

Supplement to the 2008-09 Annual Information Statement (AIS) of the State of New York

May 28, 2008

Collective Bargaining _____

The Judiciary has reached tentative collective bargaining agreements with 11 public employee unions negotiating on behalf of court employees. The tentative agreements provide salary increases and other benefits retroactively for the period from April 1, 2006 through March 31, 2011. The agreements, which the Division of the Budget (DOB) expects to be ratified by union membership and the State, will result in additional General Fund costs of approximately \$150 million in the 2008-09 fiscal year. As a result of the tentative agreements, DOB projects that the General Fund closing balance for 2008-09 will now total approximately \$1.89 billion, a decline of \$150 million from the level projected in the AIS, dated May 12, 2008. The impact of the agreements on the out-year budget gaps is expected to be in the range of \$70 million to \$100 million annually.

In addition to the Judiciary collective bargaining agreements described above, the State is continuing negotiations with certain other unions, as described in the AIS. DOB estimates that if the unions that have not yet reached actual or tentative agreements with the State were to agree to terms comparable to those accepted by other unions, it would result in additional labor costs of \$200 million in 2008-09, \$185 million in 2009-10, and \$264 million in both 2010-11 and 2011-12. See "Labor Settlements" in the AIS for more information.

DOB plans to issue its First Quarterly Update to the 2008-09 Financial Plan by July 30, 2008, which will be reflected in the First Quarterly Update to the AIS in early August 2008.

Federal Rules on Medicaid Funding _____

On May 21, 2008, the Bush Administration announced that it would voluntarily extend until August 1, 2008 a moratorium on the implementation of certain Centers for Medicaid and Medicare Services (CMS) regulations that, if they were to become effective, could have an adverse impact on the State's Financial Plan. The State continues to lobby Congress for an extension of the moratorium or modification of the proposed regulations. See "Special Considerations" in the AIS.