2008-2009 Budget Outlook

Division of the Budget

Town Hall Meeting
Overview of the Budget Process
Governor Spitzer’s Commitment

- Increase Transparency
- Increase Public Involvement
- Accelerate Budget Process to Help Facilitate an On-time Budget
Budget Calendar

- **October 2007**: Budget and Capital Hearings w/ Legislature
- **November 2007**: Quick Start Process and Budget Town Halls
- **December 2007**: Further Public Meetings
- **January 2008**: Governor Submits Executive Budget
- **January-March 2008**: Legislative Deliberation
- **April 2008**: Deadline for Enactment of FY 2008-2009 Budget
Fiscal Outlook
Financial Plan Overview

- 2007-2008 Budget Projected to be in Balance

<table>
<thead>
<tr>
<th></th>
<th>All Funds</th>
<th>State Operating Funds</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2007-2008</td>
<td>$118.6 Billion</td>
<td>$77.9 Billion</td>
<td>$53.7 Billion</td>
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Gaps Closed in Previous Years

<table>
<thead>
<tr>
<th>State Fiscal Year</th>
<th>Gap in Billions</th>
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<tbody>
<tr>
<td>2002-03</td>
<td>5.1</td>
</tr>
<tr>
<td>2003-04</td>
<td>9.3</td>
</tr>
<tr>
<td>2004-05</td>
<td>5.1</td>
</tr>
<tr>
<td>2005-06</td>
<td>4.2</td>
</tr>
<tr>
<td>2006-07</td>
<td>0.8</td>
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<td>2007-08</td>
<td>1.6</td>
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Why This Year Will Be Especially Difficult
Extraordinary Revenue Growth is Not Likely to Continue

- All indications are that next year will be different
- 20 percent of state tax revenues come from Wall Street
  - When Wall Street catches a cold, New York gets pneumonia
- Problems on Wall Street
  - Sub prime mortgage fallout – increase in foreclosures
  - Credit Crunch – fewer mega real estate transactions
  - Big losses and layoffs for financial services firms
    - Decrease in Wall Street bonuses
Building on Last Year’s Reforms, Setting Priorities for Next Year
Building on the Governor’s Core Policy Goals

- Expanding health care access while reducing costs
- Increasing school aid – tied to accountability measures
- Increasing property tax relief – targeted to the middle class
- Closing corporate tax loopholes and providing broad-based business tax relief
New Health Care Initiatives

- Child Health Plus; access to coverage for 400,000 uninsured children
  - Efforts blocked by Bush Administration
  - Will continue to work to provide coverage
- Streamlining Medicaid enrollment and recertification; access to coverage for 900,000 Medicaid-eligible but uninsured adults and children
- Controlled unsustainable spending growth
  - Patient-centered
  - Funding flows to high-volume Medicaid hospitals
  - Curbing Medicaid fraud; 68 percent ($205 million) fraud collection increase
Education

- New “Foundation Formula”
  - Aid targeted by student need, ability to pay
- $1.76 Billion (10%) School Aid Increase
  - Tied to Contract for Excellence accountability measure
- $146 million increase in Pre-K funding
  - 50 Percent Increase
Property Tax Relief

- New “Middle Class” STAR program, targeted by income
- $1.3 billion increase

<table>
<thead>
<tr>
<th>Income Level</th>
<th>0 - 90K</th>
<th>90-150K</th>
<th>150-250K</th>
<th>250K +</th>
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<tr>
<td>Upstate Increase</td>
<td>+60%</td>
<td>+45%</td>
<td>+30%</td>
<td>0%</td>
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Tax Fairness

- Closed unintended tax loopholes
  - Companies pay their fair share
- $150 million in business tax cuts
  - Broad-based cuts that benefit the majority of businesses, rather than a select few
What Comes Next

- We’re here to listen to your input on our state’s priorities for next year
- Town Hall will be webcast
- Your written testimony will be available on our website