants to local governments	34,210	68	34,278
State operations	9,455	48	9,503
General State charges	4,413	(12)	4,401
Transfers to other funds:			
Debt service	1,749	11	1,760
Capital projects	219	6	225
Other purposes	797	20	817
Total disbursements	<u>50,843</u>	<u>141</u>	<u>50,984</u>
Change in fund balance	<u>17</u>	<u>(996)</u>	<u>(979)</u>
Closing fund balance	<u>3,274</u>	<u>(996)</u>	<u>2,278</u>
General Reserves			
Statutory Rainy Day Reserve Fund	944	0	944
Contingency Reserve Fund	21	0	21
Designated Reserves			
Spending Stabilization Reserve	1,783	(996)	787
Community Projects Fund	276	0	276
Debt Reduction Reserve	250	0	250

First Quarterly Update to the 2006-07 Financial Plan

**CURRENT STATE RECEIPTS
GENERAL FUND
2006-2007
(millions of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
Personal income tax	23,137	(526)	22,611
User taxes and fees:	<u>8,323</u>	<u>(76)</u>	<u>8,247</u>
Sales and use tax	7,686	(76)	7,610
Cigarette and tobacco taxes	402	0	402
Motor vehicle fees	0	0	0
Alcoholic beverages taxes	191	0	191
Alcoholic beverage control license fees	44	0	44
Business taxes:	<u>5,303</u>	<u>176</u>	<u>5,479</u>
Corporation franchise tax	2,806	251	3,057
Corporation and utilities tax	593	0	593
Insurance taxes	1,083	0	1,083
Bank tax	821	(75)	746
Other taxes:	<u>896</u>	<u>28</u>	<u>924</u>
Estate tax	874	26	900
Gift tax	0	1	1
Real property gains tax	0	1	1
Pari-mutuel taxes	21	0	21
Other taxes	1	0	1
Total Taxes	<u>37,659</u>	<u>(398)</u>	<u>37,261</u>
Miscellaneous receipts	<u>2,846</u>	<u>(411)</u>	<u>2,435</u>
Federal grants	<u>9</u>	<u>171</u>	<u>180</u>
Total	<u><u>40,514</u></u>	<u><u>(638)</u></u>	<u><u>39,876</u></u>

First Quarterly Update to the 2006-07 Financial Plan

**GENERAL FUND
PERSONAL INCOME TAX COMPONENTS
2006-2007
(millions of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
Withholdings	26,410	0	26,410
Estimated Payments	10,180	(28)	10,152
Final Payments	2,100	0	2,100
Delinquencies	<u>774</u>	<u>50</u>	<u>824</u>
Gross Collections	39,464	22	39,486
State/City Offset	(440)	0	(440)
Refunds	<u>(4,806)</u>	<u>(50)</u>	<u>(4,856)</u>
Reported Tax Collections	34,218	(28)	34,190
STAR	(3,368)	(673)	(4,041)
RBTF	<u>(7,713)</u>	<u>175</u>	<u>(7,538)</u>
General Fund	<u><u>23,137</u></u>	<u><u>(526)</u></u>	<u><u>22,611</u></u>

First Quarterly Update to the 2006-07 Financial Plan

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

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
Receipts:			
Taxes:			
Personal income tax	23,914	(367)	23,547
User taxes and fees	8,665	(92)	8,573
Business taxes	5,385	206	5,591
Other taxes	967	27	994
Miscellaneous receipts	2,368	(186)	2,182
Federal Grants	9	51	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	7,010	(188)	6,822
Sales tax in excess of LGAC debt service	2,305	(29)	2,276
Real estate taxes in excess of CW/CA debt service	485	25	510
All other	247	(60)	187
Total receipts	<u>51,355</u>	<u>(613)</u>	<u>50,742</u>
Disbursements:			
Grants to local governments	38,158	(631)	37,527
State operations	9,616	47	9,663
General State charges	4,742	(25)	4,717
Transfers to other funds:			
Debt service	1,768	0	1,768
Capital projects	242	6	248
Other purposes	1,323	(626)	697
Total disbursements	<u>55,849</u>	<u>(1,229)</u>	<u>54,620</u>
Deposit to/(use of) Community Projects Fund	<u>75</u>	<u>0</u>	<u>75</u>
Deposit to/(use of) Spending Stabilization Reserve Fund	<u>(892)</u>	<u>105</u>	<u>(787)</u>
Margin	<u>(3,677)</u>	<u>511</u>	<u>(3,166)</u>

First Quarterly Update to the 2006-07 Financial Plan

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

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
Receipts:			
Taxes:			
Personal income tax	25,691	(807)	24,884
User taxes and fees	8,969	(92)	8,877
Business taxes	5,504	210	5,714
Other taxes	1,030	24	1,054
Miscellaneous receipts	2,146	(175)	1,971
Federal Grants	9	51	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	7,314	(348)	6,966
Sales tax in excess of LGAC debt service	2,404	(29)	2,375
Real estate taxes in excess of CW/CA debt service	488	24	512
All other	251	(60)	191
Total receipts	<u>53,806</u>	<u>(1,202)</u>	<u>52,604</u>
Disbursements:			
Grants to local governments	41,051	(560)	40,491
State operations	9,883	40	9,923
General State charges	5,024	(25)	4,999
Transfers to other funds:			
Debt service	1,750	(1)	1,749
Capital projects	239	45	284
Other purposes	1,198	(485)	713
Total disbursements	<u>59,145</u>	<u>(986)</u>	<u>58,159</u>
Deposit to/(use of) Community Projects Fund	<u>(150)</u>	<u>0</u>	<u>(150)</u>
Deposit to/(use of) Spending Stabilization Reserve Fund	<u>(891)</u>	<u>891</u>	<u>0</u>
Margin	<u>(4,298)</u>	<u>(1,107)</u>	<u>(5,405)</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
GENERAL FUND
2006-2007 through 2008-2009
(millions of dollars)**

	<u>2006-2007</u> <u>First Quarter</u>	<u>2007-2008</u> <u>Estimated</u>	<u>2008-2009</u> <u>Estimated</u>
Receipts:			
Taxes:			
Personal income tax	22,611	23,547	24,884
User taxes and fees	8,247	8,573	8,877
Business taxes	5,479	5,591	5,714
Other taxes	924	994	1,054
Miscellaneous receipts	2,435	2,182	1,971
Federal Grants	180	60	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	6,971	6,822	6,966
Sales tax in excess of LGAC debt service	2,179	2,276	2,375
Real estate taxes in excess of CW/CA debt service	583	510	512
All other	396	187	191
Total receipts	<u>50,005</u>	<u>50,742</u>	<u>52,604</u>
Disbursements:			
Grants to local governments	34,278	37,527	40,491
State operations	9,503	9,663	9,923
General State charges	4,401	4,717	4,999
Transfers to other funds:			
Debt service	1,760	1,768	1,749
Capital projects	225	248	284
Other purposes	817	697	713
Total disbursements	<u>50,984</u>	<u>54,620</u>	<u>58,159</u>
Deposit to/(use of) Community Projects Fund	<u>25</u>	<u>75</u>	<u>(150)</u>
Deposit to/(use of) Debt Reduction Reserve	<u>250</u>	<u>0</u>	<u>0</u>
Deposit to/(use of) Spending Stabilization Reserve Fund	<u>(1,254)</u>	<u>(787)</u>	<u>0</u>
Margin	<u>0</u>	<u>(3,166)</u>	<u>(5,405)</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
STATE FUNDS
2006-2007
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	<u>3,257</u>	<u>3,747</u>	<u>(406)</u>	<u>221</u>	<u>6,819</u>
Receipts:					
Taxes	37,261	6,980	2,046	10,778	57,065
Miscellaneous receipts	2,435	12,446	2,605	665	18,151
Federal grants	180	0	0	0	180
Total receipts	<u>39,876</u>	<u>19,426</u>	<u>4,651</u>	<u>11,443</u>	<u>75,396</u>
Disbursements:					
Grants to local governments	34,278	15,603	940	0	50,821
State operations	9,503	5,315	0	65	14,883
General State charges	4,401	587	0	0	4,988
Debt service	0	0	0	4,087	4,087
Capital projects	0	1	3,301	0	3,302
Total disbursements	<u>48,182</u>	<u>21,506</u>	<u>4,241</u>	<u>4,152</u>	<u>78,081</u>
Other financing sources (uses):					
Transfers from other funds	10,129	1,249	347	5,398	17,123
Transfers to other funds	(2,802)	(543)	(831)	(12,671)	(16,847)
Bond and note proceeds	0	0	236	0	236
Net other financing sources (uses)	<u>7,327</u>	<u>706</u>	<u>(248)</u>	<u>(7,273)</u>	<u>512</u>
Change in fund balance	<u>(979)</u>	<u>(1,374)</u>	<u>162</u>	<u>18</u>	<u>(2,173)</u>
Closing fund balance	<u>2,278</u>	<u>2,373</u>	<u>(244)</u>	<u>239</u>	<u>4,646</u>

First Quarterly Update to the 2006-07 Financial Plan

CASH FINANCIAL PLAN STATE FUNDS 2005-2006 and 2006-2007 (millions of dollars)

	2005-2006 Actuals	2006-2007 Enacted	2006-2007 First Quarter	First Quarter vs. Actuals	First Quarter vs. Enacted
Opening fund balance	4,530	6,819	6,819	2,289	0
Receipts:					
Taxes	53,578	56,906	57,065	3,487	159
Miscellaneous receipts	18,148	18,524	18,151	3	(373)
Federal grants	2	10	180	178	170
Total receipts	<u>71,728</u>	<u>75,440</u>	<u>75,396</u>	<u>3,668</u>	<u>(44)</u>
Disbursements:					
Grants to local governments	44,971	49,963	50,821	5,850	858
State operations	13,344	14,782	14,883	1,539	101
General State charges	4,521	5,026	4,988	467	(38)
Debt service	3,701	4,086	4,087	386	1
Capital projects	3,186	3,243	3,302	116	59
Total disbursements	<u>69,723</u>	<u>77,100</u>	<u>78,081</u>	<u>8,358</u>	<u>981</u>
Other financing sources (uses):					
Transfers from other funds	16,774	17,296	17,123	349	(173)
Transfers to other funds	(16,649)	(16,907)	(16,847)	(198)	60
Bond and note proceeds	159	236	236	77	0
Net other financing sources (uses)	<u>284</u>	<u>625</u>	<u>512</u>	<u>228</u>	<u>(113)</u>
Change in fund balance	<u>2,289</u>	<u>(1,035)</u>	<u>(2,173)</u>	<u>(4,462)</u>	<u>(1,138)</u>
Closing fund balance	<u>6,819</u>	<u>5,784</u>	<u>4,646</u>	<u>(2,173)</u>	<u>(1,138)</u>

First Quarterly Update to the 2006-07 Financial Plan

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>2,373</u>	<u>(244)</u>	<u>239</u>	<u>2,368</u>
Receipts:					
Taxes	38,705	6,755	2,152	11,134	58,746
Miscellaneous receipts	2,182	12,521	3,358	671	18,732
Federal grants	60	0	0	0	60
Total receipts	<u>40,947</u>	<u>19,276</u>	<u>5,510</u>	<u>11,805</u>	<u>77,538</u>
Disbursements:					
Grants to local governments	37,527	15,090	834	0	53,451
State operations	9,663	5,366	0	66	15,095
General State charges	4,717	597	0	0	5,314
Debt service	0	0	0	4,721	4,721
Capital projects	0	2	4,592	0	4,594
Total disbursements	<u>51,907</u>	<u>21,055</u>	<u>5,426</u>	<u>4,787</u>	<u>83,175</u>
Other financing sources (uses):					
Transfers from other funds	9,795	1,115	459	5,566	16,935
Transfers to other funds	(2,713)	(405)	(914)	(12,555)	(16,587)
Bond and note proceeds	0	0	404	0	404
Net other financing sources (uses)	<u>7,082</u>	<u>710</u>	<u>(51)</u>	<u>(6,989)</u>	<u>752</u>
Deposit to/(use of) Community Projects Fund	<u>75</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>75</u>
Deposit to/(use of) Spending Stabilization Reserve Fund	<u>(787)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(787)</u>
Change in fund balance	<u>(3,166)</u>	<u>(1,069)</u>	<u>33</u>	<u>29</u>	<u>(4,173)</u>
Closing fund balance	<u>(3,166)</u>	<u>1,304</u>	<u>(211)</u>	<u>268</u>	<u>(1,805)</u>

First Quarterly Update to the 2006-07 Financial Plan

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>1,304</u>	<u>(211)</u>	<u>268</u>	<u>1,361</u>
Receipts:					
Taxes	40,529	6,957	2,169	11,682	61,337
Miscellaneous receipts	1,971	13,145	3,265	680	19,061
Federal grants	60	0	0	0	60
Total receipts	<u>42,560</u>	<u>20,102</u>	<u>5,434</u>	<u>12,362</u>	<u>80,458</u>
Disbursements:					
Grants to local governments	40,491	15,663	767	0	56,921
State operations	9,923	5,377	0	66	15,366
General State charges	4,999	608	0	0	5,607
Debt service	0	0	0	5,155	5,155
Capital projects	0	2	4,687	0	4,689
Total disbursements	<u>55,413</u>	<u>21,650</u>	<u>5,454</u>	<u>5,221</u>	<u>87,738</u>
Other financing sources (uses):					
Transfers from other funds	10,044	1,135	525	5,734	17,438
Transfers to other funds	(2,746)	(448)	(1,026)	(12,850)	(17,070)
Bond and note proceeds	0	0	531	0	531
Net other financing sources (uses)	<u>7,298</u>	<u>687</u>	<u>30</u>	<u>(7,116)</u>	<u>899</u>
Deposit to/(use of) Community Projects Fund	<u>(150)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(150)</u>
Deposit to/(use of) Spending Stabilization Reserve Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in fund balance	<u>(5,405)</u>	<u>(861)</u>	<u>10</u>	<u>25</u>	<u>(6,231)</u>
Closing fund balance	<u>(5,405)</u>	<u>443</u>	<u>(201)</u>	<u>293</u>	<u>(4,870)</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2006-2007
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>3,257</u>	<u>4,194</u>	<u>(604)</u>	<u>221</u>	<u>7,068</u>
Receipts:					
Taxes	37,261	6,980	2,046	10,778	57,065
Miscellaneous receipts	2,435	12,590	2,605	665	18,295
Federal grants	180	33,910	1,764	0	35,854
Total receipts	<u>39,876</u>	<u>53,480</u>	<u>6,415</u>	<u>11,443</u>	<u>111,214</u>
Disbursements:					
Grants to local governments	34,278	45,937	1,106	0	81,321
State operations	9,503	8,461	0	65	18,029
General State charges	4,401	828	0	0	5,229
Debt service	0	0	0	4,087	4,087
Capital projects	0	2	4,939	0	4,941
Total disbursements	<u>48,182</u>	<u>55,228</u>	<u>6,045</u>	<u>4,152</u>	<u>113,607</u>
Other financing sources (uses):					
Transfers from other funds	10,129	3,626	347	5,398	19,500
Transfers to other funds	(2,802)	(3,264)	(844)	(12,671)	(19,581)
Bond and note proceeds	0	0	236	0	236
Net other financing sources (uses)	<u>7,327</u>	<u>362</u>	<u>(261)</u>	<u>(7,273)</u>	<u>155</u>
Change in fund balance	<u>(979)</u>	<u>(1,386)</u>	<u>109</u>	<u>18</u>	<u>(2,238)</u>
Closing fund balance	<u>2,278</u>	<u>2,808</u>	<u>(495)</u>	<u>239</u>	<u>4,830</u>

First Quarterly Update to the 2006-07 Financial Plan

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS 2005-2006 and 2006-2007 (millions of dollars)

	2005-2006 Actuals	2006-2007 Enacted	2006-2007 First Quarter	First Quarter vs. Actuals	First Quarter vs. Enacted
Opening fund balance	4,281	7,068	7,068	2,787	0
Receipts:					
Taxes	53,578	56,906	57,065	3,487	159
Miscellaneous receipts	18,320	18,666	18,295	(25)	(371)
Federal grants	35,129	35,607	35,854	725	247
Total receipts	<u>107,027</u>	<u>111,179</u>	<u>111,214</u>	<u>4,187</u>	<u>35</u>
Disbursements:					
Grants to local governments	75,036	80,370	81,321	6,285	951
State operations	16,435	17,886	18,029	1,594	143
General State charges	4,735	5,277	5,229	494	(48)
Debt service	3,701	4,086	4,087	386	1
Capital projects	4,434	4,844	4,941	507	97
Total disbursements	<u>104,341</u>	<u>112,463</u>	<u>113,607</u>	<u>9,266</u>	<u>1,144</u>
Other financing sources (uses):					
Transfers from other funds	19,176	19,673	19,500	324	(173)
Transfers to other funds	(19,234)	(19,704)	(19,581)	(347)	123
Bond and note proceeds	159	236	236	77	0
Net other financing sources (uses)	<u>101</u>	<u>205</u>	<u>155</u>	<u>54</u>	<u>(50)</u>
Change in fund balance	<u>2,787</u>	<u>(1,079)</u>	<u>(2,238)</u>	<u>(5,025)</u>	<u>(1,159)</u>
Closing fund balance	<u>7,068</u>	<u>5,989</u>	<u>4,830</u>	<u>(2,238)</u>	<u>(1,159)</u>

First Quarterly Update to the 2006-07 Financial Plan

CURRENT STATE RECEIPTS ALL GOVERNMENTAL FUNDS 2005-2006 and 2006-2007 (millions of dollars)

	2005-2006 <u>Actuals</u>	2006-2007 <u>Enacted</u>	2006-2007 <u>First Quarter</u>	First Quarter vs. <u>Actuals</u>	First Quarter vs. <u>Enacted</u>
Personal income tax	30,813	34,218	34,190	3,377	(28)
User taxes and fees	13,857	13,683	13,624	(233)	(59)
Sales and use taxes	11,196	10,939	10,847	(349)	(92)
Cigarette and tobacco taxes	974	965	964	(10)	(1)
Motor fuel tax	531	525	520	(11)	(5)
Motor vehicle fees	720	813	854	134	41
Highway use tax	160	191	159	(1)	(32)
Alcoholic beverage taxes	192	161	191	(1)	30
Alcoholic beverage control license fees	42	44	44	2	0
Auto rental tax	42	45	45	3	0
Business taxes	7,088	7,309	7,477	389	168
Corporation franchise tax	3,053	3,179	3,457	404	278
Corporation and utilities taxes	832	791	791	(41)	0
Insurance taxes	1,083	1,186	1,186	103	0
Bank tax	974	961	876	(98)	(85)
Petroleum business taxes	1,146	1,192	1,167	21	(25)
Other taxes	1,820	1,696	1,774	(46)	78
Estate tax	855	874	900	45	26
Gift tax	2	0	1	(1)	1
Real property gains tax	1	0	1	0	1
Real estate transfer tax	938	800	850	(88)	50
Pari-mutuel taxes	23	21	21	(2)	0
Other taxes	1	1	1	0	0
Total taxes	<u>53,578</u>	<u>56,906</u>	<u>57,065</u>	<u>3,487</u>	<u>159</u>
Miscellaneous receipts	<u>18,320</u>	<u>18,666</u>	<u>18,295</u>	<u>(25)</u>	<u>(371)</u>
Federal grants	<u>35,129</u>	<u>35,607</u>	<u>35,854</u>	<u>725</u>	<u>247</u>
Total	<u><u>107,027</u></u>	<u><u>111,179</u></u>	<u><u>111,214</u></u>	<u><u>4,187</u></u>	<u><u>35</u></u>

First Quarterly Update to the 2006-07 Financial Plan

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>2,808</u>	<u>(495)</u>	<u>239</u>	<u>2,552</u>
Receipts:					
Taxes	38,705	6,755	2,152	11,134	58,746
Miscellaneous receipts	2,182	12,660	3,358	671	18,871
Federal grants	60	35,197	1,919	0	37,176
Total receipts	<u>40,947</u>	<u>54,612</u>	<u>7,429</u>	<u>11,805</u>	<u>114,793</u>
Disbursements:					
Grants to local governments	37,527	46,575	1,000	0	85,102
State operations	9,663	8,536	0	66	18,265
General State charges	4,717	842	0	0	5,559
Debt service	0	0	0	4,721	4,721
Capital projects	0	3	6,325	0	6,328
Total disbursements	<u>51,907</u>	<u>55,956</u>	<u>7,325</u>	<u>4,787</u>	<u>119,975</u>
Other financing sources (uses):					
Transfers from other funds	9,795	3,487	459	5,566	19,307
Transfers to other funds	(2,713)	(3,125)	(927)	(12,555)	(19,320)
Bond and note proceeds	0	0	404	0	404
Net other financing sources (uses)	<u>7,082</u>	<u>362</u>	<u>(64)</u>	<u>(6,989)</u>	<u>391</u>
Deposit to/(use of) Community Projects Fund	<u>75</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>75</u>
Deposit to/(use of) Spending Stabilization Reserve Fund	<u>(787)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(787)</u>
Change in fund balance	<u>(3,166)</u>	<u>(982)</u>	<u>40</u>	<u>29</u>	<u>(4,079)</u>
Closing fund balance	<u>(3,166)</u>	<u>1,826</u>	<u>(455)</u>	<u>268</u>	<u>(1,527)</u>

First Quarterly Update to the 2006-07 Financial Plan

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>1,826</u>	<u>(455)</u>	<u>268</u>	<u>1,639</u>
Receipts:					
Taxes	40,529	6,957	2,169	11,682	61,337
Miscellaneous receipts	1,971	13,284	3,265	680	19,200
Federal grants	60	36,979	1,792	0	38,831
Total receipts	<u>42,560</u>	<u>57,220</u>	<u>7,226</u>	<u>12,362</u>	<u>119,368</u>
Disbursements:					
Grants to local governments	40,491	48,693	933	0	90,117
State operations	9,923	8,630	0	66	18,619
General State charges	4,999	859	0	0	5,858
Debt service	0	0	0	5,155	5,155
Capital projects	0	3	6,292	0	6,295
Total disbursements	<u>55,413</u>	<u>58,185</u>	<u>7,225</u>	<u>5,221</u>	<u>126,044</u>
Other financing sources (uses):					
Transfers from other funds	10,044	3,551	525	5,734	19,854
Transfers to other funds	(2,746)	(3,252)	(1,039)	(12,850)	(19,887)
Bond and note proceeds	0	0	531	0	531
Net other financing sources (uses)	<u>7,298</u>	<u>299</u>	<u>17</u>	<u>(7,116)</u>	<u>498</u>
Deposit to/(use of) Community Projects Fund	<u>(150)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(150)</u>
Deposit to/(use of) Spending Stabilization Reserve Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in fund balance	<u>(5,405)</u>	<u>(666)</u>	<u>18</u>	<u>25</u>	<u>(6,028)</u>
Closing fund balance	<u>(5,405)</u>	<u>1,160</u>	<u>(437)</u>	<u>293</u>	<u>(4,389)</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2006-2007
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>3,747</u>	<u>447</u>	<u>4,194</u>
Receipts:			
Taxes	6,980	0	6,980
Miscellaneous receipts	12,446	144	12,590
Federal grants	<u>0</u>	<u>33,910</u>	<u>33,910</u>
Total receipts	<u>19,426</u>	<u>34,054</u>	<u>53,480</u>
Disbursements:			
Grants to local governments	15,603	30,334	45,937
State operations	5,315	3,146	8,461
General State charges	587	241	828
Debt service	0	0	0
Capital projects	<u>1</u>	<u>1</u>	<u>2</u>
Total disbursements	<u>21,506</u>	<u>33,722</u>	<u>55,228</u>
Other financing sources (uses):			
Transfers from other funds	1,249	2,377	3,626
Transfers to other funds	(543)	(2,721)	(3,264)
Bond and note proceeds	<u>0</u>	<u>0</u>	<u>0</u>
Net other financing sources (uses)	<u>706</u>	<u>(344)</u>	<u>362</u>
Change in fund balance	<u>(1,374)</u>	<u>(12)</u>	<u>(1,386)</u>
Closing fund balance	<u>2,373</u>	<u>435</u>	<u>2,808</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2007-2008
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>2,373</u>	<u>435</u>	<u>2,808</u>
Receipts:			
Taxes	6,755	0	6,755
Miscellaneous receipts	12,521	139	12,660
Federal grants	<u>0</u>	<u>35,197</u>	<u>35,197</u>
Total receipts	<u>19,276</u>	<u>35,336</u>	<u>54,612</u>
Disbursements:			
Grants to local governments	15,090	31,485	46,575
State operations	5,366	3,170	8,536
General State charges	597	245	842
Debt service	0	0	0
Capital projects	<u>2</u>	<u>1</u>	<u>3</u>
Total disbursements	<u>21,055</u>	<u>34,901</u>	<u>55,956</u>
Other financing sources (uses):			
Transfers from other funds	1,115	2,372	3,487
Transfers to other funds	(405)	(2,720)	(3,125)
Bond and note proceeds	<u>0</u>	<u>0</u>	<u>0</u>
Net other financing sources (uses)	<u>710</u>	<u>(348)</u>	<u>362</u>
Change in fund balance	<u>(1,069)</u>	<u>87</u>	<u>(982)</u>
Closing fund balance	<u>1,304</u>	<u>522</u>	<u>1,826</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2008-2009
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>1,304</u>	<u>522</u>	<u>1,826</u>
Receipts:			
Taxes	6,957	0	6,957
Miscellaneous receipts	13,145	139	13,284
Federal grants	<u>0</u>	<u>36,979</u>	<u>36,979</u>
Total receipts	<u>20,102</u>	<u>37,118</u>	<u>57,220</u>
Disbursements:			
Grants to local governments	15,663	33,030	48,693
State operations	5,377	3,253	8,630
General State charges	608	251	859
Debt service	0	0	0
Capital projects	<u>2</u>	<u>1</u>	<u>3</u>
Total disbursements	<u>21,650</u>	<u>36,535</u>	<u>58,185</u>
Other financing sources (uses):			
Transfers from other funds	1,135	2,416	3,551
Transfers to other funds	(448)	(2,804)	(3,252)
Bond and note proceeds	<u>0</u>	<u>0</u>	<u>0</u>
Net other financing sources (uses)	<u>687</u>	<u>(388)</u>	<u>299</u>
Change in fund balance	<u>(861)</u>	<u>195</u>	<u>(666)</u>
Closing fund balance	<u>443</u>	<u>717</u>	<u>1,160</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2006-2007
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>(406)</u>	<u>(198)</u>	<u>(604)</u>
Receipts:			
Taxes	2,046	0	2,046
Miscellaneous receipts	2,605	0	2,605
Federal grants	0	1,764	1,764
Total receipts	<u>4,651</u>	<u>1,764</u>	<u>6,415</u>
Disbursements:			
Grants to local governments	940	166	1,106
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	3,301	1,638	4,939
Total disbursements	<u>4,241</u>	<u>1,804</u>	<u>6,045</u>
Other financing sources (uses):			
Transfers from other funds	347	0	347
Transfers to other funds	(831)	(13)	(844)
Bond and note proceeds	236	0	236
Net other financing sources (uses)	<u>(248)</u>	<u>(13)</u>	<u>(261)</u>
Change in fund balance	<u>162</u>	<u>(53)</u>	<u>109</u>
Closing fund balance	<u>(244)</u>	<u>(251)</u>	<u>(495)</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2007-2008
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>(244)</u>	<u>(251)</u>	<u>(495)</u>
Receipts:			
Taxes	2,152	0	2,152
Miscellaneous receipts	3,358	0	3,358
Federal grants	<u>0</u>	<u>1,919</u>	<u>1,919</u>
Total receipts	<u>5,510</u>	<u>1,919</u>	<u>7,429</u>
Disbursements:			
Grants to local governments	834	166	1,000
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	<u>4,592</u>	<u>1,733</u>	<u>6,325</u>
Total disbursements	<u>5,426</u>	<u>1,899</u>	<u>7,325</u>
Other financing sources (uses):			
Transfers from other funds	459	0	459
Transfers to other funds	(914)	(13)	(927)
Bond and note proceeds	<u>404</u>	<u>0</u>	<u>404</u>
Net other financing sources (uses)	<u>(51)</u>	<u>(13)</u>	<u>(64)</u>
Change in fund balance	<u>33</u>	<u>7</u>	<u>40</u>
Closing fund balance	<u>(211)</u>	<u>(244)</u>	<u>(455)</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2008-2009
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>(211)</u>	<u>(244)</u>	<u>(455)</u>
Receipts:			
Taxes	2,169	0	2,169
Miscellaneous receipts	3,265	0	3,265
Federal grants	<u>0</u>	<u>1,792</u>	<u>1,792</u>
Total receipts	<u>5,434</u>	<u>1,792</u>	<u>7,226</u>
Disbursements:			
Grants to local governments	767	166	933
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	<u>4,687</u>	<u>1,605</u>	<u>6,292</u>
Total disbursements	<u>5,454</u>	<u>1,771</u>	<u>7,225</u>
Other financing sources (uses):			
Transfers from other funds	525	0	525
Transfers to other funds	(1,026)	(13)	(1,039)
Bond and note proceeds	<u>531</u>	<u>0</u>	<u>531</u>
Net other financing sources (uses)	<u>30</u>	<u>(13)</u>	<u>17</u>
Change in fund balance	<u>10</u>	<u>8</u>	<u>18</u>
Closing fund balance	<u>(201)</u>	<u>(236)</u>	<u>(437)</u>

First Quarterly Update to the 2006-07 Financial Plan

CASH FLOW SPECIAL REVENUE FUNDS 2006-2007 (millions of dollars)

	First Quarter (Actual)	Second Quarter (Projected)	Third Quarter (Projected)	Fourth Quarter (Projected)	Total (Projected)
Opening fund balance	4,194	5,245	3,544	2,729	4,194
Receipts:					
Taxes	812	1,313	4,189	666	6,980
Miscellaneous receipts	2,749	2,802	2,793	4,246	12,590
Federal grants	7,902	8,800	8,819	8,389	33,910
Total receipts	11,463	12,915	15,801	13,301	53,480
Disbursements:					
Grants to local governments	8,699	12,677	14,425	10,136	45,937
State operations	1,690	1,771	2,155	2,845	8,461
General State charges	200	199	210	219	828
Debt service	0	0	0	0	0
Capital projects	13	0	0	(11)	2
Total disbursements	10,602	14,647	16,790	13,189	55,228
Other financing sources (uses):					
Transfers from other funds	929	814	872	1,011	3,626
Transfers to other funds	(739)	(783)	(698)	(1,044)	(3,264)
Bond and note proceeds	0	0	0	0	0
Net other financing sources (uses)	190	31	174	(33)	362
Change in fund balance	1,051	(1,701)	(815)	79	(1,386)
Closing fund balance	5,245	3,544	2,729	2,808	2,808

First Quarterly Update to the 2006-07 Financial Plan

CASH FLOW CAPITAL PROJECTS FUNDS 2006-2007 (millions of dollars)

	First Quarter (Actual)	Second Quarter (Projected)	Third Quarter (Projected)	Fourth Quarter (Projected)	Total (Projected)
Opening fund balance	(604)	(593)	(609)	(613)	(604)
Receipts:					
Taxes	478	552	517	499	2,046
Miscellaneous receipts	428	537	670	970	2,605
Federal grants	339	441	494	490	1,764
Total receipts	<u>1,245</u>	<u>1,530</u>	<u>1,681</u>	<u>1,959</u>	<u>6,415</u>
Disbursements:					
Grants to local governments	98	143	274	591	1,106
State operations	0	0	0	0	0
General State charges	0	0	0	0	0
Debt service	0	0	0	0	0
Capital projects	1,078	1,250	1,350	1,261	4,939
Total disbursements	<u>1,176</u>	<u>1,393</u>	<u>1,624</u>	<u>1,852</u>	<u>6,045</u>
Other financing sources (uses):					
Transfers from other funds	93	100	113	41	347
Transfers to other funds	(151)	(253)	(174)	(266)	(844)
Bond and note proceeds	0	0	0	236	236
Net other financing sources (uses)	<u>(58)</u>	<u>(153)</u>	<u>(61)</u>	<u>11</u>	<u>(261)</u>
Change in fund balance	<u>11</u>	<u>(16)</u>	<u>(4)</u>	<u>118</u>	<u>109</u>
Closing fund balance	<u>(593)</u>	<u>(609)</u>	<u>(613)</u>	<u>(495)</u>	<u>(495)</u>

First Quarterly Update to the 2006-07 Financial Plan

CASH FLOW DEBT SERVICE FUNDS 2006-2007 (millions of dollars)

	First Quarter (Actual)	Second Quarter (Projected)	Third Quarter (Projected)	Fourth Quarter (Projected)	Total (Projected)
Opening fund balance	221	277	276	371	221
Receipts:					
Taxes	3,287	2,437	1,738	3,316	10,778
Miscellaneous receipts	187	159	159	160	665
Federal grants	0	0	0	0	0
Total receipts	3,474	2,596	1,897	3,476	11,443
Disbursements:					
Grants to local governments	0	0	0	0	0
State operations	6	24	21	14	65
General State charges	0	0	0	0	0
Debt service	775	984	1,000	1,328	4,087
Capital projects	0	0	0	0	0
Total disbursements	781	1,008	1,021	1,342	4,152
Other financing sources (uses):					
Transfers from other funds	1,345	1,364	1,455	1,234	5,398
Transfers to other funds	(3,982)	(2,953)	(2,236)	(3,500)	(12,671)
Bond and note proceeds	0	0	0	0	0
Net other financing sources (uses)	(2,637)	(1,589)	(781)	(2,266)	(7,273)
Change in fund balance	56	(1)	95	(132)	18
Closing fund balance	277	276	371	239	239

First Quarterly Update to the 2006-07 Financial Plan

CASH DISBURSEMENTS BY FUNCTION GENERAL FUND (thousands of dollars)

	<u>2005-2006</u> <u>Actuals</u>	<u>2006-2007</u> <u>First Quarter</u>	<u>Annual</u> <u>Change</u>
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	45,628	60,180	14,552
Banking Department	0	250	250
Consumer Protection Board	19	0	(19)
Economic Development, Department of	38,581	53,180	14,599
Empire State Development Corporation	29,758	57,898	28,140
Housing and Community Renewal, Division of	76,297	78,378	2,081
Olympic Regional Development Authority	8,350	7,986	(364)
Science, Technology and Academic Research, Office of	41,117	47,507	6,390
Functional Total	<u>239,750</u>	<u>305,379</u>	<u>65,629</u>
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	4,278	4,555	277
Environmental Conservation, Department of	103,232	129,793	26,561
Parks, Recreation and Historic Preservation, Office of	112,691	130,084	17,393
Functional Total	<u>220,201</u>	<u>264,432</u>	<u>44,231</u>
TRANSPORTATION			
Motor Vehicles, Department of	74	0	(74)
Transportation, Department of	149,407	60,516	(88,891)
Functional Total	<u>149,481</u>	<u>60,516</u>	<u>(88,965)</u>
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	18	0	(18)
Aging, Office for the	72,448	100,750	28,302
Children and Family Services, Office of	1,434,861	1,555,341	120,480
Health, Department of	<u>9,160,956</u>	<u>10,141,854</u>	<u>980,898</u>
<i>Medical Assistance</i>	8,290,981	9,258,738	967,757
<i>Medicaid Administration</i>	190,880	119,950	(70,930)
<i>All Other</i>	679,095	763,166	84,071
Human Rights, Division of	12,814	13,178	364
Labor, Department of	8,257	17,874	9,617
Medicaid Inspector General, Office of	0	35,082	35,082
Prevention of Domestic Violence, Office of	1,921	2,509	588
Temporary and Disability Assistance, Office of	<u>1,345,401</u>	<u>1,342,043</u>	<u>(3,358)</u>
<i>Welfare Assistance</i>	882,398	866,903	(15,495)
<i>Welfare Administration</i>	368,537	382,897	14,360
<i>All Other</i>	94,466	92,243	(2,223)
Welfare Inspector General, Office of	671	378	(293)
Functional Total	<u>12,037,347</u>	<u>13,209,009</u>	<u>1,171,662</u>
MENTAL HEALTH			
Mental Health, Office of	1,357,517	1,593,498	235,981
Mental Retardation and Developmental Disabilities, Office of	864,472	933,410	68,938
Alcohol and Substance Abuse Services, Office of	299,793	343,596	43,803
Quality of Care for the Mentally Disabled, Commission on	3,802	4,575	773
Functional Total	<u>2,525,584</u>	<u>2,875,079</u>	<u>349,495</u>

First Quarterly Update to the 2006-07 Financial Plan

CASH DISBURSEMENTS BY FUNCTION GENERAL FUND (thousands of dollars)

	<u>2005-2006</u> <u>Actuals</u>	<u>2006-2007</u> <u>First Quarter</u>	<u>Annual</u> <u>Change</u>
PUBLIC PROTECTION			
Capital Defenders Office	4,572	1,600	(2,972)
Correction, Commission of	2,510	2,607	97
Correctional Services, Department of	2,035,287	2,500,004	464,717
Crime Victims Board	3,655	4,274	619
Criminal Justice Services, Division of	90,456	140,790	50,334
Homeland Security	9,142	66,318	57,176
Investigation, Temporary State Commission of	3,403	3,651	248
Judicial Commissions	2,714	2,888	174
Military and Naval Affairs, Division of	50,628	93,656	43,028
Parole, Division of	190,969	201,322	10,353
Probation and Correctional Alternatives, Division of	69,179	77,658	8,479
State Police, Division of	454,215	471,451	17,236
Functional Total	<u>2,916,730</u>	<u>3,566,219</u>	<u>649,489</u>
EDUCATION			
Arts, Council on the	41,965	50,156	8,191
City University of New York	504,291	542,333	38,042
Education, Department of	14,990,259	16,278,104	1,287,845
<i>School Aid</i>	13,499,886	14,534,915	1,035,029
<i>Handicapped</i>	884,328	986,058	101,730
<i>All Other</i>	606,045	757,131	151,086
Higher Education Services Corporation	889,328	867,150	(22,178)
State University of New York	1,363,492	1,636,404	272,912
Functional Total	<u>17,789,335</u>	<u>19,374,147</u>	<u>1,584,812</u>
GENERAL GOVERNMENT			
Audit and Control, Department of	167,788	171,851	4,063
Budget, Division of the	27,970	31,740	3,770
Civil Service, Department of	25,391	22,359	(3,032)
Elections, State Board of	3,764	9,688	5,924
Employee Relations, Office of	3,553	3,768	215
Executive Chamber	13,937	15,480	1,543
General Services, Office of	146,577	166,393	19,816
Inspector General, Office of	4,446	4,783	337
Law, Department of	119,041	129,178	10,137
Lieutenant Governor, Office of the	348	485	137
Real Property Services, Office of	13,645	22,713	9,068
Regulatory Reform, Governor's Office of	3,661	3,744	83
State Labor Relations Board	3,508	3,539	31
State, Department of	20,159	25,226	5,067
Tax Appeals, Division of	2,958	3,423	465
Taxation and Finance, Department of	312,337	322,752	10,415
Technology, Office for	20,789	22,818	2,029
TSC Lobbying	1,288	2,474	1,186
Veterans Affairs, Division of	10,823	11,684	861
Functional Total	<u>901,983</u>	<u>974,098</u>	<u>72,115</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH DISBURSEMENTS BY FUNCTION
GENERAL FUND
(thousands of dollars)**

	<u>2005-2006</u> <u>Actuals</u>	<u>2006-2007</u> <u>First Quarter</u>	<u>Annual</u> <u>Change</u>
ALL OTHER CATEGORIES			
Legislature	210,051	212,913	2,862
Judiciary (excluding fringe benefits)	1,432,414	1,636,729	204,315
Local Government Assistance	1,018,896	1,182,592	163,696
Long-Term Debt Service	1,709,837	1,759,669	49,832
Capital Projects	285,524	225,204	(60,320)
General State Charges/Miscellaneous	5,057,585	5,338,299	280,714
Functional Total	<u>9,714,307</u>	<u>10,355,406</u>	<u>641,099</u>
TOTAL GENERAL FUND SPENDING	<u>46,494,718</u>	<u>50,984,285</u>	<u>4,489,567</u>

First Quarterly Update to the 2006-07 Financial Plan

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS (thousands of dollars)

	2005-2006 Actuals	2006-2007 First Quarter	Annual Change
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	69,085	96,277	27,192
Alcoholic Beverage Control	10,286	12,076	1,790
Banking Department	56,278	59,783	3,505
Consumer Protection Board	2,622	3,003	381
Economic Development, Department of	434,975	360,331	(74,644)
Empire State Development Corporation	31,628	815,398	783,770
Energy Research and Development Authority	26,151	32,656	6,505
Housing and Community Renewal, Division of	187,999	232,519	44,520
Insurance Department	124,142	152,644	28,502
Olympic Regional Development Authority	8,550	13,886	5,336
Public Service, Department of	49,147	52,101	2,954
Science, Technology and Academic Research, Office of	53,719	64,453	10,734
Functional Total	1,054,582	1,895,127	840,545
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	4,278	4,555	277
Environmental Conservation, Department of	629,070	740,902	111,832
Environmental Facilities Corporation	8,034	14,258	6,224
Parks, Recreation and Historic Preservation, Office of	225,257	267,461	42,204
Functional Total	866,639	1,027,176	160,537
TRANSPORTATION			
Motor Vehicles, Department of	226,411	259,785	33,374
Thruway Authority	1,671	2,000	329
Metropolitan Transportation Authority	38,078	38,050	(28)
Transportation, Department of	4,171,041	4,350,245	179,204
Functional Total	4,437,201	4,650,080	212,879
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	18	0	(18)
Aging, Office for the	73,259	103,801	30,542
Children and Family Services, Office of	1,456,662	1,586,680	130,018
Health, Department of	14,841,827	16,909,126	2,067,299
<i>Medical Assistance</i>	11,522,379	13,044,975	1,522,596
<i>Medicaid Administration</i>	190,880	119,950	(70,930)
<i>All Other</i>	3,128,568	3,744,201	615,633
Human Rights, Division of	12,814	13,184	370
Labor, Department of	78,423	72,665	(5,758)
Medicaid Inspector General, Office of	1,049	36,426	35,377
Prevention of Domestic Violence, Office of	1,921	2,539	618

First Quarterly Update to the 2006-07 Financial Plan

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS (thousands of dollars)

	2005-2006 Actuals	2006-2007 First Quarter	Annual Change
HEALTH AND SOCIAL WELFARE (Continued)			
Temporary and Disability Assistance, Office of	1,426,236	1,415,393	(10,843)
<i>Welfare Assistance</i>	882,398	866,903	(15,495)
<i>Welfare Administration</i>	368,537	382,897	14,360
<i>All Other</i>	175,301	165,593	(9,708)
Welfare Inspector General, Office of	671	378	(293)
Workers' Compensation Board	138,436	143,888	5,452
Functional Total	18,031,316	20,284,080	2,252,764
MENTAL HEALTH			
Mental Health, Office of	1,700,086	1,918,742	218,656
Mental Hygiene, Department of	8,138	8,645	507
Mental Retardation and Developmental Disabilities, Office of	971,343	1,118,125	146,782
Alcohol and Substance Abuse Services, Office of	335,672	390,206	54,534
Quality of Care for the Mentally Disabled, Commission on	3,968	4,964	996
Functional Total	3,019,207	3,440,682	421,475
PUBLIC PROTECTION			
Capital Defenders Office	4,572	1,600	(2,972)
Correction, Commission of	2,510	2,607	97
Correctional Services, Department of	2,284,993	2,742,386	457,393
Crime Victims Board	24,806	30,398	5,592
Criminal Justice Services, Division of	104,457	172,426	67,969
Homeland Security	15,852	77,545	61,693
Investigation, Temporary State Commission of	3,586	3,934	348
Judicial Commissions	2,714	2,888	174
Military and Naval Affairs, Division of	66,359	114,344	47,985
Parole, Division of	190,969	201,355	10,386
Probation and Correctional Alternatives, Division of	69,179	77,658	8,479
State Police, Division of	591,065	634,872	43,807
Functional Total	3,361,062	4,062,013	700,951
EDUCATION			
Arts, Council on the	42,165	50,856	8,691
City University of New York	796,137	977,127	180,990
Education, Department of	20,587,693	24,908,688	4,320,995
<i>School Aid</i>	15,775,588	18,994,037	3,218,449
<i>STAR Property Tax Relief</i>	3,213,204	4,041,000	827,796
<i>Handicapped</i>	884,328	986,058	101,730
<i>All Other</i>	714,573	887,593	173,020
Higher Education Services Corporation	1,014,692	977,338	(37,354)
State University Construction Fund	10,013	12,077	2,064
State University of New York	4,907,618	5,372,196	464,578
Functional Total	27,358,318	32,298,282	4,939,964

First Quarterly Update to the 2006-07 Financial Plan

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS (thousands of dollars)

	2005-2006 <u>Actuals</u>	2006-2007 <u>First Quarter</u>	<u>Annual Change</u>
GENERAL GOVERNMENT			
Audit and Control, Department of	225,148	232,399	7,251
Budget, Division of the	37,423	52,215	14,792
Civil Service, Department of	26,391	23,958	(2,433)
Elections, State Board of	3,769	9,868	6,099
Employee Relations, Office of	3,579	3,956	377
Executive Chamber	13,937	15,480	1,543
General Services, Office of	254,267	264,597	10,330
Inspector General, Office of	5,336	6,369	1,033
Law, Department of	158,701	172,724	14,023
Lieutenant Governor, Office of the	348	485	137
Lottery, Division of	176,524	201,365	24,841
Racing and Wagering Board, State	13,093	19,133	6,040
Real Property Services, Office of	43,830	56,112	12,282
Regulatory Reform, Governor's Office of	3,661	3,744	83
State Labor Relations Board	3,508	3,776	268
State, Department of	76,116	128,219	52,103
Tax Appeals, Division of	2,958	3,423	465
Taxation and Finance, Department of	341,429	358,103	16,674
Technology, Office for	21,018	24,818	3,800
TSC Lobbying	1,572	3,028	1,456
Veterans Affairs, Division of	10,823	11,684	861
Functional Total	<u>1,423,431</u>	<u>1,595,456</u>	<u>172,025</u>
ALL OTHER CATEGORIES			
Legislature	210,051	213,863	3,812
Judiciary (excluding fringe benefits)	1,613,669	1,852,898	239,229
Local Government Assistance	1,018,896	1,182,592	163,696
Long-Term Debt Service	3,702,254	4,086,708	384,454
General State Charges/Miscellaneous	4,643,772	5,096,194	452,422
Capital GAAP Adjustments ⁽¹⁾	(1,017,218)	(3,604,133)	(2,586,915)
Functional Total	<u>10,171,424</u>	<u>8,828,122</u>	<u>(1,343,302)</u>
TOTAL STATE FUNDS SPENDING	<u>69,723,180</u>	<u>78,081,018</u>	<u>8,357,838</u>

⁽¹⁾ Reflects an accounting adjustment for certain capital spending that is not reported in actual cash spending results, but is reported in the State's GAAP Financial Statements. This spending is related to programs which are financed directly from bond proceeds that are on deposit at various public authorities rather than from a short-term loan from Short-Term Investment Pool or cash from the General Fund, and has been included in the above agency totals and removed from net spending totals. The detailed amounts by agency are presented on the table entitled "Capital Off-Budget Spending".

First Quarterly Update to the 2006-07 Financial Plan

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

	<u>2005-2006</u> <u>Actuals</u>	<u>2006-2007</u> <u>First Quarter</u>	<u>Annual</u> <u>Change</u>
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	84,036	111,845	27,809
Alcoholic Beverage Control	10,286	12,076	1,790
Banking Department	56,278	59,783	3,505
Consumer Protection Board	2,622	3,003	381
Economic Development, Department of	435,010	360,676	(74,334)
Empire State Development Corporation	31,628	815,398	783,770
Energy Research and Development Authority	26,151	33,356	7,205
Housing and Community Renewal, Division of	256,949	307,563	50,614
Insurance Department	124,142	152,644	28,502
Olympic Regional Development Authority	8,550	13,886	5,336
Public Service, Department of	50,453	53,402	2,949
Science, Technology and Academic Research, Office of	59,411	70,078	10,667
Functional Total	<u>1,145,516</u>	<u>1,993,710</u>	<u>848,194</u>
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	4,398	4,905	507
Environmental Conservation, Department of	814,171	884,793	70,622
Environmental Facilities Corporation	8,034	14,258	6,224
Parks, Recreation and Historic Preservation, Office of	231,390	272,759	41,369
Functional Total	<u>1,057,993</u>	<u>1,176,715</u>	<u>118,722</u>
TRANSPORTATION			
Motor Vehicles, Department of	238,186	274,445	36,259
Thruway Authority	1,671	2,000	329
Metropolitan Transportation Authority	38,078	38,050	(28)
Transportation, Department of	5,638,018	5,983,714	345,696
Functional Total	<u>5,915,953</u>	<u>6,298,209</u>	<u>382,256</u>
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	18	0	(18)
Aging, Office for the	178,683	207,334	28,651
Children and Family Services, Office of	3,174,373	2,886,563	(287,810)
Health, Department of	35,186,395	37,448,500	2,262,105
<i>Medical Assistance</i>	<u>30,209,572</u>	<u>32,012,331</u>	<u>1,802,759</u>
<i>Medicaid Administration</i>	575,158	482,600	(92,558)
<i>All Other</i>	4,401,665	4,953,569	551,904
Human Rights, Division of	14,942	15,127	185
Labor, Department of	569,032	559,605	(9,427)
Medicaid Inspector General, Office of	1,049	73,901	72,852
Prevention of Domestic Violence, Office of	1,969	2,539	570

First Quarterly Update to the 2006-07 Financial Plan

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

	2005-2006 Actuals	2006-2007 First Quarter	Annual Change
HEALTH AND SOCIAL WELFARE (Continued)			
Temporary and Disability Assistance, Office of	4,389,984	4,853,210	463,226
<i>Welfare Assistance</i>	2,979,052	3,443,268	464,216
<i>Welfare Administration</i>	368,537	382,897	14,360
<i>All Other</i>	1,042,395	1,027,045	(15,350)
Welfare Inspector General, Office of	1,004	1,178	174
Workers' Compensation Board	140,892	144,670	3,778
Functional Total	43,658,341	46,192,627	2,534,286
MENTAL HEALTH			
Mental Health, Office of	2,318,666	2,442,427	123,761
Mental Hygiene, Department of	9,370	8,645	(725)
Mental Retardation and Developmental Disabilities, Office of	2,949,259	3,159,040	209,781
Alcohol and Substance Abuse Services, Office of	483,212	536,293	53,081
Developmental Disabilities Planning Council	4,081	3,648	(433)
Quality of Care for the Mentally Disabled, Commission on	12,650	14,691	2,041
Functional Total	5,777,238	6,164,744	387,506
PUBLIC PROTECTION			
Capital Defenders Office	4,572	1,600	(2,972)
Correction, Commission of	2,515	2,607	92
Correctional Services, Department of	2,315,295	2,801,457	486,162
Crime Victims Board	55,565	62,016	6,451
Criminal Justice Services, Division of	183,873	327,977	144,104
Homeland Security	19,586	257,278	237,692
Investigation, Temporary State Commission of	3,586	3,934	348
Judicial Commissions	2,714	2,888	174
Military and Naval Affairs, Division of	165,839	257,852	92,013
Parole, Division of	193,231	201,355	8,124
Probation and Correctional Alternatives, Division of	69,397	77,658	8,261
State Police, Division of	598,904	638,848	39,944
Functional Total	3,615,077	4,635,470	1,020,393
EDUCATION			
Arts, Council on the	42,825	52,125	9,300
City University of New York	796,137	977,127	180,990
Education, Department of	24,238,340	28,626,849	4,388,509
<i>School Aid</i>	18,549,645	21,784,037	3,234,392
<i>STAR Property Tax Relief</i>	3,213,204	4,041,000	827,796
<i>Handicapped</i>	1,560,076	1,671,058	110,982
<i>All Other</i>	915,415	1,130,754	215,339
Higher Education Services Corporation	1,018,291	987,835	(30,456)
State University Construction Fund	10,013	12,077	2,064
State University of New York	5,066,096	5,556,286	490,190
Functional Total	31,171,702	36,212,299	5,040,597

First Quarterly Update to the 2006-07 Financial Plan

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

	<u>2005-2006</u> Actuals	<u>2006-2007</u> First Quarter	<u>Annual</u> Change
GENERAL GOVERNMENT			
Audit and Control, Department of	225,148	232,399	7,251
Budget, Division of the	37,423	52,215	14,792
Civil Service, Department of	26,391	23,958	(2,433)
Elections, State Board of	4,206	121,119	116,913
Employee Relations, Office of	3,579	3,956	377
Executive Chamber	13,937	15,480	1,543
General Services, Office of	260,291	269,847	9,556
Inspector General, Office of	5,336	6,369	1,033
Law, Department of	182,175	198,656	16,481
Lieutenant Governor, Office of the	348	485	137
Lottery, Division of	176,524	201,365	24,841
Racing and Wagering Board, State	13,093	19,133	6,040
Real Property Services, Office of	43,830	56,112	12,282
Regulatory Reform, Governor's Office of	3,661	3,744	83
State Labor Relations Board	3,508	3,776	268
State, Department of	132,559	190,063	57,504
Tax Appeals, Division of	2,958	3,423	465
Taxation and Finance, Department of	341,429	358,381	16,952
Technology, Office for	21,018	24,818	3,800
TSC Lobbying	1,572	3,028	1,456
Veterans Affairs, Division of	11,812	12,697	885
Functional Total	<u>1,510,798</u>	<u>1,801,024</u>	<u>290,226</u>
ALL OTHER CATEGORIES			
Legislature	210,051	213,863	3,812
Judiciary (excluding fringe benefits)	1,618,170	1,860,398	242,228
World Trade Center	81,607	32,550	(49,057)
Local Government Assistance	1,018,896	1,182,592	163,696
Long-Term Debt Service	3,702,254	4,086,708	384,454
General State Charges/Miscellaneous	4,875,058	5,360,060	485,002
Capital GAAP Adjustments ⁽¹⁾	<u>(1,017,218)</u>	<u>(3,604,133)</u>	<u>(2,586,915)</u>
Functional Total	<u>10,488,818</u>	<u>9,132,038</u>	<u>(1,356,780)</u>
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	<u>104,341,436</u>	<u>113,606,836</u>	<u>9,265,400</u>

⁽¹⁾ Reflects an accounting adjustment for certain capital spending that is not reported in actual cash spending results, but is reported in the State's GAAP Financial Statements. This spending is related to programs which are financed directly from bond proceeds that are on deposit at various public authorities rather than from a short-term loan from Short-Term Investment Pool or cash from the General Fund, and has been included in the above agency totals and removed from net spending totals. The detailed amounts by agency are presented on the table entitled "Capital Off-Budget Spending".

First Quarterly Update to the 2006-07 Financial Plan

CAPITAL OFF-BUDGET SPENDING (thousands of dollars)

	<u>2005-2006</u> <u>Actuals</u>	<u>2006-2007</u> <u>First Quarter</u>	<u>Annual</u> <u>Change</u>
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Economic Development	212,262	154,624	(57,638)
Empire State Development Corporation	1,870	657,500	655,630
Functional Total	<u>214,132</u>	<u>812,124</u>	<u>597,992</u>
TRANSPORTATION			
Transportation, Department of	316,973	348,457	31,484
Functional Total	<u>316,973</u>	<u>348,457</u>	<u>31,484</u>
HEALTH AND SOCIAL WELFARE			
Health All Other	2,020	10,150	8,130
Functional Total	<u>2,020</u>	<u>10,150</u>	<u>8,130</u>
MENTAL HEALTH			
Mental Health, Office of	120,439	3,214	(117,225)
Mental Retardation and Developmental Disabilities, Office of	23,959	82,500	58,541
Alcohol and Substance Abuse Services, Office of	802	35,584	34,782
Functional Total	<u>145,200</u>	<u>121,298</u>	<u>(23,902)</u>
EDUCATION			
City University of New York	177,415	305,694	128,279
Education, Department of	2,497	1,806,410	1,803,913
<i>School Aid</i>	0	1,800,000	1,800,000
<i>All Other</i>	2,497	6,410	3,913
State University of New York	109,235	125,000	15,765
Functional Total	<u>289,147</u>	<u>2,237,104</u>	<u>1,947,957</u>
ALL OTHER CATEGORIES			
State Equipment	49,746	75,000	25,254
Functional Total	<u>49,746</u>	<u>75,000</u>	<u>25,254</u>
TOTAL CAPITAL OFF-BUDGET SPENDING	<u>1,017,218</u>	<u>3,604,133</u>	<u>2,586,915</u>

Reflects certain capital spending that is not reported in actual cash spending results, but is reported in the State's GAAP Financial Statements. This spending is related to programs which are financed directly from bond proceeds that are on deposit at various public authorities rather than from a short-term loan from Short-Term Investment Pool or cash from the General Fund, and has been included in the above agency totals.

First Quarterly Update to the 2006-07 Financial Plan

**CASH DISBURSEMENTS BY FUNCTION
GENERAL FUND
2006-2007
(thousands of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	60,180	0	60,180
Banking Department	250	0	250
Consumer Protection Board	0	0	0
Economic Development, Department of	53,180	0	53,180
Empire State Development Corporation	53,898	4,000	57,898
Housing and Community Renewal, Division of	78,223	155	78,378
Olympic Regional Development Authority	7,986	0	7,986
Science, Technology and Academic Research, Office of	47,507	0	47,507
Functional Total	<u>301,224</u>	<u>4,155</u>	<u>305,379</u>
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	4,555	0	4,555
Environmental Conservation, Department of	130,083	(290)	129,793
Parks, Recreation and Historic Preservation, Office of	125,995	4,089	130,084
Functional Total	<u>260,633</u>	<u>3,799</u>	<u>264,432</u>
TRANSPORTATION			
Motor Vehicles, Department of	0	0	0
Transportation, Department of	60,516	0	60,516
Functional Total	<u>60,516</u>	<u>0</u>	<u>60,516</u>
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	0	0	0
Aging, Office for the	100,474	276	100,750
Children and Family Services, Office of	1,578,641	(23,300)	1,555,341
Health, Department of	9,708,528	433,326	10,141,854
<i>Medical Assistance</i>	8,793,526	465,212	9,258,738
<i>Medicaid Administration</i>	119,950	0	119,950
<i>All Other</i>	795,052	(31,886)	763,166
Human Rights, Division of	13,178	0	13,178
Labor, Department of	17,874	0	17,874
Medicaid Inspector General, Office of	15,475	19,607	35,082
Prevention of Domestic Violence, Office of	2,509	0	2,509
Temporary and Disability Assistance, Office of	1,339,043	3,000	1,342,043
<i>Welfare Assistance</i>	863,903	3,000	866,903
<i>Welfare Administration</i>	382,897	0	382,897
<i>All Other</i>	92,243	0	92,243
Welfare Inspector General, Office of	378	0	378
Functional Total	<u>12,776,100</u>	<u>432,909</u>	<u>13,209,009</u>
MENTAL HEALTH			
Mental Health, Office of	1,617,298	(23,800)	1,593,498
Mental Retardation and Developmental Disabilities, Office of	913,010	20,400	933,410
Alcohol and Substance Abuse Services, Office of	343,096	500	343,596
Quality of Care for the Mentally Disabled, Commission on	4,575	0	4,575
Functional Total	<u>2,877,979</u>	<u>(2,900)</u>	<u>2,875,079</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH DISBURSEMENTS BY FUNCTION
GENERAL FUND
2006-2007
(thousands of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
PUBLIC PROTECTION			
Capital Defenders Office	1,200	400	1,600
Correction, Commission of	2,607	0	2,607
Correctional Services, Department of	2,584,518	(84,514)	2,500,004
Crime Victims Board	4,274	0	4,274
Criminal Justice Services, Division of	138,267	2,523	140,790
Homeland Security	66,318	0	66,318
Investigation, Temporary State Commission of	3,651	0	3,651
Judicial Commissions	2,888	0	2,888
Military and Naval Affairs, Division of	58,656	35,000	93,656
Parole, Division of	201,322	0	201,322
Probation and Correctional Alternatives, Division of	77,658	0	77,658
State Police, Division of	460,837	10,614	471,451
Functional Total	<u>3,602,196</u>	<u>(35,977)</u>	<u>3,566,219</u>
EDUCATION			
Arts, Council on the	50,156	0	50,156
City University of New York	970,333	(428,000)	542,333
Education, Department of	16,278,104	0	16,278,104
<i>School Aid</i>	14,534,915	0	14,534,915
<i>Handicapped</i>	986,058	0	986,058
<i>All Other</i>	757,131	0	757,131
Higher Education Services Corporation	871,850	(4,700)	867,150
State University of New York	1,629,930	6,474	1,636,404
Functional Total	<u>19,800,373</u>	<u>(426,226)</u>	<u>19,374,147</u>
GENERAL GOVERNMENT			
Audit and Control, Department of	171,851	0	171,851
Budget, Division of the	31,740	0	31,740
Civil Service, Department of	22,359	0	22,359
Elections, State Board of	9,688	0	9,688
Employee Relations, Office of	3,768	0	3,768
Executive Chamber	15,480	0	15,480
General Services, Office of	166,393	0	166,393
Inspector General, Office of	4,783	0	4,783
Law, Department of	130,578	(1,400)	129,178
Lieutenant Governor, Office of the	485	0	485
Real Property Services, Office of	22,713	0	22,713
Regulatory Reform, Governor's Office of	3,744	0	3,744
State Labor Relations Board	3,539	0	3,539
State, Department of	24,926	300	25,226
Tax Appeals, Division of	3,423	0	3,423
Taxation and Finance, Department of	322,752	0	322,752
Technology, Office for	22,818	0	22,818
TSC Lobbying	2,474	0	2,474
Veterans Affairs, Division of	11,684	0	11,684
Functional Total	<u>975,198</u>	<u>(1,100)</u>	<u>974,098</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH DISBURSEMENTS BY FUNCTION
GENERAL FUND
2006-2007
(thousands of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
ALL OTHER CATEGORIES			
Legislature	212,913	0	212,913
Judiciary (excluding fringe benefits)	1,622,529	14,200	1,636,729
Local Government Assistance	1,176,592	6,000	1,182,592
Long-Term Debt Service	1,748,839	10,830	1,759,669
Capital Projects	219,204	6,000	225,204
General State Charges/Miscellaneous	5,208,690	129,609	5,338,299
Functional Total	<u>10,188,767</u>	<u>166,639</u>	<u>10,355,406</u>
 TOTAL GENERAL FUND SPENDING	 <u><u>50,842,986</u></u>	 <u><u>141,299</u></u>	 <u><u>50,984,285</u></u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH DISBURSEMENTS BY FUNCTION
STATE FUNDS
2006-2007
(thousands of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	91,277	5,000	96,277
Alcoholic Beverage Control	12,091	(15)	12,076
Banking Department	59,783	0	59,783
Consumer Protection Board	3,007	(4)	3,003
Economic Development, Department of	360,331	0	360,331
Empire State Development Corporation	120,398	695,000	815,398
Energy Research and Development Authority	32,656	0	32,656
Housing and Community Renewal, Division of	232,092	427	232,519
Insurance Department	152,644	0	152,644
Olympic Regional Development Authority	13,886	0	13,886
Public Service, Department of	51,792	309	52,101
Science, Technology and Academic Research, Office of	64,453	0	64,453
Functional Total	<u>1,194,410</u>	<u>700,717</u>	<u>1,895,127</u>
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	4,555	0	4,555
Environmental Conservation, Department of	712,673	28,229	740,902
Environmental Facilities Corporation	14,258	0	14,258
Parks, Recreation and Historic Preservation, Office of	263,372	4,089	267,461
Functional Total	<u>994,858</u>	<u>32,318</u>	<u>1,027,176</u>
TRANSPORTATION			
Motor Vehicles, Department of	263,239	(3,454)	259,785
Thruway Authority	2,000	0	2,000
Metropolitan Transportation Authority	38,050	0	38,050
Transportation, Department of	4,350,810	(565)	4,350,245
Functional Total	<u>4,654,099</u>	<u>(4,019)</u>	<u>4,650,080</u>
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	0	0	0
Aging, Office for the	103,525	276	103,801
Children and Family Services, Office of	1,613,372	(26,692)	1,586,680
Health, Department of	16,358,023	551,103	16,909,126
<i>Medical Assistance</i>	<u>12,498,263</u>	<u>546,712</u>	<u>13,044,975</u>
<i>Medicaid Administration</i>	119,950	0	119,950
<i>All Other</i>	3,739,810	4,391	3,744,201
Human Rights, Division of	13,184	0	13,184
Labor, Department of	72,665	0	72,665
Medicaid Inspector General, Office of	15,475	20,951	36,426
Prevention of Domestic Violence, Office of	2,539	0	2,539

First Quarterly Update to the 2006-07 Financial Plan

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS 2006-2007 (thousands of dollars)

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
HEALTH AND SOCIAL WELFARE (Continued)			
Temporary and Disability Assistance, Office of	1,412,393	3,000	1,415,393
<i>Welfare Assistance</i>	863,903	3,000	866,903
<i>Welfare Administration</i>	382,897	0	382,897
<i>All Other</i>	165,593	0	165,593
Welfare Inspector General, Office of	378	0	378
Workers' Compensation Board	144,034	(146)	143,888
Functional Total	<u>19,735,588</u>	<u>548,492</u>	<u>20,284,080</u>
MENTAL HEALTH			
Mental Health, Office of	1,942,542	(23,800)	1,918,742
Mental Hygiene, Department of	8,645	0	8,645
Mental Retardation and Developmental Disabilities, Office of	1,097,725	20,400	1,118,125
Alcohol and Substance Abuse Services, Office of	388,806	1,400	390,206
Quality of Care for the Mentally Disabled, Commission on	4,924	40	4,964
Functional Total	<u>3,442,642</u>	<u>(1,960)</u>	<u>3,440,682</u>
PUBLIC PROTECTION			
Capital Defenders Office	1,200	400	1,600
Correction, Commission of	2,607	0	2,607
Correctional Services, Department of	2,836,900	(94,514)	2,742,386
Crime Victims Board	30,398	0	30,398
Criminal Justice Services, Division of	169,903	2,523	172,426
Homeland Security	77,545	0	77,545
Investigation, Temporary State Commission of	3,934	0	3,934
Judicial Commissions	2,888	0	2,888
Military and Naval Affairs, Division of	79,344	35,000	114,344
Parole, Division of	201,355	0	201,355
Probation and Correctional Alternatives, Division of	77,658	0	77,658
State Police, Division of	622,828	12,044	634,872
Functional Total	<u>4,106,560</u>	<u>(44,547)</u>	<u>4,062,013</u>
EDUCATION			
Arts, Council on the	50,856	0	50,856
City University of New York	1,552,862	(575,735)	977,127
Education, Department of	24,235,821	672,867	24,908,688
<i>School Aid</i>	18,994,170	(133)	18,994,037
<i>STAR Property Tax Relief</i>	3,368,000	673,000	4,041,000
<i>Handicapped</i>	986,058	0	986,058
<i>All Other</i>	887,593	0	887,593
Higher Education Services Corporation	991,422	(14,084)	977,338
State University Construction Fund	12,077	0	12,077
State University of New York	5,346,147	26,049	5,372,196
Functional Total	<u>32,189,185</u>	<u>109,097</u>	<u>32,298,282</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH DISBURSEMENTS BY FUNCTION
STATE FUNDS
2006-2007
(thousands of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
GENERAL GOVERNMENT			
Audit and Control, Department of	232,399	0	232,399
Budget, Division of the	52,215	0	52,215
Civil Service, Department of	23,958	0	23,958
Elections, State Board of	9,868	0	9,868
Employee Relations, Office of	3,956	0	3,956
Executive Chamber	15,480	0	15,480
General Services, Office of	264,552	45	264,597
Inspector General, Office of	6,369	0	6,369
Law, Department of	174,124	(1,400)	172,724
Lieutenant Governor, Office of the	485	0	485
Lottery, Division of	201,365	0	201,365
Racing and Wagering Board, State	19,133	0	19,133
Real Property Services, Office of	56,112	0	56,112
Regulatory Reform, Governor's Office of	3,744	0	3,744
State Labor Relations Board	3,776	0	3,776
State, Department of	127,919	300	128,219
Tax Appeals, Division of	3,423	0	3,423
Taxation and Finance, Department of	358,103	0	358,103
Technology, Office for	22,818	2,000	24,818
TSC Lobbying	3,029	(1)	3,028
Veterans Affairs, Division of	11,684	0	11,684
Functional Total	<u>1,594,512</u>	<u>944</u>	<u>1,595,456</u>
ALL OTHER CATEGORIES			
Legislature	213,863	0	213,863
Judiciary (excluding fringe benefits)	1,838,698	14,200	1,852,898
Local Government Assistance	1,176,592	6,000	1,182,592
Long-Term Debt Service	4,085,928	780	4,086,708
General State Charges/Miscellaneous	4,975,362	120,832	5,096,194
Capital GAAP Adjustments ¹	(3,101,868)	(502,265)	(3,604,133)
Functional Total	<u>9,188,575</u>	<u>(360,453)</u>	<u>8,828,122</u>
TOTAL STATE FUNDS SPENDING	<u>77,100,429</u>	<u>980,589</u>	<u>78,081,018</u>

¹ Reflects an accounting adjustment for certain capital spending that is not reported in actual cash spending results, but is reported in the State's GAAP Financial Statements. This spending is related to programs which are financed directly from bond proceeds that are on deposit at various public authorities rather than from a short-term loan from Short-Term Investment Pool or cash from the General Fund, and has been included in the above agency totals and removed from net spending totals. The detailed amounts by agency are presented on the table entitled "Capital Off-Budget Spending".

First Quarterly Update to the 2006-07 Financial Plan

CASH DISBURSEMENTS BY FUNCTION ALL GOVERNMENTAL FUNDS 2006-2007 (thousands of dollars)

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	106,845	5,000	111,845
Alcoholic Beverage Control	12,091	(15)	12,076
Banking Department	59,783	0	59,783
Consumer Protection Board	3,007	(4)	3,003
Economic Development, Department of	360,676	0	360,676
Empire State Development Corporation	120,398	695,000	815,398
Energy Research and Development Authority	32,656	700	33,356
Housing and Community Renewal, Division of	307,136	427	307,563
Insurance Department	152,644	0	152,644
Olympic Regional Development Authority	13,886	0	13,886
Public Service, Department of	53,093	309	53,402
Science, Technology and Academic Research, Office of	70,078	0	70,078
Functional Total	<u>1,292,293</u>	<u>701,417</u>	<u>1,993,710</u>
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	4,905	0	4,905
Environmental Conservation, Department of	856,564	28,229	884,793
Environmental Facilities Corporation	14,258	0	14,258
Parks, Recreation and Historic Preservation, Office of	268,670	4,089	272,759
Functional Total	<u>1,144,397</u>	<u>32,318</u>	<u>1,176,715</u>
TRANSPORTATION			
Motor Vehicles, Department of	289,626	(15,181)	274,445
Thruway Authority	2,000	0	2,000
Metropolitan Transportation Authority	38,050	0	38,050
Transportation, Department of	5,945,500	38,214	5,983,714
Functional Total	<u>6,275,176</u>	<u>23,033</u>	<u>6,298,209</u>
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	0	0	0
Aging, Office for the	207,058	276	207,334
Children and Family Services, Office of	2,922,055	(35,492)	2,886,563
Health, Department of	36,727,647	720,853	37,448,500
<i>Medical Assistance</i>	<u>31,305,407</u>	<u>706,924</u>	<u>32,012,331</u>
<i>Medicaid Administration</i>	482,600	0	482,600
<i>All Other</i>	4,939,640	13,929	4,953,569
Human Rights, Division of	15,127	0	15,127
Labor, Department of	559,605	0	559,605
Medicaid Inspector General, Office of	30,950	42,951	73,901
Prevention of Domestic Violence, Office of	2,539	0	2,539

First Quarterly Update to the 2006-07 Financial Plan

CASH DISBURSEMENTS BY FUNCTION ALL GOVERNMENTAL FUNDS 2006-2007 (thousands of dollars)

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
HEALTH AND SOCIAL WELFARE (Continued)			
Temporary and Disability Assistance, Office of	4,825,210	28,000	4,853,210
<i>Welfare Assistance</i>	3,440,268	3,000	3,443,268
<i>Welfare Administration</i>	382,897	0	382,897
<i>All Other</i>	1,002,045	25,000	1,027,045
Welfare Inspector General, Office of	1,178	0	1,178
Workers' Compensation Board	144,816	(146)	144,670
Functional Total	<u>45,436,185</u>	<u>756,442</u>	<u>46,192,627</u>
MENTAL HEALTH			
Mental Health, Office of	2,466,227	(23,800)	2,442,427
Mental Hygiene, Department of	8,645	0	8,645
Mental Retardation and Developmental Disabilities, Office of	3,138,640	20,400	3,159,040
Alcohol and Substance Abuse Services, Office of	534,893	1,400	536,293
Developmental Disabilities Planning Council	3,648	0	3,648
Quality of Care for the Mentally Disabled, Commission on	14,116	575	14,691
Functional Total	<u>6,166,169</u>	<u>(1,425)</u>	<u>6,164,744</u>
PUBLIC PROTECTION			
Capital Defenders Office	1,200	400	1,600
Correction, Commission of	2,607	0	2,607
Correctional Services, Department of	2,895,971	(94,514)	2,801,457
Crime Victims Board	62,016	0	62,016
Criminal Justice Services, Division of	325,454	2,523	327,977
Homeland Security	282,278	(25,000)	257,278
Investigation, Temporary State Commission of	3,934	0	3,934
Judicial Commissions	2,888	0	2,888
Military and Naval Affairs, Division of	188,572	69,280	257,852
Parole, Division of	201,355	0	201,355
Probation and Correctional Alternatives, Division of	77,658	0	77,658
State Police, Division of	626,804	12,044	638,848
Functional Total	<u>4,670,737</u>	<u>(35,267)</u>	<u>4,635,470</u>
EDUCATION			
Arts, Council on the	52,125	0	52,125
City University of New York	1,552,862	(575,735)	977,127
Education, Department of	27,953,982	672,867	28,626,849
<i>School Aid</i>	21,784,170	(133)	21,784,037
<i>STAR Property Tax Relief</i>	3,368,000	673,000	4,041,000
<i>Handicapped</i>	1,671,058	0	1,671,058
<i>All Other</i>	1,130,754	0	1,130,754
Higher Education Services Corporation	1,001,919	(14,084)	987,835
State University Construction Fund	12,077	0	12,077
State University of New York	5,508,717	47,569	5,556,286
Functional Total	<u>36,081,682</u>	<u>130,617</u>	<u>36,212,299</u>

First Quarterly Update to the 2006-07 Financial Plan

CASH DISBURSEMENTS BY FUNCTION ALL GOVERNMENTAL FUNDS 2006-2007 (thousands of dollars)

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
GENERAL GOVERNMENT			
Audit and Control, Department of	232,399	0	232,399
Budget, Division of the	52,215	0	52,215
Civil Service, Department of	23,958	0	23,958
Elections, State Board of	215,119	(94,000)	121,119
Employee Relations, Office of	3,956	0	3,956
Executive Chamber	15,480	0	15,480
General Services, Office of	269,018	829	269,847
Inspector General, Office of	6,369	0	6,369
Law, Department of	200,056	(1,400)	198,656
Lieutenant Governor, Office of the	485	0	485
Lottery, Division of	201,365	0	201,365
Racing and Wagering Board, State	19,133	0	19,133
Real Property Services, Office of	56,112	0	56,112
Regulatory Reform, Governor's Office of	3,744	0	3,744
State Labor Relations Board	3,776	0	3,776
State, Department of	189,763	300	190,063
Tax Appeals, Division of	3,423	0	3,423
Taxation and Finance, Department of	358,381	0	358,381
Technology, Office for	22,818	2,000	24,818
TSC Lobbying	3,029	(1)	3,028
Veterans Affairs, Division of	12,697	0	12,697
Functional Total	<u>1,893,296</u>	<u>(92,272)</u>	<u>1,801,024</u>
ALL OTHER CATEGORIES			
Legislature	213,863	0	213,863
Judiciary (excluding fringe benefits)	1,846,198	14,200	1,860,398
World Trade Center	32,550	0	32,550
Local Government Assistance	1,176,592	6,000	1,182,592
Long-Term Debt Service	4,085,928	780	4,086,708
General State Charges/Miscellaneous	5,250,182	109,878	5,360,060
Capital GAAP Adjustments ¹	(3,101,868)	(502,265)	(3,604,133)
Functional Total	<u>9,503,445</u>	<u>(371,407)</u>	<u>9,132,038</u>
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	<u>112,463,380</u>	<u>1,143,456</u>	<u>113,606,836</u>

¹ Reflects an accounting adjustment for certain capital spending that is not reported in actual cash spending results, but is reported in the State's GAAP Financial Statements. This spending is related to programs which are financed directly from bond proceeds that are on deposit at various public authorities rather than from a short-term loan from Short-Term Investment Pool or cash from the General Fund, and has been included in the above agency totals and removed from net spending totals. The detailed amounts by agency are presented on the table entitled "Capital Off-Budget Spending".

First Quarterly Update to the 2006-07 Financial Plan

**GAAP FINANCIAL PLAN
GENERAL FUND
2005-2006 and 2006-2007
(millions of dollars)**

	<u>2005-2006</u> <u>Actuals</u>	<u>2006-2007</u> <u>First Quarter</u>	<u>Change</u>
Revenues:			
Taxes:			
Personal income tax	21,060	21,928	868
User taxes and fees	8,454	8,106	(348)
Business taxes	4,970	5,663	693
Other taxes	1,028	902	(126)
Miscellaneous revenues	5,579	5,500	(79)
Federal grants	0	180	180
Total revenues	<u>41,091</u>	<u>42,279</u>	<u>1,188</u>
Expenditures:			
Grants to local governments	33,678	36,868	3,190
State operations	10,681	11,544	863
General State charges	3,962	3,688	(274)
Debt service	0	26	26
Capital projects	0	1	1
Total expenditures	<u>48,321</u>	<u>52,127</u>	<u>3,806</u>
Other financing sources (uses):			
Transfers from other funds	13,993	12,830	(1,163)
Transfers to other funds	(5,381)	(4,949)	432
Proceeds from financing arrangements/ advance refundings	254	347	93
Net other financing sources (uses)	<u>8,866</u>	<u>8,228</u>	<u>(638)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>1,636</u>	<u>(1,620)</u>	<u>(3,256)</u>
Accumulated Surplus/(Deficit)	<u>2,182</u>	<u>562</u>	<u>(1,620)</u>

First Quarterly Update to the 2006-07 Financial Plan

**GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2006-2007
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	36,599	6,946	2,047	10,799	56,391
Patient fees	0	0	0	326	326
Miscellaneous revenues	5,500	4,570	291	23	10,384
Federal grants	180	35,589	1,764	0	37,533
Total revenues	42,279	47,105	4,102	11,148	104,634
Expenditures:					
Grants to local governments	36,868	43,099	1,105	0	81,072
State operations	11,544	1,738	0	65	13,347
General State charges	3,688	332	0	0	4,020
Debt service	26	0	0	3,249	3,275
Capital projects	1	2	4,574	0	4,577
Total expenditures	52,127	45,171	5,679	3,314	106,291
Other financing sources (uses):					
Transfers from other funds	12,830	276	323	5,419	18,848
Transfers to other funds	(4,949)	(3,272)	(866)	(13,223)	(22,310)
Proceeds of general obligation bonds	0	0	236	0	236
Proceeds from financing arrangements/ advance refundings	347	0	1,983	0	2,330
Net other financing sources (uses)	8,228	(2,996)	1,676	(7,804)	(896)
(Excess) deficiency of revenues and other financing sources over expenditures and other financing uses					
	(1,620)	(1,062)	99	30	(2,553)

First Quarterly Update to the 2006-07 Financial Plan

**GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2005-2006
(millions of dollars)**

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total</u>
	<u>General Fund</u>	<u>Federal Special Revenue</u>	<u>General Obligation Debt Service</u>			
Revenues:						
Taxes:						
Personal income tax	21,060	0	7,422	3,213	0	31,695
User taxes and fees	8,454	0	0	5,405	0	13,859
Business taxes	4,970	0	0	1,959	0	6,929
Other taxes	1,028	0	0	870	0	1,898
Patient fees	0	0	0	3,149	0	3,149
Miscellaneous receipts	5,579	149	486	7,827	(602)	13,439
Federal grants	0	34,785	0	1,739	0	36,524
Total revenues	<u>41,091</u>	<u>34,934</u>	<u>7,908</u>	<u>24,162</u>	<u>(602)</u>	<u>107,493</u>
Expenditures:						
Grants to local governments	33,678	30,095	0	13,343	0	77,116
State operations	10,681	1,169	110	3,222	(569)	14,613
General State charges	3,962	211	0	81	(33)	4,221
Debt service	0	0	3,362	653	0	4,015
Capital projects	0	0	0	4,048	0	4,048
Total expenditures	<u>48,321</u>	<u>31,475</u>	<u>3,472</u>	<u>21,347</u>	<u>(602)</u>	<u>104,013</u>
Other financing sources (uses):						
Transfers from other funds	13,993	0	2,648	5,414	(19,760)	2,295
Transfers to other funds	(5,381)	(3,458)	(7,695)	(7,140)	19,760	(3,914)
Proceeds of General obligation bonds	0	0	0	159	0	159
Proceeds from financing arrangements/ advance refundings	254	0	3	1,572	0	1,829
Net other financing sources (uses)	<u>8,866</u>	<u>(3,458)</u>	<u>(5,044)</u>	<u>5</u>	<u>0</u>	<u>369</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses						
	<u>1,636</u>	<u>1</u>	<u>(608)</u>	<u>2,820</u>	<u>0</u>	<u>3,849</u>

First Quarterly Update to the 2006-07 Financial Plan

**GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2006-2007
(millions of dollars)**

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total</u>
	<u>General Fund</u>	<u>Federal Special Revenue</u>	<u>General Obligation Debt Service</u>			
Revenues:						
Taxes:						
Personal income tax	21,928	0	7,542	4,040	0	33,510
User taxes and fees	8,106	0	0	5,303	0	13,409
Business taxes	5,663	0	0	2,056	0	7,719
Other taxes	902	0	0	851	0	1,753
Patient fees	0	0	0	326	0	326
Miscellaneous receipts	5,500	135	0	4,749	0	10,384
Federal grants	180	35,588	0	1,765	0	37,533
Total revenues	<u>42,279</u>	<u>35,723</u>	<u>7,542</u>	<u>19,090</u>	<u>0</u>	<u>104,634</u>
Expenditures:						
Grants to local governments	36,868	31,074	0	13,130	0	81,072
State operations	11,544	1,232	41	530	0	13,347
General State charges	3,688	242	0	90	0	4,020
Debt service	26	0	2,502	747	0	3,275
Capital projects	1	1	0	4,575	0	4,577
Total expenditures	<u>52,127</u>	<u>32,549</u>	<u>2,543</u>	<u>19,072</u>	<u>0</u>	<u>106,291</u>
Other financing sources (uses):						
Transfers from other funds	12,830	0	2,777	3,241	(18,787)	61
Transfers to other funds	(4,949)	(3,174)	(7,772)	(6,415)	18,787	(3,523)
Proceeds of General obligation bonds	0	0	0	236	0	236
Proceeds from financing arrangements/ advance refundings	347	0	0	1,983	0	2,330
Net other financing sources (uses)	<u>8,228</u>	<u>(3,174)</u>	<u>(4,995)</u>	<u>(955)</u>	<u>0</u>	<u>(896)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses						
	<u>(1,620)</u>	<u>0</u>	<u>4</u>	<u>(937)</u>	<u>0</u>	<u>(2,553)</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
HEALTH CARE REFORM ACT RESOURCES FUND
2005-2006 AND 2006-2007
(millions of dollars)**

	<u>2005-2006</u> <u>Actuals</u>	<u>2006-2007</u> <u>First Quarter</u>	<u>Annual</u> <u>Change</u>
Opening fund balance	<u>251</u>	<u>1,600</u>	<u>1,349</u>
Receipts:			
Cigarette taxes	571	563	(8)
Miscellaneous receipts	<u>5,605</u>	<u>3,867</u>	<u>(1,738)</u>
Total receipts	<u>6,176</u>	<u>4,430</u>	<u>(1,746)</u>
Disbursements:			
Medical Assistance Account	1,985	2,192	207
HCRA Program Account	869	1,162	293
Hospital Indigent Care Fund	819	841	22
Elderly Pharmaceutical Insurance Coverage (EPIC)	541	582	41
Child Health Plus (CHP)	345	365	20
Public Health	129	160	31
Mental Health	86	92	6
All Other (including transfers to other funds)	<u>53</u>	<u>122</u>	<u>69</u>
Total disbursements	<u>4,827</u>	<u>5,516</u>	<u>689</u>
Change in fund balance	<u>1,349</u>	<u>(1,086)</u>	<u>(2,435)</u>
Closing fund balance	<u>1,600</u>	<u>514</u>	<u>(1,086)</u>

The 2005-2006 miscellaneous receipt includes roughly \$248 million in existing fund balances on hand at April 1, 2005 that were previously reported elsewhere in the State Financial Plan.

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
HEALTH CARE REFORM ACT RESOURCES FUND
2006-2007
(millions of dollars)**

	<u>Enacted</u>	<u>Change</u>	<u>First Quarter</u>
Opening fund balance	<u>1,600</u>	<u>0</u>	<u>1,600</u>
Receipts:			
Cigarette taxes	563	0	563
Miscellaneous receipts	<u>3,867</u>	<u>0</u>	<u>3,867</u>
Total receipts	<u>4,430</u>	<u>0</u>	<u>4,430</u>
Disbursements:			
Medical Assistance Account	2,144	48	2,192
HCRA Program Account	1,135	27	1,162
Hospital Indigent Care Fund	841	0	841
Elderly Pharmaceutical Insurance Coverage (EPIC)	582	0	582
Child Health Plus (CHP)	365	0	365
Public Health	156	4	160
Mental Health	92	0	92
All Other	<u>115</u>	<u>7</u>	<u>122</u>
Total disbursements	<u>5,430</u>	<u>86</u>	<u>5,516</u>
Change in fund balance	<u>(1,000)</u>	<u>(86)</u>	<u>(1,086)</u>
Closing fund balance	<u>600</u>	<u>(86)</u>	<u>514</u>

First Quarterly Update to the 2006-07 Financial Plan

**CASH FINANCIAL PLAN
HEALTH CARE REFORM ACT RESOURCES FUND
2006-2007 through 2008-2009
(millions of dollars)**

	2006-2007 First Quarter	2007-2008 Estimated	2008-2009 Estimated
Opening fund balance	<u>1,600</u>	<u>514</u>	<u>(854)</u>
Receipts:			
Cigarette taxes	563	578	570
Miscellaneous receipts	<u>3,867</u>	<u>3,364</u>	<u>3,393</u>
Total receipts	<u>4,430</u>	<u>3,942</u>	<u>3,963</u>
Disbursements:			
Medical Assistance Account	2,192	1,917	1,900
HCRA Program Account	1,162	1,086	1,101
Hospital Indigent Care Fund	841	841	841
Elderly Pharmaceutical Insurance Coverage (EPIC)	582	626	626
Child Health Plus (CHP)	365	384	384
Public Health	160	133	133
Mental Health	92	92	92
All Other	<u>122</u>	<u>231</u>	<u>267</u>
Total disbursements	<u>5,516</u>	<u>5,310</u>	<u>5,344</u>
Change in fund balance	<u>(1,086)</u>	<u>(1,368)</u>	<u>(1,381)</u>
Closing fund balance	<u>514</u>	<u>(854)</u>	<u>(2,235)</u>

Note: The current HCRA authorization expires on June 30, 2007.

First Quarterly Update to the 2006-07 Financial Plan

CASH FLOW
HEALTH CARE REFORM ACT RESOURCES FUND
2006-2007
(millions of dollars)

	First Quarter (Actual)	Second Quarter (Projected)	Third Quarter (Projected)	Fourth Quarter (Projected)	Total (Projected)
Opening fund balance	1,600	2,041	1,471	583	1,600
Receipts:					
Cigarette Taxes	148	138	135	142	563
Miscellaneous Receipts	773	723	712	1,659	3,867
Total receipts	<u>921</u>	<u>861</u>	<u>847</u>	<u>1,801</u>	<u>4,430</u>
Disbursements:					
Medical Assistance Account	2	516	922	752	2,192
HCRA Program Account	169	258	260	475	1,162
Hospital Indigent Care Fund	110	230	285	216	841
Elderly Pharmaceutical Insurance Coverage (EPIC)	80	241	100	161	582
Child Health Plus (CHP)	70	105	91	99	365
Public Health	29	39	46	46	160
Mental Health	6	29	20	37	92
All Other	14	13	11	84	122
Total disbursements	<u>480</u>	<u>1,431</u>	<u>1,735</u>	<u>1,870</u>	<u>5,516</u>
Change in fund balance	<u>441</u>	<u>(570)</u>	<u>(888)</u>	<u>(69)</u>	<u>(1,086)</u>
Closing fund balance	<u>2,041</u>	<u>1,471</u>	<u>583</u>	<u>514</u>	<u>514</u>

First Quarterly Update to the 2006-07 Financial Plan

**WORKFORCE IMPACT SUMMARY REPORT
GENERAL FUND
2005-06 THROUGH 2006-07**

Major Agencies	2005-2006 Actual (03/31/06)	July Update Estimate (03/31/07)
Audit and Control	1,541	1,572
Children and Family Services	3,140	3,241
Correctional Services	31,136	30,128
Education	376	376
Environmental Conservation	1,172	1,233
General Services	1,070	1,093
Health	2,042	2,030
Labor	12	16
Law	1,183	1,220
Mental Health	16,113	16,641
Mental Health Memo (1)	16,113	16,742
Mental Retardation	21,820	22,067
Mental Retardation Memo (1)	21,820	23,267
Parks, Recreation and Historic Preservation	1,323	1,323
Parole	2,047	2,079
State Police	5,128	5,311
Taxation and Finance	4,721	4,326
Temporary and Disability Assistance	463	460
SUBTOTAL - Major Agencies	93,287	93,116
All Other Agencies (Minor)	4,764	5,228
Adjustments		
Hiring Freeze / Consolidation of Administrative Functions and Efficiencies	0	(1,198)
TOTAL	98,051	97,146
Universities and Off-Budget Agencies		
State University of New York	23,148	23,300
GRAND TOTAL	121,199	120,446

(1) Memo #'s are used to represent each agency's authorized fill, but are not counted in the total lines

First Quarterly Update to the 2006-07 Financial Plan

**WORKFORCE IMPACT SUMMARY REPORT
GENERAL FUND
2005-06 THROUGH 2006-07**

Minor Agencies	2005-2006 Actual (03/31/06)	July Update Estimate (03/31/07)
Adirondack Park Agency	67	59
Advocate for Disabled	0	0
Aging	27	30
Agriculture and Markets	411	411
Alcoholism and Substance Abuse	836	856
Arts Council	45	49
Budget	319	297
Capital Defender	7	7
Civil Service	324	341
Consumer Protection	0	0
Correction Commission	34	35
Crime Victims	61	70
Criminal Justice Service	528	553
Economic Development	195	206
Elections	49	53
Employee Relations	45	45
Executive Chamber	143	153
Homeland Security	39	79
Housing and Community Renewal	372	373
Hudson River Park Trust	4	5
Human Rights	182	166
Inspector General	59	50
Judicial Commissions	26	28
Labor Management Committees	57	53
Lieutenant Governor	3	5
Medicaid Inspector General	0	301
Military and Naval Affairs	226	250
Northeastern Queens Nature and Historical	2	2
NYSTAR	30	30
Prevention of Domestic Violence	28	33
Probation and Correctional Alternatives	26	24
Public Employment Relations Board	33	37
Quality of Care and Advocacy for Disabled	41	46
Real Property Services	0	0
Regulatory Reform	37	36
State	202	207
Tax Appeals	33	33
Technology	109	135
TSC Investigation	31	32
TSC Lobbying	27	28
Veterans Affairs	96	100
Welfare Inspector General	10	10
SUBTOTAL - Minor Agencies	4,764	5,228

First Quarterly Update to the 2006-07 Financial Plan

WORKFORCE IMPACT SUMMARY REPORT ALL FUNDS 2005-06 THROUGH 2006-07

Major Agencies	2005-2006 Actual (03/31/06)	July Update Estimate (03/31/07)
Audit and Control	2,399	2,463
Children and Family Services	3,714	3,885
Correctional Services	31,768	31,368
Education	3,013	3,077
Environmental Conservation	3,345	3,371
General Services	1,702	1,751
Health	5,860	5,895
Labor	3,632	3,795
Law	1,759	1,881
Mental Health	16,180	16,740
Mental Health Memo (1)	16,180	17,265
Mental Retardation	21,837	22,085
Mental Retardation Memo (1)	21,837	23,285
Motor Vehicles	2,733	2,775
Parks, Recreation and Historic Preservation	1,599	1,607
Parole	2,047	2,079
State Police	5,591	5,927
Taxation and Finance	4,760	4,766
Temporary and Disability Assistance	2,349	2,448
Transportation	9,687	9,948
Workers' Compensation Board	1,517	1,539
SUBTOTAL - Major Agencies	125,492	127,400
All Other Agencies (Minor)	11,486	12,690
Adjustments		
Hiring Freeze / Consolidation of Administrative Functions and Efficiencies	0	(3,744)
TOTAL	136,978	136,346
Universities and Off-Budget Agencies		
City University	10,751	11,070
Industrial Exhibit Authority	43	44
Roswell Park Cancer Institute	1,627	1,692
State University Construction Fund	110	125
State Insurance Fund	2,687	2,657
State University	39,195	39,400
GRAND TOTAL	191,391	191,334

(1) Memo #'s are used to represent each agency's authorized fill, but are not counted in the total lines

First Quarterly Update to the 2006-07 Financial Plan

WORKFORCE IMPACT SUMMARY REPORT ALL FUNDS 2005-06 THROUGH 2006-07

Minor Agencies	2005-2006 Actual (03/31/06)	July Update Estimate (03/31/07)
Adirondack Park	67	59
Advocate for Disabled	0	0
Aging	125	137
Agriculture and Markets	565	567
Alcoholic Beverage Control	151	156
Alcoholism and Substance Abuse	934	983
Arts Council	51	55
Banking	529	550
Budget	360	365
Capital Defender	7	7
Civil Service	554	573
Consumer Protection	31	32
Correction Commission	34	35
Crime Victims	94	103
Criminal Justice Service	646	706
Deferred Compensation	4	4
Economic Development	204	215
Elections	49	62
Employee Relations	72	72
Environmental Facilities Corporation	103	92
Executive Chamber	143	153
Financial Control Board	16	17
Higher Education Service	662	700
Homeland Security	98	147
Housing and Community Renewal	919	950
Hudson River Park Trust	4	5
Human Rights	182	203
Inspector General	70	70
Insurance	914	935
Interest on Lawyer Account	8	9
Judicial Commissions	26	28
Labor Management Committees	57	53
Lieutenant Governor	3	5
Lottery	320	350
Medicaid Inspector General	0	521
Military and Naval Affairs	533	601
Northeastern Queens Nature and Historical	2	2
NYSTAR	30	30
Prevention of Domestic Violence	30	33
Probation and Correctional Alternatives	30	28
Public Employment Relations Board	33	37
Public Service	527	545
Quality of Care and Advocacy for Disabled	95	105
Racing and Wagering Board	125	135
Real Property Services	385	401
Regulatory Reform	37	36
State	819	873
Tax Appeals	33	33
Technology	597	679
TSC Investigation	31	32
TSC Lobbying	30	34
Veterans Affairs	107	112
Welfare Inspector General	10	10
Wireless Network	30	45
Subtotal - Minor Agencies	11,486	12,690

First Quarterly Update to the 2006-07 Financial Plan

**STATE DEBT OUTSTANDING
SUMMARIZED BY FUNCTION AND FINANCING PROGRAM
2005-2006 THROUGH 2010-2011
(thousands of dollars)**

	Actual					
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
GENERAL OBLIGATION BONDS						
Economic Development & Housing	152,738	135,755	120,741	105,546	91,127	77,452
Education	270	0	0	0	0	0
Environment	2,125,472	2,055,333	1,976,460	1,828,848	1,689,789	1,558,592
Transportation	1,191,369	1,166,674	1,312,437	1,649,716	2,020,578	2,376,845
REVENUE BONDS						
Personal Income Tax						
Economic Development & Housing	1,519,760	2,778,885	3,867,432	4,490,075	4,648,385	4,712,554
Education	1,842,450	4,449,451	6,199,493	7,080,497	7,678,564	8,033,837
Environment	460,375	564,110	697,518	838,796	971,777	1,096,783
Health Care	0	18,870	64,013	151,225	254,977	392,908
State Facilities & Equipment	1,399,420	1,774,116	2,110,385	2,444,303	2,676,132	2,928,237
Transportation	1,101,160	1,400,997	1,696,548	1,979,962	2,254,071	2,513,250
Other Revenue						
Education						
SUNY Dorms	687,660	756,570	834,140	909,586	983,104	1,055,516
Health & Mental Hygiene						
Health Income	340,135	351,595	339,800	327,055	313,740	299,760
Mental Health Services	3,677,440	3,822,923	4,030,439	4,207,376	4,328,801	4,403,324
Local Government Assistance						
Sales Tax	4,317,217	4,203,951	4,053,232	3,890,893	3,695,085	3,490,008
Transportation						
Dedicated Highway	5,554,545	5,959,884	6,526,093	7,221,692	7,899,937	8,693,791
SERVICE CONTRACT & LEASE-PURCHASE BONDS						
Economic Development & Housing	1,483,064	1,365,164	1,268,243	1,175,657	1,083,629	983,136
Education	7,067,406	6,785,745	6,451,613	6,150,189	5,796,844	5,481,670
Environment	277,907	233,042	204,061	182,311	159,466	137,076
Health & Mental Hygiene	55,935	54,795	53,645	50,570	47,365	44,000
State Facilities & Equipment	3,633,155	3,469,542	3,309,743	3,146,559	2,968,310	2,778,106
Transportation	4,293,930	4,163,330	3,935,530	3,759,655	3,561,480	3,365,965
TOTAL STATE-SUPPORTED						
Economic Development & Housing	3,155,562	4,279,804	5,256,416	5,771,277	5,823,141	5,773,141
Education	9,597,786	11,991,767	13,485,246	14,140,272	14,458,511	14,571,024
Environment	2,863,754	2,852,485	2,878,039	2,849,954	2,821,032	2,792,451
Health & Mental Hygiene	4,073,510	4,248,183	4,487,898	4,736,227	4,944,883	5,139,992
LGAC	4,317,217	4,203,951	4,053,232	3,890,893	3,695,085	3,490,008
State Facilities & Equipment	5,032,575	5,243,658	5,420,128	5,590,862	5,644,442	5,706,343
Transportation	12,141,004	12,690,885	13,470,607	14,611,026	15,736,066	16,949,851
SUBTOTAL STATE-SUPPORTED	41,181,409	45,510,732	49,051,566	51,590,511	53,123,161	54,422,810
OTHER STATE DEBT OBLIGATIONS						
Tobacco	4,278,290	4,049,940	3,805,590	3,487,220	3,144,315	2,775,945
All Other	1,471,937	1,393,563	1,313,742	1,230,473	1,143,448	1,052,448
SUBTOTAL OTHER STATE	5,750,227	5,443,503	5,119,332	4,717,693	4,287,763	3,828,393
GRAND TOTAL STATE-RELATED	46,931,636	50,954,235	54,170,898	56,308,204	57,410,924	58,251,203

First Quarterly Update to the 2006-07 Financial Plan

STATE DEBT OUTSTANDING 2005-2006 THROUGH 2010-2011 (thousands of dollars)

	Actual					
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
GENERAL OBLIGATION	3,469,849	3,357,762	3,409,638	3,584,109	3,801,494	4,012,889
LOCAL GOVERNMENT ASSISTANCE CORPORATION	4,317,217	4,203,951	4,053,232	3,890,893	3,695,085	3,490,008
OTHER LEASE-PURCHASE AND CONTRACTUAL-OBLIGATION FINANCING ARRANGEMENTS						
Transportation						
Metropolitan Trans Authority	2,310,930	2,265,955	2,218,820	2,169,325	2,117,340	2,062,790
Dormitory Authority						
Albany County Airport	31,925	31,925	31,895	31,700	31,500	31,290
Thruway Authority:						
Consolidated Local Highway Improvement	3,052,235	3,266,447	3,381,363	3,538,592	3,666,711	3,785,135
Dedicated Highway & Bridge	5,554,545	5,959,884	6,526,093	7,221,692	7,899,937	8,693,791
Education						
Dormitory Authority:						
SUNY Educational Facilities	4,663,479	4,956,363	5,300,401	5,596,094	5,908,957	6,056,742
SUNY Dormitory Facilities	687,660	756,570	834,140	909,586	983,104	1,055,516
SUNY Upstate Community Colleges	529,149	549,864	581,632	611,960	634,605	655,517
CUNY Educational Facilities	3,295,718	3,471,505	3,771,796	4,129,901	4,165,612	4,164,320
State Education Department	64,915	63,545	62,105	59,735	56,970	54,095
Library for the Blind	14,655	13,915	13,140	12,325	11,470	10,570
SUNY Athletic Facilities	23,305	22,300	21,250	20,165	19,020	17,810
RESCUE	151,865	138,645	124,895	110,475	95,425	79,675
University Facilities (Jobs 2000)	26,860	40,533	35,335	29,896	24,211	18,239
Judicial Training Institute	13,485	12,870	12,225	11,550	10,840	10,090
School District Capital Outlays	66,515	56,605	46,325	35,570	24,305	12,470
Transportation Transition Grants	55,255	43,085	30,355	17,000	0	0
Higher Ed Capital Matching Grants	0	9,428	27,490	53,344	67,199	69,688
Public Broadcasting Facilities	4,655	13,607	12,296	10,926	9,489	7,990
EXCEL School Construction	0	1,836,000	2,598,212	2,518,543	2,434,570	2,346,062
Library Facilities	0	6,931	13,649	13,204	12,735	12,240
Health						
DOH & Veterans' Home Facilities	396,070	406,390	393,445	377,625	361,105	343,760
Health Care Grants	0	18,670	64,013	151,225	254,977	392,908
Mental Hygiene						
Mental Health Facilities	3,677,440	3,822,923	4,030,439	4,207,376	4,328,801	4,403,324
Public Protection						
ESDC:						
Prison Facilities	4,106,744	4,222,056	4,357,468	4,493,158	4,609,822	4,691,342
Youth Facilities	181,485	183,080	188,336	185,325	184,364	182,113
Homeland Security	21,430	20,585	19,700	18,780	17,820	16,820
Environment						
EFC/ERDA:						
Riverbank Park	54,240	52,305	50,250	48,065	45,745	43,275
Water Pollution Control	19,970	3,705	0	0	0	0
Pilgrim Sewage Treatment	7,300	6,700	6,100	5,500	4,900	4,200
State Park Infrastructure	8,165	7,070	5,920	4,715	3,445	2,115
Fuel Tanks	2,550	0	0	0	0	0
Pipeline for Jobs (Jobs 2000)	22,465	24,420	20,774	16,940	12,915	8,675
Environmental Infrastructure	457,246	491,671	510,384	524,318	533,100	541,237
Hazardous Waste Remediation	138,264	191,714	295,490	411,373	523,506	627,671
West Valley	17,005	9,200	3,405	1,740	0	0
ESDC:						
Pine Barrens	11,077	10,367	9,256	8,456	7,631	6,686
State Buildings/Equipment						
ESDC:						
Empire State Plaza	36,032	27,638	19,885	12,724	6,110	0
State Buildings	12,090	11,354	10,561	9,706	8,785	7,792
State Capital Projects	204,395	195,430	185,900	175,850	165,230	154,005
ESDC / DA						
State Facilities	259,545	287,235	373,254	474,026	489,365	501,806
Equipment / Certificates of Participation	179,095	235,085	203,220	189,946	154,140	152,466
EB11	31,760	61,195	61,804	31,347	8,806	0
Housing						
Housing Finance Agency	1,397,810	1,487,620	1,539,295	1,577,677	1,608,584	1,632,236
Economic Development						
TBTA/ESDC						
Javits Center Expansion & Extension	214,280	184,445	338,758	442,949	426,792	382,169
ESDC/DA						
University Technology Centers	127,585	118,760	107,704	95,547	83,344	69,566
Onondaga Convention Center	34,775	33,050	32,535	31,980	31,385	28,875
Sports Facilities	119,940	126,695	217,966	244,424	229,969	213,060
Community Enhancement Facilities	111,530	165,352	133,072	99,696	69,390	57,991
Natural Resources Preservation	5,320	0	0	0	0	0
Child Care Facilities	26,330	25,190	24,010	22,785	21,515	20,180
Buffalo Inner Harbor	0	18,360	39,410	46,466	42,371	38,019
Strategic Investment Program	58,915	37,441	15,185	20,358	29,787	36,407
Regional Economic: Growth	720,017	783,263	885,781	968,338	1,070,507	1,159,840
JOBS Now	5,860	3,000	0	0	0	0
NYS Econ. Dev. Program	147,117	251,157	383,396	409,306	393,709	377,166
High Technology & Development	0	30,600	141,194	230,633	227,989	218,936
Regional Economic Development	33,346	39,466	74,845	87,972	84,888	81,612
Economic Development Initiatives	0	127,487	517,116	755,396	840,535	873,021
AMD	0	663,000	612,818	559,599	503,161	443,308
Other Economic Development	0	49,164	72,593	72,606	68,090	63,303
Total Other Financing Arrangements	33,394,343	37,949,019	41,588,696	44,115,509	45,626,582	46,919,914
SUBTOTAL STATE-SUPPORTED DEBT	41,181,409	45,510,732	49,051,566	51,590,511	53,123,161	54,422,810

First Quarterly Update to the 2006-07 Financial Plan

STATE DEBT OUTSTANDING 2005-2006 THROUGH 2010-2011 (thousands of dollars)

	Actual					
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
SUBTOTAL STATE-SUPPORTED	41,181,409	45,510,732	49,051,566	51,590,511	53,123,161	54,422,810
OTHER STATE DEBT OBLIGATIONS						
Contingent Contractual						
DASNY/MCFFA Secured Hospitals Program	837,090	793,355	748,490	701,445	652,055	600,265
Tobacco Settlement Financing Corp.	4,278,290	4,049,940	3,805,590	3,487,220	3,144,315	2,775,945
Moral Obligation						
Housing Finance Agency Moral Obligation Bonds	58,492	50,813	42,802	34,283	25,263	15,673
MCFFA Nursing Homes and Hospitals	8,565	7,530	6,415	5,210	3,910	2,515
State Guaranteed Debt						
Job Development Authority (JDA)	63,310	57,410	52,350	47,470	42,745	38,220
State Funded						
MBBA Prior Year School Aid Claims	504,480	484,455	463,685	442,065	419,475	395,775
SUBTOTAL OTHER STATE	5,750,227	5,443,503	5,119,332	4,717,693	4,287,763	3,828,393
GRAND TOTAL STATE-RELATED	46,931,636	50,954,235	54,170,898	56,308,204	57,410,924	58,251,203

First Quarterly Update to the 2006-07 Financial Plan

STATE DEBT SERVICE
SUMMARIZED BY FUNCTION AND FINANCING PROGRAM
2005-2006 THROUGH 2010-2011
 (thousands of dollars)

	Actual					
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
GENERAL OBLIGATION BONDS						
Economic Development & Housing	22,903	22,537	19,945	19,574	18,268	16,992
Education	297	284	0	0	0	0
Environment	274,880	286,536	287,701	283,863	269,378	256,519
Transportation	188,680	186,182	187,143	201,600	241,087	283,818
REVENUE BONDS						
Personal Income Tax						
Economic Development & Housing	198,703	226,495	427,483	531,680	622,689	653,342
Education	99,709	203,899	427,126	578,340	654,072	691,061
Environment	26,585	44,577	57,678	73,328	90,481	107,153
Health Care	0	0	2,935	10,390	25,402	43,183
State Facilities & Equipment	111,432	153,623	222,915	237,318	279,689	274,949
Transportation	79,199	115,708	145,652	176,489	208,252	240,447
Other Revenue						
Education						
SUNY Dorms	42,954	57,056	63,101	71,836	78,844	85,103
Health & Mental Hygiene						
Health Income	27,219	27,831	28,023	29,271	29,287	29,280
Mental Health Services	279,951	324,023	313,980	351,785	392,036	409,520
Local Government Assistance						
Sales Tax	316,265	352,345	363,900	368,155	368,642	369,786
Transportation						
Dedicated Highway	474,322	458,917	502,920	582,532	664,765	994,482
SERVICE CONTRACT & LEASE-PURCHASE BONDS						
Economic Development & Housing	145,061	157,817	150,094	140,373	139,304	143,538
Education	616,907	695,561	703,070	685,799	664,256	662,432
Environment	61,760	54,900	35,045	31,506	29,660	29,792
Health & Mental Hygiene	4,170	3,789	4,733	5,679	5,680	5,683
State Facilities & Equipment	365,077	382,341	392,235	389,763	404,534	389,474
Transportation	368,282	369,943	404,830	405,179	404,925	405,383
TOTAL STATE-SUPPORTED						
Economic Development & Housing	366,667	406,849	597,522	691,627	780,260	813,872
Education	759,867	956,799	1,193,296	1,335,975	1,397,172	1,438,596
Environment	363,225	386,014	380,425	388,697	389,519	393,464
Health & Mental Hygiene	311,340	355,643	349,671	397,125	452,406	487,665
LGAC	316,265	352,345	363,900	368,155	368,642	369,786
State Facilities & Equipment	476,509	535,964	615,151	627,080	684,224	664,423
Transportation	1,110,483	1,130,749	1,240,544	1,365,800	1,519,029	1,924,130
Debt Management Savings	0	(17,000)	0	0	0	0
SUBTOTAL STATE-SUPPORTED	3,704,356	4,107,364	4,740,508	5,174,458	5,591,252	6,091,936
OTHER STATE DEBT OBLIGATIONS						
Tobacco	430,842	437,581	443,989	503,296	510,539	517,063
All Other	128,288	154,953	153,043	152,693	152,348	151,973
SUBTOTAL OTHER STATE	559,130	592,534	597,032	655,989	662,887	669,036
GRAND TOTAL STATE-RELATED	4,263,486	4,699,898	5,337,540	5,830,447	6,254,139	6,760,972

First Quarterly Update to the 2006-07 Financial Plan

STATE DEBT SERVICE 2005-06 THROUGH 2010-11 (thousands of dollars)

	Actual 2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
GENERAL OBLIGATION	486,760	495,539	494,789	505,037	528,733	557,328
LOCAL GOVERNMENT ASSISTANCE CORPORATION	316,265	352,345	363,900	368,155	368,642	369,786
OTHER LEASE-PURCHASE AND CONTRACTUAL-OBLIGATION FINANCING ARRANGEMENTS						
Transportation						
Metropolitan Trans Authority	164,960	164,991	164,992	164,994	164,993	164,998
Dormitory Authority						
Albany County Airport	912	3,318	3,477	3,477	3,485	3,481
Thruway Authority:						
Consolidated Local Highway Improvement	281,609	317,342	382,012	413,197	444,699	477,352
Dedicated Highway & Bridge	474,322	458,917	502,920	582,532	664,765	994,482
Education						
Dormitory Authority:						
SUNY Educational Facilities	397,279	475,862	515,167	537,157	570,509	625,898
SUNY Dormitory Facilities	42,954	57,056	63,101	71,836	78,844	85,103
SUNY Upstate Community Colleges	13,872	32,281	42,605	49,725	53,199	52,273
CUNY Educational Facilities	246,443	323,318	348,546	379,835	390,946	387,624
State Education Department	4,660	4,620	5,477	5,771	5,761	5,767
Library for the Blind	1,687	1,506	1,506	1,505	1,504	1,505
SUNY Athletic Facilities	2,121	2,151	2,149	2,153	2,163	2,159
RESCUE	18,027	20,705	20,715	20,721	20,729	20,737
University Facilities (Jobs 2000)	4,732	6,620	7,274	7,282	7,273	7,281
Judicial Training Institute	1,336	1,336	1,335	1,335	1,337	1,336
School District Capital Outlays	13,192	13,188	13,183	13,178	13,171	13,160
Transportation Transition Grants	13,062	14,802	14,787	14,796	17,816	0
Higher Ed Capital Matching Grants	0	1,029	3,452	7,311	10,548	12,386
Public Broadcasting Facilities	205	1,674	1,949	1,947	1,949	1,944
EXCEL School Construction	0	0	151,096	220,231	220,231	220,231
Library Facilities	0	367	957	1,193	1,193	1,193
Health						
DOH & Veterans' Home Facilities	31,389	31,620	32,756	34,950	34,968	34,963
Health Care Grants	0	0	2,935	10,390	25,402	43,183
Mental Hygiene						
Mental Health Facilities	279,951	324,023	313,980	351,785	392,036	409,520
Public Protection						
ESDC:						
Prison Facilities	319,749	335,100	363,535	380,200	415,215	439,628
Youth Facilities	20,558	19,129	22,665	28,835	29,923	32,434
Homeland Security	1,959	1,959	1,960	1,960	1,957	1,956
Environment						
EFC/ERDA:						
Riverbank Park	4,829	4,794	4,796	4,794	4,799	4,795
Water Pollution Control	30,501	17,208	3,683	0	0	0
Pilgrim Sewage Treatment	756	834	796	758	720	783
State Park Infrastructure	1,243	1,503	1,504	1,501	1,506	1,502
Fuel Tanks	2,625	2,611	0	0	0	0
Pipeline for Jobs (Jobs 2000)	2,993	4,239	4,930	4,936	4,928	4,931
Environmental Infrastructure	30,127	53,926	61,622	67,956	74,521	76,440
Hazardous Waste Remediation	6,989	8,248	12,901	21,974	32,473	47,218
West Valley	7,272	4,926	1,720	1,721	0	0
ESDC:						
Pine Barrens	1,010	1,188	771	1,194	1,194	1,277
State Buildings/Equipment						
ESDC:						
Empire State Plaza	34,436	34,429	34,425	34,429	34,425	34,430
State Buildings	19,552	19,037	17,012	12,631	12,643	12,653
State Capital Projects	20,324	20,263	20,259	20,264	20,263	20,258
ESDC / DA						
State Facilities	18,835	20,637	24,797	33,167	41,263	43,948
Equipment / Certificates of Participation	37,530	72,342	103,079	82,930	104,901	69,989
E911	3,567	13,068	27,419	32,665	23,635	9,128
Housing						
Housing Finance Agency	99,602	118,077	127,823	135,046	144,571	154,786
Economic Development						
TBTA/ESDC						
Javits Center Expansion & Extension	41,923	41,843	51,780	63,168	67,475	68,016
ESDC/DA						
University Technology Centers	17,436	19,372	21,269	20,800	21,489	22,539
Onondaga Convention Center	5,767	3,279	1,979	2,002	2,021	3,910
Sports Facilities	10,298	11,441	11,326	23,148	27,068	29,364
Community Enhancement Facilities	13,613	14,380	39,081	34,373	34,378	14,331
Natural Resources Preservation	1,140	0	0	0	0	0
Child Care Facilities	2,224	2,478	2,476	2,476	2,477	2,478
Buffalo Inner Harbor	0	0	2,593	5,727	7,085	7,030
Strategic Investment Program	33,492	33,498	31,646	3,813	5,708	8,980
Regional Economic Growth	115,127	136,806	154,649	173,978	196,211	217,649
JOBS Now	3,142	3,139	3,143	0	0	0
NYS Econ. Dev. Program	0	0	11,858	27,423	31,295	31,096
High Technology & Development	0	0	3,488	16,426	27,273	27,991
Regional Economic Development	0	0	698	4,832	6,454	6,375
Economic Development Initiatives	0	0	14,530	60,142	89,439	103,309
AMD	0	0	93,637	90,294	90,294	90,294
Other Economic Development	0	0	5,603	8,404	8,754	8,733
Other State Purposes						
Debt Management Savings	0	(17,000)	0	0	0	0
Total Other Financing Arrangements	2,901,331	3,259,480	3,881,819	4,301,267	4,693,877	5,164,822
SUBTOTAL STATE-SUPPORTED DEBT SERVICE	3,704,356	4,107,364	4,740,508	5,174,458	5,591,252	6,091,936

First Quarterly Update to the 2006-07 Financial Plan

STATE DEBT SERVICE 2005-06 THROUGH 2010-11 (thousands of dollars)

	Actual 2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
SUBTOTAL STATE-SUPPORTED	3,704,356	4,107,364	4,740,508	5,174,458	5,591,252	6,091,936
OTHER STATE DEBT OBLIGATIONS						
Contingent Contractual						
DASNY/MCFFA Secured Hospitals Program	79,245	86,581	85,646	85,667	85,683	85,663
Tobacco Settlement Financing Corp.	430,842	437,581	443,989	503,296	510,539	517,063
Moral Obligation						
Housing Finance Agency Moral Obligation Bonds	15,727	13,103	12,975	12,998	12,982	13,002
MCFFA Nursing Homes and Hospitals	2,210	2,207	2,203	2,204	2,203	2,194
State Guaranteed Debt						
Job Development Authority (JDA)	2,743	7,873	7,033	6,640	6,298	5,925
State Funded						
MBBA Prior Year School Aid Claims	28,363	45,189	45,186	45,184	45,182	45,189
SUBTOTAL OTHER STATE	559,130	592,534	597,032	655,989	662,887	669,036
GRAND TOTAL STATE-RELATED	4,263,486	4,699,898	5,337,540	5,830,447	6,254,139	6,760,972

First Quarterly Update to the 2006-07 Financial Plan

STATE DEBT RETIREMENTS SUMMARIZED BY FUNCTION AND FINANCING PROGRAM 2005-2006 THROUGH 2010-2011 (thousands of dollars)

	Actual					
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
GENERAL OBLIGATION BONDS						
Economic Development & Housing	16,700	16,983	15,014	15,195	14,418	13,676
Education	270	270	0	0	0	0
Environment	188,597	200,924	201,173	199,712	191,159	183,297
Transportation	135,543	133,895	135,937	141,921	161,338	180,933
REVENUE BONDS						
Personal Income Tax						
Economic Development & Housing	140,550	154,700	266,420	304,183	360,120	379,659
Education	49,140	93,694	167,136	213,965	239,325	241,916
Environment	15,530	23,765	29,996	37,427	45,723	53,698
Health Care	0	0	2,032	7,138	17,441	29,281
State Facilities & Equipment	54,515	81,040	129,820	123,552	145,877	124,275
Transportation	40,105	54,161	66,139	78,764	92,558	106,794
Other Revenue						
Education						
SUNY Dorms	20,975	22,890	24,430	26,555	28,482	29,587
Health & Mental Hygiene						
Health Income	11,455	11,265	11,795	12,745	13,315	13,980
Mental Health Services	132,920	166,413	146,459	171,041	199,661	207,324
Local Government Assistance						
Sales Tax	131,577	113,266	150,719	162,339	195,808	205,077
Transportation						
Dedicated Highway	470,010	278,565	188,760	197,170	238,841	278,666
SERVICE CONTRACT & LEASE-PURCHASE BONDS						
Economic Development & Housing	114,484	117,900	96,921	92,587	92,028	100,493
Education	292,819	281,626	334,132	301,423	353,345	315,174
Environment	55,015	44,865	28,981	21,750	22,845	22,390
Health & Mental Hygiene	1,115	1,140	1,150	3,075	3,205	3,365
State Facilities & Equipment	163,488	163,614	159,798	163,184	178,249	190,204
Transportation	126,890	130,600	227,800	175,875	198,175	195,515
TOTAL STATE-SUPPORTED						
Economic Development & Housing	271,733	289,583	378,355	411,965	466,566	493,827
Education	363,204	398,481	525,698	541,943	621,152	586,677
Environment	259,142	269,554	260,150	258,889	259,726	259,385
Health & Mental Hygiene	145,490	178,818	161,436	193,999	233,622	253,950
LGAC	131,577	113,266	150,719	162,339	195,808	205,077
State Facilities & Equipment	218,003	244,654	289,619	286,736	324,126	314,479
Transportation	772,548	597,221	618,636	593,730	690,912	761,908
SUBTOTAL STATE-SUPPORTED	<u>2,161,698</u>	<u>2,091,576</u>	<u>2,384,613</u>	<u>2,449,600</u>	<u>2,791,913</u>	<u>2,875,303</u>
OTHER STATE DEBT OBLIGATIONS						
Tobacco	216,685	228,350	244,350	318,370	342,905	368,370
All Other	48,737	78,374	79,821	83,269	87,025	91,000
SUBTOTAL OTHER STATE DEBT	<u>265,422</u>	<u>306,724</u>	<u>324,171</u>	<u>401,639</u>	<u>429,930</u>	<u>459,370</u>
GRAND TOTAL STATE-RELATED	<u>2,427,120</u>	<u>2,398,300</u>	<u>2,708,784</u>	<u>2,851,239</u>	<u>3,221,843</u>	<u>3,334,673</u>

First Quarterly Update to the 2006-07 Financial Plan

STATE DEBT RETIREMENTS						
2005-2006 THROUGH 2010-2011						
(thousands of dollars)						
Actual						
2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	
GENERAL OBLIGATION	341,110	352,072	352,124	356,829	366,915	377,906
LOCAL GOVERNMENT ASSISTANCE						
CORPORATION	131,577	113,266	150,719	162,339	195,808	205,077
OTHER LEASE-PURCHASE AND CONTRACTUAL-OBLIGATION FINANCING ARRANGEMENTS						
Transportation						
Metropolitan Trans Authority	42,995	44,975	47,135	49,495	51,985	54,550
Dormitory Authority						
Albany County Airport	1,790	0	30	195	200	210
Thruway Authority:						
Consolidated Local Highway Improvement	122,210	139,786	246,774	204,949	238,548	247,549
Dedicated Highway & Bridge	470,010	278,565	188,760	197,170	238,841	278,666
Education						
Dormitory Authority:						
SUNY Educational Facilities	163,230	188,297	198,215	213,862	210,020	242,282
SUNY Dormitory Facilities	20,975	22,890	24,430	26,555	28,482	29,587
SUNY Upstate Community Colleges	4,331	4,785	11,582	15,572	20,705	22,437
CLNY Educational Facilities	135,354	135,986	187,744	150,809	215,048	154,865
State Education Department	2,020	1,370	1,440	2,370	2,765	2,875
Library for the Blind	705	740	775	815	855	900
SUNY Athletic Facilities	965	1,005	1,050	1,085	1,145	1,210
RESCUE	11,135	13,220	13,750	14,420	15,050	15,750
University Facilities (Jobs 2000)	3,475	4,993	5,198	5,439	5,685	5,972
Judicial Training Institute	585	615	645	675	710	750
School District Capital Outlays	9,550	9,910	10,280	10,755	11,265	11,835
Transportation Transition Grants	10,470	12,170	12,730	13,355	17,000	0
Higher Ed Capital Matching Grants	0	772	2,338	4,747	6,545	7,711
Public Broadcasting Facilities	140	1,248	1,311	1,370	1,436	1,499
EXCEL School Construction	0	0	53,788	79,669	83,972	88,508
Library Facilities	0	209	422	445	469	495
Health						
DOH & Veterans' Home Facilities	12,570	12,405	12,945	15,820	16,520	17,345
Health Care Grants	0	0	2,032	7,138	17,441	29,281
Mental Hygiene						
Mental Health Facilities	132,920	166,413	146,459	171,041	199,661	207,324
Public Protection						
ESDC:						
Prison Facilities	124,323	130,814	129,788	129,510	148,536	183,680
Youth Facilities	16,545	12,685	14,073	21,371	21,360	22,651
Homeland Security	810	845	885	920	960	1,000
Environment						
EPC/ERDA:						
Riverbank Park	1,845	1,935	2,055	2,185	2,320	2,470
Water Pollution Control	22,040	16,265	3,705	0	0	0
Pilgrim Sewage Treatment	500	600	600	600	600	700
State Park Infrastructure	795	1,095	1,150	1,205	1,270	1,330
Fuel Tanks	2,510	2,550	0	0	0	0
Pipeline for Jobs (Jobs 2000)	2,090	3,145	3,646	3,834	4,024	4,240
Environmental Infrastructure	25,185	32,895	37,591	42,370	47,521	48,168
Hazardous Waste Remediation	1,550	1,630	3,324	6,517	10,267	18,235
West Valley	13,355	7,805	5,795	1,665	1,740	0
ESDC:						
Pine Barrens	675	710	1,111	800	825	945
State Buildings/Equipment						
ESDC:						
Empire State Plaza	9,088	8,394	7,752	7,161	6,614	6,110
State Buildings	683	736	793	855	921	993
State Capital Projects	8,440	8,965	9,530	10,050	10,620	11,225
ESDC / DA						
State Facilities	4,905	7,500	8,841	11,938	15,567	17,139
Equipment / Certificates of Participation	50,015	63,350	93,065	74,474	97,007	62,874
E911	3,195	11,365	24,891	30,457	22,540	8,806
Housing						
Housing Finance Agency	50,480	63,420	65,854	68,947	75,189	82,045
Economic Development						
TBTA/ESDC						
Javits Center Expansion & Extension	27,820	29,835	34,387	38,609	41,657	44,622
ESDC/DA						
University Technology Centers	14,569	8,825	11,056	12,157	12,203	13,778
Onondaga Convention Center	1,630	1,725	515	555	595	2,510
Sports Facilities	6,045	5,995	10,729	11,180	14,455	16,909
Community Enhancement Facilities	36,835	28,285	32,280	33,376	30,307	11,398
Natural Resources Preservation	5,055	5,320	0	0	0	0
Child Care Facilities	1,110	1,140	1,180	1,225	1,270	1,335
Buffalo Inner Harbor	0	0	1,390	3,145	4,095	4,352
Strategic Investment Program	29,510	30,725	29,907	3,191	4,852	7,659
Regional Economic Growth	79,240	94,470	106,199	117,188	132,431	145,267
JOBS Now	2,740	2,860	3,000	0	0	0
NYS Econ. Dev. Program	0	0	5,461	12,850	15,596	16,544
High Technology & Development	0	0	1,606	7,460	12,844	14,153
Regional Economic Development	0	0	321	2,173	3,084	3,275
Economic Development Initiatives	0	0	6,692	27,430	42,616	51,664
AMD	0	0	50,182	53,219	56,438	59,853
Other Economic Development	0	0	2,581	4,067	4,517	4,787
Total Other Financing Arrangements	1,689,011	1,626,238	1,881,769	1,930,433	2,229,190	2,292,320
SUBTOTAL STATE-SUPPORTED RETIREMENTS	2,161,698	2,091,576	2,384,613	2,449,600	2,791,913	2,875,303

First Quarterly Update to the 2006-07 Financial Plan

STATE DEBT RETIREMENTS 2005-2006 THROUGH 2010-2011 (thousands of dollars)

	Actual 2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
SUBTOTAL STATE-SUPPORTED	2,161,698	2,091,576	2,384,613	2,449,600	2,791,913	2,875,303
OTHER STATE DEBT OBLIGATIONS						
Contingent Contractual						
DA SNY/MCFFA Secured Hospitals Program	34,250	43,735	44,865	47,045	49,390	51,790
Tobacco Settlement Financing Corp.	216,685	228,350	244,350	318,370	342,905	368,370
Moral Obligation						
Housing Finance Agency Moral Obligation Bonds	9,777	7,679	8,011	8,519	9,020	9,590
MCFFA Nursing Homes and Hospitals	960	1,035	1,115	1,205	1,300	1,395
State Guaranteed Debt						
Job Development Authority (JDA)	770	5,900	5,060	4,880	4,725	4,525
State Funded						
MBBA Prior Year School Aid Claims	2,980	20,025	20,770	21,620	22,590	23,700
SUBTOTAL OTHER STATE	265,422	306,724	324,171	401,639	429,930	459,370
GRAND TOTAL STATE-RELATED	2,427,120	2,398,300	2,708,784	2,851,239	3,221,843	3,334,673

First Quarterly Update to the 2006-07 Financial Plan

STATE DEBT ISSUANCES SUMMARIZED BY FUNCTION AND FINANCING PROGRAM 2005-2006 THROUGH 2010-2011 (thousands of dollars)

	Actual					
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
GENERAL OBLIGATION BONDS						
Environment	102,594	126,600	122,300	52,100	52,100	52,100
Transportation	56,331	109,200	281,700	479,200	532,200	537,200
REVENUE BONDS						
Personal Income Tax						
Economic Development & Housing	360,465	1,413,825	1,354,967	926,826	518,430	443,828
Education	1,107,945	2,700,696	1,917,178	1,094,969	837,391	597,190
Environment	159,035	127,500	163,404	178,704	178,704	178,704
Health Care	0	18,870	47,175	94,350	121,193	167,212
State Facilities & Equipment	295,150	455,736	466,089	457,470	377,706	376,380
Transportation	236,140	353,998	361,689	362,179	366,667	365,973
Other Revenue						
Education						
SUNY Dorms	72,085	91,800	102,000	102,000	102,000	102,000
Health & Mental Hygiene						
Health Income	0	22,725	0	0	0	0
Mental Health Services	201,545	311,896	353,976	347,978	321,086	281,846
Transportation						
Dedicated Highway	377,315	683,904	754,969	892,769	917,086	1,072,520
TOTAL						
Economic Development & Housing	360,465	1,413,825	1,354,967	926,826	518,430	443,828
Education	1,180,030	2,792,496	2,019,178	1,196,969	939,391	699,190
Environment	261,629	254,100	285,704	230,804	230,804	230,804
Health & Mental Hygiene	201,545	353,491	401,151	442,328	442,279	449,058
State Facilities & Equipment	295,150	455,736	466,089	457,470	377,706	376,380
Transportation	669,786	1,147,102	1,398,358	1,734,148	1,815,953	1,975,693
SUBTOTAL STATE-SUPPORTED	2,968,605	6,416,749	5,925,447	4,988,545	4,324,564	4,174,952
OTHER STATE DEBT OBLIGATIONS						
Tobacco	0	0	0	0	0	0
All Other	0	0	0	0	0	0
SUBTOTAL OTHER STATE	0	0	0	0	0	0
GRAND TOTAL STATE-RELATED	2,968,605	6,416,749	5,925,447	4,988,545	4,324,564	4,174,952

First Quarterly Update to the 2006-07 Financial Plan

STATE DEBT ISSUANCES 2005-2006 THROUGH 2010-2011 (thousands of dollars)

	Actual 2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
GENERAL OBLIGATION	158,925	235,800	404,000	531,300	584,300	589,300
OTHER LEASE-PURCHASE AND CONTRACTUAL-OBLIGATION FINANCING ARRANGEMENTS						
Transportation						
Thruway Authority:						
Consolidated Local Highway Improvement	236,140	353,998	361,689	362,179	366,667	365,973
Dedicated Highway & Bridge	377,315	683,904	754,969	892,769	917,086	1,072,520
Education						
Dormitory Authority:						
SUNY Educational Facilities	694,405	481,182	542,253	509,555	522,883	390,066
SUNY Dormitory Facilities	72,085	91,800	102,000	102,000	102,000	102,000
SUNY Upstate Community Colleges	57,105	25,500	43,350	45,900	43,350	43,350
CUNY Educational Facilities	322,015	311,808	488,034	508,914	250,759	153,573
RESCUE	29,625	0	0	0	0	0
University Facilities (Jobs 2000)	0	18,666	0	0	0	0
Higher Ed Capital Matching Grants	0	10,200	20,400	30,600	20,400	10,200
Public Broadcasting Facilities	4,795	10,200	0	0	0	0
EXCEL School Construction	0	1,836,000	816,000	0	0	0
Library Facilities	0	7,140	7,140	0	0	0
Health						
DOH & Veterans' Home Facilities	0	22,725	0	0	0	0
Health Care Grants	0	18,870	47,175	94,350	121,193	167,212
Mental Hygiene						
Mental Health Facilities	201,545	311,896	353,976	347,978	321,086	281,846
Public Protection						
ESDC:						
Prison Facilities	186,880	246,126	265,200	265,200	265,200	265,200
Youth Facilities	0	14,280	19,329	18,360	20,400	20,400
Environment						
EFC/ERDA:						
Pipeline for Jobs (Jobs 2000)	6,360	5,100	0	0	0	0
Environmental Infrastructure	123,315	67,320	56,304	56,304	56,304	56,304
Hazardous Waste Remediation	29,360	55,080	107,100	122,400	122,400	122,400
State Buildings/Equipment						
ESDC / DA						
State Facilities	21,930	35,190	94,860	112,710	30,906	29,580
Equipment / Certificates of Participation	61,290	119,340	61,200	61,200	61,200	61,200
E911	25,050	40,800	25,500	0	0	0
Housing						
Housing Finance Agency	130,960	153,230	117,530	107,330	106,095	105,698
Economic Development						
TBTA/ESDC						
Javits Center Expansion & Extension	0	0	188,700	142,800	25,500	0
ESDC/DA						
Sports Facilities	0	12,750	102,000	37,638	0	0
Community Enhancement Facilities	0	82,107	0	0	0	0
Buffalo Inner Harbor	0	18,360	22,440	10,200	0	0
Strategic Investment Program	0	9,251	7,650	8,364	14,280	14,280
Regional Economic Growth	49,042	157,716	208,716	199,745	234,600	234,600
NYS Econ. Dev. Program	147,117	104,040	137,700	38,760	0	0
High Technology & Development	0	30,600	112,200	96,900	10,200	5,100
Regional Economic Development	33,346	6,120	35,700	15,300	0	0
Economic Development Initiatives	0	127,487	396,321	265,710	127,755	84,150
AMD	0	663,000	0	0	0	0
Other Economic Development	0	49,164	26,010	4,080	0	0
Total Other Financing Arrangements	2,809,680	6,180,949	5,521,447	4,457,245	3,740,264	3,585,652
TOTAL ISSUANCES	2,968,605	6,416,749	5,925,447	4,988,545	4,324,564	4,174,952