NEW ISSUES

$616,740,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
STATE OF NEW YORK CONSOLIDATED SERVICE CONTRACT REFUNDING REVENUE BONDS, SERIES 2009

$607,160,000 Series 2009A	$9,580,000 Series 2009B (Federally Taxable)

Dated: Date of Delivery | **Due: July 1, as shown on the Inside Cover**

Payment and Security: The State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2009A (the "Series 2009A Bonds") and the State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2009B (Federally Taxable) (the "Series 2009B Bonds"; and, collectively with the Series 2009A Bonds, the "Series 2009 Bonds") will be special obligations of the Dormitory Authority of the State of New York (the "Authority"), payable solely from and secured by a pledge of certain payments to be made under the Service Contract dated as of July 25, 2007 as supplemented (the "Service Contract") between the Authority and The State of New York (the "State"), acting by and through the Director of the Budget, and all funds and accounts (except the Arbitrage Rebate Fund) established under the Authority's State of New York Consolidated Service Contract Refunding Revenue Bond Resolution adopted on July 25, 2007, (the "Resolution") and the Authority's Series 2009 Resolution authorizing up to $795,000,000 of Series 2009 Bonds adopted by the Authority on May 27, 2009 and the Supplement to the Series 2009 Resolution authorizing up to $795,000,000 of Series 2009 Bonds adopted by the Authority on July 29, 2009 (collectively, the "Series 2009 Resolution" and, together with the Resolution, the "Resolutions").

The Service Contract provides that the State will semiannually pay to the Authority amounts sufficient to pay when due the principal and Redemption Price, if any, of, and interest on, the Series 2009 Bonds. The obligation of the State to make such payments is subject to, and dependent upon, the State Legislature making annual appropriations for such payments and the availability of money therefor. See "PART 2 - SOURCES OF PAYMENT AND SECURITY" herein.

The Series 2009 Bonds will not be a debt of the State nor will the State be liable on them. The Authority has no taxing power.

Description: The Series 2009 Bonds will be issued as fully registered fixed rate bonds in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2009 Bonds (due January 1, 2010 and each July 1 and January 1 thereafter) will be payable by check mailed to the registered owners thereof or, at the option of the registered owner of at least $1,000,000 in principal amount of Series 2009 Bonds, by wire transfer as more particularly described herein. The principal and Redemption Price of the Series 2009 Bonds will be payable at the principal corporate trust office of Deutsche Bank Trust Company Americas, New York, New York, the Trustee and Paying Agent.

The Series 2009 Bonds will be issued initially under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2009 Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2009 Bonds, payments of the principal and Redemption Price of and interest on such Series 2009 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 - THE SERIES 2009 BONDS - Book-Entry Only System" herein.

Redemption and Purchase In Lieu of Optional Redemption: The Series 2009A Bonds are subject to redemption and purchase in lieu of optional redemption prior to maturity as more fully described herein.

Tax Matters: In the opinion of Winston & Strawn LLP, Bond Counsel to the Authority, under existing statutes, regulations, rulings, and court decisions, interest on the Series 2009A Bonds is not includable in gross income for federal income tax purposes, assuming compliance with certain covenants and the accuracy of certain representations. Interest on the Series 2009A Bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax on individuals and corporations; however, a portion of such interest may otherwise be includable in the calculation of the federal alternative minimum tax imposed on corporations (but not individuals). In the further opinion of Bond Counsel, interest on the Series 2009B Bonds is included in gross income for federal income tax purposes. Additionally, in the opinion of Bond Counsel to the Authority, interest on the Series 2009 Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York and the City of Yonkers. See "PART 9 - TAX MATTERS" herein.

The Series 2009 Bonds are offered when, as and if issued and received by the Underwriters. The offer of the Series 2009 Bonds may be subject to prior sale or may be withdrawn or modified at any time without notice. The offering is subject to the approval of legality by Winston & Strawn LLP, New York, New York, Bond Counsel to the Authority, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Gonzalez Saggio & Harlan LLP, New York, New York. The Authority expects to deliver the Series 2009 Bonds in definitive form in New York, New York, on or about September 24, 2009.

Citi	**Ramirez & Co., Inc.**	**Merrill Lynch & Co.**
Barclays Capital	**BB&T Capital Markets**	**Goldman, Sachs & Co.**
J.P. Morgan	**Janney Montgomery Scott LLC**	**Loop Capital Markets, LLC**
Prager, Sealy & Co., LLC		**Stone & Youngberg**

September 17, 2009

$616,740,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
State of New York Consolidated Service Contract
Refunding Revenue Bonds,
Series 2009

$607,160,000 Series 2009A

Due July 1	Amount	Interest Rate	Yield	CUSIP Numbers †
2010	$20,915,000	1.50%	0.39%	64983M7P7
2011	10,305,000	2.00	1.25	64983M7Q5
2011	13,340,000	3.00	1.25	64983M7R3
2012	7,850,000	2.50	1.67	64983M7S1
2012	20,110,000	3.00	1.67	64983M7T9
2013	16,540,000	3.00	2.03	64983M7U6
2013	12,615,000	4.00	2.03	64983M7V4
2014	14,450,000	3.00	2.41	64983M7W2
2014	21,520,000	4.00	2.41	64983M7X0
2015	7,090,000	4.00	2.71	64983M7Y8
2015	31,095,000	5.00	2.71	64983M7Z5
2016	8,750,000	4.00	2.95	64983M8A9
2016	36,315,000	5.00	2.95	64983M8B7
2017	18,290,000	3.00	3.20	64983M8C5
2017	39,125,000	5.00	3.20	64983M8D3

Due July 1	Amount	Interest Rate	Price or Yield	CUSIP Numbers †
2018	$ 7,665,000	4.00%	3.38%	64983M8E1
2018	41,700,000	5.00	3.38	64983M8F8
2019	10,815,000	3.50	3.54	64983M8G6
2019	28,430,000	5.00	3.54	64983M8H4
2020*	495,000	4.00	3.66	64983M8J0
2020*	40,665,000	5.00	3.66	64983M8K7
2021	1,490,000	3.75	3.78	64983M8L5
2021*	41,495,000	5.00	3.78	64983M8M3
2022*	53,010,000	5.00	3.87	64983M8N1
2023	13,495,000	4.00	100	64983M8P6
2023*	35,045,000	5.00	4.00	64983M8Q4
2024	22,275,000	4.00	4.05	64983M8R2
2024*	23,800,000	5.00	4.04	64983M8S0
2025	8,470,000	4.00	4.12	64983M8T8

$9,580,000 Series 2009B (Federally Taxable)

Due July 1	Amount	Interest Rate	Yield	CUSIP Number †
2010	$9,580,000	1.50%	0.74%	64983M8U5

---

† Copyright, American Bankers Association. CUSIP numbers have been assigned by Standard & Poor's, CUSIP Service Bureau and are provided solely for the convenience of the holders of the Series 2009 Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2009 Bonds or as indicated above. The CUSIP numbers are subject to change after the issuance of the Series 2009 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2009 Bonds.

* Priced at the stated yield to the July 1, 2019 optional redemption date at a redemption price of 100%.

No dealer, broker, salesperson or other person has been authorized by the Authority, the State, or the Underwriters to give any information or to make any representations with respect to the Series 2009 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be a sale of the Series 2009 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information in this Official Statement has been supplied or authorized by the State Division of the Budget, DTC and other sources that the Authority believes are reliable. The Authority does not guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority. See "PART 17 - MISCELLANEOUS" of the Official Statement for a schedule indicating the various sources of information.

The Underwriters have provided the following sentence for inclusion in this Official Statement: "The Underwriters have reviewed the information in the Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information."

References in this Official Statement to the Act, the Program Act (each as hereinafter defined), the Resolutions, and the Service Contract, do not purport to be complete. Refer to the Act, the Program Act, the Resolutions and the Service Contract for full and complete details of their provisions. Copies of the Resolutions and the Service Contract are on file with the Authority and the Trustee.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of the Authority and the State have remained unchanged after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2009 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF SUCH BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH, TO THE EXTENT THEY ARE NOT RECITATIONS OF HISTORICAL FACT, CONSTITUTE "FORWARD LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE", "PROJECT", "ANTICIPATE", "EXPECT", "INTEND", "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. A NUMBER OF IMPORTANT FACTORS AFFECTING THE AUTHORITY AND THE STATE'S FINANCIAL RESULTS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN THE FORWARD-LOOKING STATEMENTS.

TABLE OF CONTENTS

	Page
PART 1 – INTRODUCTION	1
Purpose of the Official Statement	1
Purpose of the Issue	1
Authorization of Issuance	2
The Authority	2
The Series 2009 Bonds	2
Payment of the Series 2009 Bonds	2
Security for the Series 2009 Bonds	3
PART 2 – SOURCES OF PAYMENT AND SECURITY	3
Payment of the Series 2009 Bonds	3
Security for the Series 2009 Bonds	5
General	5
PART 3 – THE SERIES 2009 BONDS	5
Description of the Series 2009 Bonds	5
Redemption and Purchase in Lieu of Optional Redemption	6
Book-Entry Only System	7
Principal and Interest Requirements	9
PART 4 – THE REFUNDING PLAN	10
PART 5 – ESTIMATED SOURCES AND USES OF FUNDS	11
PART 6 – THE AUTHORITY	11
Background, Purposes and Powers	11
Outstanding Indebtedness of the Authority (Other than Indebtedness Assumed by the Authority)	12
Outstanding Indebtedness of the Authority Assumed by the Authority	13
Governance	14
Claims and Litigation	18
Other Matters	18
PART 7 – LEGALITY FOR INVESTMENT AND DEPOSIT	18
PART 8 – NEGOTIABLE INSTRUMENTS	19
PART 9 – TAX MATTERS	19
PART 10 – STATE NOT LIABLE ON THE SERIES 2009 BONDS	22
PART 11 – COVENANT BY THE STATE	22
PART 12 – LEGAL MATTERS	23
PART 13 – UNDERWRITING	23
PART 14 – VERIFICATION OF MATHEMATICAL COMPUTATIONS	23
PART 15 – CONTINUING DISCLOSURE	24
PART 16 – RATINGS	25
PART 17 – MISCELLANEOUS	25
Appendix A – Certain Definitions	A-1
Appendix B – Information Concerning The State of New York	B-1
Appendix C – Summary of Certain Provisions of the Service Contract	C-1
Appendix D – Summary of Certain Provisions of the Resolution	D-1
Appendix E – Table of Refunded Bonds	E-1
Appendix F – Form of Approving Opinion of Bond Counsel	F-1

[THIS PAGE INTENTIONALLY LEFT BLANK]

DORMITORY AUTHORITY – STATE OF NEW YORK	**515 BROADWAY, ALBANY, N.Y. 12207**
PAUL T. WILLIAMS JR. – EXECUTIVE DIRECTOR	**ALFONSO L. CARNEY JR., ESQ. – CHAIR**

OFFICIAL STATEMENT RELATING TO

$616,740,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
STATE OF NEW YORK CONSOLIDATED SERVICE CONTRACT
REFUNDING REVENUE BONDS,
SERIES 2009

$607,160,000	$9,580,000
Series 2009A	Series 2009B (Federally Taxable)

PART 1 – INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the inside cover page and appendices, is to provide information about the Authority and the State in connection with the offering by the Authority of $616,740,000 aggregate principal amount of its $607,160,000 State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2009A (the "Series 2009A Bonds"), and $9,580,000 State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2009B (Federally Taxable) (the "Series 2009B Bonds"; and, collectively with the Series 2009A Bonds, the "Series 2009 Bonds").

The following is a brief description of certain information concerning the Series 2009 Bonds and the Authority. A more complete description of such information and additional information that may affect decisions to invest in the Series 2009 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in Appendix A hereto.

Purpose of the Issue

The Series 2009 Bonds are being issued (i) to refund bonds previously issued by the Authority and the New York State Housing Finance Agency (the "HFA") of the respective issues, series, maturity dates and principal amounts set forth in Appendix E hereto (collectively, the "Refunded Bonds"), and (ii) to pay the Costs of Issuance of the Series 2009 Bonds. See "PART 4 – THE REFUNDING PLAN," "PART 5 – ESTIMATED SOURCES AND USES OF FUNDS" and "Appendix E – Table of Refunded Bonds."

Authorization of Issuance

The Series 2009 Bonds will be issued pursuant to the Resolutions, the Act (as hereinafter defined) and Section 34 of Part T of Chapter 57 of the Laws of New York of 2007, as amended (the "Program Act"). The Series 2009 Resolution authorizes the issuance of the Series 2009 Bonds in an aggregate principal amount not to exceed $795,000,000.

In addition to the Series 2009 Bonds, the Resolution authorizes the issuance of additional Series of Bonds (collectively with the Series 2009 Bonds and any other Series of Bonds heretofore issued under the Resolution, the "Bonds"). The Bonds permitted to be issued under the Resolution include Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. All Bonds issued under the Resolution rank on a parity with each other and are secured equally and ratably with each other. The Series 2009A Bonds and the Series 2009B Bonds are the second and third Series of Bonds issued under the Resolution. The Authority has heretofore issued its State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2007 in the principal amount of $50,115,000 and dated October 18, 2007, the first Series of Bonds issued under the Resolution.

Pursuant to the Program Act and the Resolution, the Authority may issue Bonds to pay or to provide for the payment of outstanding notes or bonds issued by the Authority and certain other public authorities of the State, the payment of debt service on which does not constitute a contingent obligation of the State and the payment of debt service on which is payable from money in the State's general fund appropriated by the State Legislature for its payment, and for which money derived from any particular source has not been dedicated to its payment ("Eligible State Supported Debt").

The Authority

The Authority is a public benefit corporation of the State created for the purposes of financing and constructing a variety of public-purpose facilities, certain educational, governmental and not-for-profit institutions. The Authority has never defaulted in the timely payment of principal or sinking fund installments of, or interest on, its bonds or notes. See "PART 6 - THE AUTHORITY."

The Series 2009 Bonds

The Series 2009 Bonds will be dated as of the date of delivery and bear interest from such date, payable each January 1 and July 1, commencing January 1, 2010. The Series 2009 Bonds will bear interest at the rates and mature at the times set forth on the inside cover page of this Official Statement. See "PART 3 - THE SERIES 2009 BONDS - Description of the Series 2009 Bonds."

Payment of the Series 2009 Bonds

The Series 2009 Bonds will be special obligations of the Authority payable solely from and secured by a pledge of all Contract Payments (as hereinafter described) to be made by the State under the Service Contract. Pursuant to the Resolution, the Authority has pledged the Contract Payments and its right to receive them to the Trustee. See "PART 2 - SOURCES OF PAYMENT AND SECURITY."

The State's obligation to make the Contract Payments is absolute and unconditional, subject only to the limitations described below. The Service Contract provides that so long as any Bonds are Outstanding neither the Authority nor the State will terminate the Service Contract for any cause, including, without limiting the generality of the foregoing, any acts or circumstances which may constitute failure of consideration or frustration of purpose or the failure of either the Authority or the State to perform and observe any duty, liability or obligation arising out of or connected with the Service Contract.

Under the State Constitution and as expressly provided in the Service Contract, the State's obligation to make the Contract Payments is subject to and dependent upon annual appropriations being made by the State Legislature for such purposes. The State Legislature is not obligated to make appropriations for the payment of the Contract Payments. No assurance can be given that the State Legislature will make any such appropriations and *the State may not make any payment except pursuant to an appropriation. As required by the Program Act, the Service Contract further provides that the State's obligation to make the Contract Payments will not constitute a debt of the State within the meaning of any constitutional or statutory provisions, will be considered to be executory only to the extent of money appropriated for such payments by the State Legislature and available to the State for such payments therefor, and that no liability will be incurred by the State beyond the money available for payment of the Contract Payments. See "Appendix C - Summary of Certain Provisions of the Service Contract."*

The Authority has no taxing power.

Security for the Series 2009 Bonds

The Bonds, including the Series 2009 Bonds, will be secured by the pledge and assignment to the Trustee of the Contract Payments and the Authority's right to receive them, the proceeds from the sale of the Series 2009 Bonds (until disbursed as provided by the Resolutions) and all funds and accounts established by the Resolutions (with the exception of the Arbitrage Rebate Fund and any fund or account established for the payment of the purchase price or Redemption Price of Option Bonds tendered for purchase). See "PART 2 - SOURCES OF PAYMENT AND SECURITY - Security for the Series 2009 Bonds."

PART 2 – SOURCES OF PAYMENT AND SECURITY

Set forth below is a narrative description of certain contractual and statutory provisions relating to the sources of payment and security for the Bonds, including the Series 2009 Bonds, issued under the Resolutions and for the Contract Payments. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Program Act, the Resolutions, and the Service Contract for a more complete description of such provisions. Defined terms used below and not defined elsewhere shall have the meanings given them in the Act, the Program Act, the Resolutions, and the Service Contract; See also "Appendix A – Certain Definitions". Copies of the Resolutions and the Service Contract are on file with the Authority and the Trustee. See also "Appendix C - Summary of Certain Provisions of the Service Contract," and "Appendix D - Summary of Certain Provisions of the Resolution" for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2009 Bonds

Special Obligations

The Bonds, including the Series 2009 Bonds, are special obligations of the Authority payable solely from and secured by the Revenues. The Revenues consist of the payments (including the right to receive the same and proceeds of such right) to be made by the State acting by and through the Division of the Budget pursuant to the Service Contract (the "Contract Payments"). The Contract Payments include the payments required to be made by the State to pay (i) the principal and Sinking Fund Installments of, and interest on, the Bonds, (ii) amounts payable by the Authority to the providers of any surety bond, financial guaranty insurance policy, letter of credit or other similar obligation securing Bonds that arise as a result of the State's failure to make timely payments of the amounts described in (i) above, (iii) the fees and expenses of the Trustee and other fiduciaries incurred and payable under the Resolution, (iv) any payments with respect to the Bonds which have otherwise been rescinded, avoided or otherwise returned due to insolvency, bankruptcy or reorganization with respect to the Authority and (v) amounts paid by the State for the redemption of Outstanding Bonds at the Authority's Option. The Revenues and Contract Payments do not include amounts paid by the State pursuant to the Service Contract for the Authority's Annual Administrative Fees. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Bonds, including the Series 2009 Bonds. The State has agreed in the Service Contract to pay the Contract Payments directly to the Trustee.

Payment of the Contract Payments

The Contract Payments are required to be paid at times and in amounts sufficient to make timely payment of the principal and Sinking Fund Installments of, and interest on, the Bonds, including the Series 2009 Bonds. The

Contract Payments relating to the principal of, and interest on, the Series 2009 Bonds are to be paid in two installments payable on June 20 and December 20 of each year, commencing December 20, 2009, each of which is to be in an amount sufficient to pay the principal and interest payable on the next succeeding date on which principal or interest is due on the Outstanding Series 2009 Bonds. The Service Contract provides that, in connection with the issuance of other Series of Bonds, other and more frequent dates for the payment of the Contract Payments may be specified for such Series in a supplement to the Service Contract executed at or prior to the time such Series of Bonds are issued.

The amount of the Contract Payment payable on any date may be reduced by the amount available for the payment of the principal or Sinking Fund Installments of, or interest on, Outstanding Bonds either from the proceeds of Bonds or from amounts being held by or on-hand with the Trustee that are available to be used for such payment, in each case as determined by the Authority. See "Appendix C – Summary of Certain Provisions of the Service Contract."

The Service Contract reserves to the State the right to make payments for the purchase or Redemption Price of Bonds, including the Series 2009A Bonds, sufficient to purchase or redeem any Outstanding Bonds on any date on which they are subject to redemption at the option of the Authority. See "PART 3 - THE SERIES 2009 BONDS - Redemption and Purchase in Lieu of Optional Redemption."

The Service Contract provides that the State's obligation to make the Contract Payments, subject only to limitations discussed below, are absolute and unconditional, without any rights of abatement, deduction, deferment, reduction, set-off, recoupment or counterclaim which the State may have against the Authority or any other person or entity having an interest in the Service Contract or the payments made thereunder. See "Appendix B - Information Concerning the State of New York" and "Appendix C - Summary of Certain Provisions of the Service Contract."

Limitations on Contract Payments

Under the State Constitution, money may not be paid from the State treasury except pursuant to an appropriation made by the State Legislature. Accordingly, the provisions of the Program Act which require the State to appropriate money to the Authority for payment of the Contract Payments, do not constitute legally enforceable obligations of the State and the State cannot be compelled to make an appropriation for payment of the Contract Payments. If, however, the State Legislature appropriates money for payment of the Contract Payments (and such appropriations have not lapsed or been repealed) and money is available for such payments, the State Comptroller and other appropriate officials of the State are legally obligated to make the Contract Payments required by the Program Act. No assurance can be given that the State Legislature will annually appropriate money for the Contract Payments.

In addition to the State constitutional limitation on the State's obligation or ability to make the Contract Payments, the Service Contract expressly provides that the State's obligation to make such payments is executory only to the extent of money appropriated for such payments by the State Legislature and available to the State for such payments. As required by the Program Act, the Service Contract further provides that the State's obligation to make the Contract Payment will not constitute a debt of the State within the meaning of any constitutional or statutory provisions and that no liability will be incurred by the State beyond the money appropriated and available for the purposes thereof. See "Appendix C - Summary of Certain Provisions of the Service Contract."

Defaults and Remedies

It is an event of default under the Service Contract if, for any reason other than the State Legislature's failure to appropriate money, the State fails to pay when due any of the Contract Payments or fails to observe or perform any other covenant, condition or agreement to be observed or performed by it. Upon the occurrence of an event of default, the Authority may, unless the event of default has been cured, institute any action in the nature of mandamus or take whatever action at law or in equity as may appear necessary or desirable to collect the payment then due or thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the State under the Service Contract. In no event, however, may the Authority terminate the Service Contract.

Security for the Series 2009 Bonds

The Bonds, including the Series 2009 Bonds, are secured by a lien on the Revenues and on certain funds and accounts established and pledged by the Resolutions. The funds established by the Resolution that are pledged are the Debt Service Fund, from which the principal and Sinking Fund Installments of and interest on Outstanding Bonds will be paid, and the Project Fund, in which proceeds of Bonds will be deposited until applied to pay or to provide for the payment of Eligible State Supported Debt. The pledge does not include the Arbitrage Rebate Fund or any fund or account established in the future by or pursuant to a Series Resolution for the payment of the Redemption Price or purchase price of Option Bonds.

The Authority has covenanted for the benefit of the Holders of Bonds, including the Series 2009 Bonds, that, except as described below, it will not create or cause to be created any lien or charge upon the Revenues, the proceeds of the Bonds or the funds or accounts established and pledged by the Resolutions which is prior or equal to the pledge made by the Resolution. The Authority, however, has reserved the right to pledge and create liens upon the Revenues to secure any obligation of the Authority to the issuer of a Credit Facility or a Liquidity Facility obtained in connection with the Bonds, which pledges or liens may be of equal priority with the pledge and lien created by the Resolutions. The Authority has also reserved the right to create liens on revenues and the funds and accounts established and pledged by another and separate resolution so long as they are not equal or prior to the lien created by the Resolutions. See "Appendix D - Summary of Certain Provisions of the Resolution."

General

The State will be obligated to make Contract Payments subject to the limitations described above. However, the Series 2009 Bonds will not be a debt of the State nor will the State be liable on them. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal or sinking fund installments of or interest on its bonds or notes. See "PART 6 - THE AUTHORITY."

PART 3 – THE SERIES 2009 BONDS

Description of the Series 2009 Bonds

The Series 2009 Bonds will be issued pursuant to the Resolutions, will be dated as of the date of delivery and will bear interest at the rates and mature at the times set forth on the inside cover page of this Official Statement.

The Series 2009 Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof. The Series 2009 Bonds will be registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2009 Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2009 Bonds, the Series 2009 Bonds will be exchangeable for other fully registered Series 2009 Bonds in any other authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See "Book-Entry Only System" herein and "Appendix D - Summary of Certain Provisions of the Resolution."

Interest on the Series 2009 Bonds will be payable by check mailed to the registered owners thereof, or, at the option of the registered owner of at least $1,000,000 in principal amount of Series 2009 Bonds, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, not less than five days prior to the Record Date for the Series 2009 Bonds immediately preceding such interest payment date, directed the Trustee to wire such interest payment. The principal and Redemption Price of the Series 2009 Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of Deutsche Bank Trust Company Americas, New York, New York, the Trustee and Paying Agent. As long as the Series 2009 Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See "Book-Entry Only System" herein. For a more complete description of the Series 2009 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution."

Redemption and Purchase in Lieu of Optional Redemption

The Series 2009A Bonds are subject to optional redemption and purchase in lieu of redemption as described below.

The Series 2009B Bonds are not subject to redemption prior to maturity.

Optional Redemption

The Series 2009A Bonds maturing on or prior to July 1, 2019 are not subject to redemption prior to maturity.

The Series 2009A Bonds maturing on or after July 1, 2020 are subject to redemption prior to maturity on or after July 1, 2019 in any order, at the option of the Authority as a whole or in part at any time, at 100% of the principal amount of the Series 2009A Bonds to be redeemed, plus accrued interest to the date of redemption.

Selection of Bonds to be Redeemed

In the case of Series 2009A Bonds to be redeemed at the option or direction of the Authority, the Authority will select the maturities and principal amounts of the Series 2009A Bonds to be redeemed. If less than all of the Series 2009A Bonds of a maturity are to be redeemed, the Series 2009A Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

Notice of Redemption

The Trustee is to give notice of the redemption of the Series 2009A Bonds in the name of the Authority by mailing a notice of redemption, by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date, to the registered owners of any Series 2009A Bonds to be redeemed, at their last known addresses appearing on the registration books of DTC not more than ten Business Days prior to the date such notice is given. The failure of any owner to receive such notice will not affect the validity of the proceedings for the redemption of the Series 2009A Bonds.

If, on the redemption date, money for the redemption of the Series 2009A Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the Redemption Price, and if notice of redemption has been mailed, then interest on the Series 2009A Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2009A Bonds will no longer be considered to be Outstanding under the Resolutions.

For a more complete description of the redemption and other provisions relating to the Series 2009 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution."

Purchase In Lieu of Optional Redemption

The Series 2009A Bonds maturing on or after July 1, 2020 are subject to mandatory tender for purchase prior to maturity on or after July 1, 2019, in any order, at the option of the Authority, as a whole or in part at any time, at a purchase price, including accrued interest to the date of purchase, that is equal to the Redemption Price that would be payable on the purchase date if such Series 2009A Bond had been redeemed on such date at the option of the Authority.

The Series 2009B Bonds are not subject to mandatory tender for purchase prior to maturity.

Notice of Purchase in Lieu of Optional Redemption and its Effect

Notice of the purchase of Series 2009A Bonds will be given in the name of the Authority to the registered owners of the Series 2009A Bonds to be purchased by first-class mail, postage prepaid, not less than thirty 30 days nor more than 45 days prior to the purchase date specified in such notice (the "Purchase Date"). The Series 2009A Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2009A Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. Such purchase will not operate to extinguish the indebtedness of the Authority evidenced thereby or modify the terms of the Series 2009A Bonds and such Series 2009A Bonds need not be cancelled, but the Series 2009A Bonds purchased will remain Outstanding under the Resolution and will continue to bear interest.

The Authority's obligation to purchase a Series 2009A Bond or cause it to be purchased is conditioned upon the availability of sufficient money to pay the purchase price for all of the Series 2009A Bonds to be purchased on the Purchase Date. If sufficient money is available on the Purchase Date to pay the purchase price of the Series 2009A Bonds to be purchased, the former registered owners of such Series 2009A Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the purchase price. If sufficient money is not available on the Purchase Date for payment of the purchase price, the Series 2009A Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the Purchase Date, who will be entitled to the payment of the principal of, and interest on, such Series 2009A Bonds in accordance with their respective terms.

In the event not all of the Outstanding Series 2009A Bonds of a maturity are to be purchased, the Series 2009A Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2009A Bonds of a maturity to be redeemed in part are to be selected.

State's Right to Require Redemption or Purchase

The State in the Service Contract has reserved the right to make payments to the Authority for the optional redemption or purchase in lieu of optional redemption of the Series 2009A Bonds at the times and at the Redemption Price or purchase price applicable to the optional redemption or purchase in lieu of optional redemption of the Series 2009A Bonds as described above. The Authority has agreed in the Service Contract to exercise its right to optionally redeem or purchase any Bonds, including the Series 2009A Bonds, for which the State has provided sufficient money to pay the Redemption Price or purchase price, in each case including interest accrued to their date of redemption or purchase.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, is the securities depository for the Series 2009 Bonds. The Series 2009 Bonds are fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2009 Bond certificate has been issued for the Series 2009 Bonds, in the aggregate principal amount thereof, and has been deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2009 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in any Series of the Series 2009 Bonds, except in the event that use of the book-entry system for the Series 2009 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2009 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2009 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2009 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2009 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this subsection "Book-Entry Only System" has been extracted from information given by DTC. Neither the Authority, the Trustee nor the Underwriters make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2009 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2009 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2009 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2009 Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2009 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

For every transfer and exchange of beneficial ownership of any of the Series 2009 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its service as securities depository with respect to either of the Series 2009 Bonds at any time by giving reasonable notice to the Authority and the Trustee, or the Authority may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, the Authority may retain another securities depository for such series of the Series 2009 Bonds or may direct the Trustee to deliver bond certificates in accordance with instructions from DTC or its successor. If the Authority directs the Trustee to deliver such bond certificates, such Series 2009 Bonds may thereafter be exchanged for an equal aggregate principal amount of Series 2009 Bonds in any other authorized denominations and of the same maturity as set forth in the Resolution, upon surrender thereof at the principal corporate trust office of the Trustee, who will then be responsible for maintaining the registration books of the Authority.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE AUTHORITY'S OBLIGATION UNDER THE ACT AND THE RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

So long as Cede & Co. is the registered owner of the Series 2009 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2009 Bonds (other than under the captions “PART 9 - TAX MATTERS” and “PART 15 - CONTINUING DISCLOSURE”) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2009 Bonds.

Principal and Interest Requirements

The following table sets forth the Contract Payments required to be paid by the State in each twelve-month period ending March 31 of the years shown for the payment of the principal of and interest on the Series 2009 Bonds, and the aggregate payments to be made by the State during each such period with respect to debt service on the Series 2009 Bonds.

$616,740,000 Series 2009 Bonds

12-Month Period Ended March 31	Principal on Series 2009 Bonds	Interest Payments on Series 2009 Bonds	Total Debt Service on Series 2009 Bonds
2010	-	$ 7,114,701	$ 7,114,701
2011	$30,495,000	26,176,363	56,671,363
2012	23,645,000	25,644,500	49,289,500
2013	27,960,000	24,941,575	52,901,575
2014	29,155,000	24,041,400	53,196,400
2015	35,970,000	22,893,850	58,863,850
2016	38,185,000	21,327,525	59,512,525
2017	45,065,000	19,325,475	64,390,475
2018	57,415,000	16,990,125	74,405,125
2019	49,365,000	14,541,850	63,906,850
2020	39,245,000	12,446,038	51,691,038
2021	41,160,000	10,519,500	51,679,500
2022	42,985,000	8,427,663	51,412,663
2023	53,010,000	6,037,100	59,047,100
2024	48,540,000	3,565,825	52,105,825
2025	46,075,000	1,379,300	47,454,300
2026	8,470,000	169,400	8,639,400

PART 4 – THE REFUNDING PLAN

Substantially all of the proceeds of the Series 2009 Bonds will be used, together with other available money, to purchase non-callable direct obligations of the United States of America (the "Investment Securities"), the maturing principal of and interest on which will be sufficient, together with any uninvested cash, to pay the principal and redemption price of, and interest on, the Refunded Bonds coming due on and prior to their respective maturity or redemption dates, all as shown on Appendix E hereto. All of the Refunded Bonds are Eligible State Supported Debt. Such Investment Securities will be deposited with the trustees for the respective Refunded Bonds to be held, in trust, in escrow funds solely for the payment of such principal and Redemption Price of, and interest on, the respective Refunded Bonds. See "PART 14 - VERIFICATION OF MATHEMATICAL COMPUTATIONS" and "Appendix E – Table of Refunded Bonds." At the time of such deposit, the Authority and HFA will give the respective trustees for the Refunded Bonds irrevocable instructions to give notice of the redemption of the Refunded Bonds and to apply the maturing principal of and interest on the Investment Securities, together with any uninvested cash, for the payment of the Redemption Price of, and interest on, such Refunded Bonds.

In the opinion of Bond Counsel to the Authority, upon making such deposits with the applicable trustees for the Refunded Bonds and the delivery of certain irrevocable instructions to the trustees, the Refunded Bonds will, under the terms of the resolutions pursuant to which they were authorized and issued, be deemed to have been paid and will no longer be outstanding under such resolutions.

PART 5 – ESTIMATED SOURCES AND USES OF FUNDS

Series 2009A Bonds

The following table sets forth the estimated sources and uses of funds with respect to the Series 2009A Bonds:

Sources of Funds	
Principal Amount of Series 2009A Bonds	$ 607,160,000
Net Original Issue Premium	45,508,653
Other Available Money	31,043,934
Total Sources of Funds	$ 683,712,587
Uses of Funds	
Deposit to the Escrow Funds	$ 675,381,417
Cost of Issuance*	5,403,712
Underwriters' Discount	2,927,458
Total Uses of Funds	$ 683,712,587

*Includes New York State Bond Issuance Charge.

Series 2009B Bonds

The following table sets forth the estimated sources and uses of funds with respect to the Series 2009B Bonds:

Sources of Funds	
Principal Amount of Series 2009B Bonds	$ 9,580,000
Original Issue Premium	55,660
Other Available Money	520,916
Total Sources of Funds	$ 10,156,576
Uses of Funds	
Deposit to the Escrow Funds	$ 10,095,976
Cost of Issuance*	53,266
Underwriters' Discount	7,334
Total Uses of Funds	$ 10,156,576

*Includes New York State Bond Issuance Charge.

PART 6 – THE AUTHORITY

Background, Purposes and Powers

The Authority is a body corporate and politic constituting a public benefit corporation. The Authority was created by the Act for the purpose of financing and constructing a variety of facilities for certain independent colleges and universities and private hospitals, certain not-for-profit institutions, public educational institutions including The State University of New York, The City University of New York and Boards of Cooperative Educational Services ("BOCES"), certain school districts in the State, facilities for the Departments of Health and Education of the State, the Office of General Services, the Office of General Services of the State on behalf of the Department of Audit and Control, facilities for the aged and certain judicial facilities for cities and counties. The

Authority is also authorized to make and purchase certain loans in connection with its student loan program. To carry out this purpose, the Authority was given the authority, among other things, to issue and sell negotiable bonds and notes to finance the construction of facilities of such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions.

On September 1, 1995, the Authority through State legislation (the "Consolidation Act") succeeded to the powers, duties and functions of the New York State Medical Care Facilities Finance Agency (the "Agency") and the Facilities Development Corporation (the "Corporation"), each of which will continue its corporate existence in and through the Authority. Under the Consolidation Act, the Authority has also acquired by operation of law all assets and property, and has assumed all the liabilities and obligations, of the Agency and the Corporation, including, without limitation, the obligation of the Agency to make payments on its outstanding bonds, and notes or other obligations. Under the Consolidation Act, as successor to the powers, duties and functions of the Agency, the Authority is authorized to issue and sell negotiable bonds and notes to finance and refinance mental health services facilities for use directly by the New York State Department of Mental Hygiene and by certain voluntary agencies. As such successor to the Agency, the Authority has acquired additional authorization to issue bonds and notes to provide certain types of financing for certain facilities for the Department of Health, not-for-profit corporations providing hospital, medical and residential health care facilities and services, county and municipal hospitals and nursing homes, not-for-profit and limited profit nursing home companies, qualified health maintenance organizations and health facilities for municipalities constituting social services districts. As successor to the Corporation, the Authority is authorized, among other things, to assume exclusive possession, jurisdiction, control and supervision over all State mental hygiene facilities and to make them available to the Department of Mental Hygiene, to provide for construction and modernization of municipal hospitals, to provide health facilities for municipalities, to provide health facilities for voluntary non-profit corporations, to make its services available to the State Department of Correctional Services, to make its services available to municipalities to provide for the design and construction of local correctional facilities, to provide services for the design and construction of municipal buildings, and to make loans to certain voluntary agencies with respect to mental hygiene facilities owned or leased by such agencies.

The Authority has the general power to acquire real and personal property, give mortgages, make contracts, operate dormitories and other facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, make reasonable rules and regulations to assure the maximum use of facilities, borrow money, issue negotiable bonds or notes and provide for the rights of their holders and adopt a program of self-insurance.

In addition to providing financing, the Authority offers a variety of services to certain educational, governmental and not-for-profit institutions, including advising in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, designing interiors of projects and designing and managing projects to rehabilitate older facilities. In succeeding to the powers, duties and functions of the Corporation as described above, the scope of design and construction services afforded by the Authority has been expanded.

Outstanding Indebtedness of the Authority (Other than Indebtedness Assumed by the Authority)

At June 30, 2009, the Authority had approximately $38.6 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority's bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

The Authority's bonds and notes include both special obligations and general obligations of the Authority. The Authority's special obligations are payable solely from payments required to be made by or for the account of the institution for which the particular special obligations were issued or from borrowers in connection with its student loan program. Such payments are pledged or assigned to the trustees for the holders of respective special obligations. The Authority has no obligation to pay its special obligations other than from such payments. The Authority's general obligations are payable from any moneys of the Authority legally available for the payment of such obligations. However, the payments required to be made by or for the account of the institution for which general obligations were issued generally have been pledged or assigned by the Authority to trustees for the holders of such general obligations. The Authority has always paid the principal of and interest on its special and general obligations on time and in full.

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at June 30, 2009 were as follows:

Public Programs	**Bonds Issued**	**Bonds Outstanding**	**Notes Outstanding**	**Bonds and Notes Outstanding**
State University of New York Dormitory Facilities	$ 2,250,196,000	$ 974,760,000	$ 0	$ 974,760,000
State University of New York Educational and Athletic Facilities	12,287,697,999	5,146,033,149	0	5,146,033,149
Upstate Community Colleges of the State University of New York	1,431,000,000	604,840,000	0	604,840,000
Senior Colleges of the City University of New York	9,663,821,762	2,934,864,213	0	2,934,864,213
Community Colleges of the City University of New York	2,364,178,350	508,140,787	0	508,140,787
BOCES and School Districts	2,419,101,208	1,894,490,000	0	1,894,490,000
Judicial Facilities	2,161,277,717	731,557,717	0	731,557,717
New York State Departments of Health and Education and Other	5,198,240,000	3,551,125,000	0	3,538,100,000
Mental Health Services Facilities	6,811,595,000	3,538,100,000	0	3,676,845,000
New York State Taxable Pension Bonds	773,475,000	0	0	0
Municipal Health Facilities Improvement Program	985,555,000	781,415,000	0	781,415,000
Totals Public Programs	$ 46,346,138,036	$ 20,791,045,866	$ 0	$ 20,791,045,866

Non-Public Programs	**Bonds Issued**	**Bonds Outstanding**	**Notes Outstanding**	**Bonds and Notes Outstanding**
Independent Colleges, Universities and Other Institutions	$ 17,477,266,020	$ 8,830,846,644	$ 35,975,000	$ 8,866,821,644
Voluntary Non-Profit Hospitals	13,541,719,309	7,933,610,000	0	7,933,610,000
Facilities for the Aged	1,996,020,000	966,245,000	0	966,245,000
Supplemental Higher Education Loan Financing Program	95,000,000	0	0	0
Totals Non-Public Programs	$ 33,110,005,329	$ 17,730,701,644	$ 35,975,000	$ 17,766,676,644
Grand Totals Bonds and Notes	$ 79,456,143,365	$ 38,521,747,510	$ 35,975,000	$ 38,557,722,510

Outstanding Indebtedness of the Agency Assumed by the Authority

At June 30, 2009, the Agency had approximately $361.5 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency's bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at June 30, 2009 were as follows:

Public Programs	**Bonds Issued**	**Bonds Outstanding**
Mental Health Services Improvement Facilities	$ 3,817,230,725	$ 0

Non-Public Programs	**Bonds Issued**	**Bonds Outstanding**
Hospital and Nursing Home Project Bond Program	$ 226,230,000	$ 3,255,000
Insured Mortgage Programs	6,625,079,927	350,549,720
Revenue Bonds, Secured Loan and Other Programs	2,414,240,000	7,670,000
Total Non-Public Programs	$ 9,265,549,927	$ 361,474,720
Total MCFFA Outstanding Debt	$ 13,082,780,652	$ 361,474,720

Governance

The Authority carries out its programs through an eleven-member board, a full-time staff of approximately 660 persons, independent bond counsel and other outside advisors. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at Authority meetings. The members of the Authority serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties.

The Governor of the State appoints a Chair from the members appointed by him or her and the members of the Authority annually choose the following officers, of which the first two must be members of the Authority: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers.

The current members of the Authority are as follows:

ALFONSO L. CARNEY, Jr., Esquire, *Chair*, New York.

Alfonso L. Carney, Jr. was appointed as a Member of the Authority by the Governor on May 20, 2009. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical and legal consulting services in New York City. Consulting for the firm in 2005, he served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he directed overall staff management of the foundation, and provided strategic oversight of the administration, communications and legal affairs teams, and developed selected foundation program initiatives. Prior to this, Mr. Carney held several positions with Altria Corporate Services, Inc., most recently as Vice President and Associate General Counsel for Corporate and Government Affairs. Prior to that, Mr. Carney served as Assistant Secretary of Philip Morris Companies Inc. and Corporate Secretary of Philip Morris Management Corp. For eight years, Mr. Carney was Senior International Counsel first for General Foods Corporation and later for Kraft Foods, Inc. and previously served as Trade Regulation Counsel, Assistant Litigation Counsel and Federal Government Relations Counsel for General Foods, where he began his legal career in 1975 as a Division Attorney. Mr. Carney is a trustee of Trinity College, the University of Virginia Law School Foundation, the Riverdale Country School and the Virginia Museum of Fine Arts in Richmond. In addition, he is a trustee of the Burke Rehabilitation Hospital in White Plains. Mr. Carney holds a Bachelors degree in Philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2010.

JOHN B. JOHNSON, Jr., *Vice-Chair,* Watertown.

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on June 20, 2007. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2010.

JACQUES JIHA, Ph.D., *Secretary*, Woodbury.

Jacques Jiha was appointed as a Member of the Authority by the Governor on December 15, 2008. Mr. Jiha is an Executive Vice President and the Chief Financial Officer of Earl G. Graves, Ltd., a multi-media company that includes *Black Enterprise* magazine. He is also a member of the Investment Advisory Committee of the New York Common Retirement Fund. Mr. Jiha has previously served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller and as Co-Executive Director of the New York Local Government Assistance Corporation (LGAC). Prior thereto, Mr. Jiha was Nassau County Deputy

Comptroller for Audits and Finances. He also worked for the New York City Office of the Comptroller in increasingly responsible positions: first as Chief Economist and later as Deputy Comptroller for Budget. Mr. Jiha has served as Executive Director of the New York State Legislative Tax Study Commission and as Principal Economist for the New York State Assembly Committee on Ways and Means. He holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expires on March 31, 2010.

BRIAN RUDER, Scarsdale.

Mr. Ruder was appointed as a Member of the Authority by the Governor on June 23, 2006. He is Chief Executive Officer of Skylight Partners, a strategic marketing and business development consulting group that he founded in 2001. Prior to Skylight Partners, Mr. Ruder served for four years as Executive Vice President of Global Marketing for Citigroup. He spent 16 years at the H.J. Heinz Co. in progressively responsible positions, including President of Heinz USA, President of Weight Watchers Food Company and corporate Vice President of Worldwide Infant Feeding. He also served as Director of Marketing, New Products and Sales for Pepsi USA in the mid-1980s. Mr. Ruder is a member of the board of the New York State Foundation for Science, Technology and Academic Research (NYSTAR), and also serves as chair of the board of the Adirondack Council, board member and secretary of the New York Metro Chapter of the World Presidents' Organization, and an advisory board member of PNC Private Client Advisors. Mr. Ruder earned a Bachelor of Arts degree in American History in 1976 from Washington University in St. Louis, Mo., and a Master of Business Administration degree in Marketing in 1978 from the Tuck School at Dartmouth College. His current term expired on March 31, 2009 and by law he continues to serve until a successor shall be chosen and qualified.

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on December 15, 2008. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's current term expires on August 31, 2010.

SANDRA M. SHAPARD, Delmar.

Ms. Shapard was appointed as a Member of the Authority by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from January, 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of Budget, from 1991 to 1994, and Deputy Assistant Commissioner for Transit for the State Department of Transportation, from 1988 to 1991. She began her career in New York State government with the Assembly in 1975 where, over a thirteen year period, she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

GERARD ROMSKI, Esq., Mount Kisco.

Mr. Romski was appointed as a Member of the Authority by the Temporary President of the State Senate on June 8, 2009. He is Counsel and Project Executive for "Arverne By The Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, NY. Mr. Romski is also of counsel to the New York City law firm of Bauman, Katz and Grill LLP. He formerly was a partner in the law firm of Ross & Cohen, LLP (now merged with Duane Morris, LLP) for twelve years, handling all aspects of real estate and construction law for various clients. He previously served as Assistant Division Chief for the New York City Law Department's Real Estate Litigation

Division where he managed all aspects of litigation arising from real property owned by The City of New York. Mr. Romski is a member of the Urban Land Institute, Council of Development Finance Agencies, the New York State Bar Association, American Bar Association and New York City Bar Association. He previously served as a member of the New York City Congestion Mitigation Commission and the Board of Directors for the Bronx Red Cross. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

ROMAN B. HEDGES, Ph.D., Delmar.

Dr. Hedges was appointed as a Member of the Authority by the Speaker of the State Assembly on February 24, 2003. Dr. Hedges serves on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He is the former Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges previously served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means. He was an Associate Professor of Political Science and Public Policy at the State University of New York at Albany where he taught graduate and undergraduate courses in American politics, research methodology, and public policy. Dr. Hedges holds a Doctor of Philosophy and a Master of Arts degree from the University of Rochester and a Bachelor of Arts degree from Knox College.

CAROLE F. HUXLEY, *Interim Commissioner of Education of the State of New York,* Albany; *ex-officio.*

Carole Huxley was appointed Interim Education Commissioner on July 1, 2009. Ms. Huxley retired in November 2006 after serving for 24 years as Deputy Commissioner for Cultural Education in the New York State Education Department where she was responsible for the New York State Archives, State Library, State Museum and aid to libraries, records repositories and public broadcasting statewide. She came to New York from the National Endowment for Humanities in Washington, DC where she was Director of the Division of Special Programs. Prior to this, Ms. Huxley was with the American Field Service (AFS International) in New York City. She began her career in education teaching high school English in Woodbury, Connecticut. Ms. Huxley holds a Masters of Arts in Teaching from Harvard University and a Bachelor of Arts degree from Mount Holyoke College.

RICHARD F. DAINES, M.D., *Commissioner of Health*, Albany; *ex-officio*.

Richard F. Daines, M.D., became Commissioner of Health on March 21, 2007. Prior to his appointment he served as President and CEO at St. Luke's-Roosevelt Hospital Center since 2002. Before joining St. Luke's-Roosevelt Hospital Center as Medical Director in 2000, Dr. Daines served as Senior Vice President for Professional Affairs of St. Barnabas Hospital in the Bronx, New York since 1994 and as Medical Director from 1987 to 1999. Dr. Daines received a Bachelor of History degree from Utah State University in 1974 and served as a missionary for the Church of Jesus Christ of Latter-day Saints in Bolivia, 1970-1972. He received his medical degree from Cornell University Medical College in 1978. He served a residency in internal medicine at New York Hospital and is Board Certified in Internal Medicine and Critical Care Medicine.

ROBERT L. MEGNA, *Budget Director of the State of New York,* Albany*; ex-officio.*

Mr. Megna was appointed Budget Director on June 15, 2009. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Mr. Megna previously served as Commissioner of the New York State Department of Taxation and Finance, responsible for overseeing the collection and accounting of more than $90 billion in State and local taxes, the administration of State and local taxes, including New York City and the City of Yonkers income taxes and the processing of tax returns, registrations and associated documents. Prior to this he served as head of the Economic and Revenue Unit of the New York State Division of the Budget where he was responsible for State Budget revenue projections and the development and monitoring of the State Financial Plan. Mr. Megna was Assistant Commissioner for Tax Policy for the Commonwealth of Virginia. He also served as Director of Tax Studies for the New York State Department of Taxation and Finance and as Deputy Director of Fiscal Studies for the Ways and Means Committee of the New York State Assembly. Mr. Megna was also an economist for AT&T. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

The principal staff of the Authority is as follows:

PAUL T. WILLIAMS, Jr. is the Executive Director and chief administrative and operating officer of the Authority. Mr. Williams is responsible for the overall management of the Authority's administration and operations. He most recently served as Senior Counsel in the law firm of Nixon Peabody LLP. Prior to working at Nixon Peabody, Mr. Williams helped to establish a boutique Wall Street investment banking company. Prior thereto, Mr. Williams was a partner in, and then of counsel to, the law firm of Bryan Cave LLP. He was a founding partner in the law firm of Wood, Williams, Rafalsky & Harris, which included a practice in public finance and served there from 1984-1998. Mr. Williams began his career as an associate at the law firm of Walker & Bailey in 1977 and thereafter served as a counsel to the New York State Assembly. Mr. Williams is licensed to practice law in the State of New York and holds professional licenses in the securities industry. He holds a Bachelor's degree from Yale University and a Juris Doctor degree from Columbia University School of Law.

MICHAEL T. CORRIGAN is the Deputy Executive Director of the Authority, and assists the Executive Director in the administration and operation of the Authority. Mr. Corrigan came to the Authority in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. He began his government service career in 1983 as a budget analyst for Rensselaer County, and served as the County's Budget Director from 1986 to 1995. Immediately before coming to the Authority, he served as the appointed Rensselaer County Executive for a short period. Mr. Corrigan holds a Bachelor's degree in Economics from the State University of New York at Plattsburgh and a Master's degree in Business Administration from the University of Massachusetts.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing Authority bond issuance in the capital markets, through financial feasibility analysis and financing structure determination for Authority clients; as well as implementing and overseeing financing programs, including interest rate exchange and similar agreements; overseeing the Authority's compliance with continuing disclosure requirements and monitoring the financial condition of existing Authority clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. In addition, Ms. Lee has extensive public service experience working for over 10 years in various positions in the Governor's Office, NYS Department of Social Services, as well as the New York State Assembly. She holds a Bachelor's degree from the State University of New York at Albany.

JOHN G. PASICZNYK is the Chief Financial Officer of the Authority. Mr. Pasicznyk is responsible for investment management and accounting, as well as the development of the financial policies for the Authority. Before joining the Authority in 1985, Mr. Pasicznyk worked in audit positions at KPMG Peat Marwick and Deloitte & Touche. He holds a Bachelor's degree from Syracuse University and a Master of Business Administration degree from the Fuqua School of Business at Duke University.

JEFFREY M. POHL is General Counsel to the Authority. Mr. Pohl is responsible for all legal services including legislation, litigation, contract matters and the legal aspects of all Authority financings. He is a member of the New York State Bar, and most recently served as a counsel in the public finance group of a large New York law firm. Mr. Pohl had previously served in various capacities in State government with the Office of the State Comptroller and the New York State Senate. He holds a Bachelor's degree from Franklin and Marshall College and a Juris Doctor degree from Albany Law School of Union University.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. In that capacity, he is responsible for the Authority's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined the Authority in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and Rhode Island and has worked in the construction industry for over 20 years as a consulting structural engineer and a technology solutions provider. Mr. Curro is also an Adjunct Professor at Hudson Valley Community College and Bryant & Stratton College. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CARRA WALLACE is the Managing Director of the Office of Executive Initiatives (OEI). In that capacity, she oversees the Authority's Communications and Marketing, Opportunity Programs, Environmental Initiatives, Client

Outreach, Training, Executive Projects, and Legislative Affairs units. Ms. Wallace is responsible for strategic efforts in developing programs, maximizing the utilization of Minority and Women Owned Businesses, and communicating with Authority clients, the public and governmental officials. She possesses more than twenty years of senior leadership experience in diverse private sector businesses and civic organizations. Ms. Wallace most recently served as Executive Vice President at Telwares, a major telecommunications service firm. Prior to her service at Telwares, Ms. Wallace served as Executive Vice President of External Affairs at the NYC Leadership Academy. She holds a Bachelor of Science degree in management from the Pepperdine University Graziadio School of Business and Management.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against the Authority, the Authority believes that these claims and litigation are covered by the Authority's insurance or by bonds filed with the Authority should the Authority be held liable in any of such matters, or that the Authority has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such litigation.

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Series 2009 Bonds.

Legislation

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect the Authority and its operations. The Authority is not able to represent whether such bills will be introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including the Authority) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect the Authority and its operations.

Environmental Quality Review

The Authority complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder respecting the Project to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2009. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 7 – LEGALITY FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2009 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries of the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual public benefit corporations and authorities of the State may limit the investment of funds of such authorities in the Series 2009 Bonds.

The Series 2009 Bonds may be deposited with the State Comptroller to secure deposits of State money in banks, trust companies and industrial banks.

PART 8 – NEGOTIABLE INSTRUMENTS

The Series 2009 Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2009 Bonds.

PART 9 – TAX MATTERS

Series 2009A Bonds

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Series 2009A Bonds in order that interest on the Series 2009A Bonds will be and remain not includable in gross income under Section 103 of the Code. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, restrictions on the investment of proceeds and other amounts, and the rebate to the United States of certain earnings with respect to investments. Failure to comply with the continuing requirements may cause interest on the Series 2009A Bonds to be includable in gross income for federal income tax purposes retroactive to the date of their issuance irrespective of the date on which such noncompliance occurs. The Authority, the State and others have made certain covenants, representations and certifications designed to assure satisfaction of the requirements of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications, nor will it verify ongoing compliance with such covenants.

In the opinion of Winston & Strawn LLP, Bond Counsel, assuming continuing compliance by the Authority, the State and others with the covenants, and the accuracy of the representations and certifications referenced above, under existing statutes, regulations, rulings, and court decisions, interest on the Series 2009A Bonds is not includable in gross income for federal income tax purposes.

Bond Counsel is further of the opinion that interest on the Series 2009A Bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax on individuals and corporations. However, interest on the Series 2009A Bonds owned by corporations (other than S corporations, Regulated Investment Companies, Real Estate Investment Trusts, Real Estate Mortgage Investment Conduits, and Financial Asset Securitization Investment Trusts) will be included in the calculation of alternative minimum taxable income for purposes of calculating the alternative minimum tax imposed on corporations (but not individuals). Corporate purchasers of the Series 2009A Bonds should consult their tax advisors concerning the computation of any alternative minimum tax.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2009A Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in pertinent federal tax law and regulations or (ii) the interpretation and the enforcement of such law and regulations by the IRS.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally-recognized bond counsel. Bond Counsel expresses no opinion as to any Series 2009A Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of bond counsel other than themselves.

Certain maturities of the Series 2009A Bonds may be initially offered to the public at prices less than the principal amount thereof payable at maturity. If the first price at which a substantial amount of the Series 2009A Bonds of the same maturity is sold in the initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or brokers) is less than the principal amount thereof payable at maturity, the difference between such price and the principal amount constitutes original issue discount with respect to each Series 2009A Bond of the same maturity (the "Discount Series 2009A Bonds"). Bond Counsel is of the opinion that original issue discount, as it accrues, is not includable in gross income for federal income tax purposes, and is subject to the alternative minimum tax, to the same extent as interest on the

Series 2009A Bonds. Original issue discount accrues in each taxable year over the term of the Discount Series 2009A Bonds under the "constant yield method" described in the regulations interpreting Code Section 1272, with certain adjustments. Accruals of original issue discount are treated as tax-exempt interest earned by owners of Discount Series 2009A Bonds who are on the accrual basis of tax accounting and as tax-exempt interest received by owners of Discount Series 2009A Bonds who are on the cash basis of tax accounting (with possible tax consequences under the alternative minimum tax, as described above), even though no cash corresponding to the accrual is received in the year of accrual. The tax basis of a Discount Series 2009A Bond, if held by an original purchaser, can be determined by adding to such owner's purchase price of such Discount Series 2009A Bond, the original issue discount that has accrued. Owners of Discount Series 2009A Bonds should consult their own tax advisors with respect to the calculation of the amount of original issue discount that will be treated for federal income tax purposes as having accrued for any taxable year (or portion thereof) of such owner and with respect to other federal, state, and local tax consequences of owning and disposing of the Discount Series 2009A Bonds.

Certain maturities of the Series 2009A Bonds may be initially offered to the public at prices in excess of their principal amounts (the "Premium Series 2009A Bonds"). Bond Counsel is of the opinion that the initial purchaser with an initial adjusted basis in a Premium Series 2009A Bond in excess of its principal amount will have amortizable bond premium that is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of such Premium Series 2009A Bond based on the purchaser's yield to maturity (or, in the case of Premium Series 2009A Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Series 2009A Bond, an initial purchaser is required to decrease such purchaser's adjusted basis in such Premium Series 2009A Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning Premium Series 2009A Bonds. Owners of the Premium Series 2009A Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Series 2009A Bonds.

Information reporting requirements apply to interest (including original issue discount) paid on tax-exempt obligations, including the Series 2009A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2009A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2009A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service

Prospective purchasers of the Series 2009A Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of, tax-exempt obligations may have collateral federal income tax consequences for certain taxpayers, including financial institutions, certain subchapter S corporations, United States branches of foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisors as to any possible collateral tax consequences in respect of the Series 2009A Bonds. Bond Counsel expresses no opinion regarding any such collateral tax consequences.

In the opinion of Bond Counsel, interest on the Series 2009A Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York and the City of Yonkers.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2009A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2009A Bonds. No assurance can be given that any future legislation, including amendments to the Code or the State income tax laws, clarification of the Code or court decisions will not cause interest on the Series 2009A Bonds to be subject, directly or indirectly, to federal or State or local income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Series 2009A Bonds should consult their own tax advisers regarding any pending or proposed federal or State tax legislation, regulations, rulings or litigation. Further, no assurance can be given that future court decisions or clarification of the Code, the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling or selection of the Series 2009A Bonds for audit examination, or the course or result of any IRS examination of the Series 2009A Bonds, or obligations which present similar tax issues, will not affect the market price of the Series 2009A Bonds.

Bond Counsel's engagement with respect to the Series 2009A Bonds ends with the issuance of the Series 2009A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the beneficial owners of the Series 2009A Bonds regarding the tax status of interest on the Series 2009A Bonds in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2009A Bonds, under current IRS procedures the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2009A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2009A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for the Series 2009A Bonds.

Series 2009B Bonds (Federally Taxable)

In the opinion of Bond Counsel, interest on the Series 2009B Bonds will be included in the gross income of the owners thereof for federal income tax purposes. In the opinion of Bond Counsel, interest on the Series 2009B Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York and the City of Yonkers. Bond Counsel expresses no opinion regarding any other federal or state income tax consequences relating to the ownership of, accrual or receipt of interest on, or disposition of the Series 2009B Bonds. Owners of the Series 2009B should consult their tax advisors with respect to their particular circumstances.

The following is a summary of certain anticipated United States federal income tax consequences that may be relevant to purchasers of the Series 2009B Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. The summary generally addresses Series 2009B Bonds which are purchased in the initial offering at the initial offering price and then held as capital assets and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Series 2009B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2009B Bonds.

The advice set forth in this section is not intended or written by Bond Counsel to be used and cannot be used by an owner of the Series 2009B Bonds for the purpose of avoiding penalties that may be imposed on the owner of the Series 2009B Bonds. The advice set forth herein is written to support the promotion or marketing of the Series 2009B Bonds. Each owner of the Series 2009B Bonds should seek advice based on its particular circumstances from an independent tax advisor.

The Series 2009B Bonds will be treated, for federal income tax purposes, as a debt instrument. Accordingly, interest will be included in the income of the holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest.

Holders of the Series 2009B Bonds that allocate a basis in the Series 2009B Bonds that is greater than the principal amount of the Series 2009B Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

If a holder purchases the Series 2009B Bonds for an amount that is less than the principal amount of the Series 2009B Bonds, and such difference is not considered de minimis, then such discount will represent original issue discount. The original issue discount on a Series 2009B Bond will accrue periodically over the term of such Bond. The amount of the original issue discount that so accrues will be treated as if it were a payment of interest that is taxable for federal income tax purposes. The accrual of original issue discount will increase the owner's tax basis in the Series 2009B Bond for purposes of determining gain or loss on the subsequent sale, exchange, or redemption of such Bond.

Defeasance of any Series 2009B Bond may result in a reissuance thereof, in which event a holder will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted tax basis in the Series 2009B Bond.

Distributions on the Series 2009B Bonds to a non-U.S. holder that has no connection with the United States other than holding its Series 2009B Bond generally will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements.

Payments on the Series 2009B Bonds may, under certain circumstances, be subject to backup withholding at the rate of provided by the Code. Backup withholding generally applies to payments if (a) the payee fails to furnish the payor with its taxpayer identification number ("TIN"); (b) the payee furnishes the payor with an incorrect TIN: (c) the Treasury Department notifies the payor that the payee failed to report properly payments as required by the Code; or (d) the payee, under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that the payee is not subject to backup withholding. Backup withholding will not apply, however, with respect to payments made to certain payees, including payments to certain exempt recipients (such as certain exempt organizations) and to certain foreign persons. Investors should consult their independent tax advisors as to their qualifications for exemption from backup withholding and the procedure for obtaining exemption.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2009B Bonds under state law and could affect the market price of the Series 2009B Bonds.

PART 10 – STATE NOT LIABLE ON THE SERIES 2009 BONDS

The Act provides that the notes and bonds of the Authority are not a debt of the State, the State is not liable on them, and such notes or bonds will not be payable out of any funds other than those of the Authority pledged to their payment. The Resolution specifically provides that the Series 2009 Bonds are not a debt of the State and that the State is not liable on them.

PART 11 – COVENANT BY THE STATE

The State has pledged and agreed with the holders of the Authority's notes and bonds that the State will not limit or alter the rights vested in the Authority to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of the Authority's notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State's pledges and agreements, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with the Authority and with the holders of the Authority's notes or bonds.

PART 12 – LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2009 Bonds by the Authority are subject to the approval of Winston & Strawn LLP, New York, New York, Bond Counsel to the Authority, whose approving opinion will be delivered with the Series 2009 Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix F hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Gonzalez Saggio & Harlan LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2009 Bonds or questioning or affecting the validity of the Series 2009 Bonds or the proceedings and authority under which they are to be issued.

PART 13 – UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2009A Bonds from the Authority at an aggregate purchase price of $649,741,194.61 (representing the aggregate principal amount of $607,160,000 of the Series 2009A Bonds less the Underwriters' discount of $2,927,458.34, and plus net original issue premium of $45,508,652.95) and to purchase the Series 2009B Bonds from the Authority at an aggregate purchase price of $9,628,325.64 (representing the aggregate principal amount of $9,580,000 of the Series 2009B Bonds less the Underwriters' discount of $7,334.16, and plus original issue premium of $55,659.80), and to make a public offering of the Series 2009A Bonds and the Series 2009B Bonds at prices that are not in excess of the public offering prices stated on the inside cover of this Official Statement. The Underwriters will be obligated to purchase all such Series 2009 Bonds, if any are purchased. The Series 2009 Bonds may be offered and sold to certain dealers (including the Underwriters), at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

Citigroup Inc., parent company of Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

J.P. Morgan Securities Inc., one of the underwriters of the Bonds, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Bonds with UBS Financial Services Inc.

PART 14 – VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore Inc., Denver, Colorado, a firm of independent public accounts, will issue a report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash, the maturing principal amounts and the interest on the obligations deposited with the respective trustees for the Refunded Bonds to pay the principal, interest and redemption price coming due on the Refunded Bonds on and prior to their respective maturity or redemption dates as described in "PART 4 - THE REFUNDING PLAN," and (b) the mathematical computations supporting the conclusion of Bond Counsel that interest on the Series 2009A Bonds is not includable in gross income for federal income tax purposes under the Code and the applicable income tax regulations. Causey Demgen & Moore Inc. will express no opinion on the reasonableness of the assumptions provided to it, the likelihood that the principal of and interest on the Series 2009 Bonds will be paid as described in the schedules provided to it, or the exclusion of the interest on the Series 2009A Bonds from gross income for federal income tax purposes.

PART 15 – CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the Authority, the State and the Trustee will enter into a written agreement (the "Continuing Disclosure Agreement") for the benefit of the holders of the Series 2009 Bonds to provide continuing disclosure. The State will undertake for the benefit of the holders of the Series 2009 Bonds to provide in electronic form to the Electronic Municipal Market Access ("EMMA") maintained by the Municipal Securities Rulemaking Board ("MSRB"), as the sole repository for the central filing of electronic disclosure pursuant to Rule 15c2-12, on an annual basis on or before 120 days after the end of each fiscal year of the State, commencing with the fiscal year ending March 31, 2010, (i) financial information and operating data relating to the State of the type included in the Annual Information Statement of the State set forth in Appendix B to this Official Statement and (ii) financial information and operating data relating to the State, both as described in more detail below and collectively referred to herein as the "Annual Information." The State Comptroller is required by existing law to issue audited annual financial statements of the State prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") 120 days after the close of the State fiscal year, and the State will undertake to provide the State's annual financial statements, prepared in accordance with GAAP and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, to the MSRB, if and when such statements are available. In addition, the Authority will undertake, for the benefit of the holders of the Series 2009 Bonds, to provide, in electronic form, to the MSRB, in a timely manner, the notices described below (the "Notices").

The Annual Information consists of (a) financial information and operating data of the type included in the Annual Information Statement of the State set forth or referred to in Appendix B hereto, under the heading or sub-headings "Prior Fiscal Years," "Debt and Other Financing Activities," "State Government Employment," "State Retirement Systems," and "Authorities and Localities," including more specifically, information consisting of (1) for prior fiscal years, an analysis of cash-basis results for the State's three most recent fiscal years, and a presentation of the State's results in accordance with GAAP for at least the two most recent fiscal years for which that information is currently available; (2) for debt and other financing activities, a description of the types of financings the State is authorized to undertake, a presentation of the outstanding debt issued by the State and certain public authorities, as well as information concerning debt service requirements on that debt; (3) for authorities and localities, information on certain public authorities and local entities whose financial status may have material impact on the financial status of the State; and (4) material information regarding State government employment and retirement systems, together with (b) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reading in understanding the presentation of financial information and operating data concerning the State and in judging the financial condition of the State.

The Notices include notices of any of the following events with respect to the Series 2009 Bonds, if material: (a) principal and interest payment delinquencies; (b) non payment related defaults; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions or events affecting the tax exempt status of the Series 2009A Bonds; (g) modifications to the rights of security holders; (h) bond calls; (i) defeasances; (j) release, substitution, or sale of property securing repayment of the securities; and (k) rating changes. In addition, the Authority will undertake, for the benefit of the holders of the Series 2009 Bonds, to provide, in electronic form, to MSRB, in a timely manner, notice of any failure by the State to electronically file the Annual Information and annual financial statements by the date required in the State's undertaking described above.

The sole and exclusive remedy for breach under the Continuing Disclosure Agreement to provide continuing disclosure described above is an action to compel specific performance of the undertakings of the State and/or the Authority, and no person, including any holder of the Series 2009 Bonds, may recover monetary damages thereunder under any circumstances. The Authority or the State may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required under the Continuing Disclosure Agreement, by any owner of Outstanding Series 2009 Bonds or by the Trustee on behalf of the owners of Outstanding Series 2009 Bonds or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the owners of Outstanding Series 2009 Bonds;

provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the owners of not less than 25% in aggregate principal amount of Series 2009 Bonds at the time Outstanding. A breach under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Resolution or any other agreement delivered in connection with the issuance of the Series 2009 Bonds. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Continuing Disclosure Agreement, however, may be amended or modified without the consent of the owners of the Series 2009 Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement when executed by the parties thereto upon the delivery of the Series 2009 Bonds will be on file at the principal office of the Authority.

PART 16 – RATINGS

Fitch Ratings has assigned a rating of "A+" to the Series 2009 Bonds and Standard & Poor's Rating Services has assigned a rating of "AA-" to the Series 2009 Bonds.

Each such rating reflects only the rating agency issuing such rating and is not a recommendation by such rating agency to purchase, sell or hold the obligations rated or as to the market price or suitability of such obligations for a particular investor. Generally, a rating agency bases its rating and outlook, if any, on the information and material furnished to it and on investigations, studies and assumptions of its own. An explanation of the significance of any rating may be obtained only from the rating agency furnishing such rating. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised upward or downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of any or all of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price or marketability of the Series 2009 Bonds.

PART 17 – MISCELLANEOUS

References in this Official Statement to the Resolution, the Series 2009 Resolution, and the Service Contract, do not purport to be complete. Refer to the Resolution, the Series 2009 Resolution, and the Service Contract for full and complete details of their provisions. Copies of the Resolution, the Series 2009 Resolution, and the Service Contract are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Series 2009 Bonds are fully set forth in the Resolution and the Series 2009 Resolution. Neither any advertisement of the Series 2009 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2009 Bonds.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated, are intended merely as expressions of opinion and not as representations of fact.

The information regarding DTC and DTC's book-entry only system has been furnished by DTC. The Authority believes that this information is reliable, but makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

"Appendix A — Certain Definitions," "Appendix C — Summary of Certain Provisions of the Service Contract," "Appendix D — Summary of Certain Provisions of the Resolution" and "Appendix F — Form of Approving Opinion of Bond Counsel" have been prepared by Winston & Strawn LLP, New York, New York, Bond Counsel.

The State provided the information relating to the State in "Appendix B - Information Concerning the State of New York." The Director of the Budget of the State of New York will certify to the Authority that the information contained in the Annual Information Statement of the State of New York, including any updates or supplements, is true, correct and complete in all material respects, and that no facts have come to his attention that would lead him to believe that such statements and information, as of the date of the Official Statement and the date of the delivery of the Series 2009 Bonds, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements and information, in the light of the circumstances under which they were made, not misleading; provided, however, that while the statements and information contained in Appendix B to the Official Statement which were obtained from sources other than the State are not certified as to truth, correctness or completeness, such statements and information have been obtained from sources that he believes to be reliable and, as of the date of the Official Statement and the delivery of the Series 2009 Bonds, he has no reason to believe, and does not believe, that such statements and information contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements and information, in the light of the circumstances under which they were made, not misleading; provided further, however, that with regard to the statements and information in Appendix B hereto under the caption "Litigation" such statements and information are given to the best of his information and belief, having made such inquiries as he deemed appropriate at the offices of the Department of Law of the State, without any further independent investigation.

The State Department of Audit and Control has informed the Authority that it has reviewed the historical and financial information with respect to the State contained in Appendix B hereto, but since bonds of the Authority are not a direct obligation of the State, the Comptroller, the chief auditor and fiscal officer of the State, will not certify to such information contained in Appendix B hereto.

The execution and delivery of this Official Statement by an Authorized Officer have been duly authorized by the Authority.

DORMITORY AUTHORITY OF
THE STATE OF NEW YORK

By: /s/ Paul T. Williams, Jr.
Authorized Officer

CERTAIN DEFINITIONS

[THIS PAGE INTENTIONALLY LEFT BLANK]

DEFINITIONS

The following are definitions of certain of the terms defined herein or in the Resolution or the Service Contract and used in this Official Statement.

Accreted Value means with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Capital Appreciation Bond or a Series Certificate and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues in equal daily amounts on the basis of a year of twelve thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates.

Act means the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as amended, and constituting Title 4 of Article 8 of the Public Authorities Law of the State, as amended) and Chapter 57, Pt. T, Section 34 of the Laws of 2007.

Annual Payments means the payments due and payable by the State to the Authority during a Bond Year, as provided for and computed in accordance with the provisions of the Service Contract.

Appreciated Value means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Deferred Income Bond or a Series Certificate and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues in equal daily amounts on the basis of a year of twelve thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on or after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

Arbitrage Rebate Fund means the fund so designated, created and established pursuant to the Resolution.

Authority means the Dormitory Authority of the State of New York, a body corporate and politic constituting a public benefit corporation of the State created by the Act, or any body, agency or instrumentality of the State which succeeds to the rights, powers, duties and functions of the Authority.

Authorized Newspaper means The Bond Buyer or any other newspaper of general circulation printed in the English language and customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week in the Borough of Manhattan, City and State of New York, designated by the Authority.

Authorized Officer means (i) in the case of the Authority, the Chair, the Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of Public Finance, the Managing Director of Construction, the Managing Director of Policy and Program Development and the General Counsel, and when used with reference to any act or document also means any other person authorized by a resolution or the bylaws of the Authority to perform such act or execute such document; (ii) in the case of the State, the Director and when used with reference to any act or document also means any Deputy Director and any person duly appointed pursuant to law to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, an Authorized Signatory, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the bylaws of the Trustee.

Bond or **Bonds** means any of the bonds of the Authority authorized and issued pursuant to the Resolution or a Series Resolution.

Bond Year means a period of twelve (12) consecutive months beginning January 1 in any calendar year and ending on December 31 of such calendar year.

Bondholder, **Holder of Bonds** or **Holder** or any similar term, when used with reference to a Bond or Bonds, means the registered owner of any Bond.

Business Day means, unless with respect to any Bonds the applicable Series Resolution or Bond Series Certificate provides otherwise, any day which is not a Saturday, Sunday or a day on which the Trustee or banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York; provided, however, that with respect to Option Bonds or Variable Interest Rate Bonds of a Series, such term means any day which is not a Saturday, Sunday, or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, the Trustee or the Facility Provider of a Liquidity Facility for such Bonds are legally authorized to close in the City of New York.

Capital Appreciation Bond means any Bond as to which interest is compounded on each Valuation Date therefor and is payable only at the maturity or prior redemption thereof.

Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

Cost or **Costs** means the costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection with a Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of a Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of a Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the applicable governmental agency shall be required to pay for or in connection with additions to, or the alterations, expansions, reconstruction, rehabilitation, repair and equipping of a Project, (vii) any sums required to reimburse the Authority or any applicable governmental agency for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with a Project (including interest on moneys borrowed to temporarily finance the payment of any item or terms of Costs of a Project), (viii) interest on the Bonds prior to, during and for a reasonable period after construction of a Project is complete and a Project is available for occupancy or use, (ix) the payment of any notes of the Authority (including any interest thereon and redemption premium thereof) issued to temporarily finance the payment of any item or items of Cost, and (x) fees, expenses and liabilities of the Authority incurred in connection with a Project or pursuant to the Resolution or to the Service Contract, a Credit Facility or a Liquidity Facility.

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges relating to a Credit Facility, a Liquidity Facility, an Interest Rate Exchange Agreement or a Remarketing Agent, costs and expenses in connection with the refunding of Bonds or other bonds or notes of the Authority, costs and expenses incurred pursuant to a remarketing agreement and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

Credit Facility means an irrevocable letter of credit, surety bond, loan agreement, financial guaranty insurance policy or other agreement, facility or insurance or guaranty arrangement issued or extended by any of (i) a bank, (ii) a trust company, (iii) a national banking association, (iv) an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, (v) a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, (vi) a savings bank, (vii) a savings and loan association, (viii) an insurance company or association chartered or organized under the laws of any state of the United States of America, (ix) the Government National Mortgage Association or any successor thereto, (x) the Federal National Mortgage Association or any successor thereto, or (xi) any other federal agency or instrumentality approved by the Authority, in each case pursuant to which the Authority is entitled to obtain moneys to pay the principal or Redemption Price of Outstanding Bonds due either at maturity or upon redemption through mandatory Sinking Fund Installments, plus accrued interest thereon to the date of payment or redemption thereof, in accordance with the Resolution and with the Series Resolution authorizing such Bonds or a Series Certificate, whether or not the Authority is in default under the Resolution or the State is in default under the Service Contract.

Debt Service Fund means the fund so designated, created and established pursuant to the Resolution.

Defeasance Securities means any of the following:

(i) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligations;

(ii) a Federal Agency Obligation described in clauses (i) or (ii) of the definition of Federal Agency Obligations; and

(iii) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the Government Obligations which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least two nationally recognized statistical rating services in the highest rating; provided, however, that (1) such term shall not include any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

Deferred Income Bond means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable semiannually on January 1 and July 1 of each Bond Year or such other date specified by or determined in accordance with a Series Resolution.

Depository means the Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Series Resolution authorizing a Series of Bonds or a Series Certificate relating to a Series of Bonds to serve as securities depository for the Bonds of such Series.

Exempt Obligation means any of the following:

(i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a "specified private activity bond" within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification by symbols such as "+" or "-"or numerical notation, by at least two nationally recognized statistical rating services not lower than the second highest rating category for such obligation;

(ii) a certificate or other instrument which evidences the beneficial ownership of or the right to receive all or a portion of the payment of principal of or interest on any of the foregoing; and

(iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Facility Provider means each of the issuer of a Credit Facility or a Liquidity Facility and the Counterparty under an Interest Rate Exchange Agreement.

Government Obligation means any of the following:

(i) a direct obligation of the United States of America;

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment of principal and interest by the United States of America;

(iii) an to which the full faith and credit of the United States of America are pledged;

(iv) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and

(v) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Interest Commencement Date means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Series Resolution authorizing such Bond or a Series Certificate, after which interest accruing on such Bond shall be payable on the interest payment date immediately succeeding such Interest Commencement Date and semiannually thereafter on July 1 and January 1 of each Bond Year, or such other date as is specified in a Series Resolution.

Investment Agreement means an agreement for the investment of moneys with a Qualified Financial Institution.

Liquidity Facility means an irrevocable letter of credit, surety bond, loan agreement, standby purchase agreement, line of credit or other agreement or arrangement issued or extended by any of (i) a bank, (ii) a trust company, (iii) a national banking association, (iv) an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, (v) a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, (vi) a savings bank, (vii) a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized under any state or territory of the United States of America, (viii) a savings and loan association, (ix) an insurance company or association chartered or organized under the laws of any state of the United States of America, (x) the Government National Mortgage Association or any successor thereto, (xi) the Federal National Mortgage Association or any successor thereto, or (xii) any other federal agency or instrumentality approved by the Authority, in each case pursuant to which the Authority is entitled to obtain moneys upon the terms and conditions contained therein for the purchase or redemption of Outstanding Option Bonds tendered for purchase or redemption in accordance with the terms hereof and of the Series Resolution authorizing such Option Bonds or a Series Certificate.

Option Bond means any Bond which by its terms may be tendered by and at the option of the Holder thereof for redemption by the Authority prior to the stated maturity thereof or for purchase thereof, or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Series Resolution authorizing such Bond or the Series Certificate related to such Bond.

Outstanding, when used in reference to Bonds, means, as of a particular date, all Bonds authenticated and delivered under the Resolution and under any applicable Series Resolution except: (i) any Bond cancelled by the Trustee at or before such date; (ii) any Bond deemed to have been paid in accordance with the Resolution, (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Series Certificate relating to such Bond on the applicable adjustment or conversion date, which have been purchased by or on behalf of the Authority and in lieu of or substitution for which another Bond shall have been authenticated and delivered, provided that interest thereon shall have been paid through such tender or purchase date thereof and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond.

Paying Agent means, with respect to the Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution or a Series Resolution or any other resolution of the Authority adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Project means the acquisition, design, construction, reconstruction, rehabilitation or improvement or the furnishing and equipping of facilities and improvements originally financed through the issuance of State Supported Debt by any issuer of State Supported Debt other than improvements, furnishings, equipment and facilities financed through the issuance of State Supported Debt secured by the dedication of specific revenues.

Project Fund means the fund so designated, created and established pursuant to the Resolution.

Provider Payments means the amount payable to a Facility Provider pursuant to a Credit Facility, a Liquidity Facility or an Interest Rate Exchange Agreement.

Qualified Financial Institution means any of the following entities that has an equity capital of at least $125,000,000 or whose obligations are unconditionally guaranteed by an affiliate or parent having an equity capital of at least $125,000,000:

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service;

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated, without regard to qualification by symbols such as "+" or "-" or numerical notation, by at least one nationally recognized statistical rating service not lower than in the highest rating category; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service;

(iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority; or

(v) a corporation whose obligations, including any investments of any moneys held under the Resolution purchased from such corporation, are insured by an insurer that meet the applicable rating requirements set forth above.

Rating Service means each of Fitch Ratings and Standard & Poor's Rating Services in each case, which has assigned a rating to Outstanding Bonds at the request of the Authority, or their respective successors and assigns.

Redemption Price, when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution or to any applicable Series Resolution or Series Certificate.

Resolution means the Authority's State of New York Consolidated Service Contract Refunding Revenue Bond Resolution, adopted July 25, 2007, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions of the Resolution.

Resolutions means the Resolution and the Series 2009 Resolution.

Revenues means all payments made by the State pursuant to applicable provisions of the Service Contract, the right to receive the same and the proceeds thereof and of such right.

Series means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and to any applicable Series Resolution or applicable Series Certificate authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

Series 2009 Resolution means the Authority's Series 2009 Resolution authorizing up to $795,000,000 of Series 2009 Bonds adopted May 27, 2009, as supplemented by Supplement to the Series 2009 Resolution authorizing up to $795,000,000 of Series 2009 Bonds adopted July 29, 2009.

Series Certificate means a certificate of an Authorized Officer of the Authority fixing terms, conditions and other details of Bonds of a Series in accordance with the delegation of power to do so under the Resolution or under the Series Resolution authorizing the issuance of such Bonds.

Series Resolution means a resolution of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Resolution.

Service Contract means the Service Contract executed by and between the Authority and the State, dated as of July 25, 2007, as from time to time amended or supplemented by Supplemental Service Contracts in accordance with the terms and provisions of the Resolution and of the Service Contract.

Sinking Fund Installment means, as of any date of calculation, so long as any Bonds of the Series, Sub-Series and maturity entitled to Sinking Fund Installments are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by any applicable Series Certificate, to be paid on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment.

Supplemental Resolution means any resolution of the Authority amending or supplementing the Resolution, any Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms and provisions of the Resolution.

Term Bonds means the Bonds so designated in a Series Resolution or a Series Certificate and payable from Sinking Fund Installments.

Trustee means the bank or trust company appointed as Trustee for the Bonds pursuant to the Resolution and having the duties, responsibilities and rights provided for in the Resolution, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Resolution.

Valuation Date means (i) with respect to any Capital Appreciation Bond, the date or dates set forth in the Series Resolution authorizing such Bond or a Series Certificate on which a specific Accreted Value is assigned to such Capital Appreciation Bond, and (ii) with respect to any Deferred Income Bond, the date or dates prior to the Interest Commencement Date set forth in the Series Resolution authorizing such Bond or a Series Certificate on which specific Appreciated Values are assigned to such Deferred Income Bond.

[THIS PAGE INTENTIONALLY LEFT BLANK]

INFORMATION CONCERNING
THE STATE OF NEW YORK

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

INFORMATION CONCERNING THE STATE OF NEW YORK

The State Legislature is not legally obligated to appropriate amounts for the payment of principal of, sinking fund installments, if any, or interest on the obligations to which this Official Statement relates. For information about the sources of payment of such obligations, the foregoing Official Statement to which this Appendix B is attached should be read in its entirety. The continued willingness and ability of the State, however, to make the appropriations and otherwise provide for the payments contemplated in the foregoing Official Statement, and the market for and market prices of the obligations, may depend in part upon the financial condition of the State.

Appendix B contains the Annual Information Statement of the State of New York ("Annual Information Statement" or "AIS"), as updated or supplemented to the date specified therein. The State intends to update and supplement that Annual Information Statement as described therein. It has been supplied by the State to provide information about the financial condition of the State in the Official Statements of all issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payment of their respective bonds, notes or other obligations.

The AIS set forth in this Appendix B is dated May 15, 2009. It was updated on July 30, 2009. The AIS was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS Update can be accessed through the EMMA system at www.emma.msrb.org. An official copy of the AIS may be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705. An informational copy of the AIS is available on the Internet at http://www.budget.state.ny.us.

The Basic Financial Statements and Other Supplementary Information for the State fiscal year ended March 31, 2009 were prepared by the State Comptroller in accordance with accounting principles generally accepted in the United States of America and independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information were issued on July 29, 2009 and have been referred to or set forth thereafter in appendices of information concerning the State in Preliminary Official Statements and Official Statements of the State and certain of its public authorities. The Basic Financial Statements and Other Supplementary Information, which are included in the Comprehensive Annual Financial Report, may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 Tel: (518) 474-4015.

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

Update to Annual Information Statement (AIS) State of New York

July 30, 2009

This quarterly update (the "AIS Update") is the first quarterly update to the Annual Information Statement of the State of New York, dated May 15, 2009 (the "AIS") and contains information only through July 30, 2009. This AIS Update should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Extracts from the First Quarterly Update to the 2009-10 Financial Plan (the "Updated Financial Plan"), which the Division of the Budget ("DOB") issued on July 30, 2009. The Updated Financial Plan includes (a) a summary of recent events and changes to the Enacted Budget Financial Plan made through the end of the regular 2009 legislative session, (b) revised Financial Plan projections for fiscal years 2009-10 through 2012-13, (c) operating results for the first quarter of fiscal year 2009-10, (d) an updated economic forecast, (e) the Generally Accepted Accounting Principles (GAAP)-basis Financial Plan projections for 2009-10, and (f) a summary on debt and capital management. The Updated Financial Plan is available on the DOB website, www.budget.state.ny.us.

2. A discussion of special considerations related to the State Financial Plan for fiscal year 2009-10.

3. A summary of GAAP-basis results for the 2008-09 fiscal year (the full statements are available on the State Comptroller's website, www.osc.state.ny.us).

4. Updated information regarding the State Retirement Systems.

5. The status of significant litigation that has the potential to adversely affect the State's finances.

DOB is responsible for preparing the State's Financial Plan and presenting the information that appears in this AIS Update on behalf of the State. In preparing this AIS Update, DOB has utilized significant portions of the Updated Financial Plan, but has also relied on information drawn from other sources, such as the Office of the State Comptroller ("OSC"), that it believes to be reliable. Information relating to matters described in the section entitled "Litigation" is furnished by the State Office of the Attorney General.

During the current fiscal year, the Governor, the State Comptroller, State legislators, and others may issue statements or reports that contain predictions, projections or other information relating to the State's financial condition, including potential operating results for the current fiscal year and projected baseline gaps for future fiscal years that may vary materially from the information provided in the AIS. Investors and other market participants should, however, refer to the AIS, as updated, or supplemented, for the most current official information regarding the financial condition of the State.

The State may issue AIS supplements or other disclosure notices to this AIS Update as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of this AIS Update in Official Statements or related disclosure documents for State or State-supported debt issuance. The State has filed this AIS Update with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. Effective July 1, 2009, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the MSRB is designated as the sole repository for the electronic filing of all primary and secondary market disclosure. An electronic copy of this AIS Update can be accessed through the EMMA at www.emma.msrb.org. An official copy of this AIS Update may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705..

OSC issued the Basic Financial Statements for the 2008-09 fiscal year on July 29, 2009. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and are available on its website at www.osc.state.ny.us.

Usage Notice

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

An informational copy of this AIS Update is available on the DOB website (www.budget.state.ny.us). The availability of this AIS Update in electronic form at DOB's website is being provided to you solely as a matter of convenience to readers and does not create any implication that there have been no changes in the financial condition of the State at any time subsequent to its release date. Maintenance of this AIS Update on this website is not intended as a republication of the information therein on any date subsequent to its release date.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Update to the 2009-10 Financial Plan

Note: *DOB issued the Updated Financial Plan on July 30, 2009, extracts of which are set forth below. The Updated Financial Plan includes updated estimates for 2009-10 and projections for 2010-11 through 2012-13. As such, it contains estimates and projections of future results that should not be construed as statements of fact. These estimates and projections are based upon various assumptions that may be affected by numerous factors, including future economic conditions in the State and nation and potential litigation. There can be no assurance that actual results will not differ materially and adversely from the estimates and projections contained in the Updated Financial Plan.*

The State accounts for all of its spending and revenues by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Financial Plan tables sort all State projections and results by fund and category. The State Constitution requires the Governor to submit an Executive Budget that is balanced on a cash basis in the General Fund — the Fund that receives the majority of State taxes, and all income not earmarked for a particular program or activity. Since this is the fund that is required to be balanced, the focus of the State's budget discussion is often weighted toward the General Fund.

The State also reports disbursements and receipts activity by two other broad measures: State Operating Funds, which includes the General Fund and funds specified for dedicated purposes, but excludes Federal Funds and Capital Projects Funds; and All Governmental Funds ("All Funds"), which includes both State and Federal Funds and provides the most comprehensive view of the financial operations of the State.

Fund types of the State include: the General Fund; State special revenue funds ("SRFs"), which receive certain dedicated taxes, fees and other revenues that are used for a specified purpose; Federal SRFs, which receive Federal grants; State and Federal Capital Projects Funds, which account for costs incurred in the construction and reconstruction of roads, bridges, prisons, and other infrastructure projects; and Debt Service Funds, which pay principal, interest and related expenses on long-term bonds issued by the State and its public authorities.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

2009-10 Updated Financial Plan Highlights

- DOB now estimates a General Fund budget gap of $2.1 billion in the current year, and projects budget shortfalls growing to $18.2 billion by fiscal year 2012-13. The table below summarizes the revisions to the General Fund projections.

SUMMARY OF CHANGES TO GENERAL FUND/HCRA FORECAST : BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS (millions of dollars)	2009-10	2010-11	2011-12	2012-13
Enacted Budget Estimate	0	**(2,166)**	**(8,757)**	**(13,706)**
Receipts Revisions	(1,975)	(1,520)	(2,467)	(1,966)
Disbursement Revisions	(87)	(807)	(1,890)	(2,299)
Legislative Session Changes	(61)	(115)	(157)	(160)
HCRA Revisions	0	(15)	(5)	(32)
First Quarterly Update Estimate	**(2,123)**	**(4,623)**	**(13,276)**	**(18,163)**
Required Legislative/Admin Actions	2,123	TBD	TBD	TBD
Budget Surplus/(Gap) After PEG*	**0**	**(4,623)**	**(13,276)**	**(18,163)**

** Assumes successful implementation of legislative/administrative actions.*

- The economic downturn continues to have a powerful negative effect on tax receipts in many states, including New York. The increase in the State's current-year gap is almost entirely due to a reduction in the forecast for State tax receipts, based on updated economic information and operating results. The outyear adjustments reflect negative revisions to both receipts and disbursements as the pervasiveness of the economic downturn leads to increased pension contributions (absent actions to control costs), reduced investment income, and other costs largely influenced by economic conditions.

- General Fund operating results through the first quarter of 2009-10 were better than expected in the Enacted Budget Financial Plan, but this was due in large part to (a) management actions to maintain adequate operating margins and (b) routine variances in the timing of disbursements that are not expected to affect annual spending levels. Excluding the impact of cash management actions, General Fund receipts were approximately $800 million below planned levels through the first quarter. For more information on first quarter operating results, see "Special Considerations" later in this AIS Update.

- The Governor will propose a Program to Eliminate the Gap (the "PEG") in the current year without the use of existing reserves. It is expected that the 2009-10 PEG will propose substantial reductions in local assistance and State Operations spending, as well as other measures to achieve a balanced budget in the current year. The Executive expects to have the PEG ready for legislative consideration in the early fall of 2009. At the same time, DOB is working with the Governor's Office of Taxpayer Accountability to identify opportunities to reduce waste, fraud, and abuse in State government, and has begun to implement some of these measures.

Financial Plan At-A-Glance

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

	2008-09 Actual	2009-10 Enacted Budget	2009-10 Revised [1, 2]	2009-10 Revised (incl. MTA) [2]	2010-11 Current Services
State Operating Funds Budget					
Size of Budget	$78,168	$78,742	$78,848	$80,471	$85,453
Annual Growth	1.5%	0.7%	0.9%	2.9%	6.2%
Other Budget Measures (Annual Growth)					
General Fund (with transfers)	$54,607	$54,908	$55,059	$55,059	$59,941
	2.3%	0.6%	0.8%	0.8%	8.9%
State Funds (Including Capital)	$83,146	$84,657	$84,386	$86,009	$91,913
	2.2%	1.8%	1.5%	3.4%	6.9%
Capital Budget (Federal and State)	$6,830	$8,832	$8,455	$8,455	$9,482
	11.4%	29.3%	23.8%	23.8%	12.1%
Federal Operating	$36,573	$44,361	$44,543	$44,543	$45,108
	11.1%	21.3%	21.8%	21.8%	1.3%
All Governmental Funds	$121,571	$131,935	$131,846	$133,469	$140,043
	4.8%	8.5%	8.5%	9.8%	4.9%
All Govt'l Funds (Including "Off-Budget" Capital)	$123,833	$133,737	$133,690	$135,313	$141,988
	5.2%	8.0%	8.0%	9.3%	4.9%
Inflation (CPI) Growth	2.7%	-0.2%	-0.2%	-0.2%	2.0%
All Funds Receipts (Annual Growth)					
Taxes	$60,337	$60,647	$58,897	$60,556	$64,889
	-0.9%	0.5%	-2.4%	0.4%	7.2%
Miscellaneous Receipts	$20,064	$22,185	$21,435	$21,435	$21,452
	2.1%	10.6%	6.8%	6.8%	0.1%
Federal Grants	$38,834	$47,718	$47,799	$47,799	$48,576
	11.2%	22.9%	23.1%	23.1%	1.6%
Total Receipts	$119,235	$130,550	$128,131	$129,790	$134,917
	3.3%	9.5%	7.5%	8.9%	4.0%
Base Tax Growth/(Decline) [3]	-3.0%	-6.5%	-9.6%	-9.6%	6.1%
Combined General Fund/HCRA Gap Forecast					
2009-10 (before PEG savings)	N/AP	$0	($2,123)	($2,123)	N/A
2010-11	N/AP	($2,166)	($4,623)	($4,623)	N/A
2011-12	N/AP	($8,757)	($13,276)	($13,276)	N/A
2012-13	N/AP	($13,706)	($18,163)	($18,163)	N/A
Cumulative Gaps	N/AP	($24,629)	($38,185)	($38,185)	N/A
Total General Fund Reserves (year-end)	$1,948	$1,378	$1,378	$1,378	$1,378
State Workforce (Subject to Executive Control)	136,490	128,803	128,803	128,803	128,803
Debt					
Debt Service as % All Funds	4.3%	4.5%	4.4%	4.4%	4.8%
State Related Debt Outstanding	$51,768	$54,532	$54,327	$54,327	$57,260

[1] *Excludes the approximately $1.6 billion in special revenue fund receipts and disbursements related to the new Metropolitan Commuter Transportation Mobility Tax, a tax which is collected by the State on behalf of, and transferred in its entirety to, the MTA.*

[2] *The estimates do not include $2.1 billion in potential PEG savings, as options are currently under development.*

[3] *Reflects estimated change in tax receipts excluding the impact of Tax Law changes since SFY 1986-87.*

Summary

The gap closed by the Enacted Budget was the largest ever faced by the State, measured in both absolute dollars and as a percentage of receipts. The budget for the 2009-10 fiscal year was adopted in an environment of extraordinary economic and fiscal uncertainty -- and a corresponding increase in the risks surrounding the forecasts of receipts and disbursements. In the Enacted Budget Financial Plan, DOB noted the substantial risks to the forecast, especially those related to the impact of the economic downturn on tax collections.

Based on a comprehensive review of operating results through the first quarter of 2009-10, updated economic data, and other information, DOB has concluded that actual receipts across the four-year planning period are likely to fall below the levels forecasted in the Enacted Budget Financial Plan. In the current year, General Fund receipts, including transfers from other funds, are now estimated to total $52.4 billion in 2009-10, a reduction of $1.97 billion (or 3.6 percent) from the Enacted Budget forecast. The most significant downward revisions were made to the forecasts for personal income taxes and sales taxes. These modifications are consistent with the weakness observed in actual operating results to date. Estimates for other tax sources, as well as receipts from investment income and the disposition of abandoned property, have also been reduced based on an updated assessment of market conditions. Reductions to receipts were taken across the plan period, reflecting the weakness in the base period.

General Fund disbursements, including transfers to other funds, are estimated at $55.1 billion, an increase of $151 million from the Enacted Budget forecast. This primarily reflects lower estimates for lottery receipts, which results in a corresponding increase in General Fund support for school aid, and for receipts in other funds that were expected to be available to offset fringe benefit costs in the General Fund. In addition to these factors, starting in 2010-11 and continuing over the Plan period, DOB is projecting substantial increases in the State's pension contributions[1], as well as higher growth in human services spending, consistent with the updated economic assumptions and program trends.

DOB estimates that, absent legislative and administrative action, the changes to the General Fund receipts and disbursements forecast would result in a budget gap of $2.1 billion in the current fiscal year. The projected budget gaps that must be addressed in future years have also increased and now total $4.6 billion in 2010-11, $13.3 billion in 2011-12, and $18.2 billion in 2012-13.

In comparison to the Enacted Budget forecast, the cumulative four-year gap has increased by approximately $13 billion, from $25 billion to $38 billion. The main factors contributing to the incremental increase in the cumulative gap over the plan period since the Enacted Budget forecast, and the percentage share of the increase in the cumulative gap, include: lower projected tax receipts ($6.6 billion; 48 percent of the incremental increase), higher than projected State pension contributions absent measures to control costs ($2.1 billion; 16 percent), lower lottery receipts ($1.4 billion; 10 percent), reduced income from the investment of State money and the disposition of abandoned property ($1.2 billion; 9 percent), and projected increases in child welfare and public assistance costs ($870 million; 6 percent).

The Executive is developing a PEG for the current fiscal year that will include proposed spending reductions and other targeted actions to eliminate the budget gap without the use of existing reserves. The PEG is expected to be ready for consideration by the Legislature in the early fall of 2009. At the same time, DOB is working with the Governor's Office of Taxpayer Accountability to identify opportunities to reduce waste, fraud and abuse in State government. It also intends to continue to impose strict controls on all discretionary spending by State agencies, including hiring, purchasing, travel, and other operating activities.

[1] Enactment of proposed legislation to create a new tier of pension benefits and smooth the impact of increased contributions would substantially reduce expected costs.

Revisions to General Fund Enacted Budget Financial Plan

As noted above, DOB has made a number of substantive revisions to the receipts and disbursements forecasts contained in the Enacted Budget Financial Plan. The following table provides a detailed list of the revisions and displays the impact on General Fund operating projections. It is followed by a discussion of the major revisions.

COMBINED GENERAL FUND AND HCRA FORECAST FOR 2009-10 THROUGH 2012-13*
SAVINGS/(COSTS)
(millions of dollars)

	2009-10	2010-11	2011-12	2012-13
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(2,166)**	**(8,757)**	**(13,706)**
Receipts Revisions	(1,975)	(1,520)	(2,467)	(1,966)
Personal Income Tax**	(1,134)	(780)	(1,554)	(1,196)
Sales/Use Taxes**	(409)	(309)	(210)	(150)
Business Taxes	(31)	(128)	(269)	(180)
Other Taxes**	(60)	(35)	(60)	(65)
Debt Service -- Personal Income Tax	51	9	3	27
Debt Service -- Sales Tax	11	0	0	0
Debt Service -- Real Estate Transfer Tax (Other Tax)	1	1	0	1
Abandoned Property	(175)	(175)	(175)	(175)
Investment Income	(130)	(100)	(120)	(140)
Miscellaneous Receipts/Other Transfers	(99)	(3)	(82)	(88)
Disbursement Revisions	(87)	(807)	(1,890)	(2,299)
Pension Contribution	0	(143)	(702)	(1,270)
Public Assistance	0	(138)	(187)	(226)
School Aid	0	(136)	(44)	(34)
Labor Settlements	0	(120)	(25)	(25)
Preschool Special Education	0	(70)	(32)	(34)
Child Welfare	0	(66)	(90)	(163)
Lottery	(131)	(52)	(706)	(464)
General State Charges	(90)	(48)	(58)	(70)
Medicaid	131	0	0	0
All Other	3	(34)	(46)	(13)
Legislative Session Changes	(61)	(115)	(157)	(160)
MTA Payroll Tax	(27)	(79)	(91)	(94)
School Supportive Health Services Settlement	(33)	(33)	(66)	(66)
Power for Jobs Extender to May 15, 2010	3	(3)	0	0
Unemployment Legislation	(4)	0	0	0
HCRA Revisions	0	(15)	(5)	(32)
REVISED SURPLUS/(GAP) ESTIMATE BEFORE ACTIONS	**(2,123)**	**(4,623)**	**(13,276)**	**(18,163)**
Net Change From Enacted	*(2,123)*	*(2,457)*	*(4,519)*	*(4,457)*
Potential Legislative/Administrative Actions to Address Gap	2,123	TBD	TBD	TBD
REVISED BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(4,623)**	**(13,276)**	**(18,163)**

** Receipts and disbursements estimates do not include $2.1. billion in potential PEG savings, as options are under development.*

*** Includes transfers from other funds, but excludes the impact of revisions to debt service costs, which are displayed separately.*

Discussion of General Fund Receipts Revisions

States in all parts of the nation continue to feel the effects of the economic downturn. The national economy is experiencing the longest and most severe recession since the 1930s. About 6.5 million jobs have been lost since December 2007, with more than two million jobs lost during the first quarter of 2009 alone. The unemployment rate is projected to rise above 10 percent during the current (third) quarter of calendar year 2009. U.S. personal income is projected to fall in 2009 for the first time since 1949. Though the worst of the credit market crisis appears to have passed and the national economy may finally be reaching the bottom, the deleveraging process among both households and businesses appears to be far from complete. Consumer demand is likely to remain weak going forward due to continued job losses, tight lending conditions on the part of banks, and the desire among households to reduce their debt. Thus, even with the recession ending by December 2009, the U.S. economy is projected to grow well below its long-term trend growth rate in 2010.

DOB is projecting declines for many New York State economic indicators that are even greater than experienced in the wake of the September 11 attacks. Private sector employment is projected to fall 2.7 percent, the largest annual decline since 1990. With credit markets and finance sector compensation now at the fulcrum of the current economic crisis, the impact of the current downturn on State wages has been severe. DOB estimates that, in 2009, State wages will experience the largest annual decline recorded in the history of the data series. This largely reflects the impact of securities industry losses on bonus compensation. This historic decline can be expected to continue to adversely affect State household spending over the near-term. Credit market conditions and rising debt default rates are also expected to continue to depress real estate activity, particularly in the commercial sector where high-value transactions contribute significantly to State and local government revenues. DOB expects the State's recession to end sometime during the second half of 2010. (See “Economic Outlook” herein for more information.)

The historic decline in State wages, combined with depressed equity and real estate markets and a weak national economy, is projected to have a severe impact on virtually all of the State's revenue sources. Without the law changes enacted in 2009-10, personal income tax liability would be expected to fall 11.5 percent in calendar year 2009, a loss of $3.7 billion. Total personal income tax collections (excluding STAR and RBTF) for 2009-10 are expected to decline by 2.0 percent from the prior fiscal year, even with the impact of the recently enacted personal income tax surcharge factored into the estimates. Results to date suggest that the increased collections expected in connection with the surcharge are coming in more slowly than anticipated. The collection results for the income tax in April and May were below the same period a year ago, and $503 million below Enacted Budget projections (on an All Funds basis). As a result, income tax collections for the fiscal year are expected to be $1.1 billion below the Enacted Budget forecast.

Projected sales tax receipts for 2009-10 have been lowered by more than $400 million from the Enacted Budget estimate. Sales tax receipts began to fall below the prior year’s receipts in October 2008 and have declined in each month thereafter (as compared to the same month in the prior year). The declines since October 2008 represent the largest in the history of the available data and far exceed the losses that occurred in the aftermath of September 11. The DOB forecast reflects a gradual return of receipts to their long-term growth rate. On an annual basis, business tax collections are expected to decline by 1.8 percent for 2009-10, to about $5.5 billion. This estimate is virtually unchanged from the Enacted Budget projection. Real estate transfer tax collections are expected to total $375 million for the current fiscal year, representing a steep decline from 2007-08 when receipts from this tax exceeded $1 billion. However, this large decline was anticipated and no significant revisions are required for this tax source.

Discussion of General Fund Disbursement Revisions

DOB has also made a number of substantive revisions to the General Fund disbursements forecast, several of which are related directly or indirectly to the continuing economic downturn. The revisions do not reflect any potential impact of Federal health care reform, given the uncertainties surrounding possible outcomes. The specific revisions include:

- **State Share Pension Contribution:** As a result of the ongoing economic downturn, the New York State Common Retirement Fund has realized lower than expected rates of return on its investments. The lower returns are expected to result in increased employer contribution rates to the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). The revised rates do not reflect the potential benefit of proposed legislation to allow governments to amortize the costs of the increase over a period of several years (such as proposed by the State Comptroller) or to create a new tier of pension benefits (as proposed in the Executive Budget). Absent enactment of these changes, the ERS pension contribution rates, as a percent of payroll, are projected to grow from 7.2 percent in 2009-10 to 24.1 percent in 2012-13. PFRS rates are also projected to increase significantly, rising from 14.7 percent in 2009-10 to 33.1 percent in 2012-13.

- **Public Assistance Caseload:** Based on the latest program information and updated economic models, DOB is now projecting an increase of over 40,000 individuals on public assistance over the plan period, with the caseload estimated at approximately 554,200 by 2012-13. The Safety Net program for single adults is growing fastest, reflecting rising unemployment, which has a disproportionate impact on this population.

- **School Aid:** The May 2009 update to the school aid database resulted in higher costs of $136 million in 2010-11, based on additional claims filed since the Enacted Budget and updated wealth and demographic information reported by school districts. Pursuant to statute, additional school year obligations from 2009-10 will be paid in State fiscal year 2010-11. As in prior years, the updated school district data and additional claims have resulted in a significant cost increase to the State's multi-year Financial Plan, subsequent to the Enacted Budget. The next school aid database update will occur in November 2009.

- **Labor Settlements:** Arbitration awards have been granted to the unions representing corrections officers (2007-08 and 2008-09) and corrections supervisors (2005-06 and 2006-07). The arbitration awards, which are expected to add costs of $95 million in the current year and $32 million thereafter, are in addition to the estimated spending reserve for collective bargaining agreements included in the Enacted Budget. Due to the uncertain timing of other potential settlements, the Financial Plan impact of the additional costs is expected to affect 2010-11 and future years.

- **Preschool Special Education:** The State reimburses counties 59.5 percent for costs related to special education services for preschool children. Higher costs over the plan period reflect additional growth in the population of preschool students with disabilities and the level of per-pupil expenditures.

- **Child Welfare Services:** Under the open-ended child welfare services program, the State reimburses local governments for 63.7 percent of the cost of providing certain services, including community-based preventive services and child protective services. Increased General Fund support reflects projected growth in local child welfare claims beyond the levels forecasted in the Enacted Budget.

- **Lottery Aid:** The estimate for General Fund support for school aid has been increased to compensate for a corresponding decrease in projected lottery and VLT receipts, based on current trends. In addition, VLT estimates for 2010-11 now assume a franchise payment for development rights related to a VLT facility at Aqueduct. A franchise payment related to development rights at Belmont in 2011-12 has been removed from the plan, given that the Legislature has not enacted enabling legislation.

- **General State Charges:** DOB expects that annual escrow payments from other funds to the General Fund to offset fringe benefit costs will fall below the levels projected in the Enacted Budget, based on operating results to date and the overall reduction in projected receipts into dedicated funds (from which the escrow payments are made). Lower than projected health insurance costs for State employees and retirees are expected to partially offset this decline.

- **Medicaid (including administrative costs):** Medicaid spending for 2009-10 has been revised downward due to Federal adjustments related to emergency services provided to immigrants and provider taxes.

- **All Other:** In the current year, a projected increase in the General Fund subsidy to the DHBTF, consistent with the latest receipts forecast, is more than offset by savings related to a change in the timing of Federal ARRA financing for TAP and lower debt service costs. The outyear estimates reflect additional costs to support the OMH clinic and ambulatory care restructuring implemented in 2008-09 and the return of the Empire State Games in 2010. In addition, the estimates reflect the cost of a new program in which the State will provide a 10 percent match for every stimulus dollar the Federal government awards through competitive grants to research facilities in New York State.

Legislative Session Changes

Certain legislation approved during the 2009 legislative session, but after the enactment of the 2009-10 budget, is reflected in the Financial Plan for the first time and is described below.

- **MTA Payroll Tax:** The Metropolitan Commuter Transportation Mobility Tax (Mobility Tax) is a new tax imposed on certain employers and self-employed individuals engaging in business within the metropolitan commuter transportation district, which represents the 11-county region serviced by the MTA. This tax levies a 0.34 percent assessment on total payroll costs for employers within the district including school districts and the State. The additional costs to the State include the added payroll cost for State employees and not-for-profit Mental Hygiene providers as well as the planned reimbursement by the State to compensate school districts for the cost of the new tax .

- **School Supportive Health Services Settlement:** The State and New York City have reached a settlement with the Federal government concerning Medicaid payments under the SSHS program. The settlement avoided a potentially much larger cost for the State. The settlement calls for restitution of approximately $540 million, with the State responsible for $440 million and the City for $100 million. To date, the State has paid approximately $100 million of its obligation. The remainder of the State's share will be paid in 10 payments of $33 million over a five-and-a-half-year period. The first payment is expected to be made by month-end. The agreement avoided a potential liability that may have reached $1.5 billion and also includes a series of releases between the parties and a compliance agreement governing the State's future participation in the SSHS program.

- **Power for Jobs Extender:** Reflects the extension of a GRT credit to utilities in exchange for the utilities providing reduced electric delivery rates to customers enrolled in the PFJ program. Reduced GRT revenues, as a result of the PFJ program, are expected to be offset by a corresponding contribution by NYPA to the General Fund.

- **Unemployment Insurance:** Reflects the impact of conforming New York's unemployment insurance law to Federal law. This legislative change allows the State to use up to $645 million in new Federal ARRA funds and extend benefits to New Yorkers whose unemployment benefits would otherwise expire. The $4 million in increased 2009-10 costs will cover benefits that are not federally funded under ARRA.

Annual Spending Growth

The updated State Operating Funds and All Funds disbursement estimates are significantly affected by the Mobility Tax. This revenue source is collected by the State on behalf of, and disbursed in its entirety to, the MTA. Due to the requirements of the enabling legislation, the tax is reflected in the State's operating funds, increasing both receipts and disbursements by $1.6 billion.

TOTAL DISBURSEMENTS*
(millions of dollars)

	2008-09 Actuals	2009-10 Enacted Estimate	2009-10 Change	2009-10 Revised Estimate	Annual $ Change	Annual % Change	Adjusted % Change**
State Operating Funds	**78,168**	**78,742**	**1,729**	**80,471**	**2,303**	**2.9%**	**0.9%**
General Fund (excluding transfers)	48,436	49,449	(27)	49,422	986	2.0%	2.0%
Other State Funds	25,146	24,075	1,827	25,902	756	3.0%	-3.4%
Debt Service Funds	4,586	5,218	(71)	5,147	561	12.2%	12.2%
All Governmental Funds	**121,571**	**131,935**	**1,534**	**133,469**	**11,898**	**9.8%**	**8.5%**
State Operating Funds	78,168	78,742	1,729	80,471	2,303	2.9%	0.9%
Capital Projects Funds	6,830	8,832	(377)	8,455	1,625	23.8%	23.8%
Federal Operating Funds	36,573	44,361	182	44,543	7,970	21.8%	21.8%
General Fund, including Transfers	**54,607**	**54,908**	**151**	**55,059**	**452**	**0.8%**	**0.8%**

* *First Quarterly receipts and disbursements estimates do not include the $2.1 billion in savings that are expected to be achieved through legislation or administrative actions, or both, to address the current year shortfall, as options are currently under development.*

** *Excludes approximately $1.6 billion in special revenue fund disbursements related to the new Metropolitan Commuter Transportation Mobility Tax, a tax which is collected by the State on behalf of, and transferred in its entirety to, the MTA.*

General Fund spending, including transfers to other funds, is projected to total $55.1 billion in 2009-10, an increase of $452 million over 2008-09 actual results. State Operating Funds spending, which includes the General Fund, State-financed special revenue funds, and debt service, is projected to increase by $2.3 billion and total $80.5 billion in 2009-10. All Governmental Funds spending, the broadest measure of spending that includes State Operating Funds, capital spending, and Federal grants, is projected to total $133.5 billion in 2009-10, an increase of $11.9 billion. Two-thirds of the All Funds increase is attributable to growth in Federal aid.

2009-10 Projected Closing Balances

General Fund

DOB estimates that the General Fund will end the 2009-10 fiscal year with a balance of $1.4 billion, unchanged from the Enacted Budget. This estimate is dependent on successful implementation of actions to eliminate the current-year budget gap that is now estimated at $2.1 billion.

GENERAL FUND ESTIMATED CLOSING BALANCE (millions of dollars)	2009-10 Enacted Estimate	2009-10 Revised Estimate	*Change*
Projected Fund Balance	**1,378**	**1,378**	**0**
Tax Stabilization Reserve Fund	1,031	1,031	0
Rainy Day Reserve Fund	175	175	0
Community Projects Fund	78	78	0
Reserved for Debt Reduction	73	73	0
Contingency Reserve Fund	21	21	0

The estimated General Fund closing balance for 2009-10 will consist of approximately $1 billion in the State's Tax Stabilization Reserve, which can be used to finance an unanticipated deficit at the end of the fiscal year, $175 million in the Rainy Day Reserve, which can be used to respond to an economic downturn if certain criteria are met, $78 million in the Community Projects Fund, which is reserved to finance existing "member item" initiatives, $73 million for debt management purposes, and $21 million in the Contingency Reserve Fund for litigation risks.

State Operating Fund

DOB projects the State will end the 2009-10 fiscal year with a State Operating Funds balance of $3.7 billion. This estimate is dependent on the successful implementation of actions to close the General Fund gap in the current year. The balance consists of $1.4 billion in the General Fund, $2.1 billion in balances in State Special Revenue Funds, and $287 million in Debt Service Funds.

STATE OPERATING FUNDS ESTIMATED CLOSING BALANCE (millions of dollars)	2009-10 Enacted Plan	2009-10 Current Estimate	*Change*
Projected First Quarterly Fund Balance	**3,698**	**3,722**	***24***
General Fund	1,378	1,378	*0*
Special Revenue Funds	2,031	2,057	26
Miscellaneous Special Revenue	890	891	1
Industry Assessments	*452*	*467*	*15*
Health and Social Welfare	*(4)*	*(4)*	*0*
General Government	*85*	*80*	*(5)*
All Other	*357*	*348*	*(9)*
State University Income	676	805	129
Mass Transportation Operating Assistance	104	24	(80)
Health Care Resources Fund	0	0	0
Lottery Fund	14	14	0
All Other	347	323	(24)
Debt Service Funds	289	287	*(2)*

The balances held in State Special Revenue Funds include moneys designated to finance existing or potential future commitments, or funds that are restricted or dedicated for specified statutory purposes. The largest balances in the State Special Revenue Funds include moneys on hand to finance future costs for State University programs, operating assistance for transportation programs, and various programs financed from the industry assessments. The remaining fund balances are held in numerous funds, primarily the Miscellaneous Special Revenue Fund, and accounts that support a variety of programs including public health, general government, and public safety.

General Fund Outyear Budget Projections

DOB projects outyear budget gaps of $4.6 billion in 2010-11, $13.3 billion in 2011-12, and $18.2 billion in 2012-13.

General Fund spending is projected to grow at an average annual rate of 8.1 percent from 2008-09 through 2012-13. Spending growth in the General Fund is projected to increase sharply in 2011-12, reflecting a return to a lower Federal match rate for Medicaid expenditures on January 1, 2011, which will increase General Fund costs, and the loss of temporary Federal aid for education. Excluding these Federal ARRA-related effects, which temporarily suppress General Fund costs in 2009-10 and 2010-11, General Fund spending grows at approximately 7.5 percent on a compound annual basis. The spending growth is driven by, among other things, Medicaid, including the State-financed cap on local Medicaid spending; pensions; education; employee and retiree health benefits; and human services programs.

The receipts growth over the plan period is consistent with DOB's economic forecast for the recession and recovery. The temporary PIT increase, which covers calendar years 2009 through 2011, is expected to provide substantial additional receipts through fiscal year 2011-12.

The following table summarizes the General Fund projections by major tax and Financial Plan category.

GENERAL FUND FIRST QUARTERLY UPDATE FORECAST (millions of dollars)	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Receipts								
Taxes	48,207	51,906	3,699	7.7%	52,657	1.4%	52,908	0.5%
Personal Income Tax*	31,451	34,373	2,922	9.3%	34,475	0.3%	33,566	-2.6%
User Taxes and Fees*	10,322	10,764	442	4.3%	11,327	5.2%	11,782	4.0%
Business Taxes	5,454	5,697	243	4.5%	5,656	-0.7%	6,218	9.9%
Other Taxes*	980	1,072	92	9.4%	1,199	11.8%	1,342	11.9%
Miscellaneous Receipts	2,901	2,687	(214)	-7.4%	2,583	-3.9%	2,583	0.0%
Federal Grants	68	60	(8)	-11.8%	60	0.0%	60	0.0%
Other Transfers	1,190	720	(470)	-39.5%	681	-5.4%	692	1.6%
Total Receipts**	**52,366**	**55,373**	**3,007**	**5.7%**	**55,981**	**1.1%**	**56,243**	**0.5%**
Disbursements								
Grants to Local Governments	36,946	40,247	3,301	8.9%	47,706	18.5%	51,366	7.7%
School Aid	18,019	19,028	1,009	5.6%	20,553	8.0%	22,519	9.6%
Total Medicaid (incl. administration)	6,303	8,673	2,370	37.6%	13,602	56.8%	14,710	8.1%
Medicaid (before local relief/FMAP)	8,497	10,243	1,746	20.5%	11,893	16.1%	12,545	5.5%
Enhanced FMAP (ARRA)	(3,155)	(2,883)	272	-8.6%	0	-100.0%	0	0.0%
Local Government Cap/FHP Takeover	961	1,313	352	36.6%	1,709	30.2%	2,165	26.7%
Higher Education	2,822	2,578	(244)	-8.6%	2,733	6.0%	2,763	1.1%
Mental Hygiene	2,154	2,272	118	5.5%	2,413	6.2%	2,539	5.2%
Children and Family Services	1,823	2,034	211	11.6%	2,260	11.1%	2,476	9.6%
Other Education Aid	1,640	1,687	47	2.9%	1,873	11.0%	1,959	4.6%
Temporary and Disability Assistance	1,275	1,439	164	12.9%	1,528	6.2%	1,654	8.2%
Local Government Assistance	1,135	1,130	(5)	-0.4%	1,134	0.4%	1,137	0.3%
Public Health	653	578	(75)	-11.5%	598	3.5%	635	6.2%
All Other	1,122	828	(294)	-26.2%	1,012	22.2%	974	-3.8%
State Operations:	8,633	9,034	401	4.6%	9,189	1.7%	9,326	1.5%
Personal Service	6,410	6,730	320	5.0%	6,815	1.3%	6,884	1.0%
Non-Personal Service	2,223	2,304	81	3.6%	2,374	3.0%	2,442	2.9%
General State Charges	3,843	4,262	419	10.9%	5,133	20.4%	6,130	19.4%
Pensions	1,148	1,555	407	35.5%	2,227	43.2%	2,924	31.3%
Health Insurance:								
Active Employees	1,706	1,875	169	9.9%	2,030	8.3%	2,199	8.3%
Retired Employees	1,119	1,226	107	9.6%	1,331	8.6%	1,445	8.6%
Fringe Benefit Escrow	(2,126)	(2,279)	(153)	7.2%	(2,452)	7.6%	(2,459)	0.3%
All Other	1,996	1,885	(111)	-5.6%	1,997	5.9%	2,021	1.2%
Transfers to Other Funds	5,637	6,398	761	13.5%	7,270	13.6%	7,682	5.7%
Medicaid State Share	2,362	2,388	26	1.1%	2,886	20.9%	2,888	0.1%
Debt Service	1,776	1,762	(14)	-0.8%	1,739	-1.3%	1,725	-0.8%
Capital Projects	565	1,167	602	106.5%	1,322	13.3%	1,476	11.6%
Other Purposes	934	1,081	147	15.7%	1,323	22.4%	1,593	20.4%
Total Disbursements**	**55,059**	**59,941**	**4,882**	**8.9%**	**69,298**	**15.6%**	**74,504**	**7.5%**
Change in Reserves								
Timing Related Reserve	(163)	0			0		0	
Prior Year Reserves	(340)	0			0		0	
Community Projects Fund	(67)	55			(41)		(92)	
Deposit to/(Use of) Reserves	**(570)**	**55**			**(41)**		**(92)**	
Revised Budget Surplus/(Gap) Estimate	**(2,123)**	**(4,623)**			**(13,276)**		**(18,169)**	
Add: HCRA Operating Surplus	0	0			0		6	
Legislative/Admin Actions (PEG)	**2,123**	**TBD**			**TBD**		**TBD**	
General Fund/HCRA Revised Budget Surplus/(Gap) Estimate	**0**	**(4,623)**			**(13,276)**		**(18,163)**	

** Includes transfers after debt service.*

*** The estimates do not include $2.1 billion in potential PEG savings , as options are currently under development.*

In evaluating the State's outyear operating forecast, it should be noted that the reliability of the estimates as a predictor of the State's future fiscal condition is likely to diminish as one moves further into the planning period. Accordingly, in terms of the outyear projections, 2010-11 is perhaps the most relevant from a planning perspective, since any gap in that year must be closed with the next Executive Budget and the variability of the estimates is likely to be less than in later years.

General Fund Outyear Receipts Projections

General Fund receipts over the plan period are affected by the economic outlook, the expiration of the personal income tax surcharge at the end of calendar year 2011, and the changes in the level of non-tax resources available to finance General Fund disbursements.

The economic forecast calls for a recession with employment losses continuing through the third quarter of 2010, a historic decline in State wages of 4.8 percent in 2009, and low wage growth of 2.1 percent for 2010. This lowers the economic base on which the outyear revenue forecast is built. Overall, receipts growth in the three fiscal years following 2010-11 is expected to grow consistent with projected growth in the U.S. and New York economies. For a full discussion of the State's multi-year receipts forecast, see "All Funds Receipts Projections" herein.

General Fund Outyear Disbursement Projections

DOB forecasts General Fund spending of $59.9 billion in 2010-11, an increase of $4.9 billion (8.9 percent) over estimated 2009-10 levels. Growth in 2011-12 is projected at $9.4 billion (15.6 percent) and in 2012-13 at $5.2 billion (7.5 percent). The growth levels are based on current services projections, as modified by the actions contained in the Updated Financial Plan, and reflect the impact of Federal ARRA. They do not incorporate any estimate of potential new actions to control spending in the current year or in future years.

Grants to Local Governments

Annual growth in the outyears for local assistance is driven primarily by Medicaid and school aid.

Medicaid

General Fund spending for Medicaid is expected to grow by $2.4 billion in 2010-11, $4.9 billion in 2011-12, and another $1.1 billion in 2012-13. These estimates reflect the loss of the enhanced FMAP provided through the Federal ARRA that is expected to reduce State share spending in 2009-10 and 2010-11.

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

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Base Growth Before Enhanced FMAP	**13,946**	**15,636**	***1,690***	***12.1%***	**17,642**	***12.8%***	**18,903**	***7.1%***
Enhanced FMAP -- State Share *	(3,155)	(2,883)	*272*	*-8.6%*	0	*-100.0%*	0	-
State Funds Base Growth (After FMAP)	**10,791**	**12,753**	***1,962***	***18.2%***	**17,642**	***38.3%***	**18,903**	***7.1%***
Other State Funds Support	**(4,488)**	**(4,080)**	***408***	***-9.1%***	**(4,040)**	***-1.0%***	**(4,193)**	***3.8%***
HCRA Financing	(2,546)	(2,230)	*316*	*-12.4%*	(2,190)	*-1.8%*	(2,343)	*7.0%*
Provider Assessment Revenue	(686)	(700)	*(14)*	*2.0%*	(700)	*0.0%*	(700)	*0.0%*
Indigent Care Revenue	(1,256)	(1,150)	*106*	*-8.4%*	(1,150)	*0.0%*	(1,150)	*0.0%*
Total General Fund	**6,303**	**8,673**	***2,370***	***37.6%***	**13,602**	***56.8%***	**14,710**	***8.1%***
Local Government Relief (incl. above)	961	1,313	*352*	*36.6%*	1,709	*30.2%*	2,165	*26.7%*

** Excludes enhanced FMAP for other state agencies.*

Medicaid growth results, in part, from the combination of projected increases in recipients, service utilization, and medical care cost inflation that impact nearly all categories of service (e.g., hospitals, nursing homes). The State cap on local Medicaid costs and takeover of local FHP costs, which are included in base categories of service, are projected to increase spending by roughly $400 million annually between 2010-11 and 2012-13. In 2011-12, an extra weekly payment to providers adds an estimated $400 million in base spending across all categories of service. The remaining General Fund growth is primarily attributable to changes in the resources in other State Funds available to lower General Fund costs, primarily HCRA financing.

The average number of Medicaid recipients is expected to grow to 4.27 million in 2010-11, an increase of 7.2 percent from the estimated 2009-10 caseload of 3.98 million.

School Aid

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

	2009-10	2010-11	Annual $	Annual %	2011-12	Annual %	2012-13	Annual %
Foundation Aid	14,876	14,876	*0*	*0.0%*	15,889	*6.8%*	17,390	*9.4%*
Universal Pre-kindergarten	414	414	*0*	*0.0%*	460	*11.1%*	520	*13.0%*
High Tax Aid	205	205	*0*	*0.0%*	100	*-51.2%*	100	*0.0%*
EXCEL Building Aid*	165	185	*20*	*12.1%*	192	*3.8%*	192	*0.0%*
Expense-Based Aids	5,622	6,112	*490*	*8.7%*	6,636	*8.6%*	7,201	*8.5%*
Other Aid Categories/Initiatives	639	698	*59*	*9.2%*	743	*6.4%*	797	*7.3%*
Total School Aid	**21,921**	**22,490**	***569***	***2.6%***	**24,020**	***6.8%***	**26,200**	***9.1%***

** Represents State debt service costs.*

Projected school aid spending reflects expected increases in foundation aid, universal prekindergarten expansion, and expense-based aids such as building aid, transportation aid, and excess cost aids. On a school year basis, school aid is projected at $22.5 billion in 2010-11, $24.0 billion in 2011-12, and $26.2 billion in 2012-13.

School aid has two principal funding sources: the General Fund and the Lottery Fund. In addition, Federal ARRA funding is expected to be available to help finance spending in the 2009-10 and 2010-11 school years. Revenues from core lottery sales are projected to remain flat in 2010-11, followed by an increase of $32 million in 2011-12, and $41 million in 2012-13 (totaling $2.3 billion in 2012-13). Revenues from VLTs are projected to increase by $174 million in 2010-11, by $38 million in 2011-12, and by $48 million in 2012-13 (totaling $738 million in 2012-13). VLT estimates for 2010-11 assume a one-time franchise payment from the sale of VLT development rights at Aqueduct, where operations are expected to begin in 2011. A franchise payment related to VLT development rights at Belmont in 2011-12 has been removed from the plan, given that the Legislature has not enacted enabling legislation.

Mental Hygiene

Mental hygiene spending is projected to total $2.3 billion in 2010-11, $2.4 billion in 2011-12, and $2.5 billion in 2012-13. Sources of growth include: increases in the projected State share of Medicaid costs; projected expansion of the various mental hygiene service systems, including increases primarily associated with OMRDD's NYS-CARES program; the New York/New York III Supportive Housing agreement and community bed expansion in the OMH pipeline that are currently under development; and several chemical dependence treatment and prevention initiatives in OASAS, including treatment costs associated with Rockefeller Drug Law reform.

Children and Family Services

Children and Family Services local assistance spending is projected to grow by approximately $200 million annually from 2010-11 through 2012-13, primarily the result of continuing growth in local claims-based programs, especially child welfare services.

Temporary and Disability Assistance

Spending is projected at $1.4 billion in 2010-11, and is expected to increase to $1.7 billion by 2012-13. The estimates assume growth in the State's public assistance caseloads, based on the latest economic forecast and updated program data.

Higher Education

Spending is projected to decrease in 2010-11 by $244 million, followed by growth of $155 million in 2011-12, and another $30 million in 2012-13. The annual decline in 2010-11 is primarily attributable to the deferral of approximately $300 million in CUNY spending from 2008-09 to 2009-10, inflating the 2009-10 spending level.

State Operations

State Operations spending is expected to total $9.0 billion in 2010-11, an annual increase of $401 million (4.6 percent). In 2011-12, spending is projected to grow by another $155 million (1.7 percent) to a total of $9.1 billion, followed by another $137 million (1.5 percent) for a total of $9.3 billion in 2012-13. The estimates assume the successful implementation of workforce reduction plan measures. The personal service portion of these increases reflects both the impact of the settled labor contracts and potential spending for unsettled unions (assuming comparable agreements to currently-settled unions); salary adjustments for performance advances, longevity payments and promotions; and adjustments to staffing levels. Inflationary increases for non-personal service costs result in higher spending in all years. Additional growth is driven by spending for ongoing initiatives, including the civil commitment program for sexual offenders.

General State Charges

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING GENERAL STATE CHARGES

	Actual	Forecast			
	2008-09	**2009-10**	**2010-11**	**2011-12**	**2012-13**
General State Charges					
ERS Pension Contribution Rate as % of Salary	8.2%	7.2%	11.5%	17.9%	24.1%
PFRS Pension Contribution Rate as % of Salary	15.4%	14.7%	18.4%	25.9%	33.1%
Employee/Retiree Health Insurance Growth Rates	4.8%	6.2%	9.0%	9.0%	9.0%

GSCs are projected to total $4.3 billion in 2010-11, $5.1 billion in 2011-12 and $6.1 billion in 2012-13. The annual increases are due mainly to anticipated cost increases in the State's pension contribution for State employees and retirees.

The State's 2009-10 ERS pension contribution rate as a percentage of salary is projected to be 7.2 percent in 2009-10 growing to 24.1 percent in 2012-13. The PFRS pension contribution rate is projected to be 14.7 percent in 2009-10 growing to 33.1 percent by 2012-13. Pension costs in 2010-11 are projected to total $1.6 billion, an increase of $407 million over 2009-10. In 2011-12, costs are projected to increase an additional $672 million to total $2.2 billion. In 2012-13, they are projected to increase by $697 million to total $2.9 billion. Growth in all years is driven by anticipated increases in the employer contribution rate. The projections do not reflect the benefit of proposals to create a new tier of pension benefits and smooth the impact of current rate increases.

Spending for employee and retiree health care costs is expected to remain stable through 2012-13, with an average annual premium increase of approximately 9.0 percent.

FORECAST OF NEW YORK STATE EMPLOYEE HEALTH INSURANCE COSTS (millions of dollars)			
	Health Insurance		
Year	Active Employees	Retirees	Total State
2007-08 (Actual)	1,390	1,182	2,572
2008-09 (Results)	1,639	1,068	2,707
2009-10 (Projected)	1,706	1,119	2,825
2010-11 (Projected)	1,875	1,226	3,101
2011-12 (Projected)	2,030	1,331	3,361
2012-13 (Projected)	2,199	1,445	3,644

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

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

Transfers to Other Funds

OUTYEAR DISBURSEMENT PROJECTIONS - TRANSFERS TO OTHER FUNDS (millions of dollars)	2009-10	2010-11	Annual Change	2011-12	Annual Change	2012-13	Annual Change
Transfers to Other Funds:	**5,637**	**6,398**	**761**	**7,270**	**872**	**7,682**	**412**
Medicaid State Share	2,362	2,388	26	2,886	498	2,888	2
Debt Service	1,776	1,762	(14)	1,739	(23)	1,725	(14)
Capital Projects	565	1,167	602	1,322	155	1,476	154
Dedicated Highway and Bridge Trust Fund	396	768	372	845	77	908	63
All Other Capital	169	399	230	477	78	568	91
All Other Transfers	934	1,081	147	1,323	242	1,593	270
Mental Hygiene	15	297	282	497	200	712	215
Medicaid Payments for State Facilities	231	193	(38)	193	0	193	0
Judiciary Funds	149	150	1	156	6	161	5
SUNY- Hospital Operations	135	134	(1)	167	33	167	0
Banking Services	66	66	0	66	0	66	0
Empire State Stem Cell Trust Fund	16	13	(3)	0	(13)	56	56
Statewide Financial System	0	35	35	50	15	60	10
Lottery Support for School Aid	131	0	(131)	0	0	0	0
All Other	191	193	2	194	1	178	(16)

In 2010-11, transfers to other funds are estimated at $6.4 billion, an increase of $761 million over 2009-10. This includes increased transfers to the DHBTF (see additional discussion below), capital projects funds, and the mental hygiene system. In addition, transfers are increasing to fund the development of the State's new financial management system.

In 2011-12, transfers to other funds are expected to increase by $872 million. This increase reflects projected Medicaid State Share transfers and expected increases in transfers to supplement resources available for the mental hygiene system. In 2012-13, transfers are expected to increase by $412 million, mainly to supplement resources available to the mental hygiene system and subsidize the DHBTF, as well as funding for stem cell research.

The Updated Financial Plan includes transfers from the General Fund that effectively subsidize the expenses of the DHBTF. The subsidy is required because the cumulative expenses of the fund – capital and operating expenses of DOT and DMV, debt service on DHBTF bonds and transfers for debt service on bonds that fund CHIPs and local transportation programs – exceed current and projected revenue deposits and bond proceeds. The General Fund subsidy is projected at $768 million for 2010-11 and $845 million for 2011-12, with continued growth thereafter.

Year-to-Date Operating Results

General Fund

The General Fund ended June 2009 with a cash balance of approximately $1 billion. This was $916 million higher than projected in the Enacted Budget cash flow forecast. The results reflect certain cash management actions that had the effect of increasing the balance (See "Financial Plan Overview" herein). The table below summarizes the General Fund operating results for the first quarter. It is followed by summaries of the major variances from the forecast.

2009-10 FISCAL YEAR
GENERAL FUND RESULTS VS. PROJECTIONS: APRIL - JUNE 2009
(millions of dollars)

	Enacted Budget	Actual Results	Favorable/ (Unfavorable) vs. Plan	Increase/ (Decrease) from Prior Year
Opening Balance (April 1, 2009)	**1,948**	**1,948**	**n/a**	**(806)**
Receipts	**12,979**	**12,674**	**(305)**	**(4,115)**
Taxes*	12,318	11,803	(515)	(4,338)
Personal Income Tax	*8,301*	*7,717*	*(584)*	*(4,161)*
User Taxes and Fees	*2,760*	*2,601*	*(159)*	*(160)*
Business Taxes	*995*	*1,240*	*245*	*206*
All Other Taxes	*262*	*245*	*(17)*	*(223)*
Receipts & Grants	473	564	91	(23)
Transfers From Other Funds	188	307	119	246
Disbursements	**14,816**	**13,595**	**1,221**	**(2,331)**
Local Assistance	10,280	9,259	1,021	(1,160)
Medicaid (including admin)	*1,747*	*1,416*	*331*	*(1,507)*
School Aid	*5,251*	*5,210*	*41*	*593*
Higher Education	*812*	*829*	*(17)*	*337*
All Other Education	*487*	*301*	*186*	*(186)*
Public Health	*157*	*140*	*17*	*63*
Mental Hygiene	*416*	*406*	*10*	*(82)*
Children and Families	*316*	*259*	*57*	*15*
Temporary and Disability Assistance	*481*	*183*	*298*	*(382)*
Transportation	*44*	*18*	*26*	*(27)*
All Other	*569*	*497*	*72*	*16*
State Operations	2,303	2,287	16	(6)
Personal Service	*1,759*	*1,723*	*36*	*53*
Non-Personal Service	*544*	*564*	*(20)*	*(59)*
General State Charges	553	610	(57)	(757)
Transfers To Other Funds	1,680	1,439	241	(408)
Debt Service	*617*	*610*	*7*	*19*
Capital Projects	*232*	*100*	*132*	*(149)*
State Medicaid Share	*632*	*498*	*134*	*(268)*
All Other	*199*	*231*	*(32)*	*(10)*
Change in Operations	**(1,837)**	**(921)**	**916**	**(1,784)**
Closing Balance (June 30, 2009)	**111**	**1,027**	**916**	**(2,590)**

** Includes transfers after debt service.*

General Fund Comparison to Enacted Budget Projections

For the period April 1, 2009 through June 30, 2009, General Fund receipts, including transfers from other funds, were $305 million lower than projected in the Enacted Budget Financial Plan. The results primarily reflect weaker than expected PIT and sales tax collections.

General Fund disbursements, including transfers to other funds, totaled $13.6 billion over this period. Disbursements were $1.2 billion lower than the Enacted Budget estimate. The variance is largely timing related and not expected to translate into annual savings. The largest spending variances through June 2009 include:

- Medicaid ($331 million lower than planned): The results to date reflect the application of non-General Fund financing sources earlier than expected in the Enacted cash flow forecast. In addition, the General Fund realized the benefit of Federal reimbursement for certain prior-year costs, which has the effect of reducing the Medicaid spending estimate for the fiscal year by $131 million.

- Temporary and Disability Assistance ($298 million lower than planned): The variance is due to a non-recurring delay in the processing of public assistance payments to local governments.

- All Other Education ($186 million lower than planned): The variance is mainly due to slower than anticipated disbursements for special education and categorical aid programs.

- State Medicaid Share ($134 million lower than planned): This reflects the routine timing variance of Medicaid claims for State-operated Mental Hygiene facilities. Claims that were expected to be processed in June 2009 were instead processed in the first week of July 2009.

- Transfer to Capital Projects Funds ($132 million decline): The variance is due to lower than anticipated capital disbursements and the timing of bond reimbursements.

- Children and Families Services ($57 million lower than planned): The variance was due to lower than expected payments for Adoption and Child Care programs through the first quarter.

- All Other Local Assistance ($72 million lower than planned): The variances in this category are mainly attributable to the processing of certain insurance reimbursements, the application of certain offset revenues sooner than expected, and other routine delays.

State Operating Funds

2009-10 FISCAL YEAR STATE OPERATING FUNDS RESULTS VS. PROJECTIONS: APRIL - JUNE 2009 (millions of dollars)	Enacted Budget	Actual Results	Favorable/ (Unfavorable) vs. Plan	Increase/ (Decrease) from Prior Year
Total Receipts	17,872	17,678	(194)	(3,363)
Tax	13,998	13,513	(485)	(3,949)
Personal Income Tax	9,022	8,486	(536)	(3,826)
User Taxes and Fees	3,363	3,161	(202)	(140)
Business Taxes	1,321	1,583	262	241
Other Taxes	292	283	(9)	(224)
Miscellaneous Receipts	3,874	4,135	261	559
Federal Grants	0	30	30	27
Total Disbursements	19,511	18,514	997	(337)
Local Assistance	13,833	12,840	993	452
Medicaid (including admin)	3,149	2,935	214	(102)
School Aid	5,576	5,535	41	590
Higher Education	777	829	(52)	337
All Other Education	490	305	185	(186)
STAR	696	697	(1)	305
Public Health	534	249	285	(188)
Mental Hygiene	589	588	1	31
Children and Families	316	260	56	16
Temporary and Disability Assistance	481	183	298	(382)
Transportation	577	542	35	(149)
All Other	648	717	(69)	180
State Operations	3,883	3,847	36	(85)
Personal Service	2,691	2,638	53	47
Non-Personal Service	1,192	1,209	(17)	(132)
General State Charges	793	863	(70)	(731)
Capital Projects	0	3	(3)	2
Debt Service	1,002	961	41	25

State Operating Funds Comparison to Enacted Budget Projections

Through June 2009, State Operating Funds receipts totaled $17.7 billion, or $194 million lower than the Enacted Budget forecast. Tax receipts totaled $13.5 billion, or $485 million less than the Enacted Budget forecast. This was primarily driven by decreased collections in PIT and user taxes and fees. Miscellaneous receipts were $261 million higher than projected, largely driven by higher than projected receipts in the General Fund ($63 million) and special revenue funds, including HCRA ($85 million), WCB ($73 million), Mental Hygiene ($13 million), and Parks and Recreation ($12 million).

Through June 2009, State Operating Funds disbursements totaled $18.5 billion, or $997 million below forecasted levels. The most significant variances outside of the General Fund included:

- Public Health ($285 million lower than planned): The variance is primarily due to lower than projected spending in the HCRA program account ($226 million), EPIC account ($26 million), and Child Health Plus account ($18 million). The HCRA account variance is due to the accounting of certain charges between the DOH and State Insurance Department and has no net Financial Plan impact.

- Medicaid, including administration costs ($214 million lower than planned): Reflects higher than projected disbursements to date in the HCRA and Provider Assessments accounts, offset by the General Fund difference described above.

Capital Projects Funds

2009-10 FISCAL YEAR
CAPITAL PROJECTS FUNDS RESULTS VS. PROJECTIONS: APRIL - JUNE 2009
(millions of dollars)

	Enacted Budget	Actual Results	Favorable/ (Unfavorable) vs. Plan	Increase/ (Decrease) from Prior Year
Total Receipts	**1,730**	**1,472**	**(258)**	**318**
Taxes	468	468	0	*(4)*
Miscellaneous Receipts	706	632	(74)	*290*
Federal Grants	556	372	(184)	*32*
Total Disbursements	**1,911**	**1,472**	**439**	**(9)**
Economic Development	345	207	138	4
Parks & the Environment	75	92	(17)	(19)
Transportation	997	784	213	3
Health and Social Welfare	63	40	23	(50)
Mental Hygiene	55	28	27	(23)
Public Protection	84	90	(6)	2
Higher Education	216	192	24	69
All Other	76	39	37	5

Capital Projects Funds Comparison to Enacted Budget Projections

Through June 2009, Capital Projects Funds receipts totaled $1.5 billion, $258 million less than the 2009-10 Enacted Budget forecast. This is primarily due to lower than projected Federal Grants and Miscellaneous Receipts through the first quarter. The variances are believed to be timing-related.

Through June 2009, Capital Projects Funds disbursements totaled $1.5 billion, or $439 million lower than the Enacted Budget projection. This is primarily attributable to the timing of spending in the areas of transportation ($213 million) and economic development ($138 million). Economic development spending continues to fall below estimates in a number of programs and the annual estimate for capital disbursements in this area has been lowered by approximately $377 million.

Federal Funds Comparison to Enacted Budget Projections

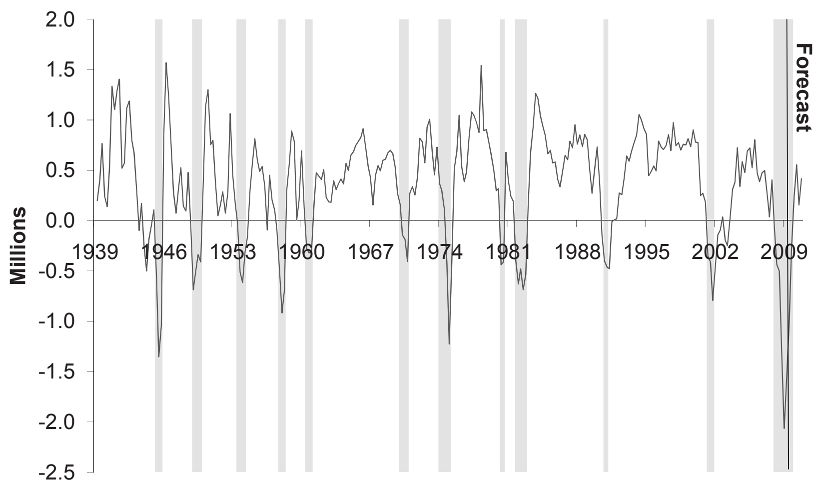
Through June 2009, Federal Operating Funds disbursements totaled $9.4 billion, or $215 million below the Enacted Budget forecast. Higher spending in school aid is the result of a higher than expected volume of claims in school nutrition programs and other Federal funding through the first quarter. Temporary and Disability Assistance disbursements reflect the timing the public assistance payments ($159 million). Reduced spending in other areas ($208 million) is due in large part to Federal ARRA funds not being disbursed as scheduled ($131 million). Medicaid spending reflects the temporary FMAP increase ($124 million). Federal operating receipts are generally more in tandem with Federal disbursements, but timing can vary across months.

Economic Forecast

National Economy

The national economy is experiencing the longest and most severe recession since the 1930s. About 6.5 million jobs have been lost since December 2007 and DOB projects that another 900,000 jobs will be lost before the end of this year. As measured by real U.S. GDP, the economy is projected to contract by 2.6 percent for 2009. Although this forecast represents a slight improvement from the Enacted Budget forecast released in April, it would still be the biggest decline since World War II, with only the 1.9 percent decline in 1982 coming close. Personal income is projected to fall 0.3 percent in 2009, the first such decline since 1949. More than two million jobs were lost during the first quarter of 2009 alone. The unemployment rate is projected to rise above 10 percent during the current quarter — not seen since the third quarter of 1983 — and stay there through the first quarter of 2010.

Quarterly Change in U.S. Employment



Note: Shaded areas represent U.S. recessions.
Source: Moody's Economy.com; DOB staff estimates.

With the recession now in its 20th month, it appears that the national economy may finally bottom out, setting the stage for a recovery to begin by the fourth quarter of 2009. The housing market is showing signs of stabilizing and job declines have begun to moderate. Improved financial market conditions, Federal stimulus spending, and the largest inventory correction since the late 1940s, all increase the probability that the current recession will be over before the end of the year. Revised data indicate that the U.S. economy contracted 5.5 percent in the first quarter of 2009, a slightly better performance than anticipated and an improvement from the 6.3 percent drop experienced in 2008 fourth quarter. As in the Enacted Budget forecast released in April, DOB estimates that an even more substantial improvement occurred in the second quarter, with weak but positive growth projected for the second half. The U.S. economy is projected to grow 1.7 percent in 2010, well below its long-term trend growth rate of about 3 percent.

The U.S. labor market lost 1.3 million jobs in the second quarter of 2009. Though the job loss rate was higher than any quarter during the last recession, it represents an easing from the previous quarterly loss of more than 2 million jobs. This moderation was anticipated in the April forecast and consequently, the projected decline in nonfarm employment for 2009 remains unchanged at 3.7 percent and would represent the largest annual decline in employment since the 1930s. The increase in the number of unemployed during the second quarter, as measured by the Household Survey, drove an upward revision to the unemployment rate to 9.4 percent for 2009. In addition, downward revisions to wages for the fourth quarter of 2008 prompted a downward revision to the projected

2009 decline to 1.7 percent from a decline of 1.4 percent in April. However, upward revisions to other components of personal income, including interest and dividend income, left the projected decline in total personal income unchanged at 0.3 percent for the current year.

Despite signs that the worst of the credit market crisis is behind us, the deleveraging process among both households and businesses appears to be far from complete. Consumer credit fell in eight of the ten months from August 2008 through May 2009. This decline is likely due to both tight lending conditions on the part of banks and higher desired savings rates among households. Weak demand both domestically and abroad is putting severe downward pressure on business spending. Nonresidential fixed business investment fell below expectation in the first quarter of the year, leading to a downward revision to a decline of 17.3 percent for 2009. Continued weakness in private sector demand has reinforced expectations for a fragile recovery from what is already the longest recession since the 1930s.

U.S. corporate profits, including the capital consumption and inventory valuation adjustments, fell 51.4 percent in the fourth quarter of 2008, the largest decline since the fourth quarter of 1953. Profits among domestic corporations have fallen in all but three quarters since the fourth quarter of 2006. But profits grew 16.1 percent in the first quarter, led by the financial sector. This unexpected strength prompted an upward revision to the projected decline in profits for the current year to 12.3 percent. However, corporate profits as measured by the U.S. Bureau of Economic Analysis do not reflect write-downs of loans and asset-backed securities that have not retained their value and therefore may be overstating the health of the financial sector.

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

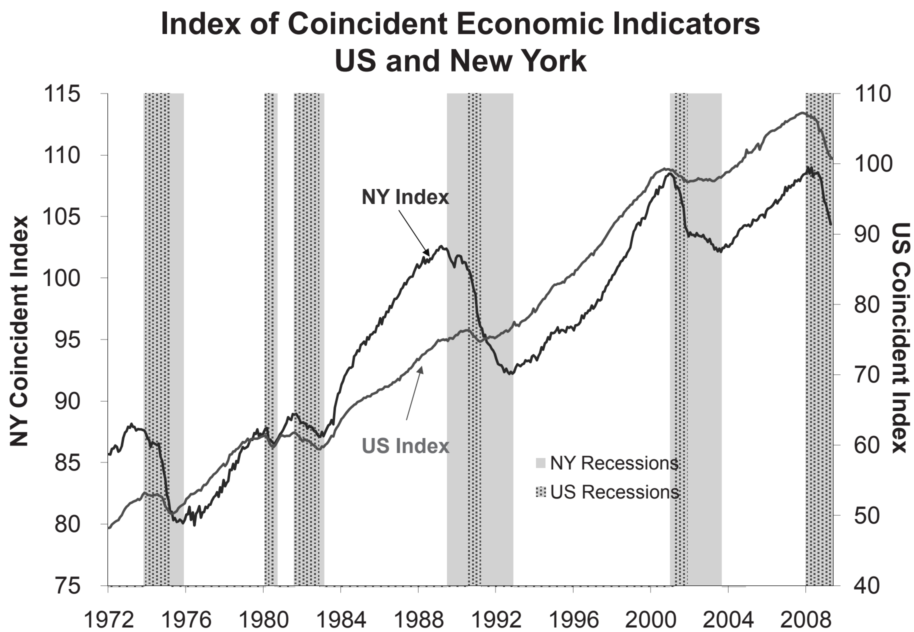
	2008 (Actual)	2009 (Forecast)	2010 (Forecast)
Real U.S. Gross Domestic Product	1.1	-2.6	1.7
Consumer Price Index (CPI)	3.8	-0.7	1.8
Personal Income	3.8	-0.3	3.1
Nonagricultural Employment	-0.4	-3.7	-0.2

Source: Moody's Economy.com; DOB staff estimates.

Energy and other commodity prices remain low relative to last year's highs. As a result, the general price level, as measured by the Consumer Price Index, is now projected to fall 0.7 percent in 2009, representing a slight downward revision from April 2009. However, going forward, a slightly stronger economy than previously projected implies that the Federal Reserve may shift its policy stance earlier than originally thought. This alteration in policy stance is likely to entail a reduction in the use of less traditional tools invoked to stimulate financial market activity, or quantitative easing, in addition to increases in short-term interest rates. Consequently, DOB now expects the Federal Reserve to start raising its current Federal funds policy target during the second quarter of 2010.

DOB's outlook on the national economy continues to call for an end to the current recession sometime in the second half of 2009. However, with about 6.5 million jobs lost since December 2007, the recovery is expected to be fragile at best and there are many risks to the forecast. Although financial market conditions have improved, particularly in relation to interbank credit activity, there is still evidence that lending standards remain tight and a failure to loosen these standards could delay the onset of the recovery by delaying further improvement in both household and business spending. Fewer jobs than projected could result in lower incomes and weaker household spending than projected. Slower corporate earnings growth than expected could further depress equity markets, delaying their recovery and that of Wall Street. On the other hand, a stronger response to the stimulus package, a continued run up in equity prices, or stronger global growth than anticipated could result in stronger economic growth than is reflected in the forecast.

The New York State Economy



Note: New York's current recession is estimated to have started in September 2008.
Source: Moody's Economy.com; The Conference Board; DOB staff estimates.

DOB estimates that the New York State economy experienced a business cycle peak in August 2008, fully eight months after the U.S. as a whole. As indicated in the figure above, the State's last five recessions started either earlier than or almost concurrently with those of the nation. The current downturn's unusual chronology is primarily due to the unique character of the State's housing market and the extraordinarily strong 2007 performance of the finance, business services, and tourism sectors, which extended well into 2008. U.S. employment fell 0.4 percent in 2008, while State employment actually grew 0.6 percent. But though the State recession started later, the economy is now declining quickly and the State downturn is expected to last considerably longer. New York employment is now projected to decline 2.3 percent for 2009, followed by a decline of 0.3 percent for 2010. Both represent slight downward revisions from the April forecast. Private sector employment is projected to fall 2.7 percent, the largest annual decline since 1990, followed by a decline of 0.5 percent for 2010. Job declines in the financial services sector and the professional, scientific, and technical services sector of 5.3 percent and 6.2 percent, respectively, are projected for 2009. Both of these sectors are important drivers for the downstate economy.

Though relatively steep, the decline in State employment expected for this year is less severe than the 3.7 percent decline expected for the nation. The difference is largely rooted in the origins of the national recession in the residential housing sector and manufacturing — particularly autos. Many areas of the State did not experience the boom and bust cycle in the housing market that plagued so much of the nation. Moreover, as a result of the persistent long-term contraction of the State's manufacturing sector, this sector accounts for a smaller share of total employment for New York than for the nation, consequently the State is less affected by the current manufacturing intensive recession.

A focus on employment alone understates the severity of this downturn for New York. With credit markets and finance sector compensation now at the fulcrum of the current economic crisis, and given the importance of that sector to the State's income base, the impact of the current downturn on State wages has been devastating. DOB estimates that State wages fell 13.1 percent in the first quarter of 2009, the largest quarterly decline in wages in the history of QCEW data.

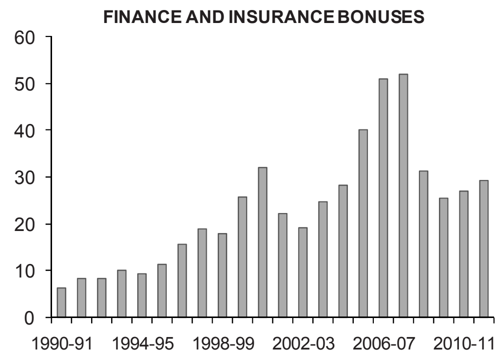
The unprecedented decline in State wages estimated for the first quarter of 2009 largely reflects the impact of securities industry losses on bonus compensation. Efforts by the Federal government to aid the industry through TARP are also expected to put downward pressure on bonus payouts. DOB projects a downwardly revised decline in State wages for 2009 of 4.8 percent, the largest annual decline in the history of QCEW data. This historic decline can be expected to have a substantial impact on State household spending over the near-term. Credit market conditions and rising debt default rates are also expected to put downward pressure on the State's income and tax base by continuing to depress real estate activity, particularly in the commercial sector where high-value transactions contribute significantly to state and local government revenues. The volume of such transactions is expected to continue to fall with the ongoing increase in office vacancy rates. The midtown New York City office vacancy rate rose 4.5 percentage points in the second quarter of 2009 and 9.8 percent from the same quarter in 2008. The 2009 vacancy rate increase is the largest since the first quarter of 2002.

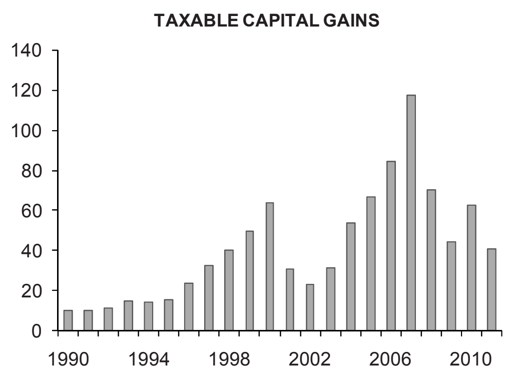
DOB's outlook for the State economy calls for the current recession ending sometime during the second half of 2010. All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, financial market uncertainty poses a particularly large degree of risk for New York. Lower than anticipated levels of financial market activity could result in a further delay in the recovery of Wall Street profits and bonuses. A more severe national recession than expected could prolong the State's downturn, producing weaker employment, and wage growth than projected. Weaker than anticipated equity and real estate activity could negatively affect household spending and taxable capital gains realizations. These effects could ripple through the economy, further depressing both employment and wage growth. In contrast, should the national and world economies grow faster than expected, a stronger upturn in stock prices, along with other stronger financial market activity, could result in higher wage and bonus growth than projected.

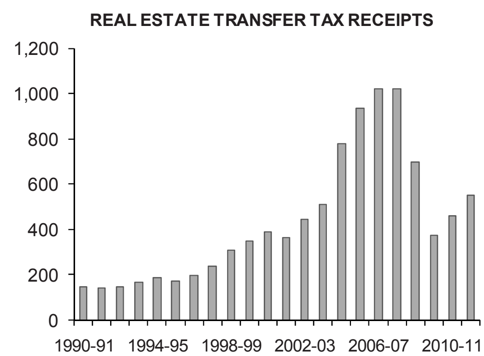
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

NEW YORK STATE ECONOMIC INDICATORS (Percent change from prior calendar year)			
	2008 (Estimate)	2009 (Forecast)	2010 (Forecast)
Personal Income	3.3	-2.7	1.8
Wages	2.0	-4.8	2.1
Nonagricultural Employment	0.7	-2.3	-0.3

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







All Funds Projections

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

Updated All Funds Receipts Projections

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

2009-10 All Funds Receipts Overview

TOTAL RECEIPTS (millions of dollars)

	2008-09 Actual	2009-10 First Quarterly Update	Annual $ Change	Annual % Change
General Fund	53,801	52,366	(1,435)	-2.7%
State Funds	80,265	81,902	1,637	2.0%
All Funds	119,235	129,790	10,555	8.9%

All Funds receipts are projected to total $129.8 billion for 2009-10, comprising tax receipts ($60.6 billion), Federal grants ($47.8 billion) and miscellaneous receipts ($21.4 billion). The following table summarizes the actual receipts for 2008-09 and the updated projections for 2009-10

TOTAL RECEIPTS (millions of dollars)

	2008-09 Actual	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**53,801**	**52,366**	**(1,435)**	**-2.7%**	**55,373**	**3,007**	**5.7%**
Taxes	38,301	38,137	(164)	-0.4%	41,231	3,094	8.1%
Miscellaneous Receipts	3,105	2,901	(204)	-6.6%	2,687	(214)	-7.4%
Federal Grants	45	68	23	51.1%	60	(8)	-11.8%
Transfers	12,350	11,260	(1,090)	-8.8%	11,395	135	1.2%
State Funds	**80,265**	**81,902**	**1,637**	**2.0%**	**86,250**	**4,348**	**5.3%**
Taxes	60,337	60,556	219	0.4%	64,889	4,333	7.2%
Miscellaneous Receipts	19,883	21,277	1,394	7.0%	21,300	23	0.1%
Federal Grants	45	69	24	53.3%	61	(8)	-11.6%
All Funds	**119,235**	**129,790**	**10,555**	**8.9%**	**134,917**	**5,127**	**4.0%**
Taxes	60,337	60,556	219	0.4%	64,889	4,333	7.2%
Miscellaneous Receipts	20,064	21,435	1,371	6.8%	21,452	17	0.1%
Federal Grants	38,834	47,799	8,965	23.1%	48,576	777	1.6%

The receipt estimates for the current fiscal year have been revised downward significantly. Current year All Funds tax receipt estimates (before accounting for the new mobility tax) have been lowered by $1.7 billion since the Enacted Budget, due almost entirely to reductions in the personal income tax and the sales tax. The anticipated increase in personal income tax collections expected with the recently enacted high income surcharge has not materialized as expected. The settlement related to the 2008 tax year was also below expectations. In addition, the historic decline in State wages estimated for the current year is having an even greater adverse impact on State household spending than expected, particularly for autos and other big-ticket items. Consequently, sales tax receipts are now projected to be lower than anticipated in the Enacted Budget.

The total All Funds receipts estimate of $129.8 billion, represents an increase of $10.6 billion, or 8.9 percent, above 2008-09 results. This growth is comprised of increases in taxes ($219 million or 0.4 percent), miscellaneous receipts ($1.4 billion or 6.8 percent), and Federal grants ($9.0 billion or 23.1 percent).

Total State Funds receipts are estimated at nearly $81.9 billion, an expected increase of $1.6 billion, or 2.0 percent, from 2008-09 actual results. State Funds miscellaneous receipts are estimated to increase $1.4 billion, or 7.0 percent.

Total General Fund receipts, including transfers, are estimated at $52.4 billion, a decrease of $1.4 billion, or 2.7 percent, from 2008-09 results. The decline in General Fund tax receipts is estimated at 0.4 percent. General Fund miscellaneous receipts are estimated to decrease by 6.6 percent.

After controlling for the impact of Tax Law changes, base tax revenue is estimated to decline 9.6 percent for fiscal year 2009-10.

Fiscal Year 2010-11 Overview

Total All Funds receipts are expected to reach nearly $134.9 billion, an increase of $5.1 billion, or 4.0 percent, from 2009-10 estimated receipts. All Funds tax receipts are projected to increase by $4.3 billion or 7.2 percent. All Funds Federal grants are expected to increase by over $777 million, or 1.6 percent. All Funds miscellaneous receipts are projected to increase by $17 million, or 0.1 percent.

Total State Funds receipts are projected to be $86.3 billion, an increase of $4.3 billion, or 5.3 percent from 2009-10 estimated receipts.

Total General Fund receipts (including transfers from other funds) are projected to be nearly $55.4 billion, an increase of $3.0 billion, or 5.7 percent from 2009-10 estimated receipts. General Fund tax receipts are projected to increase by 8.1 percent from 2009-10 estimates and General Fund miscellaneous receipts are projected to decrease by 7.4 percent. The decline in General Fund miscellaneous receipts largely reflects the loss of anticipated receipts from New York City that have been subject to ongoing negotiations.

After controlling for the impact of policy changes, base tax revenue is expected to grow by 6.1 percent for fiscal year 2010-11.

Change from Enacted Budget

CHANGE FROM ENACTED BUDGET
(millions of dollars)

	2009-10 Enacted Budget	2009-10 First Quarterly Update	$ Change	% Change	2010-11 Enacted Budget	2010-11 First Quarterly Update	$ Change	% Change
General Fund*	**42,782**	**41,106**	**(1,676)**	**-3.9%**	**45,240**	**43,978**	**(1,262)**	**-2.8%**
Taxes	39,401	38,137	(1,264)	-3.2%	42,218	41,231	(987)	-2.3%
Miscellaneous Receipts	3,381	2,901	(480)	-14.2%	3,022	2,687	(335)	-11.1%
Federal Grants	0	68	68	N/A	0	60	60	N/A
State Funds	**82,675**	**81,902**	**(773)**	**-0.9%**	**85,885**	**86,250**	**365**	**0.4%**
Taxes	60,647	60,556	(91)	-0.2%	64,383	64,889	506	0.8%
Miscellaneous Receipts	22,027	21,277	(750)	-3.4%	21,501	21,300	(201)	-0.9%
Federal Grants	1	69	68	6800.0%	1	61	60	6000.0%
All Funds**	**130,550**	**129,790**	**(760)**	**-0.6%**	**134,554**	**134,917**	**363**	**0.3%**
Taxes	60,647	60,556	(91)	-0.2%	64,383	64,889	506	0.8%
Miscellaneous Receipts	22,185	21,435	(750)	-3.4%	21,653	21,452	(201)	-0.9%
Federal Grants	47,718	47,799	81	0.2%	48,518	48,576	58	0.1%

** Excludes Transfers.*
*** Includes DMCTD payroll tax.*

All Funds receipts estimates have been revised downward significantly for fiscal year 2009-10. Tax receipts to-date for fiscal year 2009-10 in many revenue categories have fallen below expectations. As a result of these and other factors outlined below, All Funds tax estimates for the year have been revised downward by $1.7 billion from the Enacted Budget, net of the DMCTD payroll tax. Miscellaneous receipts have been revised downward by $750 million, while Federal grants have been revised up by $81 million.

The downward revision to General Fund receipts for fiscal year 2009-10 is $1.7 billion, reflecting a $1.3 billion decrease in taxes.

The downward revisions alluded to above include:

- Changes in the timing of personal income tax collections related to the temporary rate increase.
- Weaker-than-expected to-date sales tax collections due to depressed household spending.
- Weaker than expected settlement on tax year 2008 personal income tax returns.

Multi-Year Receipts

Total Receipts (millions of dollars)							
	2010-2011 Projected	2011-2012 Projected	Annual $ Change	Annual % Change	2012-2013 Projected	Annual $ Change	Annual % Change
General Fund	**55,373**	**55,981**	**608**	**1.1%**	**56,243**	**262**	**0.5%**
Taxes	41,231	41,898	667	1.6%	42,275	377	0.9%
State Funds	**86,250**	**87,622**	**1,372**	**1.6%**	**88,202**	**580**	**0.7%**
Taxes	64,889	66,244	1,355	2.1%	67,071	827	1.2%
All Funds	**134,917**	**130,810**	**(4,107)**	**-3.0%**	**130,701**	**(109)**	**-0.1%**
Taxes	64,889	66,244	1,355	2.1%	67,071	827	1.2%

The economic forecast calls for a recession entailing employment losses through the third quarter of 2010, a historic decline in State wages of 4.8 percent in 2009, and low wage growth of 2.1 percent for 2010. This lowers the economic base on which the outyear revenue forecast is built. Overall, receipts growth in the three fiscal years following 2010-11 is expected to grow consistent with the projected slow growth in the U.S. and New York economies.

All Funds tax receipts in 2011-12 are projected to reach $66.2 billion, an increase of $1.4 billion, or 2.1 percent from 2010-11 estimates. All Funds tax receipts in 2012-13 are expected to increase by $827 million (1.2 percent) over the prior year. General Fund tax receipts are projected to reach $41.9 billion in 2011-12 and $42.3 billion in 2012-13 (see “All Funds Receipts Projections” herein for a detailed explanation of All Funds receipts projections by source).

Revenue Risks

- A significant downside risk remains with respect to the recovery from the financial sector meltdown. Contagion from the financial sector to other sectors of the economy could reduce employment, wages, and related withholding and estimated tax revenues more than expected.

- Real estate markets could remain depressed for longer than expected due to the continued credit crunch and Wall Street retrenchment, which could have a significant negative impact on capital gains realizations.

- Actions taken by the Federal government to assist the banking industry and credit markets could be less effective than intended, and take longer to achieve their desired objectives.

- Taxable sales could be driven down further by continued weakness in household spending.

- The estimated values for 2009-10 Enacted Budget law changes, especially the temporary income tax rate increase on high income taxpayers, represent a substantial portion of estimated receipts. In the current economic environment, impact on the small number of high income taxpayers makes these estimates highly uncertain. In particular, taxpayer behavior connected with the tax rate increase will likely continue to affect the timing of related collections.

- The real estate transfer tax forecast could be negatively affected as downward trends in the financial services sector, including falling employment and bonuses and weak equity markets, and rising office vacancy rates continue. The fallout from the subprime mortgage situation will also put pressure on consumer credit availability and may reduce the number of transactions. The decline in real estate prices in some areas of the State is likely to depress collections. The number of high value commercial property sales in New York City is expected to continue to decline from recent years.

- The estate tax is primarily based on the value of real estate, stocks and bonds. This tax could be more negatively affected by the declines in the value of these assets than currently anticipated.

- Over 50 percent of business tax audit and compliance receipts are expected during the second half of the fiscal year. This represents a risk to the Financial Plan during the October through March period.

Updated All Funds Disbursements Projections

The 2009-10 spending forecasts for each of the State's major programs and activities have been updated since the Enacted Budget Financial Plan as more information has become available. The changes include the General Fund revisions explained in detail earlier in this Updated Financial Plan.

Additional detailed information on annual spending changes for each of the State's major programs and activities may be found in the 2009-10 Enacted Budget Financial Plan available on-line at www.budget.state.ny.us.

TOTAL DISBURSEMENTS*
(millions of dollars)

	2008-09 Actuals	2009-10 Enacted Estimate	2009-10 Change	2009-10 Revised Estimate	Annual $ Change	Annual % Change	Adjusted % Change**
State Operating Funds	**78,168**	**78,742**	**1,729**	**80,471**	**2,303**	**2.9%**	**0.9%**
General Fund (excluding transfers)	48,436	49,449	(27)	49,422	986	2.0%	2.0%
Other State Funds	25,146	24,075	1,827	25,902	756	3.0%	-3.4%
Debt Service Funds	4,586	5,218	(71)	5,147	561	12.2%	12.2%
All Governmental Funds	**121,571**	**131,935**	**1,534**	**133,469**	**11,898**	**9.8%**	**8.5%**
State Operating Funds	78,168	78,742	1,729	80,471	2,303	2.9%	0.9%
Capital Projects Funds	6,830	8,832	(377)	8,455	1,625	23.8%	23.8%
Federal Operating Funds	36,573	44,361	182	44,543	7,970	21.8%	21.8%
General Fund, including Transfers	**54,607**	**54,908**	**151**	**55,059**	**452**	**0.8%**	**0.8%**

** First Quarterly receipts and disbursements estimates do not include the $2.1 billion in savings that are expected to be achieved through legislation or administrative actions, or both, to address the current year shortfall, as options are currently under development.*

*** Excludes approximately $1.6 billion in special revenue fund disbursements related to the new Metropolitan Commuter Transportation Mobility Tax, a tax which is collected by the State on behalf of, and transferred in its entirety to, the MTA.*

Updated All Funds Disbursements Projections

All Funds spending is projected to total $133.5 billion in 2009-10, an increase of approximately $1.5 billion from the Enacted Budget. The Financial Plan impact of the recently-enacted Mobility Tax, a tax which is collected by the State on behalf of, and disbursed in its entirety to, the MTA to support the transit system, accounts for the growth in All Funds disbursements compared to the Enacted Budget Financial Plan. Excluding the impact of this pass-through tax, estimated All Funds disbursements for 2009-10 are expected at $131.8 billion, a decrease of $89 million from the Enacted forecast. Higher expected spending in the General Fund and State and Federal special revenue funds is more than offset by downward revisions to estimated capital projects fund spending based on program trends to date.

GAAP-Basis Financial Plans

The State Budget is required to be balanced on a cash basis, which is DOB's primary focus in preparing and implementing the State Financial Plan. State Finance Law also requires the Financial Plan be presented for informational purposes on a GAAP basis, in accordance with standards and regulations set forth by GASB. Thus, the GAAP projections provided herein are intended to supplement, for informational purposes, the cash-basis Financial Plan. The GAAP-basis plans model the accounting principles applied by OSC in preparation of the 2008-09 Financial Statements. See "GAAP-Basis Results for Prior Years" for a summary of 2008-09 results.

In 2009-10, the General Fund GAAP Financial Plan shows total revenues of $45.3 billion, total expenditures of $55.6 billion, and net other financing sources of $8.7 billion, resulting in an operating deficit of $1.5 billion prior to legislative/administrative actions to close the cash gap and a projected accumulated deficit of $4.5 billion. These changes are due primarily to the use of a portion of prior year reserves to support 2009-10 operations and the impact of economic conditions on revenue accruals, primarily PIT.

GASB 45

The State used an independent actuarial consulting firm to calculate retiree health care liabilities. The analysis calculated the present value of the actuarial accrued total liability for benefits as of March 31, 2009 at $55.4 billion ($46.3 billion for the State and $9.1 billion for SUNY), using the level percentage of projected payroll approach under the Frozen Entry Age actuarial cost method.

This liability was disclosed in the 2008-09 basic GAAP financial statements issued by the State Comptroller in July 2009. GASB rules indicate the liability may be amortized over a 30-year period; therefore, only the annual amortized liability above the current PAYGO costs is recognized in the financial statements. The 2008-09 liability totaled $4.2 billion ($3.2 billion for the State and $1 billion for SUNY) under the Frozen Entry Age actuarial cost method amortized based on a level percent of salary, or roughly $3 billion ($2.3 billion for the State and $0.7 billion for SUNY) above the current PAYGO retiree costs. This difference between the State's PAYGO costs and the actuarially determined required annual contribution under GASB 45 reduced the State's currently positive net asset condition at the end of 2008-09 by $3 billion.

GASB does not require the additional costs to be funded on the State's budgetary basis, and no funding is assumed for this purpose in the Financial Plan. On a budgetary (cash) basis, the State continues to finance these costs, along with all other employee health care expenses, on a PAYGO basis. See "General Fund Outyear Budget Projections" for a summary of projected spending for this purpose over the plan period.

As noted, the Updated Financial Plan does not assume pre-funding of the GASB 45 liability. If such liability were pre-funded at this time, the additional cost above the PAYGO amounts would be lowered. The State's Health Insurance Council, which consists of GOER, Civil Service, and DOB will continue to review this matter, and seek input from the State Comptroller, the legislative fiscal committees and other outside parties.

Special Considerations

The Updated Financial Plan forecast is subject to many complex economic, social, and political risks and uncertainties, many of which are outside the ability of the State to control. These include, but are not limited to: the performance of the national and State economies; the impact of continuing write-downs and other costs affecting the profitability of the financial services sector, and the concomitant effect on bonus income and capital gains realizations; the impact of calendar year 2009 wage and bonus activity on the State tax settlement in fiscal year 2010-11; increased demand in entitlement and claims-based programs such as Medicaid, public assistance, and preschool special education; access to the capital markets in light of disruptions in the municipal bond market; litigation against the State, including potential challenges to the constitutionality of certain tax actions authorized in the budget, the method of calculating the local share of FMAP, and a class action suit alleging discrimination in the administration of a civil service test between 1996 and 2006; and actions taken by the Federal government, including audits, disallowances, changes in aid levels, and changes to Medicaid rules.

In addition, the forecast contains specific transaction risks and other uncertainties including, but not limited to, the receipt of certain payments from public authorities; the receipt of miscellaneous revenues at the levels expected in the Financial Plan; and the achievement of cost-saving measures including, but not limited to, administrative savings in State agencies through the WRP and the transfer of available fund balances to the General Fund, at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Financial Plan in the current year.

An additional risk is the potential cost of collective bargaining agreements and salary increases for Judges (and possibly other elected officials) in 2009-10 and beyond. DOB estimates that if all remaining unsettled unions were to agree to the same terms that have been ratified by settled unions, it would result in added costs of approximately $250 million through 2010-11 (assuming a retroactive component for fiscal years prior to 2009-10), and $140 million in both 2011-12 and 2012-13. DOB has included a spending reserve to finance the costs of a pattern settlement for all unsettled unions, the largest of which represents costs for fiscal years 2009-10 and 2010-11 for NYSCOPBA. There can be no assurance that actual settlements will not exceed the amounts included in the Plan. In addition, no reserve has been set aside for potential pay raises for Judges.

THERE CAN BE NO ASSURANCE THAT (A) LEGISLATIVE OR ADMINISTRATIVE ACTIONS WILL BE SUFFICIENT TO ELIMINATE THE CURRENT-YEAR BUDGET GAP WITHOUT THE USE OF EXISTING RESERVES OR OTHER MEASURES NOT DESCRIBED IN THE UPDATED FINANCIAL PLAN, (B) RECEIPTS WILL NOT FALL BELOW CURRENT PROJECTIONS, REQUIRING ADDITIONAL BUDGET-BALANCING ACTIONS IN THE CURRENT YEAR, AND (C) THE GAPS PROJECTED FOR FUTURE YEARS WILL NOT INCREASE MATERIALLY FROM THE PROJECTIONS SET FORTH HEREIN.

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

Cash Position

The Enacted Budget provides authorization for the General Fund to borrow resources temporarily from other funds for a period not to exceed four months. DOB currently projects that the General Fund will rely on this borrowing authority at times during the remainder of the fiscal year, including November and December 2009, when it projects month-end negative balances of between $1.2 and $1.4 billion. DOB expects the General Fund will return to a positive month-end balance in January 2010. The amount of resources that can be borrowed by the General Fund is limited to the available balances in the State's Short-Term Investment

Pool. DOB will continue to closely monitor and manage the General Fund cash flow during the fiscal year and may from time to time implement cash-management actions, such as altering the timing of discretionary payments, to maintain adequate operating balances. The current cash-flow forecast assumes successful implementation of gap-closing actions by March 2010.

First Quarter Operating Results

In the Enacted Budget Financial Plan, DOB noted that the General Fund would have narrow operating margins, especially in the early months of the fiscal year. Accordingly, it took a number of actions to improve the General Fund cash position during the first quarter of the fiscal year. The actions included the acceleration of transactions (e.g., transfers of fund balances and the financing of certain expenses with non-General Fund resources) that were planned for later in the fiscal year and the recovery of overpayments made to the City of New York related to the apportionment of personal income tax receipts. In part as a result of these actions, actual General Fund operating results through June 2009 were better than expected. The closing balance on June 30, 2009 was $1.0 billion, or $916 million higher than projected in the Enacted Budget Financial Plan.

The performance of General Fund receipts through the first quarter was below expectation. Through June 30, 2009, actual receipts fell $305 million below the Enacted forecast. The underlying performance was substantially worse, however, since the results, as noted above, included an income tax overpayment recovery ($387 million) and the acceleration of transfers ($121 million) planned for later in the fiscal year. Excluding these management actions, the unfavorable receipts variance through the first quarter of fiscal year 2009-10 was approximately $800 million.

General Fund disbursements were $1.2 billion below planned levels. Of this amount, approximately $130 million is expected to translate into annual Financial Plan savings and has been reflected in the Updated Financial Plan. The remainder of the variance is attributable to the timing of payments and the accelerated use of non-General Fund resources, neither of which is expected to affect annual spending levels. (see "Year-to-Date Operating Results" herein).

State Workforce Reductions

On March 24, 2009, the Executive announced that it would implement a Workforce Reduction Plan (WRP). In the Enacted Budget Financial Plan, DOB estimated that the WRP would result in a State workforce reduction equivalent to approximately 8,700 employees, and would generate savings of approximately $160 million in 2009-10 growing to over $300 million in 2010-11. Based on ongoing negotiations with the State's employee unions, the WRP has been changed to minimize layoffs and will be combined with other actions to achieve the savings projected in the Enacted Budget Financial Plan. The savings are expected to result from a multi-pronged approach, including:

- Continuation of the hiring freeze, eliminating funded vacancies and not filling attritions in State agencies.
- Instituting a severance program for CSEA, PEF, and M/C employees, which includes a separation payment of $20,000 per employee, to further reduce the workforce in the current fiscal year.

The above actions are expected to generate savings of approximately $260 million over the next two fiscal years. Additional savings are expected to result from:

- Aggressively using Voluntary Reduction in Work Schedules (VRWS).
- The withholding of salary increases related to M/C employees.
- The enactment of legislation to create a new tier of pension benefits.

To achieve the needed Financial Plan savings, more stringent workforce measures beyond those outlined above may be necessary.

Labor Settlements

The Enacted Budget Financial Plan included a spending reserve of roughly $400 million in 2009-10 and $275 million in both 2010-11 and 2011-12 to finance potential agreements with unsettled unions. The reserve was calculated on the assumption that the agreements would have terms and conditions comparable to the contracts that have been ratified by other unions, including CSEA and PEF. The recent binding arbitration awards for corrections officers and supervisors add costs above the pattern of settlements. The costs of the awards are accounted for in the Updated Financial Plan projections. However, it is possible that additional awards will be granted to these unions as part of ongoing arbitration. The unions that have not reached agreement with the State (excluding those in binding arbitration) cover graduate students and park police.

Debt Reform Cap

Based on the updated forecasts in the Updated Financial Plan, debt outstanding and debt service costs are expected to remain below the limits imposed by the Debt Reform Act over the plan period. The available room under the debt outstanding cap is expected to decline from 0.98 percent ($9.2 billion) in 2008-09 to 0.06 percent ($700 million) in 2013-14. The current projections represent an improvement compared to the Enacted Budget, which estimated that debt outstanding would exceed the cap by over $380 million (0.04 percent) beginning in 2012-13. The revisions primarily reflect an improved forecast for State personal income in future years. However, the changes to the debt reform projections over the last few quarters demonstrate the sensitivity of the cap calculations to volatility in State personal income levels. In the long run, measures to adjust capital spending and financing practices are likely to be needed for the State to stay in compliance with the statutory limitations.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and other Supplementary Information on a GAAP basis for governments as promulgated by GASB. The Basic Financial Statements, released in July each year, include the Statement of Net Assets and Activities, the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds, the Statements of Net Assets, Revenues, Expenses and Changes in Fund Net Assets and Cash Flows for the Enterprise Funds, the Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets for the Fiduciary Funds and the Combining Statements of Net Assets and Activities for Discretely Presented Component Units. These statements are audited by independent certified public accountants. The Comptroller also prepares and issues a Comprehensive Annual Financial Report, which includes a management discussion and analysis (MD&A), the Basic Financial Statements, required supplementary information, other supplementary information which includes individual fund combining statements, and a statistical section. For information regarding the State's accounting and financial reporting requirements, see the section in the AIS dated May 15, 2009 entitled "State Organization—Accounting, Financial Reporting and Budgeting."

Both the Basic Financial Statements and Other Supplementary Information and Comprehensive Annual Financial Reports for prior fiscal years can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the OSC website at www.osc.state.ny.us. The following table summarizes recent governmental funds results on a GAAP basis.

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

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accum. General Fund Surplus/(Deficit)
March 31, 2009	(6,895)	(1,183)	35	44	(7,999)	(2,944)
March 31, 2008	1,567	(1,328)	(293)	(306)	(360)	3,951
March 31, 2007	202	(840)	92	501	(45)	2,384

Summary of Net Assets
(millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2009	30,894	3,031	33,925
March 31, 2008	43,510	4,217	47,727
March 31, 2007	45,327	3,599	48,926

State Organization

State Government

The State has a centralized administrative system with most executive powers vested in the Governor. The State has four officials elected in statewide elections, the Governor, Lieutenant Governor, Comptroller and Attorney General. These officials serve four-year terms that next expire on December 31, 2010.

Name	Office	Party Affiliation	First Elected
David A. Paterson*	Governor	Democrat	N/A
Richard Ravitch**	Lieutenant Governor	Democrat	N/A
Thomas P. DiNapoli***	Comptroller	Democrat	2007
Andrew M. Cuomo	Attorney General	Democrat	2006

*Sworn in as Governor on March 17, 2008 following resignation of Governor Spitzer.
**Appointed by the Governor on July 8, 2009. The Governor's authority to appoint a Lieutenant Governor is being challenged in court. See Dean G. Skelos, et al. v. David A. Paterson, et al. (Nassau Co. Sup. Ct. Index no. 13426-2009)
***Elected by the State Legislature.

The Governor and Lieutenant Governor are elected jointly. David A. Paterson became Governor under provisions of the State Constitution following the resignation of former Governor Spitzer. The vacancy created in the office of Lieutenant Governor was filled on July 8, 2009 when the Governor appointed Richard Ravitch to serve as Lieutenant Governor. The Comptroller and Attorney General are chosen separately by the voters during the election of the Governor. The Governor appoints the heads of most State departments, including the Director of the Budget (the current Director is Robert L. Megna). DOB is responsible for preparing the Governor's Executive Budget, negotiating that budget with the State Legislature, and implementing the budget once it is adopted, which includes updating the State's fiscal projections quarterly. DOB is also responsible for coordinating the State's capital program and debt financing activities. The Comptroller is responsible for auditing the disbursements, receipts and accounts of the State, as well as for auditing State departments, agencies, public authorities and municipalities. The Comptroller is also charged with managing the State's general obligation debt and most of its investments. The Attorney General is the legal advisor to State departments, represents the State and certain public authorities in legal proceedings and opines upon the validity of all State general obligations.

The State Legislature is composed of a 62-member Senate and a 150-member Assembly, all elected from geographical districts for two-year terms, expiring December 31, 2010. Both the Senate and the Assembly operate on a committee system. The Legislature meets annually, generally for about six months, and remains formally in session the entire year. In recent years there have been special sessions, as well. The current majority leaders of the Legislature are Pedro Espada Jr. (Democrat), and Sheldon Silver (Democrat), Speaker of the Assembly. The Temporary President of the Senate is Malcolm Smith. The minority leaders are Dean Skelos (Republican) in the Senate and Brian Kolb (Republican) in the Assembly.

State Retirement Systems

General

The New York State and Local Retirement Systems (the "Systems") provide coverage for public employees of the State and its localities (except employees of New York City and teachers, who are covered by separate plans). The Systems comprise the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The Comptroller is the administrative head of the Systems. State employees made up about 33 percent of the membership during the 2007-08 fiscal year. There were 3,020 other public employers participating in the Systems, including all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees) and a large number of local authorities of the State.

As of March 31, 2008, 677,321 persons were members and 358,109 pensioners or beneficiaries were receiving benefits. The State Constitution considers membership in any State pension or retirement system to be a contractual relationship, the benefits of which shall not be diminished or impaired. Members cannot be required to begin making contributions or make increased contributions beyond what was required when membership began.

Recent market volatility and the recent decline in the market value of many equity investments have negatively impacted the assets held for the Systems. These or future downturns in financial markets will not affect the State's contributions to the Systems for fiscal year 2009 (which was based on the value of the assets as of April 1, 2007 and has already been paid) or the estimated contribution to the Systems for fiscal year 2010 (which is based on the value of the pension fund and its liabilities as of April 1, 2008). However, such downturns will result in an increase in the amount of the contributions required to be made for fiscal years after fiscal year 2010. The amount of such increases would depend, in part, on the value of the pension fund as of each April 1 as well as on the present value of the anticipated benefits to be paid by the pension fund as of each April 1. For fiscal year 2011, OSC anticipates a significant increase in contributions as compared to fiscal year 2010 since total assets fell from $155.8 billion as of March 31, 2008 to $110.9 billion as of March 31, 2009. Final contribution rates for fiscal year 2011 will be released in early September 2009.

Contributions

Funding is provided in large part by employer and employee contributions. Employers contribute on the basis of the plan or plans they provide for members. Members joining since mid-1976, other than police and fire members, are required to contribute 3 percent of their salaries for their first 10 years of membership.

Legislation enacted in May 2003 realigned the Retirement Systems billing cycle to match governments' budget cycles and also instituted a minimum annual payment. The employer contribution for a given fiscal year will be based on the value of the pension fund and its liabilities on the prior April 1. In addition, employers are required to make a minimum contribution of at least 4.5 percent of payroll every year.

The State paid, in full, its employer contributions for the fiscal year ending March 31, 2009. Payments totaled $1.06 billion. This amount included amounts required to be paid by the Judiciary bill and the amortization payments for the 2005 and 2006 bills.

The State bill for the fiscal year ending March 31, 2010 is estimated to be $959.1 million, assuming a payment on September 1, 2009.

Assets and Liabilities

Assets are held exclusively for the benefit of members, pensioners and beneficiaries. Investments for the Systems are made by the Comptroller as trustee of the Common Retirement Fund, a pooled investment vehicle. OSC reports that the net assets available for benefits as of March 31, 2008 were $155.8 billion (including $2.9 billion in receivables), a decrease of $0.8 billion or 0.5 percent from the 2006-07 level of $156.6 billion, reflecting, in large part, equity market performance. OSC reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased from $163.1 billion on April 1, 2007 to $170.5 billion (including $66.1 billion for current retirees and beneficiaries) on April 1, 2008. The funding method used by the Systems anticipates that the net assets, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets differed from net assets on April 1, 2008 in that amortized cost was used instead of market value for bonds and mortgages and the non-fixed investments utilized a smoothing method which recognized 20 percent of unexpected gain for the 2008 fiscal year, 40 percent of the unexpected gain for the 2007 fiscal year, 60 percent of the unexpected gain for the 2006 fiscal year and 80 percent of the unexpected gain for the 2005 fiscal year. Actuarial assets increased from $142.6 billion on April 1, 2007 to $151.8 billion on April 1, 2008. The funded ratio, as of April 1, 2008, using the entry age normal funding method, was 107 percent. The tables that follow show net assets, benefits paid and the actuarially determined contributions that have been made over the last ten years. See also "Contributions" above.

Net Assets Available for Benefits of the
New York State and Local Retirement Systems (1)
(millions of dollars)

Fiscal Year Ended March 31	Total Assets(2)	Percent Increase/ (Decrease) From Prior Year
1999	112,723	6.0
2000	128,889	14.3
2001	114,044	(11.5)
2002	112,725	(1.2)
2003	97,373	(13.6)
2004	120,799	24.1
2005	128,038	6.0
2006	142,620	11.4
2007	156,625	9.8
2008	155,846	(0.5)

Sources: State and Local Retirement Systems.

(1) Includes relatively small amounts held under Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2008 includes approximately $2.9 billion of receivables.

(2) Includes certain accrued employer contributions to be paid with respect to service rendered during fiscal years other than the year shown.

Contributions and Benefits
New York State and Local Retirement Systems
(millions of dollars)

Fiscal Year Ended March 31	Contributions Recorded: All Participating Employers(1)	Local Employers(1)	State(1)	Employees	Total Benefits Paid(2)
1999	292	156	136	400	3,570
2000	165	11	154	423	3,787
2001	215	112	103	319	4,267
2002	264	199	65	210	4,576
2003	652	378	274	219	5,030
2004	1,287	832	455	222	5,424
2005	2,965	1,877	1,088	227	5,691
2006	2,782	1,714	1,068	241	6,073
2007	2,718	1,730	988	250	6,432
2008	2,649	1,641	1,008	266	6,883

(1) Includes employer premiums to Group Life Insurance Plan.
(2) Includes payments from Group Life Insurance Plan.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Authorities and Localities

Localities

Certain localities outside New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing has become more common in recent years. Between 2004 and 2008, the State Legislature authorized 17 bond issuances to finance local government operating deficits. In addition, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within a locality. Currently, the City of Buffalo operates under a control board and the counties of Nassau and Erie as well as the cities of New York and Troy have boards in advisory status. The City of Yonkers no longer operates under an oversight board but must adhere to a separate fiscal agent act. The potential impact on the State of any future requests by localities for additional oversight or financial assistance is not included in the projections of the State's receipts and disbursements for the State's 2009-10 fiscal year or thereafter.

Like the State, local governments must respond to changing political, economic and financial influences over which they have little or no control. Such changes may adversely affect the financial condition of certain local governments. For example, the State or Federal government may reduce (or in some cases eliminate) funding of some local programs or disallow certain claims which, in turn, may require local governments to fund these expenditures from their own resources. Similarly, State policymakers have expressed interest in implementing a property tax cap for local governments. Adoption of a property tax cap would affect the amount of property tax revenue available for local government purposes and could adversely affect their operations, particularly those that are heavily dependent on property tax revenue such as school districts. Ultimately, localities or any of their respective public authorities may suffer serious financial difficulties that could jeopardize local access to the public credit markets, which may adversely affect the marketability of notes and bonds issued by localities within the State. Localities may also face unanticipated problems resulting from certain pending litigation, judicial decisions and long-range economic trends. Other large-scale potential problems, such as declining urban populations, increasing expenditures, and the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate State assistance.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The following table summarizes the debt of New York City and all localities in the State outside of New York City.

Debt of New York Localities (1)
(millions of dollars)

Locality Fiscal Year Ending	Combined New York City Debt (2)(3) Bonds	Combined New York City Debt (2)(3) Notes	Other Localities Debt(4) Bonds(5)	Other Localities Debt(4) Notes(5)	Total Locality Debt(4) Bonds(4)(5)	Total Locality Debt(4) Notes(5)
1980	12,995	---	6,835	1,793	19,830	1,793
1990	20,027	---	10,253	3,082	30,280	3,082
1995	29,930	---	15,829	3,219	45,759	3,219
1996	31,623	---	16,414	3,590	48,037	3,590
1997	33,046	---	17,526	3,208	50,572	3,208
1998	34,690	---	17,100	3,203	51,790	3,203
1999	37,352	---	18,448	3,420	55,800	3,420
2000	39,244	515	19,082	4,005	58,326	4,520
2001	40,305	---	20,303	4,745	60,608	4,745
2002	42,721	2,200	21,721	5,184	64,442	7,384
2003	47,376	1,110	23,951	6,447	71,327	7,557
2004	50,265	---	26,679	5,120	76,944	5,120
2005	54,421	---	29,240	4,852	83,661	4,852
2006	55,381	---	30,745	4,766	86,126	4,766
2007	58,292	---	32,193	4,523	90,485	4,523

Source: Office of the State Comptroller.
NOTE: For localities other than New York City, the amounts shown for fiscal years ending in 1990 through 1997 may include debt that has been defeased through the issuance of refunding bonds.
(1) Because the State calculates locality debt differently for certain localities (including New York City), the figures above may vary from those reported by such localities. In addition, this table excludes indebtedness of certain local authorities and obligations issued in relation to State lease-purchase arrangements. New York City 2008 data may be found in the Debt of New York City table on page 125.
(2) New York City's debt outstanding has been revised as presented in the FY 2004 City Comptroller's Comprehensive Annual Financial Report.
(3) Includes New York City capital leases obligations which were not reflected in previous years. Includes bonds issued by the Dormitory Authority of the State of New York for education, health and courts capital projects, the Samurai Funding Corporation and other long-term financing leases which will be repaid from revenues of the City or revenues that would otherwise be available to the City if not needed for debt service.
(4) Outstanding bonded debt shown includes bonds issued by the localities and certain debt guaranteed by the localities and excludes capital lease obligations (for localities other than New York City), assets held in sinking funds and certain amounts available at the start of a fiscal year for redemption of debt. Starting in 2001, debt for other localities includes Installment Purchase Contracts.
(5) Does not include the indebtedness of certain localities that did not file annual financial reports with the Comptroller.

Litigation

Tobacco Master Settlement Agreement

In *Freedom Holdings Inc. et al. v. Spitzer et ano*., two cigarette importers brought an action in 2002 challenging portions of laws enacted by the State under the 1998 Tobacco Master Settlement Agreement (MSA) that New York and many other states entered into with the major tobacco manufacturers. The initial complaint alleged: (1) violations of the Commerce Clause of the United States Constitution; (2) the establishment of an "output cartel" in conflict with the Sherman Act; and (3) selective nonenforcement of the laws on Native American reservations in violation of the Equal Protection Clause of the United States Constitution. The United States District Court for the Southern District of New York granted defendants' motion to dismiss the complaint for failure to state a cause of action. Plaintiffs appealed from this dismissal. In an opinion dated January 6, 2004, the United States Court of Appeals for the Second Circuit (1) affirmed the dismissal of the Commerce Clause claim; (2) reversed the dismissal of the Sherman Act claim; and (3) remanded the selective enforcement claim to the District Court for further proceedings. Plaintiffs have filed an amended complaint that also challenges the MSA itself (as well as other related State statutes) primarily on preemption grounds. On September 14, 2004, the District Court denied all aspects of plaintiffs' motion for a preliminary injunction, except that portion of the motion relating to the ability of tobacco manufacturers to obtain the release of certain funds from escrow. Plaintiffs have appealed from the denial of the remainder of the motion to the United States Court of Appeals for the Second Circuit. In May 2005, the Second Circuit affirmed the denial of the preliminary injunction. In December 2006, the motions and cross-motions of the parties for summary judgment were fully submitted to the District Court. By order dated July 7, 2008, the District Court requested updated statistical information and other information needed to resolve certain material questions. Following an evidentiary hearing, by December 15, 2008 order summarizing a preliminary decision, the District Court dismissed all of plaintiff's claims. On January 12, 2009, the Court issued its opinion and order granting judgment dismissing the complaint. Plaintiff has appealed and the appeal is pending.

In *Grand River Ent. V. King*, a cigarette importer raises the same claims as those brought by the plaintiffs in *Freedom Holdings*, in a suit against the attorneys general of thirty states, including New York. The parties are scheduled to file opposing motions for summary judgment in the United States District Court for the Southern District of New York on August 12, 2009.

Representative Payees

In *Weaver v. State of New York*, filed in the New York State Court of Claims on July 17, 2008, the claimant alleges that executive directors of Office of Mental Health facilities, acting as representative payees under the Federal Social Security Act, have improperly received benefits due to patients and former patients and improperly applied those benefits to defray the cost of patient care and maintenance. The named claimant seeks benefits on her own behalf as well as certification of a class of claimants.

On September 26, 2008, the State moved to dismiss the claim on the grounds that (i) claimant failed to file a motion to certify the class in a timely manner and (ii) claimant's failure to identify the time and place in which each claim arose violates the provisions of Court of Claims Act §11(b). Claimant has opposed the motion and cross-moved, seeking certification of the class, pre-certification discovery, and partial summary judgment. The State submitted reply papers on April 1, 2009. The State has also opposed Claimant's cross-motions, and has submitted a motion for summary judgment. On July 7, Claimant moved to amend the complaint. All papers on Claimant's cross-motions and motion to amend, and on the State's summary judgment motion, are due on September 15, 2009.

Bottle Bill Litigation

In *International Bottled Water Association, et al. v. Paterson, et al.*, plaintiffs seek declaratory and injunctive relief declaring that certain amendments to the State's Bottle Bill enacted on April 7, 2009 as part of the 2009-2010 budget violate the due process clause, the equal protection clause and the commerce clause of the United States Constitution. On May 27, 2009, the United States District Court for the Southern District of New York issued a preliminary injunction staying the June 1, 2009 effective date of the amendments to the Bottle Bill and declared that the section of the amendments which requires that the plaintiffs and other beverage manufacturers and distributors place a unique New York-exclusive universal product code on all bottles covered by the law that are offered for sale in the State violates the commerce clause of the United States Constitution. By order entered May 29, 2009 that superseded the above-referenced May 27, 2009 preliminary injunction, the district court granted a preliminary injunction that (1) enjoined the State from implementing or enforcing the New-York exclusive universal product code provision of the Bottle Bill and (2) enjoined the State from implementing or enforcing any and all other amendments to the Bottle Bill signed into law on April 7, 2009, until April 1, 2010, to allow persons subject to the amendments sufficient time to comply with the law's requirements. On June 18, 2009, the State defendants have moved to modify the preliminary injunction.

Civil Service Litigation

In *Simpson v. New York State Department of Civil Service et ano.,* plaintiffs have brought a class action under 42 U.S.C 2000d *et seq.*, claiming that a civil service test administered between 1996 and 2006 resulted in a disparate impact upon the class. Cross motions for summary judgment are currently pending in the United States District Court for the Northern District of New York.

Glossary of Acronyms

(AFSCME) ....American Federation of State, County, and Municipal Employees
(AHC) .... Affordable Housing Corporation
(AIG) .... American International Group
(AIM) .... Aid and Incentive for Municipalities
(ARRA) .... American Recovery and Reinvestment Act of 2009
(ARS) .... Auction Rate Securities
(ATC) .... Addiction Treatment Center
(AWP) .... Average Wholesale Price
(BANS) .... Bond Anticipation Notes
(BIC) .... Bond Issuance Change
(BMA) .... Bond Market Association
(BOCES) .... Board of Cooperative Education Services
(CAFR) .... Comprehensive Annual Financial Report
(CAP) .... Comprehensive Attendance Program
(CDT) .... Continuing Day Treatment Clinic
(CFE) .... Campaign for Fiscal Equity
(CFIA) .... Court Facilities Incentive Aid
(CHCCDP) .... Community Health Care Conversion Demonstration Project
(CHIPs) .... Consolidated Highway Improvement Programs
(CHP) .... Child Health Plus
(CMS) .... Centers for Medicare and Medicaid Services
(CLCs) .... 21st Century Community Learning Centers
(CLRN) .... Community Legal Resources Network
(COLA) .... Cost-of-Living Adjustment
(COPS) .... Community Optional Preventative Services
(CPFs) .... Community Projects Funds
(CPI) .... Consumer Price Index
(CQCAPD) .... Commission on Quality Care and Advocacy for Persons with Disabilities
(CRF) .... Contingency Reserve Fund
(CSEA) .... Civil Service Employees Association
(CSTEP) .... Collegiate Science and Technology Entry Program
(CW/CA) .... Clean Water/Clean Air
(CWSRF) .... Clean Water State Revolving Fund
(CEFAP) .... Community Enhancement Facilities Assistance Program
(DBE) .... Disadvantaged Business Enterprise
(DHBTF) .... Dedicated Highway and Bridge Trust Fund
(DRRF) .... Debt Reduction Reserve Fund
(DRP) .... Deficit Reduction Plan
(DSFs) .... Debt Service Funds
(DWSRF) .... Drinking Water Revolving Fund
(EI) .... Early Intervention
(EITC) .... Earned Income Tax Credit
(EMSC) .... Elementary, Middle, Secondary and Continuing Education
(EOCs) .... Educational Opportunity Centers
(EOP) .... Educational Opportunity Program
(EPF) .... Environmental Protection Fund
(EPIC) .... Elderly Pharmaceutical Insurance Coverage
(ERS) .... Employees' Retirement System

(ESCO) .... Energy Service Companies
(EXCEL) .... Expanding our Children's Education and Learning
(FCB) .... Financial Control Board
(FHP) .... Family Health Plus
(FMAP) .... Federal Medical Assistance Percentage
(FMP) .... Fiscal Management Plan
(FSA) .... Financial Security Assurance
(GAAP) .... Generally Accepted Accounting Principles
(GASB) .... Governmental Accounting Standards Board
(GASB 34) .... Governmental Accounting Standards Board Statement 34
(GDP) .... Gross Domestic Product
(GHI) .... Group Health Insurance
(GME) .... Graduate Medical Education
(GOER) .... Governor's Office of Employee Relations
(GPHW) .... General Public Health Works
(GRT) .... Gross Receipts Tax
(GSCs) .... General State Charges
(GSEW) .... Graduate Student Employees Union
(HAF) .... Housing Assistance Fund
(HCBS) .... Home and Community Based Services
(HCRA) .... Health Care Reform Act
(HEAL NY) .... Health Care Equity and Affordability Law for New Yorkers
(HEAP) .... Home Energy Assistance Program
(HELP) .... Higher Education Loan Program
(HHC) .... Health and Hospital Corporation
(HESC) .... Higher Education Services Corporation
(HHAC) .... Homeless Housing Assistance Corporation
(HHAP) .... Homeless Housing Assistance Program
(HIP) .... Health Insurance Plan
(HMO) .... Health Maintenance Organization
(HRPT) .... Hudson River Park Trust
(HTFC) .... Housing Trust Fund Corporation
(IDEA) .... Individuals with Disabilities Education Act
(IFP) .... Industrial Finance Program
(IPO) .... Initial Public Offering
(IGT/DSH) .... Intergovernmental Disproportionate Share
(ITC) .... Investment Tax Credit
(LGAC) .... Local Government Assistance Corporation
(LIBOR) .... London Inter Bank Offered Rates
(LLC) .... Limited Liability Company
(MCFFA) .... Medical Care Facilities Finance Agency
(MCTD) .... Metropolitan Commuter Transportation District
(MMTOA) .... Metropolitan Mass Transportation Operating Assistance Fund
(MTASP) .... Metropolitan Transport Authority Support Program
(MTOA) .... Mass Transportation Operating Assistance Fund
(MOU) .... Memorandum of Understanding
(M/WBE) .... Minority/Women-Owned Business Enterprises
(NAICS) .... North American Industry Classification System
(NBER) .... National Bureau of Economic Research
(NPS) .... Non-Personal Service
(NTI) .... New York State Net Taxable Income

(NYCOMB) .... New York City Office of Management and Budget
(NYSCOPBRA).......... New York State Correctional Officers and Police Benevolent Association
(NYS-OPTS).......... New York State Options for People Through Services
(OCA) .... Office of Court Administration
(PACB) .... Public Authorities Control Board
(PAYGO) .... Pay-as-you-go
(PBT) .... Petroleum Business Tax
(PEF) .... Public Employees Federation
(PEP) .... Professional Education Pool
(PFJ) .... Power for Jobs
(PFM) .... Public Financial Management
(PFRS) .... Police and Fire Retirement System
(PIA) .... Patient Income Account
(PILOT) .... Payment in Lieu of Taxes
(PIT) .... Personal Income Tax
(PPA) .... Permanent Place of Abode
(PPI) .... Petroleum Price Index
(PRAG) .... Public Resources Advisory Group
(PSYCKES) .... Psychiatric Services and Clinical Knowledge Enhancement System
(PYCs) .... Prior Year Claims
(QPAI) .... Qualified Production Activity Income
(QCEW) .... Quarterly Census of Employment and Wages
(REIT) .... Real Estate Investment Fund
(RESCUE) .... Rebuilding Schools to Uphold Education
(RIC) .... Regulated Investment Company
(RBTF) .... Revenue Bond Tax Fund
(SAFETEA-LU).......... Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
(SBE) .... Sound Basic Education
(SEIP).......... Supplemental Education Improvement Program
(SFSF) .... State Fiscal Stabilization Fund
(SHU) .... Special Housing Unit
(SIP) .... Strategic Investment Program
(SOMTA) .... Sex Offender Management Treatment Act
(SPIF) .... State Parks Infrastructure Fund
(SRFs) .... Special Revenue Funds
(SSHS) .... School Supportive Health Services
(SSI) .... Supplemental Security Income
(STAR) .... School Tax Relief
(STARC) .... State Tax Asset Receivable Corporation
(STEP) .... Science and Technology Entry Programs
(ST&I) .... Science, Technology, and Innovation
(STIP) .... Short-Term Investment Pool
(SWN) .... Statewide Wireless Network
(TAG) .... Technical Assistance Grant
(TANF) .... Temporary Assistance for Needy Families
(TAP) .... Tuition Assistance Program
(TARP) .... Troubled Asset Relief Plan
(TAS) .... Technical Advisory Service
(TFA) .... Transitional Finance Authority

(TMT) .... Truck Mileage Tax
(TRANs) .... Tax and Revenue Anticipation Notes
(TSA) .... Teacher Support Aid
(TSFC) .... Tobacco Settlement Financing Corporation
(TSRF) .... Tax Stabilization Reserve Fund
(UDC) .... Urban Development Corporation
(UPK) .... Universal Pre-Kindergarten
(UUP) .... United University Professions
(VCI) .... Voluntary Compliance Initiative
(VESID) .... Vocational and Educational Services for Individuals with Disabilities
(VLT) .... Video Lottery Terminal
(VRDBs) .... Variable-Rate Demand Bonds
(VRWS) .... Voluntary Reduction in Work Schedule
(WHTI) .... Western Hemisphere Travel Initiative
(WMS) .... Welfare Management System
(WRP) .... Workforce Reduction Plan

NEW YORK STATE AGENCIES AND PUBLIC AUTHORITIES

(CUNY)	City University of New York
(DASNY)	Dormitory Authority of the State of New York
(DCJS)	Division of Criminal Justice Services
(DEC)	Department of Environmental Conservation
(DHCR)	Division of Housing and Community Renewal
(DMNA)	Department of Military and Naval Affairs
(DOB)	Division of the Budget
(DOCS)	Department of Correctional Services
(DOH)	Department of Health
(DOS)	Department of State
(DOT)	Department of Transportation
(DSP)	Division of State Police
(EFC)	Environmental Facilities Corporation
(ERDA)	Energy Research and Development Authority
(ESDC)	Empire State Development Corporation
(HFA)	Housing Finance Agency
(JDA)	Job Development Authority
(LGAC)	New York Local Government Assistance Corporation
(LIPA)	Long Island Power Authority
(MAC)	Municipal Assistance Corporation
(MTA)	Metropolitan Transportation Authority
(NYHELPS)	New York Higher Education Loan Program
(NYRA)	New York Racing Authority
(NYSTAR)	Office of Science, Technology and Academic Research
(OASAS)	Office of Alcoholism and Substance Abuse Services
(OCFS)	Office of Children and Family Services
(OCR)	Department of Transportation's Office of Civil Rights
(OFT)	Office for Technology
(OGS)	Office of General Services
(OMH)	Office of Mental Health
(OMIG)	Office of the Medicaid Inspector General
(OMRDD)	Office of Mental Retardation and Developmental Disabilities
(ORPS)	Office of Real Property Services
(OSC)	Office of the State Comptroller
(OTDA)	Office of Temporary and Disability Assistance
(PASNY)	Power Authority of the State of New York
(SED)	State Education Department
(SONYMA)	State of New York Mortgage Agency
(SUNY)	State University of New York

CASH FINANCIAL PLAN
GENERAL FUND
2009-2010
(millions of dollars)

	Enacted	Change	First Quarter
Opening fund balance	1,948	0	1,948
Receipts:			
Taxes:			
Personal income tax	24,404	(852)	23,552
User taxes and fees	8,520	(311)	8,209
Business taxes	5,495	(41)	5,454
Other taxes	982	(60)	922
Miscellaneous receipts	3,381	(480)	2,901
Federal Grants	0	68	68
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,130	(231)	7,899
Sales tax in excess of LGAC debt service	2,200	(87)	2,113
Real estate taxes in excess of CW/CA debt service	57	1	58
All other	1,169	21	1,190
Total receipts	54,338	(1,972)	52,366
Disbursements:			
Grants to local governments	37,086	(140)	36,946
State operations:			
Personal Service	6,465	(55)	6,410
Non-Personal Service	2,194	29	2,223
General State charges	3,704	139	3,843
Transfers to other funds:			
Debt service	1,783	(7)	1,776
Capital projects	551	14	565
State Share Medicaid	2,362	0	2,362
Other purposes	763	171	934
Total disbursements	54,908	151	55,059
Change in fund balance	(570)	(2,123)	(2,693)
Legislative/Administrative Actions to Close Gap	0	2,123	2,123
Closing fund balance	1,378	0	1,378
Reserves			
Tax Stabilization Reserve Fund	1,031	0	1,031
Statutory Rainy Day Reserve Fund	175	0	175
Contingency Reserve Fund	21	0	21
Community Projects Fund	78	0	78
Debt Reduction Reserve Fund **	73	0	73

***Reserve Funds that are DOB-designated uses of the Refund Reserve Account.*

Source: NYS DOB

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

	Enacted	Change	First Quarter
Receipts:			
Taxes:			
Personal income tax	26,612	(585)	26,027
User taxes and fees	8,819	(236)	8,583
Business taxes	5,828	(131)	5,697
Other taxes	959	(35)	924
Miscellaneous receipts	3,022	(335)	2,687
Federal Grants	0	60	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,532	(186)	8,346
Sales tax in excess of LGAC debt service	2,254	(73)	2,181
Real estate taxes in excess of CW/CA debt service	147	1	148
All other	723	(3)	720
Total receipts	56,896	(1,523)	55,373
Disbursements:			
Grants to local governments	39,664	583	40,247
State operations:			
Personal Service	6,621	109	6,730
Non-Personal Service	2,304	0	2,304
General State charges	4,042	220	4,262
Transfers to other funds:			
Debt service	1,762	0	1,762
Capital projects	1,162	5	1,167
State Share Medicaid	2,388	0	2,388
Other purposes	1,079	2	1,081
Total disbursements	59,022	919	59,941
Deposit to/(use of) Community Projects Fund	55	0	55
HCRA Operating Surplus	15	(15)	0
Margin	(2,166)	(2,457)	(4,623)

Source: NYS DOB

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

	Enacted	Change	First Quarter
Receipts:			
Taxes:			
Personal income tax	27,447	(1,168)	26,279
User taxes and fees	9,193	(185)	9,008
Business taxes	5,925	(269)	5,656
Other taxes	1,015	(60)	955
Miscellaneous receipts	3,017	(434)	2,583
Federal Grants	0	60	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,579	(383)	8,196
Sales tax in excess of LGAC debt service	2,344	(25)	2,319
Real estate taxes in excess of CW/CA debt service	244	0	244
All other	684	(3)	681
Total receipts	58,448	(2,467)	55,981
Disbursements:			
Grants to local governments	46,467	1,239	47,706
State operations:			
Personal Service	6,801	14	6,815
Non-Personal Service	2,374	0	2,374
General State charges	4,344	789	5,133
Transfers to other funds:			
Debt service	1,739	0	1,739
Capital projects	1,319	3	1,322
State Share Medicaid	2,887	(1)	2,886
Other purposes	1,320	3	1,323
Total disbursements	67,251	2,047	69,298
Deposit to/(use of) Community Projects Fund	(41)	0	(41)
HCRA Operating Surplus	5	(5)	0
Margin	(8,757)	(4,519)	(13,276)

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
2012-2013
(millions of dollars)

	Enacted	Change	First Quarter
Receipts:			
Taxes:			
Personal income tax	26,625	(897)	25,728
User taxes and fees	9,469	(152)	9,317
Business taxes	6,398	(180)	6,218
Other taxes	1,077	(65)	1,012
Miscellaneous receipts	3,043	(460)	2,583
Federal Grants	0	60	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,110	(272)	7,838
Sales tax in excess of LGAC debt service	2,463	2	2,465
Real estate taxes in excess of CW/CA debt service	329	1	330
All other	695	(3)	692
Total receipts	58,209	(1,966)	56,243
Disbursements:			
Grants to local governments	50,283	1,083	51,366
State operations:			
Personal Service	6,870	14	6,884
Non-Personal Service	2,442	0	2,442
General State charges	4,760	1,370	6,130
Transfers to other funds:			
Debt service	1,725	0	1,725
Capital projects	1,491	(15)	1,476
State Share Medicaid	2,888	0	2,888
Other purposes	1,586	7	1,593
Total disbursements	72,045	2,459	74,504
Deposit to/(use of) Community Projects Fund	(92)	0	(92)
HCRA Operating Surplus	38	(32)	6
Margin	(13,706)	(4,457)	(18,163)

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
2009-2010 through 2012-2013
(millions of dollars)

	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
Receipts:				
Taxes:				
Personal income tax	23,552	26,027	26,279	25,728
User taxes and fees	8,209	8,583	9,008	9,317
Business taxes	5,454	5,697	5,656	6,218
Other taxes	922	924	955	1,012
Miscellaneous receipts	2,901	2,687	2,583	2,583
Federal grants	68	60	60	60
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	7,899	8,346	8,196	7,838
Sales tax in excess of LGAC debt service	2,113	2,181	2,319	2,465
Real estate taxes in excess of CW/CA debt service	58	148	244	330
All other transfers	1,190	720	681	692
Total receipts	52,366	55,373	55,981	56,243
Disbursements:				
Grants to local governments	36,946	40,247	47,706	51,366
State operations:				
Personal Service	6,410	6,730	6,815	6,884
Non-Personal Service	2,223	2,304	2,374	2,442
General State charges	3,843	4,262	5,133	6,130
Transfers to other funds:				
Debt service	1,776	1,762	1,739	1,725
Capital projects	565	1,167	1,322	1,476
State Share Medicaid	2,362	2,388	2,886	2,888
Other purposes	934	1,081	1,323	1,593
Total disbursements	55,059	59,941	69,298	74,504
Deposit to/(use of) Community Projects Fund	(67)	55	(41)	(92)
Deposit to/(use of) Reserve for Timing Related Delays	(163)	0	0	0
Deposit to/(use of) Remaining Prior Year Reserves	(340)	0	0	0
General Fund Margin	(2,123)	(4,623)	(13,276)	(18,169)
HCRA Operating Surplus	0	0	0	6
Legislative/Administrative Actions to Close Gap	2,123	TBD	TBD	TBD
General Fund Margin	0	(4,623)	(13,276)	(18,163)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,471	298	4,717
Receipts:				
Taxes	38,137	8,646	11,702	58,485
Miscellaneous receipts	2,901	14,183	830	17,914
Federal grants	68	1	0	69
Total receipts	41,106	22,830	12,532	76,468
Disbursements:				
Grants to local governments	36,946	17,709	0	54,655
State operations:				
Personal Service	6,410	4,182	0	10,592
Non-Personal Service	2,223	3,026	74	5,323
General State charges	3,843	982	0	4,825
Debt service	0	0	5,073	5,073
Capital projects	0	3	0	3
Total disbursements	49,422	25,902	5,147	80,471
Other financing sources (uses):				
Transfers from other funds	11,260	3,941	6,510	21,711
Transfers to other funds	(5,637)	(1,283)	(13,906)	(20,826)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,623	2,658	(7,396)	885
Deposit to/(use of) Community Projects Fund	(67)	0	0	(67)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	(503)
Change in fund balance	(2,123)	(414)	(11)	(2,548)
Legislative/Administrative Actions to Close Gap	2,123	0	0	2,123
Closing fund balance	1,378	2,057	287	3,722

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,057	287	2,344
Receipts:				
Taxes	41,231	8,866	12,677	62,774
Miscellaneous receipts	2,687	14,101	820	17,608
Federal grants	60	1	0	61
Total receipts	43,978	22,968	13,497	80,443
Disbursements:				
Grants to local governments	40,247	17,804	0	58,051
State operations:				
Personal Service	6,730	4,200	0	10,930
Non-Personal Service	2,304	3,012	75	5,391
General State charges	4,262	1,040	0	5,302
Debt service	0	0	5,777	5,777
Capital projects	0	2	0	2
Total disbursements	53,543	26,058	5,852	85,453
Other financing sources (uses):				
Transfers from other funds	11,395	3,876	6,828	22,099
Transfers to other funds	(6,398)	(1,073)	(14,479)	(21,950)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,997	2,803	(7,651)	149
Deposit to/(use of) Community Projects Fund	55	0	0	55
Change in fund balance	(4,623)	(287)	(6)	(4,916)
Closing fund balance	(4,623)	1,770	281	(2,572)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,770	281	2,051
Receipts:				
Taxes	41,898	9,160	13,055	64,113
Miscellaneous receipts	2,583	14,435	839	17,857
Federal grants	60	1	0	61
Total receipts	44,541	23,596	13,894	82,031
Disbursements:				
Grants to local governments	47,706	18,298	0	66,004
State operations:				
Personal Service	6,815	4,585	0	11,400
Non-Personal Service	2,374	3,040	75	5,489
General State charges	5,133	1,240	0	6,373
Debt service	0	0	6,175	6,175
Capital projects	0	2	0	2
Total disbursements	62,028	27,165	6,250	95,443
Other financing sources (uses):				
Transfers from other funds	11,440	4,537	6,377	22,354
Transfers to other funds	(7,270)	(1,135)	(14,009)	(22,414)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,170	3,402	(7,632)	(60)
Deposit to/(use of) Community Projects Fund	(41)	0	0	(41)
Change in fund balance	(13,276)	(167)	12	(13,431)
Closing fund balance	(13,276)	1,603	293	(11,380)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,603	293	1,896
Receipts:				
Taxes	42,275	9,488	13,155	64,918
Miscellaneous receipts	2,583	14,732	858	18,173
Federal grants	60	1	0	61
Total receipts	44,918	24,221	14,013	83,152
Disbursements:				
Grants to local governments	51,366	18,947	0	70,313
State operations:				
Personal Service	6,884	4,603	0	11,487
Non-Personal Service	2,442	3,228	75	5,745
General State charges	6,130	1,298	0	7,428
Debt service	0	0	6,516	6,516
Capital projects	0	2	0	2
Total disbursements	66,822	28,078	6,591	101,491
Other financing sources (uses):				
Transfers from other funds	11,325	4,718	6,444	22,487
Transfers to other funds	(7,682)	(963)	(13,867)	(22,512)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	3,643	3,755	(7,423)	(25)
Deposit to/(use of) Community Projects Fund	(92)	0	0	(92)
Change in fund balance	(18,169)	(102)	(1)	(18,272)
Closing fund balance	(18,169)	1,501	292	(16,376)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,846	(506)	298	4,586
Receipts:					
Taxes	38,137	8,646	2,071	11,702	60,556
Miscellaneous receipts	2,901	14,341	3,363	830	21,435
Federal grants	68	44,792	2,939	0	47,799
Total receipts	41,106	67,779	8,373	12,532	129,790
Disbursements:					
Grants to local governments	36,946	56,937	860	0	94,743
State operations:					
Personal Service	6,410	6,671	0	0	13,081
Non-Personal Service	2,223	4,821	0	74	7,118
General State charges	3,843	2,013	0	0	5,856
Debt service	0	0	0	5,073	5,073
Capital projects	0	3	7,595	0	7,598
Total disbursements	49,422	70,445	8,455	5,147	133,469
Other financing sources (uses):					
Transfers from other funds	11,260	7,012	798	6,510	25,580
Transfers to other funds	(5,637)	(4,842)	(1,207)	(13,906)	(25,592)
Bond and note proceeds	0	0	532	0	532
Net other financing sources (uses)	5,623	2,170	123	(7,396)	520
Deposit to/(use of) Community Projects Fund	(67)	0	0	0	(67)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	0	(503)
Change in fund balance	(2,123)	(496)	41	(11)	(2,589)
Legislative/Administrative Actions to Close Gap	2,123	0	0	0	2,123
Closing fund balance	1,378	2,350	(465)	287	3,550

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2010-2011
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,350	(465)	287	2,172
Receipts:					
Taxes	41,231	8,866	2,115	12,677	64,889
Miscellaneous receipts	2,687	14,253	3,692	820	21,452
Federal grants	60	45,446	3,070	0	48,576
Total receipts	43,978	68,565	8,877	13,497	134,917
Disbursements:					
Grants to local governments	40,247	57,619	855	0	98,721
State operations:					
Personal Service	6,730	6,740	0	0	13,470
Non-Personal Service	2,304	4,685	0	75	7,064
General State charges	4,262	2,120	0	0	6,382
Debt service	0	0	0	5,777	5,777
Capital projects	0	2	8,627	0	8,629
Total disbursements	53,543	71,166	9,482	5,852	140,043
Other financing sources (uses):					
Transfers from other funds	11,395	7,138	1,529	6,828	26,890
Transfers to other funds	(6,398)	(4,634)	(1,414)	(14,479)	(26,925)
Bond and note proceeds	0	0	597	0	597
Net other financing sources (uses)	4,997	2,504	712	(7,651)	562
Deposit to/(use of) Community Projects Fund	55	0	0	0	55
Change in fund balance	(4,623)	(97)	107	(6)	(4,619)
Closing fund balance	(4,623)	2,253	(358)	281	(2,447)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2011-2012
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,253	(358)	281	2,176
Receipts:					
Taxes	41,898	9,160	2,131	13,055	66,244
Miscellaneous receipts	2,583	14,538	3,460	839	21,420
Federal grants	60	40,409	2,677	0	43,146
Total receipts	44,541	64,107	8,268	13,894	130,810
Disbursements:					
Grants to local governments	47,706	53,605	916	0	102,227
State operations:					
Personal Service	6,815	6,770	0	0	13,585
Non-Personal Service	2,374	4,672	0	75	7,121
General State charges	5,133	2,175	0	0	7,308
Debt service	0	0	0	6,175	6,175
Capital projects	0	2	7,984	0	7,986
Total disbursements	62,028	67,224	8,900	6,250	144,402
Other financing sources (uses):					
Transfers from other funds	11,440	7,325	1,752	6,377	26,894
Transfers to other funds	(7,270)	(4,181)	(1,471)	(14,009)	(26,931)
Bond and note proceeds	0	0	453	0	453
Net other financing sources (uses)	4,170	3,144	734	(7,632)	416
Deposit to/(use of) Community Projects Fund	(41)	0	0	0	(41)
Change in fund balance	(13,276)	27	102	12	(13,135)
Closing fund balance	(13,276)	2,280	(256)	293	(10,959)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2012-2013
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,280	(256)	293	2,317
Receipts:					
Taxes	42,275	9,488	2,153	13,155	67,071
Miscellaneous receipts	2,583	14,835	2,897	858	21,173
Federal grants	60	39,954	2,443	0	42,457
Total receipts	44,918	64,277	7,493	14,013	130,701
Disbursements:					
Grants to local governments	51,366	53,771	922	0	106,059
State operations:					
Personal Service	6,884	6,798	0	0	13,682
Non-Personal Service	2,442	4,863	0	75	7,380
General State charges	6,130	2,297	0	0	8,427
Debt service	0	0	0	6,516	6,516
Capital projects	0	2	7,037	0	7,039
Total disbursements	66,822	67,731	7,959	6,591	149,103
Other financing sources (uses):					
Transfers from other funds	11,325	7,597	1,693	6,444	27,059
Transfers to other funds	(7,682)	(4,011)	(1,505)	(13,867)	(27,065)
Bond and note proceeds	0	0	381	0	381
Net other financing sources (uses)	3,643	3,586	569	(7,423)	375
Deposit to/(use of) Community Projects Fund	(92)	0	0	0	(92)
Change in fund balance	(18,169)	132	103	(1)	(17,935)
Closing fund balance	(18,169)	2,412	(153)	292	(15,618)

Source: NYS DOB

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

	2008-2009 Actuals	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT					
Agriculture and Markets, Department of	109,631	109,190	122,793	116,827	105,495
Alcoholic Beverage Control	17,022	18,075	18,781	19,114	19,607
Banking Department	78,971	79,009	81,698	80,831	82,212
Consumer Protection Board	3,840	3,096	3,266	3,231	3,321
Economic Development Capital Programs	21,176	4,300	2,500	2,500	2,500
Economic Development, Department of	104,306	97,698	148,367	178,395	243,395
Empire State Development Corporation	620,568	398,421	844,329	586,754	336,754
Energy Research and Development Authority	22,786	29,560	29,798	30,041	30,041
Housing and Community Renew al, Division of	320,605	878,541	441,678	303,489	302,846
Insurance Department	292,668	685,287	540,616	564,639	569,531
Olympic Regional Development Authority	9,503	9,509	7,714	7,924	7,924
Public Service, Department of	78,697	79,427	84,615	87,440	90,004
Science, Technology and Innovation, Foundation for	27,186	29,722	55,619	56,037	49,696
Strategic Investment	3,195	6,650	4,000	4,000	5,000
Functional Total	1,710,154	2,428,485	2,385,774	2,041,222	1,848,326
PARKS AND THE ENVIRONMENT					
Adirondack Park Agency	5,510	5,567	5,738	5,741	5,743
Environmental Conservation, Department of	878,910	1,151,981	1,165,955	917,116	908,565
Environmental Facilities Corporation	14,758	9,967	10,246	10,428	10,612
Hudson River Park Trust	14,290	21,392	10,000	0	0
Parks, Recreation and Historic Preservation, Office of	337,061	313,221	260,581	247,962	249,580
Functional Total	1,250,529	1,502,128	1,452,520	1,181,247	1,174,500
TRANSPORTATION					
Motor Vehicles, Department of	318,270	325,285	340,192	350,227	353,770
Thruw ay Authority	1,419	1,804	1,876	1,951	2,029
Metropolitan Transportation Authority	160,000	195,300	206,500	194,500	183,600
Transportation, Department of	6,498,414	8,494,081	9,220,636	9,046,666	8,910,330
Functional Total	6,978,103	9,016,470	9,769,204	9,593,344	9,449,729
HEALTH AND SOCIAL WELFARE					
Aging, Office for the	239,660	227,212	230,376	229,766	229,766
Children and Family Services, Office of	3,143,806	3,327,059	3,532,221	3,660,622	3,885,697
OCFS	3,097,973	3,256,215	3,415,535	3,522,267	3,743,011
OCFS - Medicaid	45,833	70,844	116,686	138,355	142,686
Health, Department of	38,097,712	41,545,921	44,144,173	47,198,279	48,246,083
Medical Assistance	32,427,350	36,037,869	38,438,425	41,303,145	42,490,213
Medicaid Administration	900,664	915,500	959,500	1,003,750	1,049,750
Public Health	4,769,698	4,592,552	4,746,248	4,891,384	4,706,120
Health - Medicaid Assistance	0	0	0	0	0
Human Rights, Division of	19,043	22,579	21,103	21,159	21,351
Labor, Department of	581,613	917,791	736,053	629,520	620,267
Medicaid Inspector General, Office of	61,224	80,022	82,520	85,937	85,937
Prevention of Domestic Violence, Office for	2,482	2,374	2,311	2,323	2,344
Stem Cell and Innovation	7,797	46,321	71,500	50,000	167,826

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

	2008-2009 Actuals	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
HEALTH AND SOCIAL WELFARE (Continued)					
Temporary and Disability Assistance, Office of	5,084,635	5,182,452	5,157,043	5,249,294	5,259,088
Welfare Assistance	3,339,685	3,743,369	3,704,967	3,822,845	3,823,509
Welfare Administration	361,065	56,433	55,041	55,041	55,041
All Other	1,383,885	1,382,650	1,397,035	1,371,408	1,380,538
Welfare Inspector General, Office of	1,180	1,403	1,432	1,456	1,472
Workers' Compensation Board	205,090	209,201	193,424	197,598	202,483
Functional Total	47,444,242	51,562,335	54,172,156	57,325,954	58,722,314
MENTAL HEALTH					
Mental Health, Office of	3,084,590	3,250,803	3,519,641	3,702,158	3,826,579
OMH	1,423,983	1,500,295	1,653,421	1,780,099	1,831,441
OMH - Medicaid	1,660,607	1,750,508	1,866,220	1,922,059	1,995,138
Mental Hygiene, Department of	308,318	1,570	1,997	1,484	1,484
Mental Retardation and Developmental Disabilities, Office of	4,183,851	4,225,403	4,447,454	4,612,261	4,800,172
OMRDD	559,080	546,785	553,810	572,075	595,412
OMRDD - Medicaid	3,624,771	3,678,618	3,893,644	4,040,186	4,204,760
Alcoholism and Substance Abuse Services, Office of	584,954	648,290	686,839	761,310	796,875
OASAS	484,789	546,336	579,461	651,210	685,234
OASAS - Medicaid	100,165	101,954	107,378	110,100	111,641
Developmental Disabilities Planning Council	4,915	4,200	4,200	4,200	4,200
Quality of Care for the Mentally Disabled, Commission on	15,207	16,676	18,319	18,404	18,612
Functional Total	8,181,835	8,146,942	8,678,450	9,099,817	9,447,922
PUBLIC PROTECTION					
Capital Defenders Office	370	0	0	0	0
Correction, Commission of	2,687	2,658	2,785	2,814	2,848
Correctional Services, Department of	2,699,307	2,984,485	2,814,797	2,840,967	2,879,717
Crime Victims Board	65,521	69,822	65,216	65,318	65,511
Criminal Justice Services, Division of	295,559	273,675	269,244	253,587	233,034
Homeland Security	108,459	362,166	285,458	551,984	549,093
Investigation, Temporary State Commission of	3,554	0	0	0	0
Judicial Commissions	5,288	5,214	5,208	5,311	5,385
Military and Naval Affairs, Division of	234,686	308,508	222,387	188,491	189,502
Parole, Division of	196,590	188,700	191,630	195,984	199,977
Probation and Correctional Alternatives, Division of	79,273	69,144	70,783	76,971	78,506
State Police, Division of	653,750	780,356	769,505	766,127	742,203
Functional Total	4,345,044	5,044,728	4,697,013	4,947,554	4,945,776

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

	2008-2009 Actuals	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
EDUCATION					
Arts, Council on the	45,842	49,183	48,729	48,827	48,827
City University of New York	1,071,277	1,716,892	1,502,408	1,549,843	1,583,274
Education, Department of	30,553,372	31,794,871	33,497,452	33,201,004	35,141,316
School Aid	23,164,174	24,722,363	26,343,578	26,230,966	28,024,810
School Aid - Medicaid Assistance	106,331	40,000	80,000	80,000	80,000
STAR Property Tax Relief	4,435,383	3,524,450	3,480,270	3,677,620	3,854,167
Special Education Categorical Programs	1,783,639	2,264,890	2,427,750	2,089,470	2,092,790
All Other	1,063,845	1,243,168	1,165,854	1,122,948	1,089,549
Higher Education Services Corporation	909,663	1,035,721	991,406	991,014	994,546
Higher Education Capital Grants	4,254	67,746	40,000	38,000	0
State University Construction Fund	16,482	19,586	20,992	21,463	21,822
State University of New York	6,484,894	7,248,524	7,685,601	7,801,987	7,879,976
Functional Total	39,085,784	41,932,523	43,786,588	43,652,138	45,669,761
GENERAL GOVERNMENT					
Audit and Control, Department of	258,126	263,980	265,052	269,832	274,416
Budget, Division of the	43,813	77,301	84,259	97,199	107,291
Civil Service, Department of	23,744	21,679	22,551	22,763	23,014
Elections, State Board of	97,117	157,241	7,175	7,284	7,426
Employee Relations, Office of	3,694	3,465	3,795	3,833	3,872
Executive Chamber	19,252	17,077	18,023	18,647	18,924
General Services, Office of *	215,793	230,610	224,397	231,139	235,329
Inspector General, Office of	6,446	6,462	6,776	6,852	6,937
Law , Department of	231,205	239,390	240,144	247,122	251,646
Lieutenant Governor, Office of the	133	0	276	1,193	1,208
Lottery, Division of	200,951	188,151	193,807	194,069	194,751
Public Employment Relations Board	3,660	4,270	4,561	4,600	4,648
Public Integrity, Commission on	4,879	4,865	5,017	5,350	5,530
Racing and Wagering Board, State	24,307	21,065	21,802	21,902	22,235
Real Property Services, Office of	58,369	46,269	42,761	43,772	44,359
Regulatory Reform, Governor's Office of	3,438	542	697	697	697
State, Department of	181,137	217,307	205,566	158,531	161,067
Tax Appeals, Division of	3,422	3,025	3,152	3,152	3,152
Taxation and Finance, Department of	372,992	412,154	427,072	427,511	428,627
Technology, Office for	21,364	141,081	149,275	147,592	120,543
Lobbying, Temporary State Commission on	(77)	0	0	0	0
Veterans Affairs, Division of	15,720	17,122	18,000	17,574	17,700
Functional Total	1,789,485	2,073,056	1,944,158	1,930,614	1,933,372
ALL OTHER CATEGORIES					
Legislature	221,729	225,717	220,717	220,717	220,717
Judiciary (excluding fringe benefits)	2,425,844	2,513,026	2,725,941	2,919,326	2,946,710
World Trade Center	48,622	54,119	44,119	34,118	20,000
Local Government Assistance	1,037,389	1,134,517	1,129,524	1,132,764	1,135,888
Long-Term Debt Service	4,585,862	5,147,137	5,851,815	6,249,770	6,590,712
Capital Projects	0	0	0	0	0
General State Charges	2,443,102	3,175,332	3,556,798	4,399,317	5,391,695
Miscellaneous	23,880	(487,002)	(372,338)	(325,702)	(394,602)
Functional Total	10,786,428	11,762,846	13,156,576	14,630,310	15,911,120
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	121,571,604	133,469,513	140,042,439	144,402,200	149,102,820

GSC: Agency disbursements include grants to local governments, state operations and general state charges, which is a departure from prior Financial plan publications. In prior reports, general state charges were excluded from agency spending totals.

** To facilitate comparability, the new Office of Procurement Services is reflected within the amounts shown for the Office of General Services.*

Source: NYS DOB

CASHFLOW
GENERAL FUND
2009-2010
(dollars in millions)

	2009 April Actuals	May Actuals	June Actuals	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2010 January Projected	February Projected	March Projected	Total
OPENING BALANCE	1,948	2,799	37	1,027	1,083	864	1,720	646	(1,364)	(1,150)	3,905	3,048	1,948
RECEIPTS:													
Personal Income Tax	2,867	744	2,058	1,655	1,566	2,844	932	415	2,125	5,315	1,180	1,851	23,552
User Taxes and Fees	614	594	804	637	648	840	656	634	766	690	556	770	8,209
Business Taxes	61	(16)	1,195	42	159	993	33	36	1,063	64	87	1,737	5,454
Other Taxes	51	96	65	79	80	80	79	79	79	79	79	76	922
Total Taxes	3,593	1,418	4,122	2,413	2,453	4,757	1,700	1,164	4,033	6,148	1,902	4,434	38,137
Licenses, Fees, etc.	28	76	44	34	49	43	45	43	31	34	60	113	600
Abandoned Property	9	0	29	16	10	42	16	107	38	69	56	133	525
Reimbursements	10	40	33	5	8	19	10	10	23	7	7	0	172
Investment Income	3	0	3	3	0	3	0	2	2	3	2	4	25
Other Transactions	31	84	144	44	52	607	42	39	84	43	38	371	1,579
Total Miscellaneous Receipts	81	200	253	102	119	714	113	201	178	156	163	621	2,901
Federal Grants	5	24	0	0	0	10	0	0	10	0	0	19	68
PIT in Excess of Revenue Bond Debt Service	954	165	928	550	241	1,080	509	110	1,055	1,199	203	905	7,899
Sales Tax in Excess of LGAC Debt Service	159	66	363	184	194	203	196	188	230	206	1	123	2,113
Real Estate Taxes in Excess of CW/CA Debt Servi	20	12	10	0	0	0	0	0	0	5	5	6	58
All Other	16	193	91	17	96	16	46	16	16	26	26	631	1,190
Total Transfers from Other Funds	1,149	436	1,392	751	531	1,299	751	314	1,301	1,436	235	1,665	11,260
TOTAL RECEIPTS	4,828	2,078	5,767	3,266	3,103	6,780	2,564	1,679	5,522	7,740	2,300	6,739	52,366
DISBURSEMENTS:													
School Aid	588	2,730	1,892	80	511	1,269	630	980	1,601	283	797	6,658	18,019
Higher Education	31	15	783	57	264	63	448	33	256	31	311	530	2,822
All Other Education	50	103	148	60	123	79	176	158	175	142	158	268	1,640
Medicaid - DOH	889	614	(88)	768	696	476	664	763	418	481	528	94	6,303
Public Health	47	52	40	114	35	68	71	44	52	61	24	45	653
Mental Hygiene	13	22	371	49	24	513	38	9	448	126	144	397	2,154
Children and Families	20	157	83	113	103	291	102	110	296	67	82	399	1,823
Temporary & Disability Assistance	63	61	59	381	62	284	61	62	(16)	61	5	191	1,274
Transportation	0	13	5	0	25	0	0	25	21	0	0	11	100
All Other	53	1	445	48	86	232	(18)	58	539	40	40	634	2,158
Total Local Assistance Grants	1,754	3,768	3,738	1,670	1,929	3,275	2,172	2,242	3,790	1,292	2,089	9,227	36,946
Personal Service	748	460	515	619	574	824	369	478	512	499	376	436	6,410
Non-Personal Service	213	188	163	157	208	233	180	160	197	179	198	147	2,223
Total State Operations	961	648	678	776	782	1,057	549	638	709	678	574	583	8,633
General State Charges	387	4	219	368	303	1,047	427	334	116	385	183	70	3,843
Debt Service	488	92	31	13	50	278	16	107	436	12	47	206	1,776
Capital Projects	31	40	29	53	21	(4)	151	47	5	95	46	51	565
State Share Medicaid	238	208	52	294	197	197	197	257	197	197	197	131	2,362
Other Purposes	118	80	30	36	40	74	126	64	55	26	21	264	934
Total Transfers to Other Funds	875	420	142	396	308	545	490	475	693	330	311	652	5,637
TOTAL DISBURSEMENTS	3,977	4,840	4,777	3,210	3,322	5,924	3,638	3,689	5,308	2,685	3,157	10,532	55,059
Excess/(Deficiency) of Receipts over Disbursements	851	(2,762)	990	56	(219)	856	(1,074)	(2,010)	214	5,055	(857)	(3,793)	(2,693)
Legislative/Administrative Actions to Close Gap	0	0	0	0	0	0	0	0	0	0	0	2,123	2,123
CLOSING BALANCE	2,799	37	1,027	1,083	864	1,720	646	(1,364)	(1,150)	3,905	3,048	1,378	1,378

Source: NYS DOB

GAAP FINANCIAL PLAN
GENERAL FUND
2009-2010 THROUGH 2012-2013
(millions of dollars)

	2009-2010 First Quarter	2010-2011 Projected	2011-2012 Projected	2012-13 Projected
Revenues:				
Taxes:				
Personal income tax	24,957	26,027	26,279	25,728
User taxes and fees	8,046	8,587	9,012	9,321
Business taxes	5,449	5,697	5,656	6,217
Other taxes	830	924	955	1,012
Miscellaneous revenues	5,933	5,505	5,508	5,560
Federal grants	68	60	60	60
Total revenues	45,283	46,800	47,470	47,898
Expenditures:				
Grants to local governments	38,970	42,492	50,049	53,730
State operations	12,386	12,645	14,532	15,342
General State charges	4,194	4,432	3,991	5,134
Debt service	0	0	0	0
Capital projects	1	0	0	0
Total expenditures	55,551	59,569	68,572	74,206
Other financing sources (uses):				
Transfers from other funds	14,621	14,585	14,631	18,732
Transfers to other funds	(6,326)	(6,901)	(7,139)	(11,578)
Proceeds from financing arrangements/	0			
advance refundings	450	355	360	359
Net other financing sources (uses)	8,745	8,039	7,852	7,513
Operating Surplus/(Deficit)	(1,523)	(4,730)	(13,250)	(18,795)

Source: NYS DOB

GAAP FINANCIAL PLAN
GENERAL FUND
2009-2010
(millions of dollars)

	Enacted	Change	First Quarter
Revenues:			
Taxes:			
Personal income tax	25,401	(444)	24,957
User taxes and fees	8,274	(228)	8,046
Business taxes	5,417	32	5,449
Other taxes	966	(136)	830
Miscellaneous revenues	6,426	(493)	5,933
Federal grants	0	68	68
Total revenues	46,484	(1,201)	45,283
Expenditures:			
Grants to local governments	38,494	476	38,970
State operations	12,201	185	12,386
General State charges	3,932	262	4,194
Debt service	0	0	0
Capital projects	1	0	1
Total expenditures	54,628	923	55,551
Other financing sources (uses):			
Transfers from other funds	14,942	(321)	14,621
Transfers to other funds	(6,552)	226	(6,326)
Proceeds from financing arrangements/	0		0
advance refundings	315	135	450
Net other financing sources (uses)	8,705	40	8,745
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	561	(2,084)	(1,523)
Operating Surplus/(Deficit)	561	(2,084)	(1,523)

Source: NYS DOB

Annual Information Statement

State of New York

May 15, 2009

[THIS PAGE INTENTIONALLY LEFT BLANK]

Annual Information Statement
State of New York
Dated: May 15, 2009

Table of Contents

Annual Information Statement **1**
Introduction 1
Usage Notice 2

Current Fiscal Year **3**
2009-10 Enacted Budget Financial Plan Overview 3
2009-10 General Fund Financial Plan and OutYear Projections 15
Financial Plan Reserves 25
Cash Flow Forecast 25
2009-10 All Funds Financial Plan Forecast 26
GAAP-Basis Financial Plans/GASB Statement 45 64
Special Considerations 67

THE FOLLOWING SECTIONS ARE INCLUDED BY CROSS-REFERENCE

Prior Fiscal Years
Cash-Basis Results for Prior Fiscal Years
GAAP-Basis Results for Prior Fiscal Years

Economics and Demographics
The U.S. Economy
The New York Economy
Economic and Demographic Trends

Debt and Other Financing Activities
State Debt and Other Financings
State-Related Debt
State-Related Debt Long-Term Trends
State-Related Debt Service Requirements
Limitations on State-Supported Debt
2009-10 State Borrowing Plan

State Organization
State Government
State Financial Procedures
State Government Employment
State Retirement Systems

Authorities and Localities
Public Authorities
The City of New York
Other Localities

Litigation
General
Real Property Claims
Tobacco Master Settlement Agreement
State Medicaid Program
West Valley Litigation
Representative Payees

Exhibit A to Annual Information Statement
Glossary of Financial Terms

Exhibit B to Annual Information Statement
Principal State Taxes and Fees

Exhibit C to Annual Information Statement
Glossary of Acronyms

[THIS PAGE INTENTIONALLY LEFT BLANK]

Annual Information Statement of the State of New York

Introduction

This Annual Information Statement ("AIS") is dated May 15, 2009 and contains information only through that date. This AIS constitutes the official disclosure information regarding the financial condition of the State of New York (the "State") and replaces the Annual Information Statement dated May 12, 2008 and all updates and supplements thereto. This AIS is scheduled to be updated on a quarterly basis (in August 2009, November 2009, and February 2010) and may be supplemented from time to time as developments may warrant. This AIS, including the Exhibits attached hereto, should be read in its entirety, together with any update or supplement issued during the fiscal year.

In this AIS, readers will find:

1. A section entitled the "Current Fiscal Year" that contains (a) extracts from the 2009-10 Enacted Budget Financial Plan, dated April 28, 2009 (the "Financial Plan"), prepared by the Division of the Budget ("DOB"), including the State's official Financial Plan projections, and (b) a discussion of potential risks that may affect the Financial Plan during the State's current fiscal year under the heading "Special Considerations." The first part of the section entitled "Current Fiscal Year" summarizes the major components of the 2009-10 Enacted Budget and the projected impact on operations, annual spending growth, and the magnitude of future potential budget gaps; the second part provides detailed information on projected total receipts and disbursements in the State's governmental funds in 2009-10.

2. Information on other subjects relevant to the State's fiscal condition, including: (a) operating results for the three prior fiscal years, (b) the State's revised economic forecast and a profile of the State economy, (c) debt and other financing activities, (d) governmental organization, and (e) activities of public authorities and localities.

3. The status of significant litigation that has the potential to adversely affect the State's finances.

DOB is responsible for preparing the State's Financial Plan and presenting the information that appears in this AIS on behalf of the State. In preparing this AIS, DOB relies on information drawn from other sources, including the Office of the State Comptroller ("OSC"), that DOB believes to be reliable. Information relating to matters described in the section entitled "Litigation" is furnished by the State Office of the Attorney General.

During the fiscal year, the Governor, the State Comptroller, State legislators, and others may issue statements or reports that contain predictions, projections or other information relating to the State's financial condition, including potential operating results for the current fiscal year and projected baseline gaps for future fiscal years, that may vary materially from the information provided in this AIS, as updated or supplemented. Investors and other market participants should, however, refer to this AIS, as updated or supplemented, for the most current official information regarding the financial condition of the State.

The economic and financial condition of the State may be affected by various financial, social, economic, environmental, and political factors. These factors can be very complex, may vary from fiscal year to fiscal year, and are frequently the result of actions taken or not taken, not only by the State and its agencies and instrumentalities, but also by entities, such as the federal government or other nations, that are not under the control of the State. Because of the uncertainty and unpredictability of these factors, their impact cannot, as a practical matter, be quantified or incorporated into the assumptions underlying the State's projections.

This Annual Information Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the State's financial results could cause actual results to differ materially from those stated in the forward-looking statements.

The State may issue AIS supplements or other disclosure notices to this AIS as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of this AIS in Official Statements or related disclosure documents for State or State-supported debt issuance. The State has filed this AIS with the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs). An official copy of this AIS may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-8282 or from any NRMSIR. OSC expects to issue the Basic Financial Statements for the 2008-09 fiscal year in July 2009. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and will be available on its website at www.osc.state.ny.us.

Usage Notice

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

An informational copy of this AIS is available on the DOB website (www.budget.state.ny.us). The availability of this AIS in electronic form at DOB's website is being provided solely as a matter of convenience to readers and does not create any implication that there have been no changes in the financial condition of the State at any time subsequent to its release date. Maintenance of the AIS on the website is not intended as a republication of the information therein on any date subsequent to its release date.

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

Current Fiscal Year

The 2009-10 Enacted Budget Financial Plan, extracts of which are set forth below, was prepared by the DOB and reflects the actions of the Legislature and Governor.

The Financial Plan contains estimates for the 2009-10 fiscal year and projections for the 2010-11 through 2012-13 fiscal years. As such, it contains estimates and projections of future results that should not be construed as statements of fact. These estimates and projections are based upon various assumptions that may be affected by numerous factors, including future economic conditions in the State and nation and potential litigation. There can be no assurance that actual results will not differ materially and adversely from the estimates and projections contained in the Financial Plan set forth below.

The State accounts for all of its spending and revenues by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as Grants to Local Governments). The Financial Plan tables sort all State projections and results by fund and category. The State Constitution requires the Governor to submit an Executive Budget that is balanced on a cash basis in the General Fund — the fund that receives the majority of State taxes, and all income not earmarked for a particular program or activity. Since this is the fund that is statutorily required to be balanced, the focus of the State's budget discussion is often weighted toward the General Fund.

The State also reports disbursements and receipts activity by other broad measures: State Operating Funds, which includes the General Fund and funds specified for dedicated purposes, but excludes capital project funds and Federal Funds; and All Governmental Funds ("All Funds"), which includes both State and Federal Funds and provides the most comprehensive view of the financial operations of the State.

Fund types of the State include: the General Fund; State special revenue funds (SRFs), which receive certain dedicated taxes, fees and other revenues that are used for a specified purpose; Federal SRFs, which receive Federal grants; State and Federal Capital Projects Funds, which account for costs incurred in the construction and reconstruction of roads, bridges, prisons, and other infrastructure projects; and Debt Service Funds, which pay principal, interest and related expenses on long-term bonds issued by the State and its public authorities.

2009-10 Enacted Budget Financial Plan Overview[1]

The Enacted Budget for 2009-10 closes the largest budget gap ever faced by the State. The combined current services budget gap[2] for 2008-09 and 2009-10 totaled $20.1 billion (2008-09: $2.2 billion; 2009-10: $17.9 billion), before the gap-closing actions approved by the Governor and Legislature and the receipt of extraordinary Federal aid. For perspective, the two-year budget gap that needed to be closed was equal to approximately 37 percent of total General Fund receipts in 2008-09. The cumulative gap for the five-year planning period from 2008-09 through 2012-13, before approved gap-closing actions, totaled $85.2 billion.

[1] Please see Exhibit C Glossary of Acronyms for the definitions of commonly used acronyms and abbreviations that appear in the text.

[2] The current-services gap represented (a) the difference between the General Fund disbursements expected to be needed to maintain current service levels and specific commitments, and the expected level of resources to pay for them, plus (b) the operating deficit projected in HCRA, which helps finance a number of State health care programs including a share of the Medicaid program.

Financial Plan Indicators

FINANCIAL PLAN AT-A-GLANCE: IMPACT ON KEY MEASURES
(millions of dollars)

	2007-08 Actuals	2008-09 Results*	2009-10 Enacted Budget
State Operating Funds Budget			
Size of Budget	$77,003	$78,168	$78,742
Annual Growth	4.8%	1.5%	0.7%
Other Budget Measures (Annual Growth)			
General Fund (with transfers)	$53,387	$54,607	$54,908
	3.5%	2.3%	0.6%
State Funds (Including Capital)	$81,379	$83,146	$84,657
	5.3%	2.2%	1.8%
Capital Budget (Federal and State)	$6,131	$6,830	$8,832
	10.3%	11.4%	29.3%
Federal Operating	$32,924	$36,573	$44,361
	-2.3%	11.1%	21.3%
All Funds	$116,058	$121,571	$131,935
	2.9%	4.8%	8.5%
All Funds (Including "Off-Budget" Capital)	$117,692	$123,833	$133,737
	3.2%	5.2%	8.0%
Inflation (CPI) Growth	3.3%	2.7%	-0.2%
All Funds Receipts (Annual Growth)			
Taxes	$60,871	$60,337	$60,647
	6.7%	-0.9%	0.5%
Miscellaneous Receipts	$19,643	$20,064	$22,185
	7.4%	2.1%	10.6%
Federal Grants	$34,909	$38,834	$47,718
	-2.6%	11.2%	22.9%
Total Receipts	$115,423	$119,235	$130,550
	3.8%	3.3%	9.5%
Base Tax Growth/(Decline) **	6.0%	-3.0%	-6.5%
Combined General Fund/HCRA Outyear Gap Forecast			
2008-09	N/AP	N/AP	$0
2009-10	N/AP	N/AP	$0
2010-11	N/AP	N/AP	($2,166)
2011-12	N/AP	N/AP	($8,757)
2012-13	N/AP	N/AP	($13,706)
Cumulative Gaps	N/AP	N/AP	($24,629)
Total General Fund Reserves	$2,754	$1,948	$1,378
State Workforce (Subject to Executive Control)	137,635	136,490	128,803
Debt			
Debt Service as % All Funds	4.0%	4.3%	4.5%
State-Related Debt Outstanding	$49,884	$51,730	$54,532

** Unaudited Year-End Results.*

*** Reflects estimated growth/(decline) in tax receipts excluding the impact of Tax Law changes since SFY 1986-87.*

The combined current-services gap for 2008-09 and 2009-10 grew steadily over the past year, increasing four-fold since May 2008. The $15 billion increase in the combined gap, to $20.1 billion, was due almost exclusively to the precipitous decline in projected receipts, reflecting the severity of the current economic downturn and dislocation in the financial markets. The current recession has been characterized by a loss of vast sums of wealth from depressed equity and real estate markets. As of the fourth quarter of 2008, an unprecedented $12.8 trillion in net wealth had been destroyed nationwide since the third quarter of calendar year 2007. This is expected to have a substantial impact on taxable income and, by extension, State tax receipts. To understand the impact of the downturn on income, a comparison to the last recession is instructive: New York State adjusted gross income fell by $28 billion in 2001 and another $21 billion in 2002, following the collapse of the high-tech/Internet bubble and the attacks of September 11. In contrast, gross income losses of $52 billion in 2008-09 and $53 billion in 2009-10 – or more than twice the last recession – are projected.

Addressing the Budget Gaps

The gap-closing plan for 2008-09 and 2009-10 was enacted in two parts. First, in early February 2009, the Governor and Legislature approved a deficit reduction plan (DRP) for 2008-09. The DRP provided approximately $2.4 billion in savings over the two-year period, reducing the combined gap from $20.1 to $17.7 billion. Second, in March 2009, the Governor and Legislature reached final agreement on a budget for 2009-10, with the Legislature completing action on all appropriations and enabling legislation to implement the budget on April 3, 2009 (all debt service appropriations for 2009-10 were enacted on March 5, 2009). The Enacted Budget Financial Plan includes $11.5 billion in gap-closing actions, beyond the $2.4 billion approved in the DRP, for a total of $13.9 billion in gap-closing actions.[3]

To close the two-year budget gap in 2008-09 and 2009-10, the Governor and Legislature approved a total of $13.9 billion in gap-closing actions, including $6.5 billion in actions to restrain spending, $5.4 billion in actions to increase receipts, and $2 billion in non-recurring actions (more than half of which were used in 2008-09 to close a gap that opened in the last half of the fiscal year). The most significant actions include freezing the foundation aid and Universal Prekindergarten education aid programs at 2008-09 levels; eliminating the Middle-Class STAR rebate program (but maintaining the STAR exemption program that will provide $3.5 billion in property tax relief); instituting Medicaid cost-containment; reducing the size of the State workforce; and increasing personal income tax rates on high-income earners.

In addition, the gap-closing plan includes $6.15 billion in direct fiscal relief that the Federal government is providing to the State under the American Recovery and Reinvestment Act of 2009 (ARRA) to stabilize State finances and help prevent reductions in essential services. This extraordinary aid consists of $5 billion in State savings resulting from a temporary increase in the amount of Medicaid spending that is paid for by the Federal government (known as FMAP) and $1.15 billion in Federal aid provided by the ARRA State Fiscal Stabilization Fund (SFSF) to restore proposed reductions in education, higher education, and other essential government services.

The following table summarizes the gap-closing plan by major function and activity.

[3] The gap-closing plan described herein refers to the combined actions taken in the DRP and the Enacted Budget for 2009-10, unless otherwise noted.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 ENACTED BUDGET INCLUDING DRP (millions of dollars)	2008-09	2009-10	Two-Year Total	2010-11	2011-12	2012-13
REVISED CURRENT SERVICES GAP ESTIMATES*	**(2,219)**	**(17,857)**	**(20,076)**	**(20,374)**	**(21,900)**	**(22,845)**
TOTAL ENACTED BUDGET GAP-CLOSING ACTIONS	**1,595**	**12,332**	**13,927**	**13,794**	**13,144**	**9,214**
Spending Restraint	**413**	**6,047**	**6,460**	**7,360**	**8,234**	**8,138**
Health Care	63	1,961	2,024	1,673	1,719	1,735
School Tax Relief Program	93	1,559	1,652	2,051	2,113	2,181
School Aid/Lottery Aid	0	948	948	1,870	2,835	2,695
Mental Hygiene	4	388	392	398	368	352
Higher Education	55	197	252	257	198	171
Public Safety	2	215	217	251	256	297
Human Services/Labor/Housing	4	188	192	189	129	60
Transportation	0	152	152	271	337	390
Repeal Planned Member Item Deposits	30	104	134	(85)	(85)	0
Local Government Aid	3	94	97	171	168	165
Other Education Aid	7	21	28	61	53	53
State Workforce	5	170	175	328	328	328
Convert Capital to PAYGO	0	0	0	(100)	(200)	(300)
All Other	147	50	197	25	15	11
Revenue Actions	**118**	**5,279**	**5,397**	**6,443**	**4,974**	**1,110**
Temporary PIT Increase	0	3,948	3,948	4,778	3,720	0
Increase 18-A Utility Assessment	0	557	557	557	557	557
Bottle Bill Unclaimed Deposits	0	115	115	115	115	115
Limit Itemized Deductions for High Income Taxpayers	0	140	140	200	150	150
Reform Empire Zones Program	0	90	90	101	113	126
Impose Fee on Non-LLC Partnerships	0	50	50	50	50	50
Impose Sales Tax on Certain Transportation-related Activities	0	26	26	34	34	34
Increase Beer/Wine Tax	0	14	14	14	14	14
Film Credit Restructuring	0	0	0	192	(180)	(228)
Reissue License Plates	0	0	0	129	129	20
All Other Revenue Actions	118	339	457	273	272	272
Non-Recurring Resources	**1,064**	**1,006**	**2,070**	**(9)**	**(64)**	**(34)**
Delay extra MA Cycle (two years)	0	400	400	0	(400)	0
Increase Business Tax Prepayment to 40 Percent	0	333	333	0	0	0
NYPA Payments	306	170	476	0	(25)	(25)
Equipment Financing	0	104	104	(4)	(4)	(4)
VLT Franchise Payment	0	0	0	0	370	0
Medicaid DRP Savings/CUNY Payment	300	(300)	0	0	0	0
All Other	458	299	757	(5)	(5)	(5)
FEDERAL ARRA AID	**1,299**	**4,850**	**6,149**	**4,414**	**(1)**	**(75)**
Enhanced FMAP/Medicaid Relief (excludes local share)	1,299	3,702	5,001	3,387	0	0
State Fiscal Stablization Relief	0	1,150	1,150	1,508	359	0
Federal Tax Relief Extended to State Tax Code	0	(2)	(2)	(481)	(360)	(75)
NET AVAILABLE RESOURCES APPLIED IN 2009-10	**(675)**	**675**	0	**0**	**0**	**0**
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**0**	**0**	**(2,166)**	**(8,757)**	**(13,706)**

** Before 2008-09 Enacted DRP.*

Budget Outcomes

DOB estimates that, after gap-closing actions and Federal aid, the General Fund and HCRA Financial Plan for 2009-10 is balanced, and leaves budget gaps of $2.2 billion in fiscal year 2010-11, $8.8 billion in fiscal year 2011-12, and $13.7 billion in 2012-13. As required by law, the State ended the 2008-09 fiscal year in balance in the General Fund and HCRA.[4] As shown in the table above, the State received $1.3 billion in Federal aid under ARRA in 2008-09, of which it used $624 million to eliminate the 2008-09 gap, and $675 million that it applied to close a portion of the 2009-10 gap. Based on DOB's current estimates, the cumulative budget gap for the five-year period (2008-09 through 2012-13) has been reduced from $85.2 billion to $24.6 billion, a reduction of approximately $60.6 billion – or over 70 percent – from the current-services forecast.[5]

Annual growth of the State-financed portion of the budget – that is, spending financed directly by State residents through State taxes, fees, and other revenues – is held nearly flat. General Fund disbursements, including transfers to other funds, are expected to total $54.9 billion in 2009-10, an increase of $301 million (0.6 percent) from 2008-09 results. Projected General Fund spending for 2009-10 has been reduced by $8.7 billion compared to the current services forecast. State Operating Funds spending, which excludes Federal operating aid and capital spending, is projected to total $78.7 billion in 2009-10, an increase of $574 million (0.7 percent) over 2008-09 results. State Operating Funds spending in the Enacted Budget Financial Plan has been reduced by $9.4 billion compared to the current services forecast.

Elements of the Gap-Closing Plan

Before the dramatic economic events of 2008, the sustained growth in spending commitments since the last economic recovery was the principal contributor to the State's growing budget gaps. Over the last year, however, the precipitous decline in actual and projected receipts caused by the economic downturn has been the dominant cause of the extraordinary increase in the budget gaps. This is illustrated by looking at the combined budget gap for 2008-09 and 2009-10. In May 2008, the projected gap of $5 billion was driven almost exclusively by expected spending growth. In contrast, the $15 billion incremental <u>increase</u> to the combined gap since that time is almost entirely due to the worsening outlook for receipts.

Accordingly, the gap-closing plan under the State's control (that is, excluding Federal aid) is weighted toward spending restraint, but also relies on substantial tax and fee increases. Actions to restrain spending constitute approximately 46 percent of the State portion of the gap-closing plan. Actions to increase receipts constitute approximately 39 percent of the plan. Non-recurring resources make up the remainder.

The section below provides a summary of the actions under each category that have been approved for 2009-10.

Spending Restraint

Actions to restrain General Fund spending affect most activities funded by the State. General Fund spending in the Enacted Budget Financial Plan is projected to total $54.9 billion in 2009-10, an increase of $301 million over 2008-09 results. General Fund spending was reduced by $8.7 billion from current services levels.

---

[4] See "Prior Fiscal Years - Cash Basis Results for Prior Fiscal Years" in this AIS for more information.

[5] The estimates beyond 2009-10 are meant to provide a general perspective on the State's long-term operating forecast, and will be revised and updated quarterly.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 - SPENDING RESTRAINT (millions of dollars)						
	2008-09	2009-10	Total	2010-11	2011-12	2012-13
Spending Restraint (net of adds)	**413**	**6,047**	**6,460**	**7,360**	**8,234**	**8,138**
Health Care	63	1,961	2,024	1,673	1,719	1,735
School Tax Relief Program	93	1,559	1,652	2,051	2,113	2,181
School Aid/Lottery Aid	0	948	948	1,870	2,835	2,695
Mental Hygiene	4	388	392	398	368	352
Higher Education	55	197	252	257	198	171
Public Safety	2	215	217	251	256	297
Human Services/Labor/Housing	4	188	192	189	129	60
Transportation	0	152	152	271	337	390
Repeal Planned Member Item Deposits	30	104	134	(85)	(85)	0
Local Government Aid	3	94	97	171	168	165
Other Education Aid	7	21	28	61	53	53
State Workforce	5	170	175	328	328	328
Convert Capital to PAYGO	0	0	0	(100)	(200)	(300)
All Other	147	50	197	25	15	11

The most significant actions in the Enacted Budget Financial Plan that restrain General Fund spending include the following:

- **Health Care ($2.0 billion):** Enacts cost-containment measures, including rate reductions; updating the base year on which rates are calculated; re-establishing certain industry assessments; financing a greater share of Medicaid spending through HCRA; eliminating a planned human services COLA in 2009-10; and other targeted public health and aging reductions. In addition, the Enacted Budget authorizes savings actions to fully eliminate the HCRA operating deficit, including an increase in the Covered Lives Assessment, instituting a tax on for-profit HMOs, and increasing certain surcharges;

- **STAR ($1.7 billion):** Eliminates the Middle-class STAR rebate program (but maintains the STAR exemption program that will continue to provide tax relief); reduces the PIT credit for New York City taxpayers; and adjusts the timing of reimbursement to New York City;

- **School Aid ($948 million on a State fiscal year basis):** Maintains selected aids at 2008-09 school year levels; extends the phase-in of foundation aid and the UPK program from four to seven years; and authorizes additional lottery games that would increase projected resources available to education;

- **Mental Hygiene ($392 million):** Eliminates a cost-of-living increase for providers; institutes programmatic reforms to align reimbursement with actual costs (including closing, consolidating, and restructuring facility operations, thereby reducing the planned workforce by 865 positions); maximizes available Federal aid; and other measures;

- **Higher Education ($252 million):** Includes tuition increases at public universities approved by the SUNY and CUNY Boards of Trustees; reductions in support for the four statutory colleges at Cornell University and the College of Ceramics at Alfred University; an assessment on the SUNY and CUNY research foundations; inclusion of public sector pension income in TAP determinations; and other savings;

- **Public Safety ($217 million):** Closes three prison camps and various annexes in correctional facilities; improves parolee release and violation processes; eliminates farm operations at correctional facilities; reduces programs for inmates; and other operational changes;
- **Human Services ($192 million):** Increases the level of Federal funding that local districts are required to spend on child welfare services; eliminates the human services COLA; lowers reimbursement for optional, community-based preventive services; closes or downsizes 11 underutilized facilities (8 residential facilities and 3 non-residential facilities), and other measures;
- **Transportation ($152 million):** Reduces the General Fund subsidy to the DHBTF (which is made possible by an increase in certain fees) and to transit systems; and lowers spending on DOT operations consistent with the overall reduction in planned capital activities;
- **Member item funding ($134 million):** Eliminates deposits into the Community Projects Fund for the Governor and Assembly that had been authorized in prior years. The Enacted Budget includes $170 million in new member item deposits split equally between the Senate and Assembly. The new legislative deposits are scheduled to be made in 2010-11 and 2011-12. The Governor did not accept any new member-item funding;
- **Local Government Aid ($97 million):** Holds aid and incentive payments for cities, towns, and villages outside of New York City at 2008-09 levels; reduces VLT aid; and other measures; and
- **Other Education Aid ($28 million):** Reduces funding for, among other things, attendance-taking requirements at non-public schools, library aid, prior-year claims, and supplemental funding for certain after-school programs.

The gap-closing plan counts on savings from instituting a workforce reduction plan (WRP). The WRP would reduce the State Executive Branch workforce by approximately 8,700 unionized employees through attritions, layoffs, and abolitions of funded vacancies. These reductions are in addition to those that are expected to result from the facility closures and other actions affecting the workforce that were approved in this budget.

The Executive Budget had proposed achieving workforce savings without a substantial reduction in force through, among other things, the elimination of a planned 3 percent general salary increase for State employees in 2009-10 and a one-week wage deferral payable upon separation from State service. The State's public employee unions rejected the proposals. Pursuant to the Governor's directive, most non-unionized "management/confidential" employees in 2009-10 will not receive the planned general salary increase, merit awards, longevity payments, and performance advances and therefore will not be subject to the layoffs required in the WRP. See "State Workforce Reductions" herein for more information.

The Enacted Budget Financial Plan will finance a larger share of economic development projects with ongoing resources rather than with long-term debt, starting in fiscal year 2010-11. This will help relieve pressure on the State's statutory debt cap and realize debt service savings in future years. The determination to allocate the "pay-as-you-go resources" to economic development takes into account that projects in this area typically have above-average financing costs. See "Bond Market Issues" herein for more information.

The Enacted Budget Financial Plan includes a modest level of new initiatives in 2009-10, the costs of which are counted against the savings actions presented in this Financial Plan. The most significant initiatives include a new low-cost student loan program to which the State will make an initial contribution of $50 million in 2009-10; extension of a program to assist homeowners facing foreclosure; an increase in the basic public assistance grant of 10 percent annually over the next three years; and additional funding for HEAL-NY, quality incentive pools for nursing homes and home care agencies, and other health initiatives.

Revenue Actions

Balancing the budget exclusively through spending reductions in 2009-10 would have required an extraordinary retrenchment in State services. Absent any actions to raise receipts, DOB estimates that General Fund spending would have had to be reduced by nearly $18 billion from the level required to meet existing commitments – and by almost $9 billion from 2008-09 results – to achieve a balanced budget in 2009-10. Spending reductions of this magnitude would be in direct conflict with Federal efforts to stimulate the economy during a severe recession, raise grave health and public safety concerns, and place additional pressure on local property taxes. Therefore, to maintain essential services and assist residents affected by the economic downturn, the Enacted Budget includes a package of tax increases and other revenue enhancements to help close the budget gap and address the further deterioration in the revenue base.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 - REVENUE ACTIONS
(millions of dollars)

	2008-09	2009-10	Two-Year Total	2010-11	2011-12	2012-13
Revenue Actions	**118**	**5,279**	**5,397**	**6,443**	**4,974**	**1,110**
Temporary PIT Increase	0	3,948	3,948	4,778	3,720	0
Increase 18-A Utility Assessment	0	557	557	557	557	557
Bottle Bill Unclaimed Deposits	0	115	115	115	115	115
Limit Itemized Deductions for High Income Taxpayers	0	140	140	200	150	150
Reform Empire Zones Program	0	90	90	101	113	126
Impose Fee on Non-LLC Partnerships	0	50	50	50	50	50
Impose Sales Tax on Certain Transportation-related Activities	0	26	26	34	34	34
Increase Beer/Wine Tax	0	14	14	14	14	14
Film Credit Restructuring	0	0	0	192	(180)	(228)
Reissue License Plates	0	0	0	129	129	20
All Other Revenue Actions	118	339	457	273	272	272

The most significant actions include:

- **Temporary PIT Increase ($3.9 billion):** The State PIT rate will temporarily increase for higher-income filers for a three-year period from tax year 2009 through tax year 2011. The rate for married couples filing jointly will increase from 6.85 percent to 7.85 percent with incomes above $300,000 and to 8.97 percent for filers with incomes above $500,000;
- **Increase Utility Assessment ($557 million):** Increases the current regulatory fee on public utilities, including electric, gas, and water. The action will pay for State regulatory and management oversight by raising the fee from 1/3 of 1 percent to 1 percent of intrastate revenues, expanding the fee to include energy service companies, and establishing an additional 1 percent State energy and utility service conservation assessment, which will expire on March 31, 2014. In recognition of the competitive nature of the telecommunications industry, telecommunications utilities regulated under Public Service Law Section 18-A are exempted from this temporary assessment;

- **Bottle Bill ($115 million):** Expands the 5-cent deposit on carbonated beverages to include bottled water, and mandates that the State retain 80 percent of all unclaimed bottle deposits;
- **High-Income Itemized Deductions ($140 million):** Limits the ability of taxpayers with incomes over $1 million to reduce their tax liability by claiming itemized deductions ($140 million). Currently, taxpayers with incomes over $525,000 are allowed to claim 50 percent of the value of itemized deductions. To sustain philanthropic giving, charitable deductions are excluded from this provision and may still be claimed as itemized deductions for the purposes of State income taxes;
- **Empire Zones ($90 million):** Decertifies "shirt-changers" (that is, firms that change their names to maximize Zone benefits without providing any economic benefit) and firms producing less than $1 in actual investment and wages for every $1 in State tax incentives. The Empire Zone program will sunset on June 30, 2010 – one year earlier than in current law;
- **Non-LLC Partnerships ($50 million):** Imposes a new fee on non-LLC partnerships equal to fee amounts that currently apply to LLCs. Fee amounts will range from $1,900 to $4,500. Unlike the current LLC fee, partnerships with New York-source gross income under $1 million are exempt;
- **Transportation Services ($26 million):** Broadens the sales tax base to cover certain transportation-related services, such as limousine and black car services, but excludes taxis;
- **Beer/Wine Tax ($14 million):** Increases the excise tax on wine and beer. The tax on wine would increase from 18.9 cents per gallon to 30 cents per gallon, and the beer tax would increase from 11 cents per gallon to 14 cents per gallon. This translates into approximately 2 cents per bottle of wine and one and one-half cents per six pack of beer. These taxes were last increased in 1991, and are still among the lowest in the nation; and
- **License Plates ($129 million starting in 2010-11):** Effective April 1, 2010, the license plate reissuance fee is increased from $15 to $25, with revenues directed to the General Fund. License plates were last reissued in 2001.

Other revenue actions include increases in the bond issuance charge for public authorities and industrial development agencies; fines related to certain motor vehicle violations; real property transfer fees paid whenever a deed is recorded; and fees for license suspension. The Financial Plan also includes a potential franchise payment in 2011-12 related to the development of a new VLT facility. In addition, the Enacted Budget includes $350 million in new authorization for the State's film tax and television production credit, which is intended to help keep entertainment industry jobs in New York State.

The Enacted Budget Financial Plan does not include approximately $1.2 billion in tax and fee proposals that had been proposed in the Executive Budget. Extraordinary Federal aid was used to eliminate these tax proposals. See "2009-10 All Funds Financial Plan Forecast" herein for more information on tax receipt projections included in the Enacted Budget.

Non-Recurring Resources

The two-year gap-closing plan included approximately $1 billion in non-recurring resources in 2008-09 and a comparable amount in 2009-10. The 2008-09 gap had to be closed within a three-month period, which severely limited the types of savings measures that were possible.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 - NON-RECURRING RESOURCES
(millions of dollars)

	2008-09	2009-10	Two-Year Total	2010-11	2011-12	2012-13
Non-Recurring Resources	**1,064**	**1,006**	**2,070**	**(9)**	**(64)**	**(34)**
Delay extra MA Cycle (two years)	0	400	400	0	(400)	0
Increase Business Tax Prepayment to 40 Percent	0	333	333	0	0	0
NYPA Transfers	306	170	476	0	(25)	(25)
Equipment Financing	0	104	104	(4)	(4)	(4)
Finance CUNY Payments with Jan-Mar '09 MA Savings	300	(300)	0	0	0	0
EPF Sweep/Capital Bonding	75	50	125	0	0	0
School Aid Overpayment Recoveries	0	80	80	0	0	0
Medicaid Reimbursement of Education Costs	0	20	20	0	0	0
Recoup Overpayments to NYC (General Public Health Works)	11	15	26	0	0	0
Increase Pre-Paid Sales Tax on Cigarettes	0	14	14	0	0	0
Recoup Overpayments to NYC (Early Intervention)	0	9	9	0	0	0
Continue TADA software bonding	0	3	3	0	0	0
VLT Franchise Payment	0	0	0	0	370	0
Fund Sweeps/Other	372	108	480	(5)	(5)	(5)

The largest non-recurring actions over the two year period include:

- **Delay of the 53rd Medicaid Cycle Payment ($400 million):** The 2009-10 fiscal year included 53 weekly cycle payments, compared to the typical 52 payments. This action delays the payment of a 53rd cycle until fiscal year 2011-12;
- **Increase Business Tax Prepayment ($333 million):** Increases the mandatory first installment of tax due from certain business taxpayers from 30 percent to 40 percent of the previous year's tax liability. For most taxpayers, this installment is due in March with the filing of the previous year's tax return. This will not change the amount of tax liability, but simply the timing of payments;
- **New York Power Authority Excess Resources ($476 million):** Authorizes the transfer of $476 million to the General Fund (of which $306 million was received in 2008-09 and $170 million is planned in 2009-10). Of this amount, $215 million represents funds that were reserved by NYPA to pay for the disposal of waste at a Federal repository. It is anticipated that NYPA will not need these funds for several years. The remaining transfer represents assets not necessary to meet NYPA's short term operating, capital or debt service costs;
- **Equipment Financing ($104 million):** Authorizes the use of bond financing for eligible capital projects that were originally planned to be paid for with cash resources. DOB will make an annual determination on the financing for equipment, depending on Financial Plan needs, market conditions and debt management considerations; and
- **City University (no net impact):** To realize the benefit of health care savings in the DRP that were applicable to the final quarter of the 2008-09 fiscal year, but where the cash savings would occur in 2009-10, the State adjusted its reimbursement schedule to New York City related to the City University. Certain payments that were due in the first quarter of 2009-10, but that had been budgeted in 2008-09, will be made on their statutory due dates, not ahead of schedule. There is no net impact over the two fiscal years.

Other non-recurring resources consist of transfers of existing fund balances, cost-recoveries for overpayments in prior years, and other routine transactions.

Extraordinary Federal Aid

The gap-closing plan included $6.15 billion in fiscal relief that the Federal government is providing to the State under ARRA to stabilize State finances and help prevent reductions in essential services. Direct Federal aid for fiscal relief consists of the increase in the Federal matching rate for eligible State Medicaid expenditures and funds provided through the SFSF to restore proposed reductions in education and higher education and to maintain other essential government services. By law, the direct Federal fiscal relief must be used effectively and expeditiously to promote economic recovery, and may not be allocated for other purposes, such as funding reserves or paying down debt.

The ARRA increased the Federal government contribution, or matching rate, on eligible State Medicaid expenditures for the period from October 1, 2008 through December 31, 2010. The FMAP benefit to the State in 2008-09 totaled $1.3 billion, and is projected at $3.7 billion in 2009-10. In the Financial Plan, every $1 increase in the Federal matching rate corresponds to a $1 decrease in required State support for Medicaid, thus creating General Fund fiscal relief. In addition, since all Federal Medicaid payments must flow through the State's Financial Plan, the increase in FMAP results in an increase in the "pass-through" of more Federal aid to counties and New York City, which contribute to the financing of the State's Medicaid program. This pass-through amount totaled $440 million in 2008-09 and is projected at $1.4 billion in 2009-10. See "Spending Levels" herein for a discussion of the impact of Federal aid on State All Funds spending in 2009-10.

The SFSF is expected to provide $1.15 billion in fiscal relief in 2009-10. The SFSF consists of two parts: an Education Fund, which must be used to restore proposed reductions in education and higher education, and an Other Governmental Services Fund, which must be used to maintain essential government services. Direct Federal fiscal relief from the Education Fund is projected to total $876 million in 2009-10. Fiscal relief from the other Governmental Services Fund is expected to total $274 million in 2009-10. This aid adds $1.15 billion in spending to the All Funds budget.

Lastly, a substantial amount of Federal aid will flow to the State – and through the State Financial Plan to end recipients – that has no direct impact on the State's budget gaps. In addition, Federal spending is affected by the timing of certain transactions, including the approval of State health care initiatives, and the Federal match on spending restorations authorized in the Enacted Budget. In 2009-10, the State expects to receive extraordinary Federal aid of approximately $4.6 billion. Extraordinary Federal aid increases the State's All Funds budget, but has no relationship to the gap-closing plan. In addition, a substantial amount of other Federal aid that affects spending from Federal funds, but which has no impact on the budget gaps, will pass through the State's All Funds Financial Plan in 2009-10 and 2010-11. Most of this is related to the ARRA, but also reflects the timing of Federal aid payments, changes in distribution patterns, and other factors.

Spending Levels

General Fund disbursements, including transfers to other funds, are expected to total $54.9 billion, an increase of $301 million (0.6 percent) from 2008-09 results. Projected General Fund spending has been reduced by $8.7 billion compared to the current services forecast. State Operating Funds spending, which excludes Federal operating aid and capital spending, is projected to total $78.7 billion in 2009-10, an increase of $574 million (0.7 percent) over 2008-09 results. State Operating Funds spending in the Enacted Budget Financial Plan has been reduced by $9.4 billion compared to the current services forecast.

TOTAL DISBURSEMENTS (millions of dollars)							
			Before Actions **			After Actions	
	2008-09 Results **	2009-10 Base	Annual $ Change	Annual % Change	2009-10 Enacted	Annual $ Change	Annual % Change
State Operating Funds	**78,168**	**88,154**	**9,986**	**12.8%**	**78,742**	**574**	**0.7%**
General Fund *	48,436	57,136	8,700	18.0%	49,449	1,013	2.1%
Other State Funds	25,146	25,804	658	2.6%	24,075	(1,071)	-4.3%
Debt Service Funds	4,586	5,214	628	13.7%	5,218	632	13.8%
All Governmental Funds	**121,572**	**132,753**	**11,181**	**9.2%**	**131,935**	**10,363**	**8.5%**
State Operating Funds	78,168	88,154	9,986	12.8%	78,742	574	0.7%
Capital Projects Funds	6,830	7,983	1,153	16.9%	8,832	2,002	29.3%
Federal Operating Funds	36,574	36,616	42	0.1%	44,361	7,787	21.3%
General Fund, including Transfers	**54,607**	**63,565**	**8,958**	**16.4%**	**54,908**	**301**	**0.6%**

** Excludes transfers.*
*** Unaudited Results.*

The Federal ARRA and other Federal aid substantially increase All Funds spending in 2009-10. In total, Federal aid is responsible for $7.2 billion of the projected All Funds increase above the Executive Budget proposal. In addition, growing costs in Medicaid caseload and utilization trends, which are directly related to the economic downturn, add an additional $1.4 billion in projected costs on an All Funds basis. Therefore, extraordinary Federal aid and accelerating Medicaid entitlement costs together comprise $8.6 billion of the total increase in All Funds spending.

General Fund Balances

The State ended 2008-09 with a General Fund balance of $1.9 billion. The State expects to use approximately $570 million in available balances to finance operations in 2009-10, resulting in a projected year-end balance of $1.4 billion on March 31, 2010. Funds reserved by DOB for debt management purposes may also be spent during the 2009-10 fiscal year, depending on market conditions.

GENERAL FUND ESTIMATED CLOSING BALANCE (millions of dollars)			
	2008-09 Results*	2009-10 Enacted	Change
Projected Year-End Fund Balance	**1,948**	**1,378**	**(570)**
Tax Stabilization Reserve Fund	1,031	1,031	0
Rainy Day Reserve Fund	175	175	0
Contingency Reserve Fund	21	21	0
Reserved for Debt Reduction	73	73	0
Community Projects Fund	145	78	(67)
Remaining Reserve for 2009-10 Use	340	0	(340)
2008-09 Timing Related Changes	163	0	(163)

The timing of payments reflects differences between planned and actual disbursements that occur in any fiscal year. Approximately $163 million in payments that were planned to occur in 2008-09 are now budgeted in 2009-10. The State manages its cash balances to meet these payments. The table below summarizes the General Fund payments budgeted in 2008-09 but now expected to be made in the 2009-10 fiscal year.

2008-09 YEAR-END RESULTS GENERAL FUND TIMING RELATED CHANGES DECREASE/(INCREASE) (millions of dollars)	
Timing Related Changes	**163**
Non-public School Aid	51
Other Education programs, including school aid	45
PBA labor settlement	44
Lower Medicaid spending	23
Taxes on State Owned Lands	27
Higher capital spending	(44)
All Other	17

HCRA ended the 2008-09 fiscal year with a balance of $240 million. It is expected that HCRA will use this balance to finance spending in 2009-10, including $205 million in payments that were originally planned to occur in 2008-09. See the "HCRA Financial Plan" herein for more information.

2009-10 General Fund Financial Plan and OutYear Projections

DOB projects that the Enacted Budget Financial Plan is balanced in the General Fund in 2009-10 and projects outyear budget gaps of $2.2 billion in 2010-11, $8.8 billion in 2011-12, and $13.7 billion in 2012-13.

After actions, General Fund spending is projected to grow at an average annual rate of 7.2 percent from 2008-09 through 2012-13. Spending growth in the General Fund is projected to increase sharply in 2011-12, reflecting a return to a lower Federal match rate for Medicaid expenditures on January 1, 2010, which will increase General Fund costs. The spending is driven by Medicaid growth, rising costs for education, the State-financed cap on local Medicaid spending, employee and retiree health benefits, and child welfare programs. The receipts growth is consistent with DOB's economic forecast for the recession and recovery. The temporary PIT increase, which covers calendar years 2009 through 2011, is expected to provide substantial additional receipts through fiscal year 2011-12. The following table summarizes the General Fund projections by major tax and Financial Plan category.

OUTYEAR GENERAL FUND PROJECTIONS
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Receipts								
Taxes	49,788	53,151	3,363	6.8%	54,747	3.0%	54,471	-0.5%
Personal Income Tax*	32,533	35,144	2,611	8.0%	36,026	2.5%	34,735	-3.6%
User Taxes and Fees*	10,721	11,073	352	3.3%	11,537	4.2%	11,932	3.4%
Business Taxes	5,495	5,828	333	6.1%	5,925	1.7%	6,398	8.0%
Other Taxes*	1,039	1,106	67	6.4%	1,259	13.8%	1,406	11.7%
Miscellaneous Receipts	3,381	3,022	(359)	-10.6%	3,017	-0.2%	3,043	0.9%
Other Transfers	1,169	723	(446)	-38.2%	684	-5.4%	695	1.6%
Total Receipts	**54,338**	**56,896**	**2,558**	**4.7%**	**58,448**	**2.7%**	**58,209**	**-0.4%**
Disbursements								
Grants to Local Governments:	37,086	39,664	2,578	7.0%	46,467	17.2%	50,283	8.2%
School Aid	18,019	18,787	768	4.3%	19,738	5.1%	21,953	11.2%
Total Medicaid (incl. administration)	6,401	8,640	2,239	35.0%	13,536	56.7%	14,644	8.2%
Medicaid (before local relief)	5,440	7,327	1,887	34.7%	11,827	61.4%	12,479	5.5%
Medicaid Cap/FHP Takeover	961	1,313	352	36.6%	1,709	30.2%	2,165	26.7%
Higher Education	2,837	2,578	(259)	-9.1%	2,718	5.4%	2,763	1.7%
Mental Hygiene	2,148	2,266	118	5.5%	2,407	6.2%	2,534	5.3%
Children and Family Services	1,823	1,968	145	8.0%	2,170	10.3%	2,313	6.6%
Other Education Aid	1,640	1,617	(23)	-1.4%	1,841	13.9%	1,925	4.6%
Temporary and Disability Assistance	1,275	1,301	26	2.0%	1,341	3.1%	1,428	6.5%
Local Government Assistance	1,135	1,130	(5)	-0.4%	1,134	0.4%	1,137	0.3%
Public Health	653	578	(75)	-11.5%	598	3.5%	635	6.2%
All Other	1,155	799	(356)	-30.8%	984	23.2%	951	-3.4%
State Operations:	8,659	8,925	266	3.1%	9,175	2.8%	9,312	1.5%
Personal Service	6,465	6,621	156	2.4%	6,801	2.7%	6,870	1.0%
Non-Personal Service	2,194	2,304	110	5.0%	2,374	3.0%	2,442	2.9%
General State Charges	3,704	4,042	338	9.1%	4,344	7.5%	4,760	9.6%
Pensions	1,148	1,412	264	23.0%	1,525	8.0%	1,654	8.5%
Health Insurance:								
Active Employees	1,712	1,906	194	11.3%	2,056	7.9%	2,217	7.8%
Retired Employees	1,123	1,247	124	11.0%	1,348	8.1%	1,456	8.0%
Fringe Benefit Escrow	(2,247)	(2,435)	(188)	8.4%	(2,534)	4.1%	(2,541)	0.3%
All Other	1,968	1,912	(56)	-2.8%	1,949	1.9%	1,974	1.3%
Transfers to Other Funds:	5,459	6,391	932	17.1%	7,265	13.7%	7,690	5.8%
State Share Medicaid	2,362	2,388	26	1.1%	2,887	20.9%	2,888	0.0%
Debt Service	1,783	1,762	(21)	-1.2%	1,739	-1.3%	1,725	-0.8%
Capital Projects	551	1,162	611	110.9%	1,319	13.5%	1,491	13.0%
All Other	763	1,079	316	41.4%	1,320	22.3%	1,586	20.2%
Total Disbursements	**54,908**	**59,022**	**4,114**	**7.5%**	**67,251**	**13.9%**	**72,045**	**7.1%**
Change in Reserves								
Timing Related Reserve	(163)	0			0		0	
Prior Year Reserves	(340)	0			0		0	
Community Projects Fund	(67)	55			(41)		(92)	
Deposit to/(Use of) Reserves	**(570)**	**55**			**(41)**		**(92)**	
General Fund Budget Surplus/(Gap) Estimate	**0**	**(2,181)**			**(8,762)**		**(13,744)**	
Add: HCRA Operating Surplus	**0**	**15**			**5**		**38**	
Combined Budget Surplus/(Gap) Estimate	**0**	**(2,166)**			**(8,757)**		**(13,706)**	

** Includes transfers after debt service.*

In evaluating the State's outyear operating forecast, it should be noted that the reliability of the estimates as a predictor of the State's future fiscal condition is likely to diminish as one moves further from the current year and budget year estimates. Accordingly, in terms of the outyear projections, 2010-11 is perhaps the most relevant from a planning perspective, since any gap in that year must be closed with the next budget and the variability of the estimates is likely to be less than in later years. The State will provide quarterly revisions to its multi-year estimates.

The following table provides a "zero-based" look at the causes of the 2010-11 General Fund budget gap. Detailed explanations of the assumptions underlying the outyear revenue and spending projections appear below.

2010-11 GENERAL FUND ANNUAL CHANGE
SAVINGS/(COSTS)
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change
RECEIPTS GROWTH	**54,338**	**56,896**	**2,558**	**4.7%**
Personal Income Tax*	32,533	35,144	2,611	8.0%
User Taxes and Fees*	10,721	11,073	352	3.3%
Business Taxes	5,495	5,828	333	6.1%
Other Taxes*	1,039	1,106	67	6.4%
Miscellaneous Receipts/Federal Grants	3,381	3,022	(359)	-10.6%
All Other Transfers	1,169	723	(446)	-38.2%
** Includes transfers after debt service*				
DISBURSEMENTS GROWTH	**54,908**	**59,022**	**4,114**	**7.5%**
Local Assistance	**37,086**	**39,664**	**2,578**	**7.0%**
Medicaid (incl. admin)	6,401	8,640	2,239	35.0%
Program Growth/Other	*2,026*	*4,223*	2,197	108.4%
Medicaid Cap/Family Health Plus Takeover	*961*	*1,313*	352	36.6%
Change in HCRA/Provider Assessment Financing	*3,414*	*3,104*	(310)	-9.1%
School Aid	18,019	18,787	768	4.3%
Other Education Aid	1,640	1,617	(23)	-1.4%
Higher Education	2,837	2,578	(259)	-9.1%
Children and Family Services	1,823	1,968	145	8.0%
Mental Hygiene	2,148	2,266	118	5.5%
All Other Local Assistance	4,218	3,808	(410)	-9.7%
State Operations	**8,659**	**8,925**	**266**	**3.1%**
Personal Service	6,465	6,621	156	2.4%
Non-personal Service	2,194	2,304	110	5.0%
General State Charges	**3,704**	**4,042**	**338**	**9.1%**
Health Insurance	2,835	3,153	318	11.2%
Pensions	1,148	1,412	264	23.0%
Fringe Benefit Escrow Offset	(2,247)	(2,435)	(188)	8.4%
All Other	1,968	1,912	(56)	-2.8%
Transfers to Other Funds	**5,459**	**6,391**	**932**	
Change in Reserves	**570**	**(55)**	**(625)**	
Timing Related Reserve	163	-	(163)	
Prior Year Reserves	340	-	(340)	
Community Projects Fund	67	(55)	(122)	
"CURRENT SERVICES" BUDGET GAP FOR 2010-11 *			**(2,181)**	

** Excludes HCRA balance, which is projected to remain positive over the multi-year Financial Plan.*

The outyear forecast for 2010-11 is based on assumptions of economic performance, revenue collections, spending patterns, and projections for the current services costs of program activities. DOB believes the estimates of annual change in receipts and disbursements that constitute the current services gap forecast are based on reasonable assumptions and methodologies.

General Fund Outyear Receipts/Projections

Overall, tax receipts growth in the two fiscal years following 2009-10 is expected to grow within a range of 2 to 8 percent. This reflects an economic forecast of a national recovery beginning in the third quarter of 2009 with many aspects of New York State's recovery lagging into 2010. The receipts growth is supported significantly by revenue actions in the Budget, including the three-year temporary increase in PIT rates. Tax receipts in 2012-13 are expected to decline slightly, primarily due to the expiration of the temporary rate increase.

- Total General Fund receipts are projected to reach $56.9 billion in 2010-11, $58.4 billion in 2011-12 and $58.2 billion in 2012-13.
- Total State Funds receipts are projected to be approximately $85.9 billion in 2010-11, $89.0 billion in 2011-12 and $88.6 billion in 2012-13.
- Total All Funds receipts in 2010-11 are projected to reach $134.6 billion, an increase of $4.0 billion, or 3 percent over 2009-10 estimates. All Funds receipts in 2011-12 are expected to decrease by $2.4 billion (1.7 percent) over the prior year. In 2012-13, receipts are expected to decrease by $1.1 billion (0.8 percent) from 2011-12 projections.
- All Funds tax receipts are expected to increase by 6.2 percent in 2010-11, 3.3 percent in 2011-12, and 0.3 percent in 2012-13.

General Fund Outyear Disbursement Projections

DOB forecasts General Fund spending of $59 billion in 2010-11, an increase of $4.1 billion (7.5 percent) over estimated 2009-10 levels. Growth in 2011-12 is projected at $8.2 billion (13.9 percent) and in 2012-13 at $4.8 billion (7.1 percent). The growth levels are based on current services projections, as modified by the actions contained in the 2009-10 Enacted Budget. They do not incorporate any estimate of potential new actions to control spending in future years.

General Fund Grants to Local Governments

Annual growth in local assistance over the plan period is driven primarily by Medicaid (including administrative costs and local cost sharing), school aid and aid for children and family services. 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
(millions of dollars, where applicable)

	Results	Forecast				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Medicaid						
Medicaid Coverage	3,559,381	3,691,391	3,983,166	4,271,459	4,564,665	4,861,432
Family Health Plus Coverage	518,189	424,949	424,788	460,584	552,384	552,384
Child Health Plus Coverage	360,436	381,303	428,220	437,220	446,220	455,220
Medicaid Inflation	2.0%	2.9%	3.0%	3.0%	3.0%	3.0%
Medicaid Utilization	-3.0%	-2.4%	1.8%	5.8%	5.0%	4.0%
State Takeover of County/NYC Costs (Total)	$564	$724	$961	$1,313	$1,709	$2,165
- Family Health Plus	$396	$424	$445	$477	$507	$518
- Medicaid	$168	$300	$516	$836	$1,202	$1,647
Education						
School Aid (School Year)	$19,747	$21,452	$21,857	$22,420	$23,990	$26,170
Public Higher Education Enrollment	512,362	537,190	542,509	546,547	550,616	554,558
Tuition Assistance Program Recipients	309,320	312,362	312,655	313,155	313,655	314,000
Welfare						
Family Assistance Caseload	372,964	350,370	351,718	354,609	357,608	359,485
Single Adult/No Children Caseload	150,447	144,591	152,033	160,380	165,546	170,609
Mental Hygiene						
Office of Mental Health	30,088	31,570	33,170	34,766	35,898	37,429
OMRDD	34,571	35,248	36,162	37,220	38,101	38,756
OASAS	15,553	15,561	16,047	16,457	16,517	16,577
Total - Mental Hygiene Community Beds	80,212	82,379	85,379	88,443	90,516	92,762

Medicaid

General Fund spending for Medicaid is expected to grow by $2.2 billion in 2010-11, $4.9 billion in 2011-12, and another $1.1 billion in 2012-13, which includes a reduction in the State share resulting from the enhanced FMAP provided through the Federal ARRA.

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

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Base Growth Before Enhanced FMAP	**14,057**	**15,608**	***1,551***	***11.0%***	**17,601**	***12.8%***	**18,834**	***7.0%***
Enhanced FMAP -- State Share *	(3,155)	(2,883)	*272*	*-8.6%*	0	*-100.0%*	0	-
State Funds Base Growth (After FMAP)	**10,902**	**12,725**	***1,823***	***16.7%***	**17,601**	***38.3%***	**18,834**	***7.0%***
Less: Other State Funds Support	**4,501**	**4,085**	***(416)***	***-9.2%***	**4,065**	***-0.5%***	**4,190**	***3.1%***
HCRA Financing	2,668	2,238	*(430)*	*-16.1%*	2,218	*-0.9%*	2,343	*5.6%*
Provider Assessment Revenue	686	700	*14*	*2.0%*	700	*0.0%*	700	*0.0%*
Indigent Care Revenue	1,147	1,147	*0*	*0.0%*	1,147	*0.0%*	1,147	*0.0%*
Total General Fund	**6,401**	**8,640**	***2,239***	***35.0%***	**13,536**	***56.7%***	**14,644**	***8.2%***
Local Government Relief (incl. above)	961	1,313	*352*	*36.6%*	1,709	*103.4%*	2,165	*106.1%*

** Excludes enhanced FMAP for other state agencies.*

Medicaid growth results, in part, from the combination of projected increases in recipients, service utilization, and medical care cost inflation that affect nearly all categories of service (i.e., hospitals, nursing homes, etc.). The State cap on local Medicaid costs and takeover of local FHP costs, which are included in base categories of service, are projected to increase spending by $352 million in 2010-11, and $396 million in 2011-12. In 2011-12, $2.9 billion of the State Funds spending increase is due to the scheduled cessation of Federal assistance that had been granted to the State in 2009-10 and 2010-11 in accordance with ARRA. In addition, an extra weekly payment to providers deferred from 2009-10 adds $400 million in base spending across all categories of service in 2011-12.

The average number of Medicaid recipients is expected to grow to 4.27 million in 2010-11, an increase of 7.2 percent from the estimated 2009-10 caseload of 3.98 million. FHP enrollment is estimated to grow to approximately 460,600 individuals in 2010-11, an increase of 8.4 percent over projected 2008-09 enrollment of almost 424,800 individuals.

School Aid

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

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Foundation Aid	14,876	14,876	0	0.0%	15,890	6.8%	17,390	9.4%
Universal Pre-kindergarten	376	376	0	0.0%	460	22.3%	520	13.0%
High Tax Aid	205	205	0	0.0%	100	-51.2%	100	0.0%
EXCEL Building Aid*	165	185	20	12.1%	192	3.8%	192	0.0%
Expense-Based Aids	5,595	6,080	485	8.7%	6,600	8.6%	7,170	8.6%
Other Aid Categories/Initiatives	640	698	58	9.1%	748	7.2%	798	6.7%
Total School Aid	**21,857**	**22,420**	**563**	**2.6%**	**23,990**	**7.0%**	**26,170**	**9.1%**

** Represents State debt service costs.*

School aid is projected to increase in 2009-10 and beyond. In future years, increases in foundation aid and UPK are also projected primarily due to increases in expense-based aids such as building aid and transportation aid. On a school-year basis, school aid is projected at $22.4 billion in 2010-11, $24.0 billion in 2011-12, and $26.2 billion in 2012-13. On a State fiscal-year basis, General Fund school aid spending is projected to grow by $768 million in 2010-11, $951 million in 2011-12, and $2.2 billion in 2012-13.

Outside the General Fund, revenues from core lottery sales are projected to increase by $27 million in 2010-11, $67 million in 2011-12, and $106 million in 2012-13 (totaling $2.5 billion in 2012-13). Revenues from VLTs are projected to increase by $68 million in 2010-11, $657 million in 2011-12 and decrease by $260 million in 2012-13 (totaling $944 million in 2012-13). VLT estimates for 2011-12 assume the one-time receipt of $370 million in additional revenues from the State's sale of operating rights at a VLT facility, and assume the start of operations at Aqueduct in 2011, and Belmont by 2012.

Mental Hygiene

Mental hygiene spending is projected at $2.3 billion in 2010-11, $2.4 billion in 2011-12, and $2.5 billion in 2012-13. Sources of growth include: increases in the projected State share of Medicaid costs; projected expansion of the various mental hygiene service systems including the OMH's children's services; increases in the NYS-CARES program and in the development of children's beds in OMRDD to bring children back from out-of-state placements; the New York/New York III Supportive Housing agreement and community bed expansion in OMH; and several chemical dependence treatment and prevention initiatives in OASAS, including treatment costs associated with Rockefeller Drug Law reform.

Children and Family Services

Children and Family Services local assistance spending is projected to grow by $145 million in 2010-11, $202 million in 2011-12 and $143 million in 2012-13. The increases are driven primarily by expected growth in local claims-based programs, including child welfare.

Temporary and Disability Assistance

Spending is projected at $1.3 billion in 2010-11, and is expected to increase to $1.4 billion by 2012-13, primarily the result of an expected decrease in Federal offsets, which increases the level of General Fund resources needed to fund existing commitments.

General Fund State Operations

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING STATE OPERATIONS

	Results	Forecast				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
State Operations						
Prison Population (Corrections)	62,261	61,400	59,500	59,400	59,300	59,300
Negotiated Salary Increases*	3.0%	3.0%	3.0%	4.0%	0.0%	0.0%
Personal Service Inflation	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
State Workforce	199,754	199,916	190,335	190,195	190,195	190,195

** Negotiated salary increases reflect labor settlements included in the Financial Plan estimates.*

State Operations spending is expected to total $8.9 billion in 2010-11, an annual increase of $266 million (3.1 percent). In 2011-12, spending is projected to grow by another $250 million (2.8 percent) to a total of $9.1 billion, followed by another $137 million (1.5 percent) for a total of $9.3 billion in 2012-13. The personal service portion of these increases reflects both the impact of the settled labor contracts and potential spending for unsettled unions (assuming comparable agreements to currently-settled unions), salary adjustments for performance advances, longevity payments and promotions; and increased staffing levels. Inflationary increases for non-personal service costs result in higher spending in all years. Additional growth is driven by spending for ongoing initiatives, including the civil commitment program for sexual offenders, and medical and pharmacy costs in the areas of mental hygiene and corrections.

The agencies and authorities experiencing the most significant personal service and non-personal service growth are depicted in the charts below, followed by brief descriptions.

Personal Service

GENERAL FUND - PERSONAL SERVICE (millions of dollars)	2009-10	2010-11	Annual $ Change	2011-12	2012-13
Total	**6,465**	**6,621**	**156**	**6,801**	**6,870**
Potential Labor Settlements	400	275	(125)	275	275
Workforce Reduction	(191)	(219)	(28)	(219)	(219)
Judiciary	1,500	1,681	181	1,829	1,862
State University	806	876	70	895	913
Correctional Services	1,773	1,807	34	1,803	1,807
Tax and Finance	281	296	15	296	296
State Police	453	420	(33)	420	420
All Other	1,443	1,485	42	1,502	1,516

- **Potential Labor Settlements:** The Financial Plan includes spending for potential settlements with unions that have not yet reached agreement with the State. The spending assumes settlements at the same terms that have been ratified by settled unions.
- **Workforce Reduction:** Reflects the WRP and the elimination of 2009-10 general salary increase, merit awards, longevity payments, and performance advances for most non-unionized employees.
- **Judiciary:** Reflects projections of anticipated needs for OCA.
- **State University:** Primarily reflects negotiated salary increases and increased investment in operations afforded by tuition increases.
- **Correctional Services:** Growth reflects facility closures, reductions in force, and ongoing cost controls.
- **Department of Taxation and Finance:** Changes reflect the annualization of additional full-time employees added for enhanced audit activity and information technology purposes.
- **State Police:** The higher spending in 2009-10 over 2010-11 is driven by the retroactive component of the PBA labor contract settlement expected to be paid in 2009-10.

Non-Personal Service

GENERAL FUND - NON-PERSONAL SERVICE (millions of dollars)	2009-10	2010-11	Annual $ Change	2011-12	2012-13
Total	**2,194**	**2,304**	**110**	**2,374**	**2,442**
Correctional Services	615	643	28	666	700
State Police	50	55	5	80	74
Public Health	127	146	19	150	150
State University	364	379	15	397	421
All Other	1,038	1,081	43	1,081	1,097

- **Correctional Services:** Growth is primarily driven by the escalating costs of food, fuel, utilities, and providing health care services and prescription drugs to inmates.
- **State Police:** Spending growth reflects costs previously supported by cellular surcharge revenues in other State funds, that will be supported by General Fund revenues in 2009-10.
- **Public Health:** Growth is largely driven by the annualization of funding for the State to directly enroll individuals into Medicaid, CHP and FHP.
- **State University:** Primarily reflects funding for inflationary increases in non-personal service at SUNY.

General Fund General State Charges

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING GENERAL STATE CHARGES

	Results	Forecast				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
General State Charges						
Pension Contribution Rate as % of Salary	9.7%	8.8%	7.6%	10.5%	11.4%	11.5%
Rate of Growth Employee/Retiree Health Insurance	5.4%	4.9%	6.6%	10.5%	8.5%	8.5%

GSCs are projected to total $4.0 billion in 2010-11, $4.3 billion in 2011-12 and $4.8 billion in 2012-13. The annual increases are due mainly to anticipated cost increases in pensions and health insurance for State employees and retirees.

The State's pension contribution rate to the New York State and Local Retirement System, which is 7.6 percent for 2009-10, is expected to increase to 10.5 percent for 2010-11, 11.4 percent for 2011-12 and 11.5 percent in 2012-13. Pension costs in 2010-11 are projected to total $1.4 billion, an increase of $264 million over 2009-10. In 2011-12, costs are projected to increase an additional $113 million to total $1.5 billion. In 2012-13, they are expected to increase by $129 million to total $1.7 billion. Growth in all years is driven by anticipated increases in the employer contribution rate.

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

	Health Insurance		
Year	Active Employees	Retirees	Total State
2007-08 (Actual)	1,390	1,182	2,572
2008-09 (Unaudited Results)	1,639	1,068	2,707
2009-10 (Projected)	1,712	1,123	2,835
2010-11 (Projected)	1,906	1,247	3,153
2011-12 (Projected)	2,056	1,348	3,404
2012-13 (Projected)	2,217	1,456	3,673

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

Spending for employee and retiree health care costs is expected to increase by $318 million in 2010-11, $251 million in 2011-12, and another $269 million in 2012-13, and assumes an average annual premium increase of approximately 8.0 percent. Health insurance is projected at $3.2 billion in 2010-11 ($1.9 billion for active employees and $1.25 billion for retired employees), $3.4 billion in 2011-12 ($2.1

billion for active employees and $1.3 billion for retired employees), and $3.7 billion in 2012-13 ($2.2 billion for active employees and $1.5 billion for retired employees).

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

General Fund Transfers to Other Funds

OUTYEAR DISBURSEMENT PROJECTIONS - TRANSFERS TO OTHER FUNDS
(millions of dollars)

	2009-10	2010-11	Annual $ Change	2011-12	2012-13
Transfers to Other Funds:	**5,459**	**6,391**	**932**	**7,265**	**7,690**
Medicaid State Share	2,362	2,388	26	2,887	2,888
Debt Service	1,783	1,762	(21)	1,739	1,725
Capital Projects	551	1,162	611	1,319	1,491
Dedicated Highway and Bridge Trust Fund	383	763	380	842	923
All Other Capital	168	399	231	477	568
All Other Transfers	763	1,079	316	1,320	1,586
Mental Hygiene	12	295	283	494	705
Medicaid Payments for State Facility Patients	193	193	0	193	193
Judiciary Funds	149	150	1	156	161
SUNY- Hospital Operations	135	134	(1)	167	167
Banking Services	66	66	0	66	66
Empire State Stem Cell Trust Fund	16	13	(3)	-	56
Statewide Financial System	0	35	35	50	60
All Other	192	193	1	194	178

In 2010-11, transfers to other funds are estimated at $6.4 billion, an increase of $932 million over 2009-10. This includes increased transfers to the DHBTF (see additional discussion below), capital projects funds, and the mental hygiene system. In addition, transfers are increasing to fund the development of the State's new financial management system.

In 2011-12, transfers to other funds are expected to increase by $874 million. This increase reflects projected Medicaid State Share transfers without the benefit of the Federal ARRA package (or enhanced FMAPs), and expected increases in transfers to supplement resources available for the mental hygiene system. In 2012-13, transfers are expected to increase by $425 million, mainly to supplement resources available to the mental hygiene system and subsidize the DHBTF, as well as funding for stem cell research.

Dedicated Highway and Bridge Trust Fund

A significant portion of the capital and operating expenses of DOT and DMV are funded from the DHBTF. The Fund receives dedicated tax and fee revenue from the Petroleum Business Tax, the Motor Fuel Tax, the Auto Rental Tax, highway use taxes, transmission taxes and motor vehicle fees administered by DMV. The Financial Plan includes transfers from the General Fund that effectively subsidize the expenses of the DHBTF. The subsidy is required because the cumulative expenses of the fund – capital and operating expenses of DOT and DMV, debt service on DHBTF bonds and transfers for debt service on bonds that fund CHIPs and local transportation programs – exceed current and projected revenue deposits and bond proceeds. The AIS presents a revised forecast for the General Fund subsidy to reflect Enacted Budget Financial Plan projections. The subsidy is projected at $763 million for 2010-11 and $842 million for 2011-12, with continued growth thereafter.

Financial Plan Reserves

In January 2007, the State created a new statutory Rainy Day Reserve that has an authorized balance of 3 percent of General Fund spending. The Rainy Day Reserve may be used to respond to an economic downturn or catastrophic event. The State made its first deposit of $175 million in 2007-08. The Tax Stabilization Reserve has an authorized balance of 2 percent of General Fund spending and can be used only to cover unforeseen year-end deficits.

The State projects that General Fund reserves will total $1.4 billion at the end of 2009-10, with $1.2 billion in undesignated reserves available to deal with unforeseen contingencies and $151 million designated for subsequent use.

The $1.2 billion of undesignated reserves includes a balance of $1 billion in the Tax Stabilization Reserve, $175 million in the Rainy Day Reserve, and $21 million in the Contingency Reserve Fund for litigation risks.

The designated reserves consist of $78 million in the Community Projects Fund to finance existing "member-item" initiatives, and $73 million set aside for the debt management purposes.

Cash Flow Forecast

In 2009-10, the General Fund is projected to have quarterly-ending balances of $111 million in June 2009, $2.8 billion in September 2009, $1.2 billion in December 2009, and $1.4 billion at the end of March 2010. The lowest projected month-end cash flow balance is in June 2009. DOB's detailed monthly cash flow projections for 2009-10 are set forth in the Financial Plan tables.

OSC invests General Fund moneys, bond proceeds, and other funds not immediately required to make payments through the Short-Term Investment Pool (STIP), which is comprised of joint custody funds (Governmental Funds, Internal Service Funds, Enterprise Funds and Private Purpose Trust Funds), as well as several sole custody funds including the Tobacco Settlement Fund.

OSC is authorized to make short-term loans from STIP to cover temporary cash shortfalls in certain funds and accounts resulting from the timing of receipts and disbursements. The Legislature authorizes the funds and accounts that may receive loans each year, based on legislation submitted with the Enacted Budget. Loans may be granted only for amounts that the Director of the Budget certifies are "receivable on account" or can be repaid from the current operating receipts of the fund (i.e., loans cannot be granted in expectation of future revenue enhancements). The Enacted Budget includes new loan authorization for the General Fund, as described above.

The total outstanding loan balance was $1.6 billion on March 31, 2009. This was comprised of advances to finance capital spending that will be reimbursed by bond proceeds or Federal grants ($808 million), activities financed by the State in the first instance that will be reimbursed by Federal aid ($411 million), and loans across several State Special Revenue Funds ($279 million) and Proprietary Funds ($53 million).

The total loan balance typically increases throughout the State fiscal year, reaching its peak between the second and third quarters. The spike mainly reflects the payment of lottery aid for education, which is financed in large part by a loan that is repaid over the course of the year as lottery revenues are received.

2009-10 All Funds Financial Plan Forecast

This section describes the State's Financial Plan projections for receipts and disbursements based on the 2009-10 Enacted Budget agreement. The receipts forecast describes estimates for the State's principal taxes, miscellaneous receipts, and transfers from other funds. The spending projections summarize the annual growth in current-services spending and the impact of the Budget on the State's major areas of spending. Financial Plan projections are presented on an All Funds basis, which encompasses activity in the General Fund, State Operating Funds, Capital Projects Funds, and Federal Operating Funds, thus providing the most comprehensive view of the financial operations of the State.

2009-10 Receipts Forecast

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

Overview of the Revenue Situation

- The current economic slowdown has broadened to virtually every sector of the New York State economy except for education, health care and social assistance. As a result, DOB anticipates that weaker employment, declining corporate earnings, reduced household spending and lower real estate activity will negatively impact State revenue in 2009-10.
- Base receipt growth over the period 2006-07 to 2008-09, supported by a strong financial services sector and real estate market, averaged 5.3 percent. However, the current decline in economic activity is estimated to negatively impact receipt growth for 2009-10 and 2010-11. As a result, base tax receipts (adjusting for law changes) are expected to fall 6.5 percent in 2009-10 and grow by 4.8 percent in 2010-11.
- The negative impact of the depressed equity and real estate markets on the State's economy in general and the financial services industry in particular is expected to result in major declines in bonus payouts during the current fiscal year (down 20 percent from prior year) and reduced growth in business tax receipts over the remaining years of the Financial Plan.
- The volatile real estate and financial markets represent even greater risks to revenues due to the high concentration of taxable income among a relatively small segment of the taxpaying population.
- The decline in the residential housing market is projected to largely eliminate the surge in taxable capital gains realizations associated with real estate sales that characterized the last few years.
- The economy is expected to continue to decline, and as a result, 2009-10 growth in PIT withholding and sales tax collections will be weak absent the legislation enacted with the Budget.
- The combined impact of the declining real estate and financial markets and the deepening recession results in estimated declines in PIT liability of 9.8 percent in the 2008 tax year, and 11.7 percent in the 2009 tax year, before the impact of the temporary rate increase effective in 2009.
- The broadening impact of the economic slowdown has reduced consumption of durable goods, non-durable goods and taxable services. In addition, the outlook for the nominal value of cars

purchased and disposable income have deteriorated, all negatively impacting growth in the sales tax revenue base.

- The large audit settlements associated with financial service industry firms continued into 2008-09 but are expected to be largely concluded before 2009-10, and this loss of resources must be compensated for by other tax compliance actions included with the Budget.

All Funds receipts are projected to total $130.6 billion, an increase of $11.3 billion over 2008-09 results. The following table summarizes the receipts projections for 2009-10 and 2010-11.

TOTAL RECEIPTS
(millions of dollars)

	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**53,801**	**54,338**	**537**	**1.0%**	**56,896**	**2,558**	**4.7%**
Taxes	38,301	39,401	1,100	2.9%	42,218	2,817	7.1%
Miscellaneous Receipts	3,105	3,381	276	8.9%	3,022	(359)	-10.6%
Federal Grants	45	0	(45)	-100.0%	0	0	0.0%
Transfers	12,350	11,556	(794)	-6.4%	11,656	100	0.9%
State Funds	**80,265**	**82,675**	**2,410**	**3.0%**	**85,885**	**3,210**	**3.9%**
Taxes	60,337	60,647	310	0.5%	64,383	3,736	6.2%
Miscellaneous Receipts	19,883	22,027	2,144	10.8%	21,501	(526)	-2.4%
Federal Grants	45	1	(44)	-97.8%	1	0	0.0%
All Funds	**119,235**	**130,550**	**11,315**	**9.5%**	**134,554**	**4,004**	**3.1%**
Taxes	60,337	60,647	310	0.5%	64,383	3,736	6.2%
Miscellaneous Receipts	20,064	22,185	2,121	10.6%	21,653	(532)	-2.4%
Federal Grants	38,834	47,718	8,884	22.9%	48,518	800	1.7%

** Unaudited Year-End Results.*

Base growth in tax receipts is estimated to decline 6.5 percent adjusted for law changes for fiscal year 2009-10 and rise by 4.8 percent for 2010-11. Overall base growth in tax receipts is dependent on many factors. For several years prior to fiscal year 2008-09 the most important factors supporting tax receipt growth were related to:

- Improvements in overall economic activity, especially in New York City and surrounding counties;
- Continued profitability and compensation gains of financial services companies;
- Continued growth in the downstate commercial real estate market; and
- Continued positive impact of high-income taxpayers on PIT growth.

Personal Income Tax

PERSONAL INCOME TAX (millions of dollars)	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund**	**23,196**	**24,404**	**1,208**	**5.2%**	**26,612**	**2,208**	**9.0%**
Gross Collections	44,011	44,070	59	0.1%	47,558	3,488	7.9%
Refunds/Offsets	(7,171)	(6,832)	339	-4.7%	(7,435)	(603)	8.8%
STAR	(4,434)	(3,524)	910	-20.5%	(3,480)	44	-1.2%
RBTF	(9,210)	(9,310)	(100)	1.1%	(10,031)	(721)	7.7%
State/All Funds	**36,840**	**37,238**	**398**	**1.1%**	**40,123**	**2,885**	**7.7%**
Gross Collections	44,011	44,070	59	0.1%	47,558	3,488	7.9%
Refunds	(7,171)	(6,832)	339	-4.7%	(7,435)	(603)	8.8%

** Unaudited Year-End Results.*
*** Excludes Transfers.*

All Funds PIT receipts, which reflect gross payments minus refunds, are estimated at $37.2 billion for 2009-10, a $398 million increase from the prior year. This is primarily attributable to an increase in withholding of $2.9 billion due to the three-year temporary increase in tax rates adopted in the Enacted Budget Plan. The increase is partially offset by decreases in extension payments and final payments for tax year 2008 of $2.5 billion (53 percent) and $565 million (22.6 percent), respectively. The decrease reflects the extraordinary weak settlement in tax year 2008 returns attributable to the declining economy. Estimated payments for tax year 2009 are projected to increase by $50 million (0.6 percent), with the increase entirely due to the impact of the temporary tax rate increase. Receipts from delinquencies are projected to increase $166 million over the prior year while refunds are estimated to decline by $339 million (4.7 percent). The following table summarizes, by component, actual receipts for 2008-09 and forecast amounts through 2012-13.

PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS ALL FUNDS (millions of dollars)	2008-09 (Results)*	2009-10 (Enacted)	2010-11 (Projected)	2011-12 (Projected)	2012-13 (Projected)
Receipts					
Withholding	27,686	30,626	31,063	32,350	32,949
Estimated Payments	12,690	10,193	13,033	13,285	11,945
Current Year	7,889	7,938	9,605	9,932	8,675
Prior Year*	4,801	2,255	3,428	3,353	3,270
Final Returns	2,686	2,136	2,293	2,459	2,637
Current Year	192	207	207	207	207
Prior Year**	2,494	1,929	2,086	2,252	2,430
Delinquent Collections	949	1,115	1,169	1,207	1,247
Gross Receipts	44,011	44,070	47,558	49,301	48,777
Refunds					
Prior Year*	4,544	4,238	4,823	5,109	5,352
Previous Years	402	344	324	324	324
Current Year*	1,750	1,750	1,750	1,750	1,750
State-City Offset*	475	500	538	621	712
Total Refunds	**7,171**	**6,832**	**7,435**	**7,804**	**8,138**
Net Receipts	**36,840**	**37,238**	**40,123**	**41,497**	**40,639**

** Unaudited Year-End Results*
*** These components, collectively, are known as the "settlement" on the prior year's tax liability.*

The table below shows the tax liability and fiscal impacts of the temporary tax rate increase by components.

TEMPORARY PERSONAL INCOME TAX INCREASE ALL FUNDS (millions of dollars)					
Tax Year		Fiscal Year 2009-10	2010-11	2011-12	Liability Totals
2009	Withholding	2,340	0	0	
	Estimated Tax	937	0	0	
	Settlement	0	623	0	
	Total	**3,277**	**623**	**0**	**3,900**
2010	Withholding	671	1,494	0	
	Estimated Tax	0	1,818	0	
	Settlement	0	0	348	
	Total	**671**	**3,312**	**348**	**4,331**
2011	Withholding	0	843	1,686	
	Estimated Tax	0	0	1,686	
	Settlement	0	0	0	
	Total	**0**	**843**	**3,372**	**4,215**
	Cash Total	**3,948**	**4,778**	**3,720**	**12,446**

All Funds income tax receipts of $40.1 billion for 2010-11 are projected to increase $2.9 billion or 7.7 percent from the prior year. Gross receipts are projected to grow 7.9 percent, largely reflecting projected increases in tax year 2010, estimated payments of $1.7 billion (21.0 percent), extension payments of $1.2 billion (52.0 percent) and withholding of $437 million (1.4 percent). Most of the increases in estimated payments and withholding are due to the enacted PIT temporary increase. Payments from final returns for tax year 2009 are projected to increase by $157 million (8.1 percent) and receipts from delinquencies are projected to increase $54 million (4.8 percent) over the prior year. Refunds are estimated to grow by $603 million or 8.8 percent, largely reflecting the impact of tax reductions contained in the Federal ARRA that affect the State's tax base.

General Fund income tax receipts are the net of deposits to the STAR Fund, which provides property tax relief, and the RBTF, which supports debt service payments on State PIT revenue bonds. General Fund income tax receipts of $24.4 billion for 2009-10 are expected to increase by $1.2 billion or 5.2 percent from the prior year. This increase reflects a decrease in STAR deposits of $910 million as a result of elimination of both the STAR rebate program and associated enhanced NYC STAR credit for 2009-10, partly offset by an increase in deposits to RBTF of $100 million.

General Fund income tax receipts of $26.6 billion for 2010-11 are projected to grow by $2.2 billion, or 9.0 percent over the current year. Along with the increase in All Funds receipts noted above, there is a marginal decrease of $44 million in STAR deposits. Deposits to the RBTF are expected to increase by 7.7 percent, the same percentage increase as projected for net collections since the deposit equals 25 percent of net collections.

PERSONAL INCOME TAX
(millions of dollars)

	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund*	**26,612**	**27,447**	**835**	**26,625**	**(822)**
Gross Collections	47,558	49,301	1,743	48,777	(524)
Refunds/Offsets	(7,435)	(7,804)	(369)	(8,138)	(334)
STAR	(3,480)	(3,677)	(197)	(3,854)	(177)
RBTF	(10,031)	(10,373)	(342)	(10,160)	213
State/All Funds	**40,123**	**41,497**	**1,374**	**40,639**	**(858)**
Gross Collections	47,558	49,301	1,743	48,777	(524)
Refunds	(7,435)	(7,804)	(369)	(8,138)	(334)

* *Excludes Transfers.*

All Funds income tax receipts of $41.5 billion for 2011-12 are projected to increase $1.4 billion, or 3.4 percent over the prior year. Gross receipts are projected to increase 3.7 percent and reflect withholding that is projected to grow by 4.1 percent ($1.3 billion). Total estimated taxes on prior and current year liabilities will increase by an estimated 1.9 percent ($252 million). Payments from final returns are expected to increase 7.2 percent ($166 million). Delinquencies are projected to increase $38 million or 3.3 percent over the prior year. Growth in total refunds is projected to increase $369 million or 5.0 percent over the prior year.

General Fund income tax receipts of $27.4 billion for 2011-12 are projected to increase by $835 million, or 3.1 percent from 2010-11. General Fund receipts for 2011-12 reflect a $197 million increase in STAR deposits, and a $342 million increase in deposits to the RBTF.

All Funds income tax receipts for 2012-13 are projected to be $40.6 billion. General Fund receipts are projected at $26.6 billion. Both figures reflect declines from the prior year due to the expiration of the temporary PIT increase after tax year 2011(with the last fiscal impact of the temporary increase occurring in 2011-12).

User Taxes and Fees

USER TAXES AND FEES (millions of dollars)	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund**	**8,361**	**8,520**	**159**	**1.9%**	**8,819**	**299**	**3.5%**
Sales Tax	7,707	7,793	86	1.1%	7,962	169	2.2%
Cigarette and Tobacco Taxes	446	425	(21)	-4.7%	421	(4)	-0.9%
Motor Vehicle Fees	(42)	19	61	-145.2%	149	130	684.2%
Alcoholic Beverage Taxes	206	235	29	14.1%	239	4	1.7%
ABC License Fees	44	48	4	9.1%	48	0	0.0%
State/All Funds	**14,004**	**14,375**	**371**	**2.6%**	**14,793**	**418**	**2.9%**
Sales Tax	10,985	11,147	162	1.5%	11,386	239	2.1%
Cigarette and Tobacco Taxes	1,340	1,331	(9)	-0.7%	1,324	(7)	-0.5%
Motor Fuel	504	520	16	3.2%	523	3	0.6%
Motor Vehicle Fees	723	876	153	21.2%	1,058	182	20.8%
Highway Use Tax	141	155	14	9.9%	149	(6)	-3.9%
Alcoholic Beverage Taxes	206	235	29	14.1%	239	4	1.7%
ABC License Fees	44	48	4	9.1%	48	0	0.0%
Auto Rental Tax	61	63	2	3.3%	66	3	4.8%

** Unaudited Year-End Results.*
*** Excludes Transfers.*

All Funds user taxes and fee receipts for 2009-10 are estimated to be approximately $14.4 billion, an increase of $371 million or 2.6 percent from 2008-09. Sales tax receipts are expected to increase by $162 million from the prior year due to a base decline of over 2 percent, which is more than offset by tax law changes. Non-sales tax user taxes and fees are estimated to increase by $209 million from 2008-09 mainly due to tax law changes in motor vehicle fees.

General Fund user taxes and fee receipts are expected to total $8.5 billion in 2009-10, an increase of $159 million or 1.9 percent from 2008-09. The increase largely reflects an increase in receipts due to sales tax receipts ($86 million), motor vehicle fees ($61 million) and alcoholic beverage taxes ($29 million), partially offset by a decrease in cigarette tax collections ($21 million).

All Funds user taxes and fee receipts for 2010-11 are projected to be $14.8 billion, an increase of $418 million, or 2.9 percent from 2009-10. This increase largely reflects fee and tax law changes in sales and use tax collections and motor vehicle fees. General Fund user taxes and fee receipts are projected to total $8.8 billion in 2010-11, an increase of $299 million, or 3.5 percent from 2009-10. This increase largely reflects fee and tax law changes in sales and use tax collections and motor vehicle fees.

USER TAXES AND FEES (millions of dollars)	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund*	**8,819**	**9,193**	**374**	**9,469**	**276**
Sales Tax	7,962	8,325	363	8,693	368
Cigarette and Tobacco Taxes	421	416	(5)	409	(7)
Motor Vehicle Fees	149	160	11	67	(93)
Alcoholic Beverage Taxes	239	244	5	249	5
ABC License Fees	48	48	0	51	3
State/All Funds	**14,793**	**15,284**	**491**	**15,698**	**414**
Sales Tax	11,386	11,864	478	12,383	519
Cigarette and Tobacco Taxes	1,324	1,307	(17)	1,283	(24)
Motor Fuel	523	525	2	528	3
Motor Vehicle Fees	1,058	1,074	16	976	(98)
Highway Use Tax	149	155	6	160	5
Alcoholic Beverage Taxes	239	244	5	249	5
ABC License Fees	48	48	0	51	3
Auto Rental Tax	66	67	1	68	1

** Excludes Transfers.*

All Funds user taxes and fees are projected to increase by $491 million in 2011-12 and then increase by $414 million in 2012-13. This reflects the proposed fee and tax law changes becoming fully effective.

Business Taxes

BUSINESS TAXES (millions of dollars)	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**5,556**	**5,495**	**(61)**	**-1.1%**	**5,828**	**333**	**6.1%**
Corporate Franchise Tax	2,755	2,916	161	5.8%	3,211	295	10.1%
Corporation & Utilities Tax	654	729	75	11.5%	690	(39)	-5.3%
Insurance Tax	1,086	1,171	85	7.8%	1,181	10	0.9%
Bank Tax	1,061	679	(382)	-36.0%	746	67	9.9%
State/All Funds	**7,604**	**7,676**	**72**	**0.9%**	**8,045**	**369**	**4.8%**
Corporate Franchise Tax	3,221	3,374	153	4.8%	3,704	330	9.8%
Corporation & Utilities Tax	863	955	92	10.7%	905	(50)	-5.2%
Insurance Tax	1,181	1,434	253	21.4%	1,471	37	2.6%
Bank Tax	1,233	793	(440)	-35.7%	878	85	10.7%
Petroleum Business Tax	1,106	1,120	14	1.3%	1,087	(33)	-2.9%

** Unaudited Year-End Results.*

All Funds business tax receipts for 2009-10 are estimated at $7.7 billion, an increase of $72 million, or 0.9 percent from the prior year. The estimates reflect a net increase in receipts of $585 million resulting from tax law changes. The increase in the prepayment rate from 30 percent to 40 percent for most business taxpayers and the imposition of the insurance premiums tax on for-profit HMOs are the major tax law changes. Absent these provisions, All Funds business tax receipts are expected to decline by $513 million or 6.7 percent. The majority of this decline is in the corporate franchise tax and the bank tax. Corporate profits are expected to decline 22 percent in calendar year 2009 although the related revenue decline will be far less due to a higher proportion of taxpayers filing under non-income tax bases. Bank tax receipts in 2008-09 were bolstered by one-time receipts from the three month reopening of VCI.

This program, which allowed taxpayers to voluntarily report the use of IRS designated tax shelters, accounted for $370 million, or 81 percent of All Funds audit collections of $455 million. Bank tax audit collections are expected to fall to $71 million in 2009-10. Excluding Enacted Budget provisions, corporation and utilities tax receipts are expected to grow 4.6 percent as revenue from the telecommunication sector remains strong and the insurance tax is expected to remain virtually unchanged.

All Funds business tax receipts for 2010-11 of $8.0 billion are projected to increase by $369 million, or 4.8 percent over the prior year, reflecting rebound induced growth rates of 9.8 and 10.7 percent in corporate franchise tax and bank tax receipts respectively.

General Fund business tax receipts for 2009-10 of $5.5 billion are estimated to decrease by $61 million, or 1.1 percent below 2008-09 results. The General Fund decrease in business tax receipts is larger than the All Funds decline because the net revenue from the imposition of the insurance premiums tax on for-profit HMOs is dedicated to HCRA. Aside from this Enacted Budget provision, business tax receipts deposited to the General Fund reflect the All Funds trends discussed above.

General Fund business tax receipts for 2010-11 of $5.8 billion are projected to increase $333 million, or 6.1 percent over the prior year. Corporate franchise tax and bank tax receipts are projected to increase 10.1 percent and 9.9 percent, respectively as the economy begins to recover.

BUSINESS TAXES
(millions of dollars)

	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund	**5,828**	**5,925**	**97**	**6,398**	**473**
Corporate Franchise Tax	3,211	3,129	(82)	3,513	384
Corporation & Utilities Tax	690	722	32	754	32
Insurance Tax	1,181	1,252	71	1,332	80
Bank Tax	746	822	76	799	(23)
State/All Funds	**8,045**	**8,177**	**132**	**8,697**	**520**
Corporate Franchise Tax	3,704	3,628	(76)	4,047	419
Corporation & Utilities Tax	905	942	37	979	37
Insurance Tax	1,471	1,550	79	1,636	86
Bank Tax	878	967	89	940	(27)
Petroleum Business Tax	1,087	1,090	3	1,095	5

All Funds business tax receipts estimated for 2011-12 and 2012-13 reflect trend growth that is determined in part by the expected levels of corporate profits, taxable insurance premiums, electric utility consumption prices, the consumption of telecommunications services and automobile fuel consumption and fuel prices. Business tax receipts are projected to increase to $8.2 billion (1.6 percent) in 2011-12, and $8.7 billion (6.4 percent) in 2012-13. General Fund business tax receipts over this period are expected to increase to $5.9 billion (1.7 percent) in 2011-12 and $6.4 billion (8.0 percent) in 2012-13.

Other Taxes

OTHER TAXES (millions of dollars)							
	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund**	**1,188**	**982**	**(206)**	**-17.3%**	**959**	**(23)**	**-2.3%**
Estate Tax	1,163	958	(205)	-17.6%	935	(23)	-2.4%
Gift Tax	2	0	(2)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	N/A	0	0	0.0%
Pari-Mutuel Taxes	22	23	1	4.5%	23	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%
State/All Funds	**1,889**	**1,357**	**(532)**	**-28.2%**	**1,422**	**65**	**4.8%**
Estate Tax	1,163	958	(205)	-17.6%	935	(23)	-2.4%
Gift Tax	2	0	(2)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	N/A	0	0	0.0%
Real Estate Transfer Tax	701	375	(326)	-46.5%	463	88	23.5%
Pari-Mutuel Taxes	22	23	1	4.5%	23	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%

** Unaudited Year-End Results.*
*** Excludes Transfers.*

All Funds other tax receipts for 2009-10 are estimated to be $1.4 billion, down $532 million or 28.2 percent from 2008-09 receipts. This decrease reflects a 17.6 percent decline in the estate tax collections due to declines in equity and home values experienced over the past year, combined with a nearly 47 percent decline in real estate transfer tax collections as a result of current conditions in the real estate and credit markets. General Fund other tax receipts are expected to total $982 million in fiscal year 2009-10, reflecting the $205 million decline in estate tax collections.

All Funds other tax receipts for 2010-11 are projected to be $1.4 billion, up $65 million or 4.8 percent from 2009-10, reflecting growth in the real estate transfer tax of 23.5 percent, reflecting the beginning of a rebound in the residential and commercial markets, partially offset by a 2.4 percent decline in estate tax collections. General Fund other tax receipts are expected to total $959 million in fiscal year 2010-11, an decrease of $23 million which is attributable to a projected decline in the estate tax.

OTHER TAXES (millions of dollars)	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund*	**959**	**1,015**	**56**	**1,077**	**62**
Estate Tax	935	991	56	1,053	62
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Pari-Mutuel Taxes	23	23	0	23	0
All Other Taxes	1	1	0	1	0
State/All Funds	**1,422**	**1,566**	**144**	**1,708**	**142**
Estate Tax	935	991	56	1,053	62
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Real Estate Transfer Tax	463	551	88	631	80
Pari-Mutuel Taxes	23	23	0	23	0
All Other Taxes	1	1	0	1	0

** Excludes Transfers.*

The 2011-12 All Funds receipts projection for other taxes is nearly $1.6 billion, up $144 million or 10.1 percent from 2010-11 receipts. Growth in the estate tax is projected to follow expected increases in household net worth as equity prices begin to rebound. Receipts from the real estate transfer tax are projected to increase, reflecting the continued improvement in the residential and commercial markets.

The 2012-13 All Funds receipts projection for other taxes of $1.7 billion is up $142 million or 9.1 percent from 2011-12 receipts.

Miscellaneous Receipts and Federal Grants

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS (millions of dollars)	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**3,150**	**3,381**	**231**	**7.3%**	**3,022**	**(359)**	**-10.6%**
Miscellaneous Receipts	3,105	3,381	276	8.9%	3,022	(359)	-10.6%
Federal Grants	45	0	(45)	-100.0%	0	0	0.0%
State Funds	**19,928**	**22,028**	**2,100**	**10.5%**	**21,502**	**(526)**	**-2.4%**
Miscellaneous Receipts	19,883	22,027	2,144	10.8%	21,501	(526)	-2.4%
Federal Grants	45	1	(44)	-97.8%	1	0	0.0%
All Funds	**58,898**	**69,903**	**11,005**	**18.7%**	**70,171**	**268**	**0.4%**
Miscellaneous Receipts	20,064	22,185	2,121	10.6%	21,653	(532)	-2.4%
Federal Grants	38,834	47,718	8,884	22.9%	48,518	800	1.7%

** Unaudited Year-End Results.*

All Funds miscellaneous receipts include moneys received from HCRA financing sources, SUNY tuition and patient income, lottery receipts for education, assessments on regulated industries, and a variety of fees and licenses. All Funds miscellaneous receipts are projected to total $22.2 billion in 2009-10, an increase of $2.1 billion from 2008-09 results, largely driven by programs financed with authority bond proceeds ($718 million), including spending in economic development, SUNY and State equipment financing; growth in SUNY tuition, fee, patient, and other income ($459 million), increased lottery receipts, including VLT ($213 million) and growth in HCRA receipts ($470 million).

Federal grants help pay for State spending on Medicaid, temporary and disability assistance, mental hygiene, school aid, public health, and other activities. Annual changes to Federal grants generally correspond to changes in federally-reimbursed spending. Accordingly, DOB typically plans that Federal reimbursement will be received in the State fiscal year in which spending occurs, but timing is often unpredictable. All Funds Federal grants are projected to total $47.7 billion in 2009-10, an increase of $8.9 billion from 2008-09 results driven by receipt of Federal ARRA monies.

General Fund miscellaneous receipts collections are estimated to be approximately $3.4 billion in 2009-10, up $276 million from 2008-09 results. This increase is primarily due to actions taken with the 2009-10 Enacted Budget.

All Funds miscellaneous receipts are projected to total $21.7 billion in 2010-11, a decrease of $532 million from the current year, driven by General Fund changes of $359 million primarily due to the loss of several one-time receipts including payments related to NYPA, augmented by a decline in programs financed with authority bond proceeds ($150 million).

All Funds Federal grants are projected to total $48.5 billion in 2010-11, an increase of $800 million from the current year reflecting an increase in Federal ARRA funding.

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS
(millions of dollars)

	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund	**3,022**	**3,017**	**(5)**	**3,043**	**26**
Miscellaneous Receipts	3,022	3,017	(5)	3,043	26
Federal Grants	0	0	0	0	0
State Funds	**21,502**	**22,472**	**970**	**21,863**	**(609)**
Miscellaneous Receipts	21,501	22,471	970	21,862	(609)
Federal Grants	1	1	0	1	0
All Funds	**70,171**	**65,677**	**(4,494)**	**64,362**	**(1,315)**
Miscellaneous Receipts	21,653	22,574	921	21,965	(609)
Federal Grants	48,518	43,103	(5,415)	42,397	(706)

General Fund miscellaneous receipts and Federal grants are projected to be $3.0 billion in each year beginning in 2010-11.

All funds miscellaneous receipts are projected to increase by $921 million in 2011-12 and decline by $609 million in 2012-13 driven by the one-time receipt of franchise fees related to the development of VLT facilities ($370 million).

The loss of Federal ARRA aid drives the All Funds Federal grant declines of $5.4 billion in 2011-12 and $706 million in 2012-13.

2009-10 Financial Plan Disbursements Forecast

TOTAL DISBURSEMENTS (millions of dollars)							
			Before Actions *			After Actions	
	2008-09 Results **	2009-10 Base	Annual $ Change	Annual % Change	2009-10 Enacted	Annual $ Change	Annual % Change
State Operating Funds	**78,168**	**88,154**	**9,986**	**12.8%**	**78,742**	**574**	**0.7%**
General Fund ***	48,436	57,136	8,700	18.0%	49,449	1,013	2.1%
Other State Funds	25,146	25,804	658	2.6%	24,075	(1,071)	-4.3%
Debt Service Funds	4,586	5,214	628	13.7%	5,218	632	13.8%
All Governmental Funds	**121,571**	**132,753**	**11,182**	**9.2%**	**131,935**	**10,364**	**8.5%**
State Operating Funds	78,168	88,154	9,986	12.8%	78,742	574	0.7%
Capital Projects Funds	6,830	7,983	1,153	16.9%	8,832	2,002	29.3%
Federal Operating Funds	36,573	36,616	43	0.1%	44,361	7,788	21.3%
General Fund, including Transfers	**54,607**	**63,565**	**8,958**	**16.4%**	**54,908**	**301**	**0.6%**

** i.e. current services.*
*** Unaudited Results.*
**** Excludes transfers.*

General Fund disbursements, including transfers to other funds, are projected to total $54.9 billion in 2009-10, an increase of $301 million from 2008-09 results. State Operating Funds spending, which includes both the General Fund and spending from other operating funds supported by assessments, tuition, HCRA resources and other non-Federal revenues, is projected to total $78.7 billion in 2009-10. The General Fund and State Operating Funds spending totals are reduced by the increase in FMAP. The projected receipt of extraordinary Federal aid in 2009-10 adds approximately $7.2 billion to the All Funds spending total.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The major sources of annual spending change between 2008-09 and 2009-10 (after Enacted Budget actions) are summarized in the table below.

ENACTED BUDGET SPENDING PROJECTIONS - AFTER ENACTED BUDGET ACTIONS
MAJOR SOURCES OF ANNUAL CHANGE
(millions of dollars)

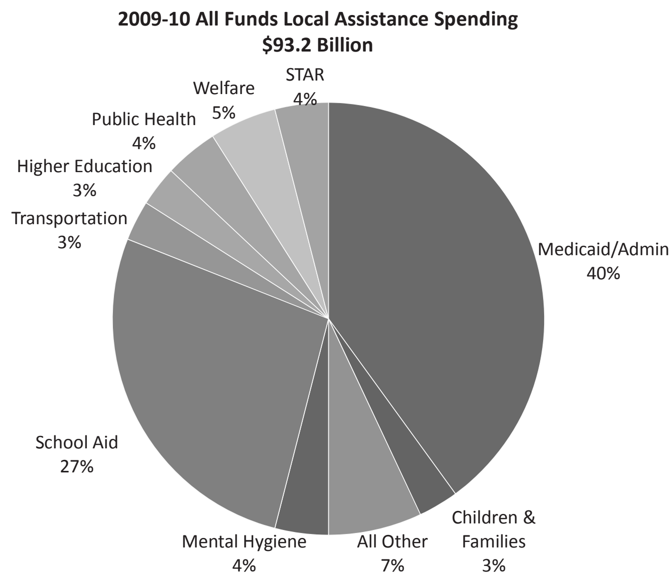
	General Fund *	Other State Funds**	Total State Operating Funds	Capital Projects Funds	Federal Operating Funds	Total All Funds
2008-09 Results* **	**48,436**	**29,732**	**78,168**	**6,830**	**36,573**	**121,571**
Major Functions						
Public Health:						
Medicaid	(1,740)	1,073	(667)	0	4,272	3,605
Public Health	165	(406)	(241)	151	72	(18)
K-12 Education:						
School Aid	263	(197)	66	0	1,426	1,492
All Other Education Aid	16	(5)	11	113	592	716
STAR	0	(911)	(911)	0	0	(911)
Higher Education	578	427	1,005	232	110	1,347
Social Services:						
Temporary and Disability Assistance	66	(3)	63	(2)	(1)	60
Children and Family Services	148	(1)	147	(1)	37	183
Mental Hygiene	85	(98)	(13)	56	253	296
Transportation	(8)	(367)	(375)	735	(7)	353
General State Charges	620	(327)	293	0	97	390
Debt Service	49	564	613	0	0	613
All Other Changes						
Economic Development	(34)	217	183	436	301	920
Potential Labor Settlements	400	24	424	0	0	424
Labor	9	(3)	6	0	312	318
Homeland Security	46	(7)	39	(2)	217	254
Technology	11	0	11	97	12	120
Local Government Aid	97	0	97	0	0	97
State Police	(8)	66	58	26	(4)	80
Military and Naval Affairs	18	4	22	(7)	58	73
Judiciary	23	14	37	23	1	61
Elections	4	(3)	1	0	59	60
Empire State Stem Cell Trust Fund	0	38	38	0	0	38
Department of State	7	(3)	4	(14)	43	33
Criminal Justice Services	(13)	(9)	(22)	0	(1)	(23)
Parks and Recreation	(14)	(21)	(35)	13	(2)	(24)
Correctional Services	(71)	1	(70)	36	9	(25)
All Other	296	(506)	(210)	110	(68)	(168)
2009-10 Enacted Budget	**49,449**	**29,293**	**78,742**	**8,832**	**44,361**	**131,935**
Annual Dollar Change	*1,013*	*(439)*	*574*	*2,002*	*7,788*	*10,364*
Annual Percent Change	*2.1%*	*-1.5%*	*0.7%*	*29.3%*	*21.3%*	*8.5%*

** Excludes Transfers.*
*** Includes State Special Revenue and Debt Service Funds.*
**** Unaudited Year-End Results.*

The spending forecast for each of the State's major financial plan categories follows. Projected current services disbursements are based on agency staffing levels, program caseloads, formulas contained in State and Federal law, inflation and other factors. The factors that affect spending estimates vary by program. For example, welfare spending is based primarily on anticipated caseloads that are estimated by analyzing historical trends, projected economic conditions, and changes in Federal law. All projections account for the timing of payments, since not all the amounts appropriated in the Budget are disbursed in the same fiscal year.

Grants to Local Governments

Grants to Local Governments (Local Assistance) include payments to local governments, school districts, health care providers, and other local entities, as well as certain financial assistance to, or on behalf of, individuals, families, and nonprofit organizations. Local Assistance comprises 71 percent of All Funds spending.



In 2009-10, All Funds spending for local assistance is proposed to total $93.2 billion. Total spending is comprised of State aid to medical assistance providers and public health programs ($40.5 billion); State aid for education, including school districts, universities, and tuition assistance ($34.3 billion); temporary and disability assistance ($4.8 billion); mental hygiene programs ($3.9 billion); transportation ($3.1 billion); children and family services ($2.7 billion); and local government assistance ($1.1 billion). Other local assistance programs include criminal justice, economic development, housing, parks and recreation, and environmental quality.

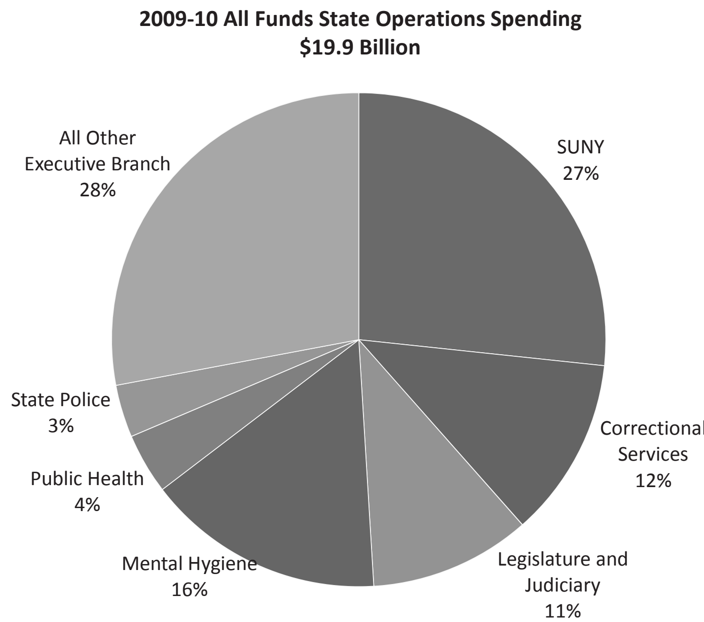
LOCAL ASSISTANCE SPENDING PROJECTIONS
(millions of dollars)

	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**37,040**	**37,086**	**46**	**0.1%**
Other State Support	16,944	16,199	(745)	**-4.4%**
State Operating Funds	**53,984**	**53,285**	**(699)**	**-1.3%**
Capital Project Funds	1,356	860	(496)	**-36.6%**
Federal Operating Funds	31,927	39,046	7,119	**22.3%**
All Funds	**87,267**	**93,191**	**5,924**	**6.8%**

** Unaudited Year-End Results.*

State Operations

State Operations spending is for personal service and non-personal service costs. Personal service costs, which account for approximately two-thirds of State Operations spending, include salaries of State employees of the Executive Branch, Legislature, and Judiciary, as well as overtime payments and costs for temporary employees. Non-personal service costs, which account for the remaining one-third of State Operations, represent other operating costs of State agencies, including real estate rental, utilities, contractual payments (i.e., consultants, information technology, and professional business services), supplies and materials, equipment, telephone service and employee travel.



Approximately 93 percent of the State workforce is unionized. The largest unions include CSEA, which primarily represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; PEF, which primarily represents professional and technical personnel (i.e., attorneys, nurses, accountants, social workers, and institution teachers); UUP, which represents faculty and non-teaching professional staff within the State University system; and NYSCOPBA, which represents security personnel (correction officers, safety and security officers).

The State workforce subject to Executive control (i.e., OSC, Law, SUNY/CUNY, and excluding the Legislature, Judiciary, and contractual labor), is projected to total 128,803 FTEs in 2009-10, a decrease of 7,687 from 2008-09 levels. Decreases are expected in nearly all agencies, mainly as a result of facility closures and the WRP.

State Operations spending, which is projected to total $19.9 billion in 2009-10, finances the costs of Executive agencies ($17.8 billion), and the Legislature and Judiciary ($2.1 billion). The largest agencies in dollar terms and staffing levels include SUNY ($5.3 billion; 40,609 FTEs), Correctional Services ($2.4 billion; 29,175 FTEs), Mental Hygiene ($3.1 billion; 38,160 FTEs), DOH ($800 million; 5,441 FTEs), and State Police ($715 million; 5,607 FTEs).

STATE OPERATIONS SPENDING PROJECTIONS (millions of dollars)	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**8,312**	**8,659**	**347**	**4.2%**
Other State Support	6,942	6,968	26	0.4%
State Operating Funds	**15,254**	**15,627**	**373**	**2.4%**
Capital Projects Funds	0	0	0	N/A
Federal Operating Funds	3,712	4,284	572	15.4%
Total All Funds	**18,966**	**19,911**	**945**	**5.0%**

** Unaudited Year-End Results.*

State Operations spending by category, based upon prior year spending trends, is allocated among employee regular salaries (69 percent), overtime payments (3 percent), contractual services (19 percent), supplies and materials (4 percent), equipment (2 percent), employee travel (1 percent), and other operational costs (2 percent).

STATE OPERATIONS SPENDING PROJECTIONS MAJOR SOURCES OF ANNUAL CHANGE - STATE OPERATING FUNDS (millions of dollars)	Personal Service	Non-Personal Service	State Operations
2008-09 Results*	**10,329**	**4,925**	**15,254**
Reserve for Unsettled Unions	424	0	424
Workforce Reduction	(267)	0	(267)
SUNY	106	194	300
State Police	103	(17)	86
Tax and Finance	42	5	47
Stem Cell Research	(1)	39	38
Judiciary	73	(42)	31
Labor management Committee	(4)	29	25
Correctional Services	(36)	54	18
Temporary and Disability Assistance	2	14	16
Public Health	3	22	25
Mental Hygiene	(187)	(2)	(189)
Insurance	(7)	(63)	(70)
2009-10 Spending Controls	0	(50)	(50)
All Other	(110)	49	(61)
2009-10 Enacted	**10,470**	**5,157**	**15,627**
Annual Dollar Change	*141*	*232*	*373*
Annual Percent Change	*1.4%*	*4.7%*	*2.4%*

** Unaudited Year-End Results.*

The State Operating Funds spending increase of $373 million (2.4 percent) in State Operations is primarily driven by a reserve to finance potential collective bargaining agreements with unsettled unions ($424 million), SUNY ($300 million), State Police ($86 million), Department of Taxation and Finance ($47 million), and stem cell research ($38 million) offset by a planned workforce reduction and a decline in State share Medicaid payments to State-owned mental hygiene facilities due to increased Federal

Medicaid participation. The annual changes by personal service and non-personal service are summarized in the following tables.

Personal Service

PERSONAL SERVICE
SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE)
FROM 2008-09 TO 2009-10
(millions of dollars)

	General Fund	Other State Funds	Total State Operating Funds	Federal Operating Funds	Total All Funds
2008-09 Results*	**6,168**	**4,161**	**10,329**	**2,280**	**12,609**
Current Services:	**731**	**(21)**	**710**	**22**	**732**
Reserve for Unsettled Unions	400	24	424	0	424
Judiciary	58	0	58	(2)	56
Public Health	22	(18)	4	(18)	(14)
Children and Family Services	19	0	19	(3)	16
State University	38	(26)	12	1	13
State Police	86	13	99	(2)	97
Mental Hygiene	1	100	101	(19)	82
Agency Salary Adjustments	74	42	116	23	139
Workforce Changes	33	(156)	(123)	42	(81)
Extraordinary Federal Aid:	**0**	**(267)**	**(267)**	**301**	**34**
Mental Hygiene FMAP	0	(267)	(267)	267	0
Labor	0	0	0	30	30
All Other	0	0	0	4	4
Enacted Savings:	**(478)**	**130**	**(348)**	**(114)**	**(462)**
Workforce Reduction	(191)	(76)	(267)	(111)	(378)
SUNY Tuition Increase	(87)	108	21	0	21
Auto Insurance Surcharge	(48)	48	0	0	0
SUNY	(45)	88	43	0	43
DOCS Facility Closures/Correctional Services	(58)	0	(58)	0	(58)
Delay Mental Health Expansion	(11)	0	(11)	0	(11)
Youth Facility Closures/Downsizing	(10)	0	(10)	0	(10)
Real Property Services Fund Shift	20	(20)	0	0	0
Mental Hygiene	0	(29)	(29)	(10)	(39)
All Other	(48)	11	(37)	7	(30)
New Initiatives:	**44**	**2**	**46**	**0**	**46**
Tax and Finance	41	0	41	0	41
All Other	3	2	5	0	5
2009-10 Enacted	**6,465**	**4,005**	**10,470**	**2,489**	**12,959**
Total Annual Change	*297*	*(156)*	*141*	*209*	*350*

** Unaudited Year-End Results.*

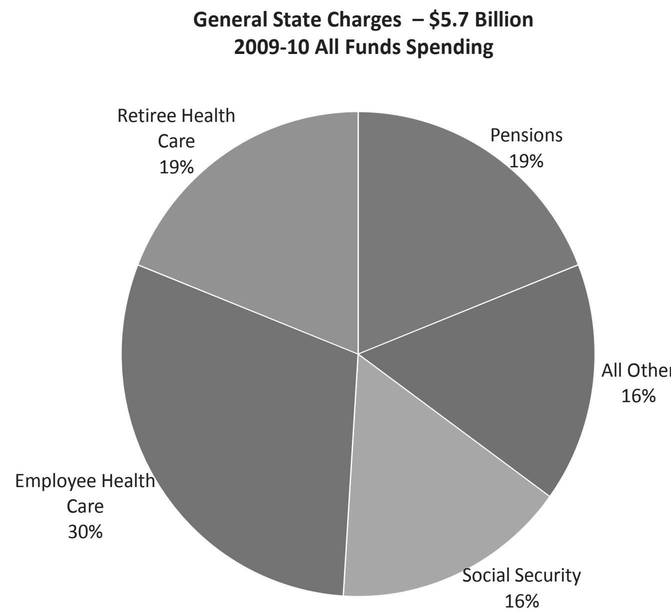
Non-Personal Service

NON-PERSONAL SERVICE
SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE)
FROM 2008-09 TO 2009-10
(millions of dollars)

	General Fund	Other State Funds	Total State Operating Funds	Federal Operating Funds	All Funds
2008-09 Results*	**2,144**	**2,781**	**4,925**	**1,432**	**6,357**
Current Services:	**194**	**89**	**283**	**208**	**491**
Correctional Services	76	0	76	0	76
Mental Hygiene	0	7	7	139	146
State University	63	116	179	(5)	174
State Police	15	(24)	(9)	(2)	(11)
Temporary and Disability Assistance	22	0	22	(9)	13
Public Health	16	9	25	3	28
Labor Management Committee	28	1	29	0	29
Judiciary	(45)	2	(43)	4	(39)
Elections	1	(3)	(2)	42	40
Insurance	(84)	2	(82)	0	(82)
Stem Cell Research	0	60	60	0	60
All Other	102	(81)	21	36	57
Extraordinary Federal Aid:	**0**	**0**	**0**	**173**	**173**
Labor	0	0	0	86	86
SUNY Pell Grants	0	0	0	28	28
Technology	0	0	0	12	12
Public Health	0	0	0	26	26
Criminal Justice	0	0	0	8	8
All Other	0	0	0	13	13
Enacted Savings:	**(199)**	**85**	**(114)**	**(18)**	**(132)**
DOCS Facility Closures/Correctional Services	(28)	0	(28)	0	(28)
2009-10 Spending Controls	(50)	0	(50)	0	(50)
Health Program Financing	0	15	15	0	15
SUNY Tuition Increase	(35)	45	10	0	10
Workers Compensation Board	0	20	20	0	20
SUNY	(19)	24	5	0	5
Mental Hygiene	0	(9)	(9)	(13)	(22)
SWN Funding	(26)	26	0	0	0
Public Safety	(13)	0	(13)	0	(13)
Economic Development	(11)	0	(11)	0	(11)
Stem Cell	0	(21)	(21)	0	(21)
All Other	(17)	(15)	(32)	(5)	(37)
New Initiatives:	**55**	**8**	**63**	**0**	**63**
Higher Education	50	3	53	0	53
All Other	5	5	10	0	10
2009-10 Enacted	**2,194**	**2,963**	**5,157**	**1,795**	**6,952**
Total Annual Change	*50*	*182*	*232*	*363*	*595*

** Unaudited Year-End Results.*

General State Charges



GSCs account for the costs of fringe benefits provided to State employees and retirees of the Executive, Legislative and Judicial branches, and certain fixed costs paid by the State. Fringe benefit payments, many of which are mandated by statute or collective bargaining agreements, include employer contributions for pensions, Social Security, health insurance, workers' compensation and unemployment insurance. Fixed costs include State taxes paid to local governments for certain State-owned lands, and payments related to lawsuits against the State and its public officers.

For most agencies, employee fringe benefit costs are paid centrally from appropriations made to GSCs. These centrally-paid fringe benefit costs represent the majority of GSCs spending. However, certain agencies, such as the Judiciary and SUNY, directly pay all or a portion of their employees' fringe benefit costs from their respective budgets. Employee fringe benefits paid through the GSCs account are paid from the General Fund in the first instance and then partially reimbursed by revenue collected from fringe benefit assessments on Federal funds and other special revenue accounts. The funding source of fringe benefit costs directly paid by certain agencies is dependent on the respective agencies' funding sources. Fixed costs are paid in full by General Fund revenues from the GSCs account.

GENERAL STATE CHARGES SPENDING PROJECTIONS
(millions of dollars)

	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	3,084	3,704	620	20.1%
Other State Support	1,307	980	(327)	-25.0%
State Operating Funds	**4,391**	**4,684**	**293**	**6.7%**
Capital Projects Funds	0	0	0	0.0%
Federal Operating Funds	934	1,031	97	10.4%
Total All Funds	**5,325**	**5,715**	**390**	**7.3%**

** Unaudited Year-End Results.*

All Funds spending on GSCs is expected to total $5.7 billion in 2009-10, and includes health insurance spending for employees ($1.7 billion) and retirees ($1.1 billion), pensions ($1.1 billion) and Social Security ($962 million).

Debt Service

The State pays debt service on all outstanding State-supported bonds. These include general obligation bonds, for which the State is constitutionally obligated to pay debt service, as well as bonds issued by State public authorities (i.e., ESDC, DASNY, and the TA, subject to an appropriation). Depending on the credit structure, debt service is financed through transfers from the General Fund, dedicated taxes and fees, and other resources, such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS (millions of dollars)				
	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**1,734**	**1,783**	**49**	**2.8%**
Other State Support	2,796	3,360	564	20.2%
State Operating Funds	**4,530**	**5,143**	**613**	**13.5%**
Capital Projects Funds	**0**	**0**	**0**	**0.0%**
Total All Funds	**4,530**	**5,143**	**613**	**13.5%**

** Unaudited Year-End Results.*

All Funds debt service is projected at $5.1 billion in 2009-10, of which $1.8 billion is paid from the General Fund through transfers and $3.4 billion from other State funds. The General Fund transfer primarily finances debt service payments on general obligation and service contract bonds. Debt service is paid directly from other State funds for the State's revenue bonds, including PIT revenue bonds, DHBTF bonds, and mental health facilities bonds.

The Enacted Budget Financial Plan includes $12 million in savings from debt management actions. Legislation was enacted to provide greater flexibility in administering the PIT Revenue Bond program by permitting DASNY and ESDC to issue bonds for any authorized PIT Revenue Bond purpose. This is expected to result in improved scheduling and sizing for PIT Revenue Bond sales, producing savings through efficiencies in bond pricing and administration. Administrative actions to reduce costs will be continued. These include a goal of selling 25 percent of bonds on a competitive basis, market conditions permitting, and maximizing refunding opportunities, including through consolidated service contract structures.

Capital Projects

Capital Projects account for spending across all functional areas to finance costs related to the acquisition, construction, repair or renovation of fixed assets. Spending from appropriations made from over 30 capital projects funds are financed from four sources: annual State taxes or dedicated miscellaneous receipts, grants from the Federal government, the proceeds of notes or bonds issued pursuant to general obligation bond acts which are approved by the State voters, and the proceeds of notes or bonds issued by public authorities pursuant to legal authorization for State capital spending.

CAPITAL PROJECTS SPENDING PROJECTIONS (millions of dollars)	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**473**	**551**	**78**	**16.5%**
Other State Support	4,505	5,364	859	19.1%
State Funds	**4,978**	**5,915**	**937**	**18.8%**
Federal Funds	1,852	2,917	1,065	57.5%
All Funds	**6,830**	**8,832**	**2,002**	**29.3%**

** Unaudited Year-End Results.*

All Funds capital spending is expected to total $8.8 billion in 2009-10. Transportation spending, primarily for improvements and maintenance to the State's highways and bridges, continues to account for the largest share (51 percent) of this total. The balance of projected spending will support capital investments in the areas of economic development (14 percent), education (11 percent), mental hygiene and public protection (7 percent), and parks and the environment (10 percent). The remainder of projected capital projects spending is spread across health and social welfare, general government and other areas (7 percent). State funds are expected to increase by $937 million, or 19 percent, primarily attributable to changes in transportation spending for the Five-Year Capital Plan ($200 million), education spending for SUNY and infrastructure improvements for private colleges and universities ($295 million), and economic development for previously authorized projects ($195 million). Federal ARRA funds represent 98 percent of the annual change in Federal spending. These funds are projected to increase Federal spending by $1.0 billion, providing significant investments in the State's capital infrastructure. Nearly half of this amount will be directed to DOT for infrastructure improvements.

Other Financing Sources/(Uses)

The most significant General Fund transfers to other funds in 2009-10 include transfers for State share Medicaid ($2.4 billion), general debt service ($1.8 billion), and capital projects ($551 million, including $168 million for PAYGO projects and a $383 million subsidy to the DHBTF). Judiciary funding includes money transferred to the Court Facilities Incentive Aid Fund, New York City County Clerks Fund, and Judiciary Data Processing Fund ($149 million). Also included in General Fund transfers to other funds are transfers representing payments for patients residing in State-operated health and SUNY facilities ($193 million), and SUNY hospital subsidy payments ($135 million).

In Special Revenue Funds, transfers to other funds include transfers to the Debt Service Funds representing the Federal share of Medicaid payments for patients residing in State-operated health and mental hygiene facilities and community homes, and patients at SUNY hospitals ($3.5 billion), a transfer from HCRA to the Capital Projects Fund to finance anticipated non-bondable spending for HEAL-NY ($140 million) and transfer of moneys from several Special Revenue accounts in excess of spending requirements ($1.0 billion).

Capital Projects funds transfers include transfers to the General Debt Service Fund from the DHBTF ($1.0 billion), and transfers from the Hazardous Waste Remedial Fund ($27 million), and the Environmental Protection Fund ($95 million), to the General Fund.

Debt Service Fund transfers to the General Fund include tax receipts in excess of debt service requirements for general obligation, LGAC and PIT Revenue Bonds ($10.4 billion). Transfers to Special Revenue Funds represent receipts in excess of lease/purchase obligations that are used to finance a portion of the operating expenses for DOH, mental hygiene, and SUNY ($3.8 billion).

CASH FINANCIAL PLAN
GENERAL FUND
2008-2009 and 2009-2010
(millions of dollars)

	2008-2009 Year-End*	2009-2010 Enacted	Annual $ Change	Annual % Change
Opening fund balance	2,754	1,948	(806)	
Receipts:				
Taxes:				
Personal income tax	23,196	24,404	1,208	5.2%
User taxes and fees	8,361	8,520	159	1.9%
Business taxes	5,556	5,495	(61)	-1.1%
Other taxes	1,188	982	(206)	-17.3%
Miscellaneous receipts	3,105	3,381	276	8.9%
Federal grants	45	0	(45)	-100.0%
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	8,404	8,130	(274)	-3.3%
Sales tax in excess of LGAC debt service	2,195	2,200	5	0.2%
Real estate taxes in excess of CW/CA debt service	352	57	(295)	-83.8%
All other transfers	1,399	1,169	(230)	-16.4%
Total receipts	53,801	54,338	537	1.0%
Disbursements:				
Grants to local governments	37,040	37,086	46	0.1%
State operations:				
Personal Service	6,168	6,465	297	4.8%
Non-Personal Service	2,144	2,194	50	2.3%
General State charges	3,084	3,704	620	20.1%
Transfers to other funds:				
Debt service	1,734	1,783	49	2.8%
Capital projects	473	551	78	16.5%
State Share Medicaid	2,625	2,362	(263)	-10.0%
Other purposes	1,339	763	(576)	-43.0%
Total disbursements	54,607	54,908	301	0.6%
Change in fund balance	(806)	(570)	236	-29.3%
Closing fund balance	1,948	1,378	(570)	-29.3%
Reserves				
Tax Stabilization Reserve Fund	1,031	1,031	0	
Statutory Rainy Day Reserve Fund	175	175	0	
Contingency Reserve Fund	21	21	0	
Community Projects Fund	145	78	(67)	
Debt Reduction Reserve Fund **	73	73	0	
Reserve for Timing Related Delays**	163	0	(163)	
Remaining Reserve for 2009-10 Use**	340	0	(340)	

**Unaudited Year-end Results*

***Reserve Funds that are DOB-designated uses of the Refund Reserve Account.*

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
2009-2010 through 2012-2013
(millions of dollars)

	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
Receipts:				
Taxes:				
Personal income tax	24,404	26,612	27,447	26,625
User taxes and fees	8,520	8,819	9,193	9,469
Business taxes	5,495	5,828	5,925	6,398
Other taxes	982	959	1,015	1,077
Miscellaneous receipts	3,381	3,022	3,017	3,043
Federal grants	0	0	0	0
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	8,130	8,532	8,579	8,110
Sales tax in excess of LGAC debt service	2,200	2,254	2,344	2,463
Real estate taxes in excess of CW/CA debt service	57	147	244	329
All other transfers	1,169	723	684	695
Total receipts	54,338	56,896	58,448	58,209
Disbursements:				
Grants to local governments	37,086	39,664	46,467	50,283
State operations:				
Personal Service	6,465	6,621	6,801	6,870
Non-Personal Service	2,194	2,304	2,374	2,442
General State charges	3,704	4,042	4,344	4,760
Transfers to other funds:				
Debt service	1,783	1,762	1,739	1,725
Capital projects	551	1,162	1,319	1,491
State Share Medicaid	2,362	2,388	2,887	2,888
Other purposes	763	1,079	1,320	1,586
Total disbursements	54,908	59,022	67,251	72,045
Deposit to/(use of) Community Projects Fund	(67)	55	(41)	(92)
Deposit to/(use of) Reserve for Timing Related Delays	(163)	0	0	0
Deposit to/(use of) Remaining Prior Year Reserves	(340)	0	0	0
General Fund Margin	0	(2,181)	(8,762)	(13,744)
HCRA Operating Surplus	0	15	5	38
Combined General Fund/HCRA Margin	0	(2,166)	(8,757)	(13,706)

Source: NYS DOB

CURRENT STATE RECEIPTS
GENERAL FUND
2008-2009 and 2009-2010
(millions of dollars)

	2008-2009 Year-End*	2009-2010 Enacted	Annual $ Change	Annual % Change
Taxes:				
Withholdings	27,686	30,626	2,940	10.6%
Estimated Payments	12,690	10,193	(2,497)	-19.7%
Final Payments	2,686	2,136	(550)	-20.5%
Other Payments	949	1,115	166	17.5%
Gross Collections	44,011	44,070	59	0.1%
State/City Offset	(475)	(500)	(25)	5.3%
Refunds	(6,696)	(6,332)	364	-5.4%
Reported Tax Collections	36,840	37,238	398	1.1%
STAR (dedicated deposits)	(4,434)	(3,524)	910	-20.5%
RBTF (dedicated transfers)	(9,210)	(9,310)	(100)	1.1%
Personal income tax	23,196	24,404	1,208	5.2%
Sales and use tax	10,274	10,389	115	1.1%
Cigarette and tobacco taxes	446	425	(21)	-4.7%
Motor fuel tax	0	0	0	--
Motor vehicle fees	(42)	19	61	-145.2%
Alcoholic beverages taxes	206	235	29	14.1%
Highway Use tax	0	0	0	--
Alcoholic beverage control license fees	44	48	4	9.1%
Auto rental tax	0	0	0	--
Gross Utility Taxes and fees	10,928	11,116	188	1.7%
LGAC Sales Tax (dedicated transfers)	(2,567)	(2,596)	(29)	1.1%
User Taxes and fees	8,361	8,520	159	1.9%
Corporation franchise tax	2,755	2,916	161	5.8%
Corporation and utilities tax	654	729	75	11.5%
Insurance taxes	1,086	1,171	85	7.8%
Bank tax	1,061	679	(382)	-36.0%
Petroleum business tax	0	0	0	--
Business taxes	5,556	5,495	(61)	-1.1%
Estate tax	1,163	958	(205)	-17.6%
Real estate transfer tax	701	375	(326)	-46.5%
Gift tax	2	0	(2)	-100.0%
Real property gains tax	0	0	0	--
Pari-mutuel taxes	22	23	1	4.5%
Other taxes	1	1	0	0.0%
Gross Other taxes	1,889	1,357	(532)	-28.2%
Real estate transfer tax (dedicated)	(701)	(375)	326	-46.5%
Other taxes	1,188	982	(206)	-17.3%
Total Taxes	38,301	39,401	1,100	2.9%
Licenses, fees, etc.	1,006	690	(316)	-31.4%
Abandoned property	698	700	2	0.3%
Reimbursements	1,089	172	(917)	-84.2%
Investment income	104	155	51	49.0%
Other transactions	208	1,664	1,456	700.0%
Miscellaneous receipts	3,105	3,381	276	8.9%
Federal grants	45	0	(45)	-100.0%
Total	41,451	42,782	1,331	3.2%

**Unaudited Year-end Results*

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,754	3,520	286	6,560
Receipts:				
Taxes	38,301	7,780	12,241	58,322
Miscellaneous receipts	3,105	12,911	845	16,861
Federal grants	45	0	0	45
Total receipts	41,451	20,691	13,086	75,228
Disbursements:				
Grants to local governments	37,040	16,944	0	53,984
State operations:				
Personal Service	6,168	4,161	0	10,329
Non-Personal Service	2,144	2,725	56	4,925
General State charges	3,084	1,307	0	4,391
Debt service	0	0	4,530	4,530
Capital projects	0	9	0	9
Total disbursements	48,436	25,146	4,586	78,168
Other financing sources (uses):				
Transfers from other funds	12,350	4,562	5,976	22,888
Transfers to other funds	(6,171)	(1,156)	(14,464)	(21,791)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,179	3,406	(8,488)	1,097
Change in fund balance:	(806)	(1,049)	12	(1,843)
Deposit to/(use of) Community Projects Fund	(195)			
Deposit to/(use of) Prior Year Reserves	(562)			
Deposit to/(use of) Debt Reduction Reserve	(49)			
Closing fund balance	1,948	2,471	298	4,717

**Unaudited Year-end Results*

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,471	298	4,717
Receipts:				
Taxes	39,401	7,076	12,082	58,559
Miscellaneous receipts	3,381	14,076	830	18,287
Federal grants	0	1	0	1
Total receipts	42,782	21,153	12,912	76,847
Disbursements:				
Grants to local governments	37,086	16,199	0	53,285
State operations:				
Personal Service	6,465	4,005	0	10,470
Non-Personal Service	2,194	2,888	75	5,157
General State charges	3,704	980	0	4,684
Debt service	0	0	5,143	5,143
Capital projects	0	3	0	3
Total disbursements	49,449	24,075	5,218	78,742
Other financing sources (uses):				
Transfers from other funds	11,556	3,769	6,520	21,845
Transfers to other funds	(5,459)	(1,287)	(14,223)	(20,969)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,097	2,482	(7,703)	876
Deposit to/(use of) Community Projects Fund	(67)	0	0	(67)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	(503)
Change in fund balance	0	(440)	(9)	(449)
Closing fund balance	1,378	2,031	289	3,698

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,031	289	2,320
Receipts:				
Taxes	42,218	7,098	12,945	62,261
Miscellaneous receipts	3,022	14,069	820	17,911
Federal grants	0	1	0	1
Total receipts	45,240	21,168	13,765	80,173
Disbursements:				
Grants to local governments	39,664	15,985	0	55,649
State operations:				
Personal Service	6,621	4,167	0	10,788
Non-Personal Service	2,304	2,953	75	5,332
General State charges	4,042	1,039	0	5,081
Debt service	0	0	5,791	5,791
Capital projects	0	2	0	2
Total disbursements	52,631	24,146	5,866	82,643
Other financing sources (uses):				
Transfers from other funds	11,656	3,874	6,830	22,360
Transfers to other funds	(6,391)	(1,076)	(14,737)	(22,204)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,265	2,798	(7,907)	156
Deposit to/(use of) Community Projects Fund	55	0	0	55
Change in fund balance	(2,181)	(180)	(8)	(2,369)
Closing fund balance	(2,181)	1,851	281	(49)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,851	281	2,132
Receipts:				
Taxes	43,580	7,342	13,468	64,390
Miscellaneous receipts	3,017	15,054	839	18,910
Federal grants	0	1	0	1
Total receipts	46,597	22,397	14,307	83,301
Disbursements:				
Grants to local governments	46,467	17,061	0	63,528
State operations:				
Personal Service	6,801	4,551	0	11,352
Non-Personal Service	2,374	2,976	75	5,425
General State charges	4,344	1,239	0	5,583
Debt service	0	0	6,183	6,183
Capital projects	0	2	0	2
Total disbursements	59,986	25,829	6,258	92,073
Other financing sources (uses):				
Transfers from other funds	11,851	4,534	6,378	22,763
Transfers to other funds	(7,265)	(1,138)	(14,419)	(22,822)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,586	3,396	(8,041)	(59)
Deposit to/(use of) Community Projects Fund	(41)	0	0	(41)
Change in fund balance	(8,762)	(36)	8	(8,790)
Closing fund balance	(8,762)	1,815	289	(6,658)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,815	289	2,104
Receipts:				
Taxes	43,569	7,580	13,453	64,602
Miscellaneous receipts	3,043	15,101	858	19,002
Federal grants	0	1	0	1
Total receipts	46,612	22,682	14,311	83,605
Disbursements:				
Grants to local governments	50,283	17,345	0	67,628
State operations:				
Personal Service	6,870	4,565	0	11,435
Non-Personal Service	2,442	3,159	75	5,676
General State charges	4,760	1,297	0	6,057
Debt service	0	0	6,549	6,549
Capital projects	0	2	0	2
Total disbursements	64,355	26,368	6,624	97,347
Other financing sources (uses):				
Transfers from other funds	11,597	4,710	6,446	22,753
Transfers to other funds	(7,690)	(967)	(14,138)	(22,795)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	3,907	3,743	(7,692)	(42)
Deposit to/(use of) Community Projects Fund	(92)	0	0	(92)
Change in fund balance	(13,744)	57	(5)	(13,692)
Closing fund balance	(13,744)	1,872	284	(11,588)

Source: NYS DOB

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,754	3,879	(433)	286	6,486
Receipts:					
Taxes	38,301	7,780	2,015	12,241	60,337
Miscellaneous receipts	3,105	13,089	3,025	845	20,064
Federal grants	45	36,907	1,882	0	38,834
Total receipts	41,451	57,776	6,922	13,086	119,235
Disbursements:					
Grants to local governments	37,040	48,871	1,356	0	87,267
State operations:					
Personal Service	6,168	6,441	0	0	12,609
Non-Personal Service	2,144	4,157	0	56	6,357
General State charges	3,084	2,241	0	0	5,325
Debt service	0	0	0	4,530	4,530
Capital projects	0	9	5,474	0	5,483
Total disbursements	48,436	61,719	6,830	4,586	121,571
Other financing sources (uses):					
Transfers from other funds	12,350	7,308	790	5,976	26,424
Transfers to other funds	(6,171)	(4,397)	(1,413)	(14,464)	(26,445)
Bond and note proceeds	0	0	457	0	457
Net other financing sources (uses)	6,179	2,911	(166)	(8,488)	436
Change in fund balance	(806)	(1,032)	(74)	12	(1,900)
Deposit to/(use of) Community Projects Fund	(195)				
Deposit to/(use of) Prior Year Reserves	(562)				
Deposit to/(use of) Debt Reduction Reserve	(49)				
Closing fund balance	1,948	2,847	(507)	298	4,586

**Unaudited Year-end Results*

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,847	(507)	298	4,586
Receipts:					
Taxes	39,401	7,076	2,088	12,082	60,647
Miscellaneous receipts	3,381	14,234	3,740	830	22,185
Federal grants	0	44,779	2,939	0	47,718
Total receipts	42,782	66,089	8,767	12,912	130,550
Disbursements:					
Grants to local governments	37,086	55,245	860	0	93,191
State operations:					
Personal Service	6,465	6,494	0	0	12,959
Non-Personal Service	2,194	4,683	0	75	6,952
General State charges	3,704	2,011	0	0	5,715
Debt service	0	0	0	5,143	5,143
Capital projects	0	3	7,972	0	7,975
Total disbursements	49,449	68,436	8,832	5,218	131,935
Other financing sources (uses):					
Transfers from other funds	11,556	6,841	785	6,520	25,702
Transfers to other funds	(5,459)	(4,845)	(1,187)	(14,223)	(25,714)
Bond and note proceeds	0	0	532	0	532
Net other financing sources (uses)	6,097	1,996	130	(7,703)	520
Deposit to/(use of) Community Projects Fund	(67)	0	0	0	(67)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	0	(503)
Change in fund balance	0	(351)	65	(9)	(295)
Closing fund balance	1,378	2,496	(442)	289	3,721

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2010-2011
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,496	(442)	289	2,343
Receipts:					
Taxes	42,218	7,098	2,122	12,945	64,383
Miscellaneous receipts	3,022	14,221	3,590	820	21,653
Federal grants	0	45,448	3,070	0	48,518
Total receipts	45,240	66,767	8,782	13,765	134,554
Disbursements:					
Grants to local governments	39,664	55,844	855	0	96,363
State operations:					
Personal Service	6,621	6,707	0	0	13,328
Non-Personal Service	2,304	4,626	0	75	7,005
General State charges	4,042	2,119	0	0	6,161
Debt service	0	0	0	5,791	5,791
Capital projects	0	2	8,525	0	8,527
Total disbursements	52,631	69,298	9,380	5,866	137,175
Other financing sources (uses):					
Transfers from other funds	11,656	7,136	1,524	6,830	27,146
Transfers to other funds	(6,391)	(4,637)	(1,416)	(14,737)	(27,181)
Bond and note proceeds	0	0	597	0	597
Net other financing sources (uses)	5,265	2,499	705	(7,907)	562
Deposit to/(use of) Community Projects Fund	55	0	0	0	55
Change in fund balance	(2,181)	(32)	107	(8)	(2,114)
Closing fund balance	(2,181)	2,464	(335)	281	229

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2011-2012
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,464	(335)	281	2,410
Receipts:					
Taxes	43,580	7,342	2,135	13,468	66,525
Miscellaneous receipts	3,017	15,157	3,561	839	22,574
Federal grants	0	40,426	2,677	0	43,103
Total receipts	46,597	62,925	8,373	14,307	132,202
Disbursements:					
Grants to local governments	46,467	52,440	916	0	99,823
State operations:					
Personal Service	6,801	6,736	0	0	13,537
Non-Personal Service	2,374	4,608	0	75	7,057
General State charges	4,344	2,174	0	0	6,518
Debt service	0	0	0	6,183	6,183
Capital projects	0	2	8,086	0	8,088
Total disbursements	59,986	65,960	9,002	6,258	141,206
Other financing sources (uses):					
Transfers from other funds	11,851	7,323	1,749	6,378	27,301
Transfers to other funds	(7,265)	(4,183)	(1,472)	(14,419)	(27,339)
Bond and note proceeds	0	0	454	0	454
Net other financing sources (uses)	4,586	3,140	731	(8,041)	416
Deposit to/(use of) Community Projects Fund	(41)	0	0	0	(41)
Change in fund balance	(8,762)	105	102	8	(8,547)
Closing fund balance	(8,762)	2,569	(233)	289	(6,137)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2012-2013
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,569	(233)	289	2,625
Receipts:					
Taxes	43,569	7,580	2,140	13,453	66,742
Miscellaneous receipts	3,043	15,204	2,860	858	21,965
Federal grants	0	39,954	2,443	0	42,397
Total receipts	46,612	62,738	7,443	14,311	131,104
Disbursements:					
Grants to local governments	50,283	52,267	922	0	103,472
State operations:					
Personal Service	6,870	6,760	0	0	13,630
Non-Personal Service	2,442	4,794	0	75	7,311
General State charges	4,760	2,296	0	0	7,056
Debt service	0	0	0	6,549	6,549
Capital projects	0	2	7,000	0	7,002
Total disbursements	64,355	66,119	7,922	6,624	145,020
Other financing sources (uses):					
Transfers from other funds	11,597	7,589	1,708	6,446	27,340
Transfers to other funds	(7,690)	(4,014)	(1,507)	(14,138)	(27,349)
Bond and note proceeds	0	0	382	0	382
Net other financing sources (uses)	3,907	3,575	583	(7,692)	373
Deposit to/(use of) Community Projects Fund	(92)	0	0	0	(92)
Change in fund balance	(13,744)	194	104	(5)	(13,451)
Closing fund balance	(13,744)	2,763	(129)	284	(10,826)

Source: NYS DOB

CASHFLOW
GENERAL FUND
2009-2010
(dollars in millions)

	2009 April Projected	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2010 January Projected	February Projected	March Projected	Total
OPENING BALANCE	1,948	2,860	134	111	1,076	1,113	2,777	2,516	762	1,231	5,621	4,827	1,948
RECEIPTS:													
Personal Income Tax	2,983	1,004	2,083	1,987	1,764	2,964	1,236	433	2,105	4,729	1,210	1,906	24,404
User Taxes and Fees	627	643	860	684	678	855	666	657	797	711	571	771	8,520
Business Taxes	10	27	958	96	99	1,145	93	42	1,123	83	126	1,693	5,495
Other Taxes	52	84	86	85	85	85	84	84	84	84	84	85	982
Total Taxes	3,672	1,758	3,987	2,852	2,626	5,049	2,079	1,216	4,109	5,607	1,991	4,455	39,401
Licenses, Fees, etc.	45	70	50	35	60	45	55	50	35	40	70	135	690
Abandoned Property	19	0	16	16	10	52	14	172	38	69	56	238	700
Reimbursements	4	9	23	5	13	20	10	11	24	6	11	36	172
Investment Income	39	7	25	22	0	6	18	15	3	14	0	6	155
Other Transactions	40	45	81	47	57	758	48	37	89	41	36	385	1,664
Total Miscellaneous Receipts	147	131	195	125	140	881	145	285	189	170	173	800	3,381
Federal Grants	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	1,049	256	926	661	312	1,090	616	110	1,024	979	217	890	8,130
Sales Tax in Excess of LGAC Debt Service	178	22	430	202	202	211	199	195	239	212	1	109	2,200
Real Estate Taxes in Excess of CW/CA Debt Service	20	20	0	0	0	0	0	0	0	5	5	7	57
All Other	1	0	187	44	0	70	12	0	133	10	10	702	1,169
Total Transfers from Other Funds	1,248	298	1,543	907	514	1,371	827	305	1,396	1,206	233	1,708	11,556
TOTAL RECEIPTS	5,067	2,187	5,725	3,884	3,280	7,301	3,051	1,806	5,694	6,983	2,397	6,963	54,338
DISBURSEMENTS:													
School Aid	578	2,656	2,017	129	526	1,261	554	982	1,598	288	785	6,645	18,019
Higher Education	28	20	764	84	224	163	368	26	240	47	332	540	2,836
All Other Education	57	150	280	115	117	66	109	94	142	98	153	259	1,640
Medicaid - DOH	974	666	107	793	714	322	543	822	429	433	549	49	6,401
Public Health	55	57	45	62	34	59	61	38	45	111	27	59	653
Mental Hygiene	12	38	366	44	16	506	45	8	453	125	142	393	2,148
Children and Families	27	198	91	278	98	107	91	110	283	71	82	387	1,823
Temporary & Disability Assistance	60	60	361	60	60	287	60	60	(13)	60	3	216	1,274
Transportation	0	16	28	0	16	3	0	19	4	0	10	4	100
All Other	37	38	494	63	56	215	58	53	534	44	43	557	2,192
Total Local Assistance Grants	1,828	3,899	4,553	1,628	1,861	2,989	1,889	2,212	3,715	1,277	2,126	9,109	37,086
Personal Service	735	546	478	641	515	853	437	484	551	455	377	393	6,465
Non-Personal Service	182	186	176	182	190	201	164	159	193	181	192	188	2,194
Total State Operations	917	732	654	823	705	1,054	601	643	744	636	569	581	8,659
General State Charges	409	(24)	168	348	290	999	422	292	82	375	219	124	3,704
Debt Service	617	0	0	13	50	278	16	107	436	12	47	207	1,783
Capital Projects	27	78	127	(113)	102	8	166	46	(1)	75	11	25	551
State Share Medicaid	238	197	197	197	197	197	197	197	197	197	197	154	2,362
Other Purposes	119	31	49	23	38	112	21	63	52	21	22	212	763
Total Transfers to Other Funds	1,001	306	373	120	387	595	400	413	684	305	277	598	5,459
TOTAL DISBURSEMENTS	4,155	4,913	5,748	2,919	3,243	5,637	3,312	3,560	5,225	2,593	3,191	10,412	54,908
Excess/(Deficiency) of Receipts over Disbursements	912	(2,726)	(23)	965	37	1,664	(261)	(1,754)	469	4,390	(794)	(3,449)	(570)
CLOSING BALANCE	2,860	134	111	1,076	1,113	2,777	2,516	762	1,231	5,621	4,827	1,378	1,378

Source: NYS DOB

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

	2008-2009 Year-End*	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT					
Agriculture and Markets, Department of	109,631	109,190	122,793	116,827	105,495
Alcoholic Beverage Control	17,022	18,075	18,781	19,114	19,607
Banking Department	78,971	79,009	81,698	80,831	82,212
Consumer Protection Board	3,840	3,096	3,266	3,231	3,321
Economic Development Capital Programs	21,176	18,300	0	0	0
Economic Development, Department of	104,306	106,845	137,389	128,966	89,257
Empire State Development Corporation	620,568	749,723	745,739	733,604	455,754
Energy Research and Development Authority	22,786	29,560	29,798	30,041	30,041
Housing and Community Renewal, Division of	320,605	878,541	441,678	303,489	302,846
Insurance Department	292,668	521,987	540,616	564,639	569,531
Olympic Regional Development Authority	9,503	9,509	7,714	7,924	7,924
Public Service, Department of	78,697	79,427	84,615	87,440	90,004
Science, Technology and Innovation, Foundation for	27,186	26,122	26,674	27,455	27,455
Strategic Investment	3,195	9,000	14,000	10,376	5,000
Functional Total	1,710,154	2,638,384	2,254,761	2,113,937	1,788,447
PARKS AND THE ENVIRONMENT					
Adirondack Park Agency	5,510	5,567	5,738	5,741	5,743
Environmental Conservation, Department of	878,910	1,151,980	1,165,955	917,116	908,565
Environmental Facilities Corporation	14,758	9,967	10,246	10,428	10,612
Hudson River Park Trust	14,290	21,392	10,000	0	0
Parks, Recreation and Historic Preservation, Office of	337,061	312,021	260,581	247,962	249,580
Functional Total	1,250,529	1,500,927	1,452,520	1,181,247	1,174,500
TRANSPORTATION					
Motor Vehicles, Department of	318,270	325,285	340,192	350,227	353,770
Thruway Authority	1,419	1,804	1,876	1,951	2,029
Metropolitan Transportation Authority	160,000	195,300	206,500	194,500	183,600
Transportation, Department of	6,498,414	6,810,399	7,347,377	7,081,440	6,855,123
Functional Total	6,978,103	7,332,788	7,895,945	7,628,118	7,394,522
HEALTH AND SOCIAL WELFARE					
Aging, Office for the	239,660	227,132	230,296	229,686	229,686
Children and Family Services, Office of	3,143,806	3,327,059	3,466,221	3,570,622	3,722,697
OCFS	3,097,973	3,256,215	3,349,535	3,432,267	3,580,011
OCFS - Medicaid	45,833	70,844	116,686	138,355	142,686
Health, Department of	38,097,712	41,689,321	44,116,173	47,156,679	48,176,383
Medical Assistance	32,427,350	36,017,967	38,410,425	41,261,545	42,420,513
Medicaid Administration	900,664	915,500	959,500	1,003,750	1,049,750
Public Health	4,769,698	4,755,854	4,746,248	4,891,384	4,706,120
Health - Medicaid Assistance	0	0	0	0	0
Human Rights, Division of	19,043	22,579	21,103	21,159	21,351
Labor, Department of	581,613	917,791	736,053	629,520	620,267
Medicaid Inspector General, Office of	61,224	80,022	82,520	85,937	85,937
Prevention of Domestic Violence, Office for	2,482	2,374	2,311	2,323	2,344
Stem Cell and Innovation	7,797	46,321	71,500	50,000	167,826

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

	2008-2009 Year-End*	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
HEALTH AND SOCIAL WELFARE (Continued)					
Temporary and Disability Assistance, Office of	5,084,635	5,146,806	5,045,459	5,120,793	5,132,029
Welfare Assistance	3,339,685	3,707,723	3,593,383	3,694,344	3,696,450
Welfare Administration	361,065	56,433	55,041	55,041	55,041
All Other	1,383,885	1,382,650	1,397,035	1,371,408	1,380,538
Welfare Inspector General, Office of	1,180	1,403	1,432	1,456	1,472
Workers' Compensation Board	205,090	209,201	193,424	197,598	202,483
Functional Total	47,444,242	51,670,009	53,966,492	57,065,773	58,362,475
MENTAL HEALTH					
Mental Health, Office of	3,084,590	3,246,186	3,515,210	3,697,727	3,817,148
OMH	1,423,983	1,496,517	1,649,787	1,776,465	1,822,807
OMH - Medicaid	1,660,607	1,749,669	1,865,423	1,921,262	1,994,341
Mental Hygiene, Department of	308,318	1,570	1,997	1,484	1,484
Mental Retardation and Developmental Disabilities, Office of	4,183,851	4,220,703	4,443,119	4,607,926	4,795,837
OMRDD	559,080	544,435	551,643	569,908	593,245
OMRDD - Medicaid	3,624,771	3,676,268	3,891,476	4,038,018	4,202,592
Alcoholism and Substance Abuse Services, Office of	584,954	647,810	686,399	760,870	796,435
OASAS	484,789	545,856	579,021	650,770	684,794
OASAS - Medicaid	100,165	101,954	107,378	110,100	111,641
Developmental Disabilities Planning Council	4,915	4,200	4,200	4,200	4,200
Quality of Care for the Mentally Disabled, Commission on	15,207	16,676	18,319	18,404	18,612
Functional Total	8,181,835	8,137,145	8,669,244	9,090,611	9,433,716
PUBLIC PROTECTION					
Capital Defenders Office	370	0	0	0	0
Correction, Commission of	2,687	2,658	2,785	2,814	2,848
Correctional Services, Department of	2,699,307	2,672,125	2,698,627	2,724,797	2,763,547
Crime Victims Board	65,521	69,822	65,216	65,318	65,511
Criminal Justice Services, Division of	295,559	273,675	269,244	253,587	233,034
Homeland Security	108,459	362,166	285,458	551,984	549,093
Investigation, Temporary State Commission of	3,554	0	0	0	0
Judicial Commissions	5,288	5,214	5,208	5,311	5,385
Military and Naval Affairs, Division of	234,686	308,508	222,387	188,491	189,502
Parole, Division of	196,590	188,700	191,630	195,984	199,977
Probation and Correctional Alternatives, Division of	79,273	69,144	70,783	76,971	78,506
State Police, Division of	653,750	740,746	736,005	732,627	708,703
Functional Total	4,345,044	4,692,758	4,547,343	4,797,884	4,796,106
EDUCATION					
Arts, Council on the	45,842	49,183	48,729	48,827	48,827
City University of New York	1,071,277	1,716,892	1,502,408	1,549,843	1,583,274
Education, Department of	30,553,372	31,794,871	33,257,387	33,060,194	35,005,696
School Aid	23,164,174	24,722,363	26,154,513	26,122,156	27,923,190
School Aid - Medicaid Assistance	106,331	40,000	80,000	80,000	80,000
STAR Property Tax Relief	4,435,383	3,524,450	3,480,270	3,677,620	3,854,167
Special Education Categorical Programs	1,783,639	2,264,890	2,376,750	2,057,470	2,058,790
All Other	1,063,845	1,243,168	1,165,854	1,122,948	1,089,549
Higher Education Services Corporation	909,663	1,035,721	991,406	991,014	994,546
Higher Education Capital Grants	4,254	67,746	40,000	38,000	0
State University Construction Fund	16,482	19,586	20,992	21,463	21,822
State University of New York	6,484,894	7,098,551	7,596,072	7,705,386	7,775,743
Functional Total	39,085,784	41,782,550	43,456,994	43,414,727	45,429,908

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

	2008-2009 Year-End*	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
GENERAL GOVERNMENT					
Audit and Control, Department of	258,126	263,980	265,052	269,832	274,416
Budget, Division of the	43,813	77,301	84,259	97,199	107,291
Civil Service, Department of	23,744	21,679	22,551	22,763	23,014
Elections, State Board of	97,117	157,241	7,175	7,284	7,426
Employee Relations, Office of	3,694	3,465	3,795	3,833	3,872
Executive Chamber	19,252	17,077	18,023	18,647	18,924
General Services, Office of **	215,793	230,610	224,397	231,139	235,329
Inspector General, Office of	6,446	6,462	6,776	6,852	6,937
Law, Department of	231,205	239,390	240,144	247,122	251,646
Lieutenant Governor, Office of the	133	0	276	1,193	1,208
Lottery, Division of	200,951	188,151	193,807	194,069	194,751
Public Employment Relations Board	3,660	4,270	4,561	4,600	4,648
Public Integrity, Commission on	4,879	4,865	5,017	5,350	5,530
Racing and Wagering Board, State	24,307	21,065	21,802	21,902	22,235
Real Property Services, Office of	58,369	46,269	42,761	43,772	44,359
Regulatory Reform, Governor's Office of	3,438	542	697	697	697
State, Department of	181,137	217,311	205,566	158,531	161,067
Tax Appeals, Division of	3,422	3,025	3,152	3,152	3,152
Taxation and Finance, Department of	372,992	412,154	427,072	427,511	428,627
Technology, Office for	21,364	141,081	149,275	147,592	120,543
Lobbying, Temporary State Commission on	(77)	0	0	0	0
Veterans Affairs, Division of	15,720	17,122	18,000	17,574	17,700
Functional Total	1,789,485	2,073,060	1,944,158	1,930,614	1,933,372
ALL OTHER CATEGORIES					
Legislature	221,729	225,717	220,717	220,717	220,717
Judiciary (excluding fringe benefits)	2,425,844	2,513,026	2,725,941	2,919,326	2,946,710
World Trade Center	48,622	54,119	44,119	34,118	20,000
Local Government Assistance	1,037,389	1,134,517	1,129,524	1,132,764	1,135,888
Long-Term Debt Service	4,537,236	5,218,118	5,865,330	6,257,784	6,623,514
Capital Projects	0	0	0	0	0
General State Charges	2,443,102	3,035,762	3,336,744	3,610,540	4,022,379
Miscellaneous	72,506	(73,262)	(334,318)	(192,762)	(261,662)
Functional Total	10,786,428	12,107,997	12,988,057	13,982,487	14,707,546
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	121,571,604	131,935,618	137,175,514	141,205,398	145,020,592

GSC: Agency disbursements include grants to local governments, state operations and general state charges, which is a departure from prior Financial plan publications. In prior reports, general state charges were excluded from agency spending totals.

**Unaudited Year-end Results*

*** To facilitate comparability, the new Office of Procurement Services is reflected within the amounts shown for the Office of General Services.*

Source: NYS DOB

GAAP-Basis Financial Plans/GASB Statement 45

The State Budget is statutorily required to be balanced on a cash basis, which is DOB's primary focus in preparing and implementing the State Financial Plan. State Finance Law also requires the Financial Plan be presented for informational purposes on a GAAP basis, in accordance with standards and regulations set forth by GASB. Thus, the GAAP projections provided herein are intended to supplement, for informational purposes, the cash-basis Financial Plan. The GAAP-basis plans model the accounting principles applied by OSC in preparation of the 2007-08 Financial Statements. OSC will issue the 2008-09 GAAP-basis Financial Statements in July 2009.

In 2009-10, the General Fund GAAP Financial Plan shows total revenues of $46.5 billion, total expenditures of $54.6 billion, and net other financing sources of $8.7 billion, resulting in an operating surplus of $561 million. These results reflect the impact of the Enacted Budget gap-closing actions.

The GAAP-basis results for 2007-08 showed the State in a net positive asset condition of $47.7 billion after reflecting the impact of GASBS 45 "Accounting and Financial Reporting by Employers for Post-Retirement Benefits."

The State used an independent actuarial consulting firm to calculate retiree health care liabilities. The analysis calculated the present value of the actuarial accrued total liability for benefits as of March 31, 2008 at $49.9 billion ($41.4 billion for the State and $8.5 billion for SUNY), using the level percentage of projected payroll approach under the Frozen Entry Age actuarial cost method. The actuarial accrued liability was calculated using a 4.2 percent annual discount rate. DOB expects the present value of the actuarial accrued total liability for benefits as of March 31, 2009 for the State, including SUNY, may increase by as much as $9 billion.

This liability was disclosed in the 2007-08 basic GAAP financial statements issued by the State Comptroller in July 2008. GASB rules indicate the liability may be amortized over a 30-year period; therefore, only the annual amortized liability above the current PAYGO costs is recognized in the financial statements. The 2007-08 liability totaled $3.8 billion ($3.1 billion for the State and $0.7 billion for SUNY) under the Frozen Entry Age actuarial cost method amortized based on a level percent of salary, or roughly $2.7 billion ($2.1 billion for the State and $0.6 billion for SUNY) above the current PAYGO retiree costs. This difference between the State's PAYGO costs and the actuarially determined required annual contribution under GASBS 45 reduced the State's currently positive net asset condition at the end of 2007-08 by $2.7 billion.

GASB does not require the additional costs to be funded on the State's budgetary basis, and no funding is assumed for this purpose in the Financial Plan. On a budgetary (cash) basis, the State continues to finance these costs, along with all other employee health care expenses, on a PAYGO basis. Anticipated increases in these costs are reflected in the State's multi-year Financial Plan as detailed below.

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

	Health Insurance		
Year	Active Employees	Retirees	Total State
1999-00	777	466	1,243
2000-01	876	521	1,397
2001-02	937	565	1,502
2002-03	1,023	634	1,657
2003-04	1,072	729	1,801
2004-05	1,216	838	2,054
2005-06	1,331	885	2,216
2006-07	1,518	913	2,431
2007-08	1,390	1,182	2,572
2008-09*	1,639	1,068	2,707
2009-10*	1,712	1,123	2,835
2010-11*	1,906	1,247	3,153
2011-12*	2,056	1,348	3,404
2012-13*	2,217	1,456	3,673

All numbers reflect the cost of Health Insurance for General State Charges (Executive and Legislative branches); actuals through 2007-08.

** Estimated.*

As noted, the current Financial Plan does not assume pre-funding of the GASBS 45 liability. If such liability were pre-funded at this time, the additional cost above the PAYGO amounts would be lowered. The State's Health Insurance Council, which consists of GOER, Civil Service, and DOB will continue to review this matter, and seek input from the State Comptroller, the legislative fiscal committees and other outside parties.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

DOB's detailed GAAP Financial Plan for 2009-10 is provided below.

GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	40,058	7,081	2,088	12,094	61,321
Public Health/Patient fees	0	3,881	0	473	4,354
Miscellaneous revenues	6,426	1,541	261	26	8,254
Federal grants	0	47,140	2,939	0	50,079
Total revenues	46,484	59,643	5,288	12,593	124,008
Expenditures:					
Grants to local governments	38,494	55,895	858	0	95,247
State operations	12,201	2,173	0	75	14,449
General State charges	3,932	363	0	0	4,295
Debt service	0	2	0	4,159	4,161
Capital projects	1	0	8,675	0	8,676
Total expenditures	54,628	58,433	9,533	4,234	126,828
Other financing sources (uses):					
Transfers from other funds	14,942	2,468	755	6,520	24,685
Transfers to other funds	(6,552)	(3,865)	(1,187)	(14,873)	(26,477)
Proceeds of general obligation bonds	0	0	532	0	532
Proceeds from financing arrangements/ advance refundings	315	0	4,031	0	4,346
Net other financing sources (uses)	8,705	(1,397)	4,131	(8,353)	3,086
Operating Surplus/(Deficit)	561	(187)	(114)	6	266

Source: NYS DOB

Special Considerations

Complex political, social, environmental and economic forces influence the State's economy and finances, many of which are outside the ability of the State to control. These include, but are not limited to, the performance of the national and State economies; the impact of continuing write-downs and other costs affecting the profitability of the financial services sector, and the concomitant effect on bonus income and capital gains realizations; the impact of calendar year 2008 wage and bonus activity on the State tax settlement in fiscal year 2009-10; access to the capital markets in light of the disruption in the municipal bond market; litigation against the State, including challenges to certain tax actions and other actions authorized in the Enacted Budget; and actions taken by the Federal government, including audits, disallowances, and changes in aid levels. Such forces may affect the State Financial Plan unpredictably from fiscal year to fiscal year.

For example, the State Financial Plan is based upon forecasts of national and State economic activity developed through both internal analysis and review of national and State economic forecasts prepared by commercial forecasting services and other public and private forecasters. Economic forecasts have frequently failed to predict accurately the timing and magnitude of changes in the national and the State economies. Many uncertainties exist in forecasts of both the national and State economies, including consumer attitudes toward spending, the extent of corporate and governmental restructuring, the condition of the financial sector, federal fiscal and monetary policies, the level of interest rates, and the condition of the world economy, which could have an adverse effect on the State. There can be no assurance that the State economy will not experience results in the current fiscal year that are materially worse than predicted, with corresponding material and adverse effects on the State's projections of receipts and disbursements. For more information, see the section entitled "Economics and Demographics" in this AIS.

Projections of total State receipts in the Financial Plan are based on the State tax structure in effect during the fiscal year and on assumptions relating to basic economic factors and their historical relationships to State tax receipts. In preparing projections of State receipts, economic forecasts relating to personal income, wages, consumption, profits and employment have been particularly important. The projections of receipts from most tax or revenue sources is generally made by estimating the change in yield of such tax or revenue source from its estimated tax base.

Projections of total State disbursements are based on assumptions relating to economic and demographic factors, levels of disbursements for various services provided by local governments (where the cost is partially reimbursed by the State), and the results of various administrative and statutory mechanisms in controlling disbursements for State operations. Factors that may affect the level of disbursements in the fiscal year include uncertainties relating to the economy of the nation and the State, the policies of the federal government, and changes in the demand for the use of State services.

An additional risk to the State Financial Plan arises from the potential impact of certain litigation and of federal disallowances now pending against the State, which could adversely affect the State's projections of receipts and disbursements. The State Financial Plan assumes no significant litigation or federal disallowances or other federal actions that could affect State finances. For more information on litigation pending against the State, see the section entitled "Litigation" in this AIS.

DOB believes that its projections of receipts and disbursements relating to the current State Financial Plan, and the assumptions on which they are based, are reasonable. Actual results, however, could differ materially and adversely from the projections set forth in this AIS. In the past, the State has taken management actions to address potential Financial Plan shortfalls, and DOB believes it could take similar actions should variances occur in its projections for the current fiscal year.

Actions affecting the level of receipts and disbursements, the relative strength of the State and regional economy, and actions by the federal government have helped to create projected structural budget gaps for the State. These gaps result in a significant disparity between recurring revenues and the costs of maintaining or increasing the level of support for State programs. To address a potential imbalance in any given fiscal year, the State would be required to take actions to increase receipts and/or reduce disbursements as it enacts the budget for that year, and, under the State Constitution, the Governor is required to propose a balanced budget each year. There can be no assurance however, that the Legislature will enact the Governor's proposals or that the State's actions will be sufficient to preserve budgetary balance in a given fiscal year or to align recurring receipts and disbursements in future fiscal years.

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

Risks to the Economic Forecast

DOB's outlook calls for an end to the current recession sometime in the third quarter of calendar year 2009, making it the longest since the Great Depression. However, there are a number of risks to the forecast. The large economic stimulus package passed by Congress in February and a Federal Reserve interest rate target of near zero, along with its massive injections of liquidity into the financial system, are expected to contribute to positive, albeit low growth in real U.S. GDP by the third quarter of 2009. However, the response of the economy to this stimulus depends in part on the normal functioning of credit markets. Further delay in the return of normalcy to markets could in turn delay the onset of the recovery. A weaker labor market than projected could result in even lower incomes and weaker household spending than projected. The global economy could contract further than anticipated, further depressing demand for U.S. exports and putting additional downward pressure on corporate earnings. Improving equity prices as markets look beyond the current crisis have been a recent bright spot, but slower corporate earnings growth than expected could further depress equity markets, delaying their recovery and that of Wall Street. On the other hand, a stronger response to the stimulus package, higher equity prices, or stronger global growth than anticipated could result in stronger economic growth than is reflected in the forecast.

All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, financial market uncertainty poses a particularly large degree of risk for New York. Lower levels of financial market activity than anticipated could result in a further delay in the recovery of Wall Street profits and bonuses. A more severe national recession than expected could prolong the State's downturn, producing weaker employment and wage growth than projected. Weaker equity and real estate activity than anticipated could negatively affect household spending and taxable capital gains realizations. These effects could ripple though the economy, further depressing both employment and wage growth. In contrast, should the national and world economies grow faster than expected, a stronger upturn in stock prices, along with even stronger activity in mergers and acquisitions and other Wall Street activities, could result in higher wage and bonuses growth than projected.

State Cash Flow Projections

DOB currently projects that each month of the 2009-10 fiscal year will end with a positive cash balance in the General Fund. However, the General Fund's 2009-10 opening cash position of $1.9 billion was lower than in recent fiscal years and DOB expects extremely tight operating margins, including periodic negative balances in the General Fund, especially in the first quarter of the fiscal year, before the benefit of approved actions in the Enacted Budget are fully realized. The June 2009 closing balance of $111 million is the lowest projected for the fiscal year, based on the current forecast. DOB projects cash balances of $2.8 billion by September 30, 2009, $1.2 billion by December 30, 2009, and $1.4 billion by March 31, 2010. The settlement of tax liabilities for calendar year 2008, which primarily takes place in April and May 2009, has the potential to significantly alter the cash flow position of the State. DOB and the Department of Taxation and Finance are monitoring collections and refund activity closely.

The Enacted Budget authorizes the General Fund to borrow resources temporarily from other funds for a period not to exceed four months. In addition, under existing law, the General Fund is authorized to use resources in the State's Tax Stabilization Reserve for cash flow purposes, but is required to repay the amounts in full by the close of the fiscal year. Technical legislation approved in the Enacted Budget expands this authorization to include funds available in the Rainy Day Reserve and Contingency Reserve.

State Workforce Reductions

On March 24, 2009, the Executive announced that it would implement a WRP. DOB expects that the WRP will result in a State workforce reduction equivalent to approximately 8,700 employees, and will generate savings of approximately $160 million in 2009-10 growing to over $300 million in 2010-11. On April 7, 2009, DOB directed all State agencies to prepare WRPs to be submitted to DOB by April 21, 2009. The State workforce subject to Executive control finished 2008-09 at 136,490 positions compared to the Executive Budget estimate of 137,745, a decline of 1,255. In 2009-10, this portion of the workforce is expected to be reduced to 128,803 positions, a reduction of 7,687. DOB's plans to reflect the impact of the approved plans in the First Quarterly Update to the Financial Plan. There can be no assurance that the WRP will achieve the level of savings projected in the Financial Plan.

Labor Settlements

The State has reached labor settlements with several labor unions, CSEA, PEF, UUP, District Council 37, and the Police Benevolent Association. Under terms of these four-year contracts, which run from April 1, 2007 through April 1, 2011 (July 2, 2007 through July 1, 2011 for UUP), employees will receive pay increases of 3 percent annually in 2007-08 through 2010-11 and 4 percent in 2011-12. Pursuant to the Governor's directive, most non-unionized "management/confidential" will not receive the planned general salary increase, merit awards, longevity payments, and performance advances in 2009-10.

Other unions representing uniformed correctional officers, graduate students, and security/park police have not reached settlements with the State at this time. DOB estimates that if all the unsettled unions were to agree to the same terms that have been ratified by other unions, it would result in added costs of approximately $400 million in 2009-10, assuming a retroactive component for fiscal years 2007-08 and 2008-09, and approximately $275 million in both 2010-11 and 2011-12. The Enacted Budget for 2009-10 assumes spending related to these settlements. There can be no assurance that actual settlements will not exceed the amounts included in the Plan. In addition, no reserve has been set aside for potential pay raises for judges.

School Supportive Health Services

The OIG of the United States Department of Health and Human Services has conducted six audits of aspects of New York State's School Supportive Health Services program with regard to Medicaid reimbursement. The audits 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 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 they be withdrawn. If the recommended disallowances are not withdrawn, the State expects to appeal.

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.

Proposed Federal Rule on Medicaid Funding

On May 25, 2007, CMS issued a final rule that, if implemented, would significantly curtail Federal Medicaid funding to public hospitals (including New York City's HHC) and programs operated by both OMRDD and OMH. The rule seeks to restrict State access to Federal Medicaid resources by changing the upper payment limit for certain rates to actual facility reported costs. It is estimated that this rule could result in a loss of $350 million annually in Federal funds for HHC and potentially larger losses in aid for the State Mental Hygiene System. As part of the Federal ARRA, implementation has been delayed until July 1, 2009.

On May 23, 2007, CMS issued another rule that would eliminate Medicaid funding for GME. The proposed rule clarifies that costs and payments associated with GME programs are not expenditures of Medicaid for which Federal reimbursement is available. This rule could result in a Financial Plan impact of up to $600 million since the State would be legally obligated to pay the lost non-Federal share. As part of the Federal ARRA, implementation has been delayed indefinitely.

On February 22, 2008, CMS issued a change to the rules that regulate State taxation of healthcare entities, effective April 22, 2008. The rule affords CMS flexibility in identifying a "linkage" between provider taxes and Medicaid payments rendering the tax invalid. The State currently uses a substantial amount of provider tax receipts to finance various healthcare programs that serve the State's most vulnerable populations. While the State strongly believes that its imposed taxes are in full compliance, the vagueness of the new rules provides no assurance that these funding streams are adequately protected. On May 6, 2009 CMS extended the delayed implementation through June 30, 2010.

CMS has also issued a rule regarding targeted case management which clarifies the definition of covered services. The final rule was issued on December 4, 2007 and made effective March 3, 2008. The State is currently in the process of litigating this issue and has requested a one-year implementation extension. On May 6, 2009, CMS issued a proposed regulation that would partially rescind the revised definitions of services covered and provide states with the necessary flexibility to ensure beneficiary access to case management services.

Further, CMS has proposed to restrict Medicaid coverage for rehabilitative services and reimbursement for school based health services, which could pose a risk to the Financial Plan and result in hundreds of millions of dollars in reduced Federal-share funding. As part of the ARRA, implementation of restrictions for rehabilitation services has been delayed indefinitely, while school based health services has been deferred until July 1, 2009. As a result of issues brought forward by states, the school based regulation was rescinded on May 6, 2009.

On all rules, the State is actively lobbying the Federal government to be held harmless, either through an extension/modification of the current moratorium or through other administrative or statutory means. The State is joined by many other states in challenging the adoption on the basis that CMS is overstepping its authority and ignoring Congressional intent.

New York City Personal Care Audit

The OIG of the United States Department of Health and Human Services released a September 2008 draft audit with regard to Medicaid reimbursement for personal care services in New York City. The draft audit reviewed claims for the period July 1, 2004 through December 31, 2006. Based upon their review, the OIG is calling for the State to repay an estimated $815 million in Federal Medicaid because payments were not supported with required medical exams and social and nursing assessments. Both New York City and DOH disagree with these findings and have since conducted their own claims review. On February 10, 2009, DOH submitted its formal response to OIG contesting the audit findings. To date, OIG has shared no additional comments.

Bond Market Issues

Current projections reflect that the level of State-supported debt outstanding and debt service costs will continue to remain below the limits imposed by the Debt Reform Act of 2000 through 2011-12. However, the State has entered into a period of significantly declining debt capacity. Based on the most recent personal income and debt outstanding forecasts, the State is now expected to exceed the debt outstanding cap in 2012-13 by approximately $300 million. The State expects to propose actions in the 2010-11 Executive Budget in order to stay within the statutory limitations.

Other Financial Plan Risks

The Financial Plan forecast also contains specific transaction risks and other uncertainties including, but not limited to, the development of new VLT facilities; the receipt of certain payments from public authorities; the receipt of miscellaneous revenues at the levels expected in the Financial Plan; the enforcement of certain tax regulations on Native American reservations; the timing and value of proceeds from the sale of Wellpoint stock expected to finance certain health care spending; and the achievement of cost-saving measures, including, but not limited to, administrative savings in State agencies through the WRP and the transfer of available fund balances to the General Fund, at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Financial Plan.

Finally, there can be no assurance that (1) receipts will not fall below current projections, requiring additional budget-balancing actions in the current year, and (2) the gaps projected for future years will not increase materially from the projections set forth in this AIS.

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF CERTAIN PROVISIONS
OF THE SERVICE CONTRACT

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF CERTAIN PROVISIONS OF THE SERVICE CONTRACT

This Appendix C contains a summary of certain provisions of the Service Contract pursuant to which the State will be obligated to make periodic payments at times and in amounts sufficient to pay debt service on the Bonds when due. This Appendix is not intended to be a comprehensive or complete summary of such provisions, and reference is made to the Service Contract for the full and complete provisions thereof.

Financial Obligations of State

Subject to the applicable provisions of the Service Contract, the State shall pay to the Authority so long as any of the Bonds are Outstanding, on each December 20 and June 20 (or on any other date specified in a supplement to the Service Contract with respect to the issuance of additional series of Bonds), an amount equal to the principal and Sinking Fund Installments of and interest payable with respect to the Bonds on the next succeeding January 1 or July 1 (or on any other date specified in a supplement to the Service Contract with respect to the issuance of additional series of Bonds) less the amount paid or provided for under the Resolution on account thereof on such January 1 or July 1 (or on any other date specified in a supplement to the Service Contract with respect to the issuance of additional series of Bonds) without duplication (i) from the proceeds of Bonds designated therefor by the Authority, and (ii) from amounts on deposit with the Trustee and available for the payment of principal and Sinking Fund Installments of and interest payable with respect to the Bonds under the Resolution, as certified by the Authority to the Director. The term of the Service Contract with respect to each Series of Bonds shall commence on the date of the original issuance of such Series of Bonds and shall expire on the earlier of (i) the date on which all such Series of Bonds shall be paid or deemed paid within the meaning of the Resolution or (ii) thirty (30) years from the date of the original issuance of such Series of Bonds.

Subject to the applicable provisions of the Service Contract, the State shall also pay to the Authority, so long as any of the Bonds are Outstanding, as additional Contract Payments all amounts as authorized by the Director which may become due to the issuer of any surety bond, insurance policy, letter of credit or similar obligation securing the Bonds, if and to the extent such obligation arises as a result of the State's failure to make any payment described in the immediately preceding paragraph.

Subject to the applicable provisions of the Service Contract, the State shall also pay to the Authority, so long as any of the Bonds are Outstanding, as additional Contract Payments, all fees and expenses of the Trustee or other fiduciaries incurred or payable under the Resolution.

If at any time(s) any payment in respect of the Bonds is rescinded, avoided, or must otherwise be returned pursuant to a court order, decree or directive, whether appealable or not, rendered in connection with the insolvency, bankruptcy or reorganization with respect to the Authority, and the Trustee gives the State notice thereof, the State will, within ten (10) Business Days of the date of receipt of such notice, pay directly to the Trustee as additional Contract Payments under the Service Contract, such additional amount(s) as shall equal the amount of the rescinded, avoided or returned payment for which such notice was given.

(Section 2.01)

Redemption or Purchase at the Option of the State

There is expressly reserved to the State the right, and the State is authorized and permitted, at any time or from time to time, as it may choose, subject to and in accordance with the provisions contained in the Bond Resolution or Series Certificate relating to the redemption or purchase of Bonds at the election of the Authority, to make payments in addition to the Contract Payments otherwise payable under the Service Contract. The State has the right to stipulate that all sums paid by it pursuant to the Service Contract be applied to the purchase or redemption of Bonds in accordance with the terms of the Resolution and (provided that such amount is equal to the "Redemption Price," or "Purchase Price," as such term is defined in the Resolution, of such Bonds) that amounts be transferred from the Debt Service Fund for such purposes. Such amounts shall then be so transferred and applied to the redemption or purchase of Bonds in the manner and to the extent permitted under the Resolution.

(Section 2.01)

Nature of State's Obligation

Except as provided in the Service Contract, the obligation of the State to pay Contract Payments shall be absolute and unconditional, and such Contract Payments shall be payable without any rights of abatement, deduction, deferment, reduction, set-off, recoupment or counterclaim the State might have against the Authority or any assignee thereof or any other Person, whether or not this Service Contract shall have been terminated and whether or not the Authority shall be in default of its obligations under the Service Contract. Subject to the provisions of the Service Contract, the State, however, shall not be precluded from bringing any action it may otherwise have against the Authority.

Notwithstanding anything in the Service Contract to the contrary, (i) the obligation of the State to fund or to pay the amounts provided for in the Service Contract is subject to annual appropriation by the State Legislature, and (ii) the obligation of the State to fund or to pay the amounts provided for in the Service Contract shall not constitute a debt of the State within the meaning of any constitutional or statutory provision and shall be deemed executory only to the extent of monies appropriated and available to the State and no liability shall be incurred by the State beyond moneys appropriated and available to the State for the purpose.

(Sections 2.02 and 2.03)

Events of Default and Remedies

If, for any reason other than a failure by the State Legislature to appropriate moneys for such purpose, the State shall fail to pay when due any of the payments provided for in the Service Contract or shall fail to observe or perform any other covenant, condition or agreement on its part to be observed or performed, the Authority shall, if such default has not been cured, have the right to institute any action in the nature of mandamus or take whatever action at law or in equity as may appear necessary or desirable to collect the payment then due or thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the State under the Service Contract.

The remedies conferred upon or reserved to the Authority described above in respect of any default described therein are not intended to be exclusive of any other available remedy or remedies and shall be in addition to every other remedy now or hereafter existing at law or in equity; provided, however, that such remedy or remedies may in no event include a termination of this Service Contract, nor may they include any amendment, change, modification or alteration of the Service Contract that is prohibited by the Service Contract.

If the Authority shall fail to observe or perform any covenant, condition or agreement on its part to be observed or performed and such failure to observe or perform shall have continued for 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Authority by the State, the State shall, if the default has not been cured, have the right to institute an action in the nature of mandamus or take whatever action at law or in equity as may appear necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the Authority under the Service Contract.

The remedies conferred upon or reserved to the State described above in respect of any default described therein are not intended to be exclusive of any other available remedy or remedies and shall be in addition to every other remedy now or hereafter existing at law or in equity; provided, however, that such remedy or remedies may in no event include a termination of this Service Contract or of the obligations of the State to make the payments provided for in the Service Contract, nor may they include any amendment, change, modification or alteration of the Service Contract that is prohibited by the Service Contract.

(Section 6.01)

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a brief summary of certain provisions of the Resolution. This summary does not purport to be a full and complete summary of each provision of the Resolution and reference is made to the Resolution for full and complete statements of all such provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

Resolution and Bonds Constitute a Contract

With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution by those who shall hold or own the same from time to time, the Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of such Bonds, and the pledge and assignment to the Trustee made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any such Bonds over any other Bonds except as expressly provided in the Resolution or permitted by the Resolution.

(Section 1.03)

Authorization of Bonds

The Resolution authorizes the issuance of the Bonds of the Authority to be designated as "Dormitory Authority of the State of New York State of New York Consolidated Service Contract Refunding Revenue Bonds", and there is by the Resolution created a continuing pledge and lien as provided by the Resolution to secure the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on all the Bonds. The Bonds shall be special obligations of the Authority payable solely from the Revenues, all in the manner more particularly provided in the Resolution. The aggregate principal amount of Bonds which may be executed, authenticated and delivered is not limited except as provided in the Resolution.

The Bonds of the Authority shall not be a debt of the State, nor shall the State be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Authority pledged by the Resolution to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on all of the Bonds.

The Bonds may, if and when authorized by the Authority pursuant to the Resolution and to one or more Series Resolutions, if applicable, be issued in one or more Series and the Bonds of each Series shall contain an appropriate Series designation.

Nothing contained in the Resolution shall be deemed to preclude or restrict the consolidation pursuant to a Series Resolution of any Bonds of any two or more separate Series authorized pursuant to the Resolution and to any such Series Resolution to be issued pursuant to the Resolution into a single Series of Bonds for purposes of sale and issuance; provided, however, that each of the tests, conditions and other requirements contained in the Resolution as applicable to each such separate Series shall be met and complied with. Except as otherwise provided in the Resolution or in such Series Resolution, such a consolidated Series shall be treated as a single Series of Bonds for all purposes in the Resolution.

(Section 2.01)

Provisions for Issuance of Bonds.

The issuance of Bonds shall be authorized by a Series Resolution or Series Resolutions adopted at the time of or subsequent to the adoption of the Resolution. The Bonds of a Series authorized to be issued shall be executed by the Authority and delivered to the Trustee. Such Bonds shall from time to time and in such amounts as are directed by the Authority be authenticated by the Trustee and by it delivered to or upon the order of the Authority upon receipt of the consideration therefor and upon delivery to the Trustee of:

(a) A copy of the Resolution and the Series Resolution authorizing such Bonds, certified by an Authorized Officer of the Authority;

(b) A copy of the Service Contract, certified by an Authorized Officer of the Authority;

(c) A copy of the Series Certificate executed in connection with such Bonds;

(d) A written order as to the delivery of such Bonds, signed by an Authorized Officer of the Authority, describing the Bonds to be delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered and stating the consideration for such Bonds;

(e) Except in the case of Refunding Bonds, a certificate of an Authorized Officer of the Authority stating that the Authority is not, and, as a result of the issuance of such Bonds, shall not be, in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution;

(f) Except in the case of Refunding Bonds, a certificate of an Authorized Officer of the State stating that the State is not, and, as a result of the issuance of such Bonds, shall not be, in default in the performance of any covenants, conditions, agreements or provisions contained in the Service Contract;

(g) If Bonds of such Series are Book Entry Bonds, unless the Trustee is a party thereto, a copy of the agreement, if any, between the Authority and the Depository for such Bonds;

(h) If any Bonds of such Series are Option Bonds, and a Credit Facility or Liquidity Facility in such an amount as would provide sufficient moneys for the purchase or redemption of all Option Bonds of such Series if the Holders thereof elected to tender for purchase or redemption the entire aggregate Outstanding principal amount of the Option Bonds of such Series; and

(i) An opinion of Bond Counsel stating, in the opinion of Bond Counsel, that the Resolution and the applicable Series Resolution authorizing the Series of Bonds have been duly and lawfully adopted by the Authority; that the Resolution is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms; that the Resolution creates the valid pledge and the valid lien which it purports to create, subject only to the provisions of the Resolution permitting the withdrawal, payment, setting apart or appropriation of the moneys pledged thereby for the purposes and on the terms and conditions set forth in the Resolution; and that the Authority is duly authorized and entitled to issue such Series of Bonds and, upon the execution and delivery thereof and upon authentication by the Trustee, such Series of Bonds will be duly and validly issued and will constitute valid and binding special obligations of the Authority entitled to the benefits of the Resolution; provided, however, that such opinion may be qualified to the extent that enforceability of rights and remedies may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

(Section 2.02)

Additional Obligations

The Authority reserves the right to issue bonds, notes or any other obligations pursuant to other and separate resolutions of the Authority, so long as such bonds, notes or other obligations are not entitled to a charge, lien or right prior or equal to the charge or lien created by the Resolution, or prior or equal to the rights of the Authority and Holders of Bonds as provided by the Resolution or with respect to the money pledged by the Resolution.

(Section 2.05)

Authorization of Redemption or Purchase

Bonds subject to redemption or purchase prior to maturity pursuant to a Series Resolution or a Series Certificate shall be redeemable or purchasable, in accordance with the Resolution, at such times, at such Redemption Prices, or purchase prices, and upon such terms as may otherwise be specified in the Resolution or in the Series Resolution authorizing such Series or the applicable Series Certificate.

(Section 4.01)

Redemption at the Election or Direction of the Authority

In the case of any redemption of Bonds other than as provided in the Resolution, the Authority shall give written notice to the Trustee and each applicable Facility Provider if its election or direction to redeem, of the Series and of the principal amounts of the Bonds of each Sub-Series and maturity of such Series to be redeemed. The Series, Sub-Series, maturities and principal amounts thereof to be redeemed at the election or direction of the Authority shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Resolution or in the Series Resolution authorizing such Series or the applicable Series Certificate. Such notice shall be given to the Trustee and each applicable Facility Provider at least forty-five (45) days prior to the date on which such Bonds are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee. The Authority by the Resolution covenants that in the event notice of redemption shall have been published as provided in Resolution, it shall, on or prior to the redemption date, pay to the Trustee the amount of moneys which shall equal the Redemption Price of and the interest accrued and to accrue on the Bonds to be redeemed to the redemption date, less any moneys held by the Trustee and the Paying Agent available therefor, unless the notice of redemption expressly provides that the redemption is conditioned upon money being available on the redemption date for payment of the Redemption Price.

(Section 4.02)

Selection of Bonds to Be Redeemed

In the event of redemption of less than all of the Outstanding Bonds of like Series, Sub-Series and maturity, the Trustee shall assign to each Outstanding Bond of the Series and maturity to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series, Sub-Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw the Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as provided in this paragraph) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

For purposes of the Resolution, the lowest denomination in which a Capital Appreciation Bond is authorized to be issued shall be the lowest Accreted Value authorized to be due at maturity on such Bonds and the lowest denomination in which a Deferred Income Bond is authorized to be issued shall be the lowest Appreciated Value on the Interest Commencement Date authorized for such Bonds.

(Section 4.04)

Notice of Redemption

Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of the Authority.

Such notice shall be given by mailing a copy of such notice not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice the Trustee shall promptly certify to the Authority that it has mailed or caused to be mailed such notice to the Holders of the Bonds to be redeemed in the manner provided in the Resolution. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Resolution. The failure of any Holder of a Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Bonds.

(Section 4.05)

Payment of Redeemed Bonds Notice having been given by mail in the manner provided in the Resolution, the Bonds or portions thereof so called for redemption shall become due and payable, on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Bonds, other than Book Entry Bonds of like Series, Sub-Series, maturity, and tenor to be redeemed in part, at the office or offices specified in such notice, together with, in the case of Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. Payment of the Redemption Price shall be made, upon the request of the registered owner of one million dollars, $1,000,000 or more in principal amount of Bonds to be redeemed, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, at time such Bond is surrendered to the Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be drawn for redemption less than all of the principal amount of a Bond, the Authority shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like Series, Sub-Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all Bonds or portions thereof of any like Series, Sub-Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, and the conditions, if any, to such redemption have been satisfied or waived by the Authority, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Resolution. If such moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

Pledge of Revenues

The proceeds from the sale of any Bonds, the Revenues and all funds and accounts established by the Resolution and by any Series Resolution, other than the Arbitrage Rebate Fund, are pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds and as security for the performance of any other obligation of the Authority under the Resolution and under each Series Resolution, all in accordance with the provisions of the Resolution and thereof. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of any Bonds, the Revenues and all funds and accounts established by the Resolution and by any Series Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of any Bonds, the Revenues and all funds and accounts established by the Resolution and by any Series Resolution and which are pledged by the Resolution, which pledge shall constitute a first lien thereon.

Notwithstanding anything to the contrary contained in the Resolution, the Authority may incur obligations or indebtedness to any Facility Provider providing a Credit Facility or Liquidity Facility or an Interest Rate Exchange Agreement which are payable from the Revenues on a parity with the Bonds and which are secured by a lien on and pledge of the Revenues equal to the lien and pledge made by the Resolution, without preference, priority or distinction over the rights of the Holders of the Bonds.

(Section 5.01)

Establishment of Funds and Accounts

The following funds and separate accounts within funds are established by the Resolution and, except for the Project Fund which shall be held and maintained by the Authority, and shall be held and maintained by the Trustee:

Project Fund; Debt Service Fund; and
Arbitrage Rebate Fund.

All moneys at any time deposited in any Fund, account or subaccount created and pledged by the Resolution or by any Series Resolution or required by the Resolution or thereby to be created shall be held in trust for the benefit of the Bondholders, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution; provided, however, that the proceeds derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase or redemption in accordance with the Series Resolution authorizing the issuance of such Bonds or the Series Certificate relating to such Bonds or derived from a Liquidity Facility or a Credit Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price or Redemption Price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds and are pledged by the Resolution for the payment of the purchase price or Redemption Price of such Option Bonds.

(Section 5.02)

Application of Proceeds and Allocation Thereof

Upon the receipt of proceeds from the sale of a Series of Bonds, the Authority shall apply such proceeds as specified in the Resolution and in the Series Resolution authorizing such Series of Bonds or in the Series Certificate relating to such Series of Bonds.

Accrued interest, if any, received, upon the delivery of a Series of Bonds shall be deposited in the Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Series Resolution authorizing such Series or in the Series Certificate relating to such Series.

(Section 5.03)

Application of Moneys in the Project Fund

Except as otherwise provided in the Resolution and any applicable Series Resolution or Series Certificate, moneys in the Project Fund shall be applied only to pay the Costs, the Costs of Issuance and the Costs of Refunding. For purposes of internal accounting, the Project Fund may contain a separate account with respect to each Series of State Supported Debt to be refunded or repaid in connection with which Bonds have been issued and may contain one or more other accounts and such subaccounts as the Authority may deem proper.

Payments for Costs of Issuance shall be made by the Authority upon the written approval of an Authorized Officer of the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment.

Payments for Costs of a Refunding shall be made by the Authority upon the written approval of an Authorized Officer of the Authority.

Upon the filing in the offices of the Authority of a certificate signed by an Authorized Officer of the Authority which states that the moneys then remaining in an account established within the Project Fund with respect to the refunding or repayment of a Series of State Supported Debt exceeds the amount necessary to pay the costs of Refunding, the moneys, if any, then remaining in such account, after making provision for the payment of any Costs of Issuance and Costs of Refunding then unpaid, shall be applied by the Trustee in the following order of priority:

First: To the Arbitrage Rebate Fund, the amount determined by the Authority to be required to be deposited therein; and

Second: To the Debt Service Fund for application in accordance with the Resolution any balance remaining.

(Section 5.04)

Deposit and Allocation of Revenues

The Revenues and any other moneys, which, by any of the provisions of the Service Contract, are required to be paid to the Trustee, shall be deposited or paid by the Trustee upon receipt thereof as follows and in the following order of priority:

First: To the credit of the Debt Service Fund, the amount, if any, necessary to make the amount on deposit in the Debt Service Fund equal to (a) the interest payable on the next succeeding interest payment date, (b) the principal and Sinking Fund Installments of Outstanding Bonds payable on the next succeeding principal or Sinking Fund Installment payment date, (c) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased pursuant to the Resolution or called for redemption pursuant to the Resolution, plus accrued interest thereon to the date of purchase or redemption on the next succeeding purchase or redemption date;

Second: To reimburse or pay, pro rata, each Facility Provider of a Credit Facility or Liquidity Facility or Interest Rate Exchange Agreement for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to such Facility Provider; and

Third: To or upon the order of the Authority, such amounts as are then required to pay or reimburse the Authority for: (i) fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required by the Resolution, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Projects, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Service Contract in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts then due and owing to the Authority pursuant to the Service Contract and payable pursuant to this paragraph Third.

After making the payments required by paragraphs First, Second and Third, the balance, if any, of the Revenues shall, upon the direction of an Authorized Officer of the Authority, be deposited by the Trustee to the credit of the Arbitrage Rebate Fund or the Debt Service Fund for application as summarized below under "Debt Service Fund" or "Arbitrage Rebate Fund," or to both, in the respective amounts set forth in such direction. The Trustee shall notify the Authority and the State promptly after making the payments required by paragraphs First, Second and Third of any balance remaining from such Revenues after payment as provided above.

(Section 5.05)

Debt Service Fund

The Trustee shall on or before each interest payment date, Sinking Fund Installment payment date, redemption date or purchase date pay to itself and any other Paying Agent the amount of:

(a) the interest due on all Outstanding Bonds on such interest payment date;

(b) the principal and Sinking Fund Installments due on all Outstanding Bonds on such interest payment date; and

(c) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption plus accrued interest thereon to the date of purchase or redemption.

The amount paid out pursuant to (a), (b) and (c) above shall continue to be subject to the pledge made by the Resolution and shall be held by the Trustee and Paying Agents subject to such pledge and applied to the payments due on such interest payment date to the Holders of Bonds in accordance with the Resolution.

Notwithstanding the foregoing, the Authority may, at any time subsequent to the first day of January of any Bond Year during which a Sinking Fund Installment is payable but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond purchased by the Director and delivered to the Trustee in accordance with the Service Contract shall be cancelled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of each Term Bond so cancelled shall be credited against the next Sinking Fund Installment due on the Term Bonds so purchased; provided, however, that such Term Bond is cancelled by the Trustee prior to the date on which notice of redemption is given.

Moneys remaining in the Debt Service Fund after application as described in paragraphs (a), (b) and (c) above shall in each case be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to the purchase of Outstanding Bonds of any Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Authority shall direct. If fifty (50) days prior to any interest payment date on which Bonds of any Series are subject to redemption the amount of such excess not required to pay the purchase price or Redemption Price of Bonds theretofore contracted to be purchased or called for redemption is fifty thousand dollars ($50,000.00) or more, the Trustee shall, to the extent such moneys are sufficient therefor, apply such moneys in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds as provided in the Resolution, at the Redemption Prices specified in the applicable Series Resolution or Series Certificate.

(Section 5.06)

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any moneys delivered to it by the State for deposit therein or transferred by it or paid to it by the Authority in accordance with the provisions of the Resolution for deposit therein. Notwithstanding any other provisions of the Resolution, the Trustee shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Authority, moneys on deposit in any other funds held by the Trustee under the Resolution at such times and in such amounts as shall be set forth in such directions, and the Authority may withdraw from the Project Fund and pay to the Trustee for deposit to the Arbitrage Rebate Fund, such amounts as shall be determined by the Authority to be necessary to comply with the Code.

Moneys on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall be deposited to the Debt Service Fund in accordance with the written direction of such Authorized Officer.

If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, determine the amount of Excess Earnings with respect to each Series of Bonds and direct the Trustee to (i) transfer from any other of the funds and accounts held by the Trustee under the Resolution and deposit to the Arbitrage Rebate Fund all or a portion of the Excess Earnings with respect to each Series of Bonds and (ii) pay out of the Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 5.08)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time the amounts held in the Debt Service Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, the Trustee shall so notify the Authority and the Director. Upon receipt of such notice, the Authority may direct the Trustee to redeem all such Outstanding Bonds. The Trustee shall, upon receipt of such request in writing by the Authority, proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by each Series Resolution as provided in the Resolution.

(Section 5.09)

Transfer of Investments

Whenever moneys in any fund or account established by the Resolution or by any Series Resolution are to be paid in accordance with the Resolution or therewith to another such fund or account, such payment may be made, in whole or in part, by transferring to such other fund or account investments held as part of the fund or account from which such payment is to be made, whose value, together with the moneys, if any, to be transferred, is at least equal to the amount of the payment then to be made; provided, however, that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

(Section 5.10)

Security for Deposits

All moneys held under the Resolution by the Trustee shall be continuously and fully secured, for the benefit of the Authority and the Holders of the Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; provided, however, (a) that if the securing of such moneys is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them pursuant to the Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any moneys which shall be represented by obligations purchased or other investments made under the provisions of the Resolution as an investment of such moneys.

(Section 6.01)

Investment of Funds and Accounts

Moneys held under the Resolution in any fund or account established by the Resolution or by a Series Resolution, if permitted by law, shall, as nearly as may be practicable, be invested, in Government Obligations, Federal Agency Obligations, or Exempt Obligations and, if not inconsistent with the investment guidelines of a Rating Service applicable to funds held under the Resolution, any other Permitted Investment; provided, however, that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes of the Resolution, provided, further, (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Permitted Collateral shall be free and clear of claims of any other person. Moneys held under the Resolution by the Trustee shall be invested by the Trustee upon the direction of an Authorized Officer of the Authority given or confirmed in writing, which direction shall specify the amount to be so invested.

In lieu of the investments of moneys in obligations authorized in the preceding paragraph, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, the Authority may to the extent permitted by law, invest moneys in the Project Fund in (i) interest-bearing time deposits, certificates of deposit or other similar investment arrangements including, but not limited to, written repurchase agreements relating to Government Obligations, with banks, trust companies, savings banks, savings and loan associations, or securities dealers approved by the Authority the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, (ii) Exempt Obligations or (iii) Investment Agreements; provided, however, that (w) each such investment shall permit the moneys so deposited or invested to be available for use at the times at, and in the amounts in, which the Authority reasonably believes such moneys will be required for the purposes of the Resolution, (x) all moneys in each such interest-bearing time deposit, certificate of deposit, repurchase agreement or other similar investment arrangement shall be continuously and fully secured by ownership of or a security interest in obligations of a market value determined by the Trustee or its agent on a daily valuation equal to the amount deposited or invested including interest accrued thereon, (y) the obligations securing such interest-bearing time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the obligations securing such time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall be free and clear of claims of any other person

Permitted Investments purchased or other investments made as an investment of moneys in any fund or account held by the Trustee or the Authority under the provisions of the Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged to, as the case may be, such fund or account.

In computing the amount in any fund or account held by the Trustee under the provisions of the Resolution each Permitted Investment therein shall be valued at the market value thereof, plus accrued interest.

(Section 6.02)

Payment of Principal and Interest

The Authority shall pay or cause to be paid the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on every Bond of each Series on the date and at the places and in the manner provided in the Bonds according to the true intent and meaning thereof.

(Section 7.01)

Accounts and Reports

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the State, the Trustee or of any Holder of a Bond or his representative duly authorized in writing. The Trustee shall prepare a report which shall be furnished to the Authority, to each Facility Provider and to the State. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and of each Series Resolution; a statement of the Revenues collected in connection with the Resolution and with each Series Resolution; and a statement that, in making such report, no knowledge of any default in the fulfillment of any of the terms, covenants or provisions of the Resolution or of each Series Resolution was obtained, or if knowledge of any such default was obtained, a statement thereof; and complete and correct entries of the Authority's transactions relating to each Series of Bonds. A copy of such report shall, upon written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

Creation of Liens

The Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds on the proceeds from the sale of the Bonds, the Revenues or the funds and accounts established by the Resolution or by any Series Resolution which are pledged by the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations or otherwise incurred indebtedness under another and separate resolution so long as the charge or lien created by such resolution is not prior to the charge or lien created by the Resolution and (ii) incurring obligations or indebtedness to any person providing a Credit Facility or a Liquidity Facility or an Interest Rate Exchange Agreement which are secured by a lien on and pledge of the Revenues which are equal to the lien and pledge thereon made by the Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the State

The Authority shall take all legally available action to cause the applicable governmental agency utilizing a Project to perform fully all duties and acts and comply fully with the covenants of the State required by the Service Contract in the manner and at the times provided in the Service Contract; provided, however, that the Authority may delay or defer enforcement of one or more provisions of the Service Contract (other than provisions requiring the payment of moneys to the Trustee for deposit to any fund or account established under the Resolution) if the Authority determines such delay or deferment will not materially adversely affect the interests of the Holders of the Bonds.

(Section 7.07)

Offices for Payment and Registration of Bonds

The Authority shall at all times maintain an office or agency in the State where Bonds may be presented for payment. The Authority may, pursuant to a Supplemental Resolution or a Series Resolution or pursuant to a resolution adopted in accordance with the Resolution, designate an additional Paying Agent or Paying Agents where Bonds of the Series authorized thereby or referred to therein may be presented for payment. The Authority shall at all times maintain an office or agency in the State where Bonds may be presented for registration, transfer or exchange and the Trustee is by the Resolution appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds. The provisions of this Section shall be subject to the provisions of the Resolution.

(Section 7.09)

Amendment of Service Contract

The Service Contract may not be amended, changed, modified, altered or terminated so as to materially adversely affect the interest of the Holders of Outstanding Bonds without the prior written consent of (a) the Holders of at least a majority in principal amount of the Bonds then Outstanding, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modifications or amendments, the Holders of a majority in principal amount of the Bonds of each Series so affected then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment to be made by the State under the Service Contract which is required to be deposited with the Trustee or extend the time of payment thereof. The Service Contract may be amended, changed, modified or altered with the consent of the Trustee but without the consent of the Holders of Outstanding Bonds to provide necessary changes in connection with the refunding or repayment of State Supported Debt, or the issuance of Bonds, to cure any ambiguity, or to correct or supplement any provisions contained in the Service Contract which may be defective or inconsistent with any other provisions contained in the Resolution or in the Service Contract. No amendment to the Service Contract shall become effective until an executed copy thereof certified by an Authorized Officer of the Authority shall be filed with the Trustee.

For the purposes of the Resolution, a Series shall be deemed to be adversely affected by an amendment, change, modification or alteration of the Service Contract if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected by any amendment, change, modification or alteration, and any such determination shall be binding and conclusive on the State, the Authority and all Holders of Bonds.

For all purposes of the Resolution, the Trustee shall be entitled to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee, with respect to the extent, if any, as to which action adversely affects the interests of any Holders of Bonds then Outstanding.

(Section 7.10)

Notice of Default under Agreement

The Authority shall notify the Trustee in writing that the State is in default under the Service Contract, which default is continuing, which notice shall be given within five (5) days after the Authority has obtained actual knowledge thereof.

(Section 7.11)

Modification and Amendment Without Consent

The Authority may adopt at any time or from time to time Series Resolution or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolutions or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority:

(a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(b) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(c) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(e) To confirm, as further assurance, any pledge under the Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues, or any pledge of any other moneys or funds;

(f) To modify any of the provisions of the Resolution or of any previously adopted Series Resolution in any other respect, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions;

(g) To modify the provisions of the Resolution in any respect, provided that such modification shall not permit the investment of moneys in the Debt Service Fund in any manner inconsistent with the provisions of the Resolution and shall not result in the reduction by a Rating Service of the ratings assigned thereby to any of the Outstanding Bonds; or

(h) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the

Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect.

(Section 9.01)

Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Bondholders in accordance with and subject to the provisions of the Resolution summarized under "Powers of Amendment" herein, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority.

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution.

Nothing contained in the Resolution shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Resolution or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere provided in the Resolution or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the Authority, when filed with the Trustee, shall be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms.

The Trustee is authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of the Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent shall become effective without the written consent of the Trustee or the Paying Agent affected thereby.

(Section 9.03)

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as summarized in "Consent of Bondholders" below, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (iii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds for purposes of providing consent. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the Resolution, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to the Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds as summarized under "Power of Amendment" above and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided in the Resolution for is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this paragraph, shall be given to the Bondholders by the Authority by mailing such notice to the Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee provided in the paragraph above for is filed. The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this paragraph). A transcript, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent, and the Holders of all Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such publication is required, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the Authority, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

For the purposes of the Resolution, the purchasers of the Bonds of a Series, whether purchasing in connection with a primary offering or a reoffering of Bonds or as underwriters, for resale or otherwise, upon such purchase from the Authority, may consent to a modification or amendment permitted by the Resolution in the manner provided in the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering or reoffering of the Bonds of such Series by the Authority.

(Section 10.02)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of a Supplemental Resolution certified by an Authorized Officer of the Authority and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to the Bondholders either by mailing or publication shall be required.

(Section 10.03)

Events of Default

An event of default shall exist under the Resolution and under each Series Resolution if:

(a) Payment of the principal, Sinking Fund Installments or Redemption Price of any Bond shall not be made by the Authority when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) Payment of an installment of interest on any Bond shall not be made by the Authority when the same shall become due and payable; or

(c) With respect to the Bonds of any Series, the Authority shall default in the due and punctual performance of any covenants contained in the Series Resolution authorizing the issuance thereof to the effect that the Authority shall comply with the provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest therein from gross income under Section 103 of the Code and shall not take any action which would adversely affect the exclusion of interest on such Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such Series shall no longer be excludable from gross income under Section 103 of the Code; or

(d) The Authority shall default in the due and punctual performance of any of the other covenants, conditions, agreements and provisions contained in the Resolution or in the Bonds or in any

Series Resolution on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds, or if such default is not capable of being cured within thirty (30) days, if the Authority fails to commence within said thirty (30) days and diligently prosecute the cure thereof.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the section of the Resolution summarized above under "Events of Default", other than an event of default specified in paragraph (c) summarized above under "Events of Default", then and in every such case the Trustee may, and, upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds, shall, by a notice in writing to the Authority, declare the principal of all of the Outstanding Bonds and the interest accrued thereon to be due and payable immediately. At the expiration of thirty (30) days from the giving of notice of such declaration, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in the Bonds or in any Series Resolution to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds not then due by their terms and then Outstanding annul such declaration and its consequences if (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this paragraph) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the section of the Resolution summarized above under "Events of Default", then and in every such case, the Trustee may proceed, or of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds or, in the case of a happening and continuance of an event of default specified in paragraph (c) above summarized under the heading "Events of Default", upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (subject to the provisions of the Resolution) to protect and enforce its rights and the rights of the Bondholders under the Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or in aid or execution of any power in the Resolution or therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

(Section 11.04)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds or, in the case of an event of default specified in the Resolution, the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

(Section 11.08)

Defeasance

If the Authority shall pay or cause to be paid to the Holders of Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Series Certificate, then the pledge of the Revenues or other moneys and securities pledged by the Resolution to such Bonds and all other rights granted by the Resolution to such Series of Bonds shall be discharged and satisfied.

Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed above. All Outstanding Bonds of any Series or any Sub-Series or any maturity within a Series or Sub-Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed above if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the holders of said Bonds at their last known address appearing on the registration books, and directed by an Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds at their last known address appearing on the registration books that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this paragraph and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. The Authority shall give written notice to the Trustee of its selection of the Series, Sub-Series and maturity the payment of which is to be made in accordance with this paragraph. The Trustee shall select the Bonds of like Series, Sub-Series and maturity payment of which shall be made in accordance with this paragraph in the manner provided in the Resolution.

Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for two (2) years after the date when all of the Bonds of such Series have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee or

Paying Agent after said date when all of the Bonds of such Series become due and payable, shall, at the written request of the Authority, be repaid by the Trustee or Paying Agent to the Authority as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Authority for the payment of such Bonds; provided, however, that, before being required to make any such payment to the Authority, the Trustee or Paying Agent may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than forty (40) nor more than ninety (90) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

(Section 12.01)

No Recourse under the Resolution or on the Bonds

All covenants, stipulations, promises, agreements and obligations of the Authority contained in the Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer or employee of the Authority in his or her individual capacity, and no recourse shall be had for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on the Bonds or for any claims based thereon, or on the Resolution against any member, officer or employee of the Authority, the Director or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of Bonds by the acceptance of the Bonds.

(Section 14.04)

Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an “event of default”, as provided in the Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the then current Accreted Value of such Bond shall be deemed to be its principal amount.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed, or (ii) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided in the Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the then current Appreciated Value of such Bond shall be deemed to be its principal amount.

(Section 14.10)

TABLE OF REFUNDED BONDS

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF REFUNDED BONDS

The following tables show the bonds of the Dormitory Authority of the State of New York and the New York State Housing Finance Agency that are to be refunded with the proceeds of the Series 2009 Bonds. Set forth in each table are the series and maturities within such series to be refunded, the principal amount of each such maturity to be refunded and, if applicable, the dates on and redemption prices at which such bonds are to be redeemed.

SERIES: Dormitory Authority of the State of New York, State University Educational Facilities Revenue Bonds, Series 1997

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
5/15/2010	5.000%	$14,045,000	$14,045,000	10/26/2009	100%
5/15/2011	5.375%	14,800,000	14,800,000	10/26/2009	100
5/15/2012	5.000%	15,575,000	15,575,000	10/26/2009	100
5/15/2013	5.000%	16,385,000	16,385,000	10/26/2009	100
5/15/2014	5.000%	17,215,000	17,215,000	10/26/2009	100
5/15/2015	5.000%	18,105,000	18,105,000	10/26/2009	100
5/15/2016*	5.000%	27,655,000	27,655,000	10/26/2009	100
5/15/2017*	5.000%	29,060,000	29,060,000	10/26/2009	100
5/15/2018**	5.125%	6,845,000	6,845,000	10/26/2009	100

* Sinking Fund Installment or maturity date of a Term Bond maturing May 15, 2017
** Sinking Fund Installment of a Term Bond maturing May 15, 2021

SERIES: Dormitory Authority of the State of New York, State University Educational Facilities Revenue Bonds, Series 1998A

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
5/15/2010	5.250%	$5,200,000	$5,200,000	10/26/2009	100.5%
5/15/2011	5.250%	5,480,000	5,480,000	10/26/2009	100.5
5/15/2012	5.250%	5,765,000	5,765,000	10/26/2009	100.5
5/15/2013	5.250%	6,065,000	6,065,000	10/26/2009	100.5
5/15/2014	5.000%	6,380,000	6,380,000	10/26/2009	100.5
5/15/2015	5.000%	6,695,000	6,695,000	10/26/2009	100.5
5/15/2017	5.000%	13,635,000	13,635,000	10/26/2009	100.5
5/15/2018	5.000%	22,490,000	22,490,000	10/26/2009	100.5
5/15/2019*	5.000%	16,575,000	16,575,000	10/26/2009	100.5
5/15/2020*	5.000%	17,415,000	17,415,000	10/26/2009	100.5
5/15/2021**	4.750%	32,685,000	32,685,000	10/26/2009	100
5/15/2022**	4.750%	34,260,000	34,260,000	10/26/2009	100
5/15/2023**	4.750%	24,900,000	24,900,000	10/26/2009	100
5/15/2024**	4.750%	26,095,000	26,095,000	10/26/2009	100

* Sinking Fund Installment or maturity date of a Term Bond maturing May 15, 2020
** Sinking Fund Installment of a Term Bond maturing May 15, 2025

SERIES: Dormitory Authority of the State of New York, Revenue Bonds (Office of General Services Issue), Series 1998

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
4/1/2012	4.750%	$1,160,000	$1,160,000	10/26/2009	101%
4/1/2020*	5.000%	1,705,000	1,705,000	10/26/2009	101
4/1/2021*	5.000%	1,790,000	1,790,000	10/26/2009	101
4/1/2022*	5.000%	1,880,000	1,880,000	10/26/2009	101
4/1/2023*	5.000%	1,975,000	1,975,000	10/26/2009	101
4/1/2024*	5.000%	2,075,000	2,075,000	10/26/2009	101
4/1/2025*	5.000%	2,175,000	2,175,000	10/26/2009	101

* Sinking Fund Installment of a Term Bond maturing April 1, 2028

SERIES: Dormitory Authority of the State of New York, Office Facilities Lease Revenue Bonds (Department of Audit and Control), Series 1999

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
4/1/2012	4.500%	$1,380,000	$1,380,000	10/26/2009	101%
4/1/2024*	5.000%	2,510,000	2,510,000	10/26/2009	101
4/1/2025*	5.000%	2,635,000	2,635,000	10/26/2009	101

* Sinking Fund Installment of a Term Bond maturing April 1, 2029

SERIES: Dormitory Authority of the State of New York, Revenue Bonds (Department of Education of the State of New York Issue), Series 1998

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
7/1/2011	4.400%	$420,000	$420,000	10/26/2009	101%
7/1/2012	4.500%	440,000	440,000	10/26/2009	101
7/1/2013	4.600%	460,000	460,000	10/26/2009	101
7/1/2014	4.700%	480,000	480,000	10/26/2009	101
7/1/2015	4.750%	505,000	505,000	10/26/2009	101
7/1/2016	4.800%	530,000	530,000	10/26/2009	101
7/1/2017	4.850%	555,000	555,000	10/26/2009	101
7/1/2018	4.850%	580,000	580,000	10/26/2009	101
7/1/2019*	5.000%	610,000	610,000	10/26/2009	101
7/1/2020*	5.000%	640,000	640,000	10/26/2009	101
7/1/2021*	5.000%	670,000	670,000	10/26/2009	101
7/1/2022*	5.000%	705,000	705,000	10/26/2009	101
7/1/2023*	5.000%	740,000	740,000	10/26/2009	101
7/1/2024*	5.000%	775,000	775,000	10/26/2009	101
7/1/2025*	5.000%	815,000	815,000	10/26/2009	101

* Sinking Fund Installment of a Term Bond maturing July 1, 2027

SERIES: Dormitory Authority of the State of New York, State University Athletic Facility Revenue Bonds, 1998 Issue

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
7/1/2010*	5.250%	$1,210,000	$1,210,000	10/26/2009	100.5%
7/1/2011*	5.250%	1,260,000	1,260,000	10/26/2009	100.5
7/1/2012*	5.250%	1,325,000	1,325,000	10/26/2009	100.5
7/1/2013*	5.250%	1,390,000	1,390,000	10/26/2009	100.5
7/1/2014**	5.250%	1,460,000	1,460,000	10/26/2009	100.5
7/1/2015**	5.250%	1,535,000	1,535,000	10/26/2009	100.5
7/1/2016**	5.250%	1,605,000	1,605,000	10/26/2009	100.5
7/1/2017**	5.250%	1,690,000	1,690,000	10/26/2009	100.5
7/1/2018**	5.250%	1,770,000	1,770,000	10/26/2009	100.5
7/1/2019***	4.500%	1,845,000	1,845,000	10/26/2009	100.5
7/1/2020***	4.500%	1,930,000	1,930,000	10/26/2009	100.5
7/1/2021***	4.500%	2,000,000	2,000,000	10/26/2009	100.5

* Sinking Fund Installment or maturity date of a Term Bond maturing July 1, 2013
** Sinking Fund Installment or maturity date of a Term Bond maturing July 1, 2018
*** Sinking Fund Installment or maturity date of a Term Bond maturing July 1, 2021

SERIES: Dormitory Authority of the State of New York, Upstate Community Colleges Revenue Bonds, Series 1999A

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
7/1/2010	5.250%	$5,620,000	$5,620,000	10/26/2009	101%
7/1/2011	5.250%	5,910,000	5,910,000	10/26/2009	101
7/1/2012	5.250%	3,975,000	3,975,000	10/26/2009	101
7/1/2013	5.000%	4,180,000	4,180,000	10/26/2009	101
7/1/2014	5.000%	3,600,000	3,600,000	10/26/2009	101
7/1/2015	5.000%	3,775,000	3,775,000	10/26/2009	101
7/1/2016	5.000%	3,965,000	3,965,000	10/26/2009	101
7/1/2017*	5.000%	4,160,000	4,160,000	10/26/2009	101
7/1/2018*	5.000%	4,370,000	4,370,000	10/26/2009	101
7/1/2019*	5.000%	4,590,000	4,590,000	10/26/2009	101
7/1/2020**	5.000%	4,820,000	4,820,000	10/26/2009	101
7/1/2021**	5.000%	5,055,000	5,055,000	10/26/2009	101
7/1/2022**	5.000%	5,315,000	5,315,000	10/26/2009	101
7/1/2023**	5.000%	6,915,000	6,915,000	10/26/2009	101
7/1/2024**	5.000%	7,255,000	7,255,000	10/26/2009	101
7/1/2025**	5.000%	7,620,000	7,620,000	10/26/2009	101

* Sinking Fund Installment or maturity date of a Term Bond maturing July 1, 2019
** Sinking Fund Installment of a Term Bond maturing July 1, 2028

SERIES: New York State Housing Finance Agency, Service Contract Obligation Revenue Bonds, 1997 Series C Refunding

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
3/15/2010	5.200%	$3,860,000	$3,860,000	10/26/2009	100.5%
9/15/2010	5.200%	4,265,000	4,265,000	10/26/2009	100.5
3/15/2011	5.250%	5,465,000	5,465,000	10/26/2009	100.5
9/15/2011	5.250%	5,610,000	5,610,000	10/26/2009	100.5
3/15/2012	5.250%	5,765,000	5,765,000	10/26/2009	100.5
9/15/2012	5.250%	5,910,000	5,910,000	10/26/2009	100.5
3/15/2013	5.250%	2,865,000	2,865,000	10/26/2009	100.5
9/15/2013	5.250%	2,940,000	2,940,000	10/26/2009	100.5
3/15/2014	5.250%	3,015,000	3,015,000	10/26/2009	100.5
9/15/2014	5.250%	3,100,000	3,100,000	10/26/2009	100.5
3/15/2015*	5.500%	1,875,000	1,875,000	10/26/2009	100.5
9/15/2015*	5.500%	1,925,000	1,925,000	10/26/2009	100.5
3/15/2016*	5.500%	3,995,000	3,995,000	10/26/2009	100.5
9/15/2016*	5.500%	4,095,000	4,095,000	10/26/2009	100.5
3/15/2017*	5.500%	5,690,000	5,690,000	10/26/2009	100.5
9/15/2017*	5.500%	5,850,000	5,850,000	10/26/2009	100.5
3/15/2018*	5.500%	6,015,000	6,015,000	10/26/2009	100.5
9/15/2018*	5.500%	6,180,000	6,180,000	10/26/2009	100.5
3/15/2019**	5.500%	6,345,000	6,345,000	10/26/2009	100.5
9/15/2019**	5.500%	6,520,000	6,520,000	10/26/2009	100.5
3/15/2020**	5.500%	6,700,000	6,700,000	10/26/2009	100.5
9/15/2020**	5.500%	6,885,000	6,885,000	10/26/2009	100.5
3/15/2021**	5.500%	7,080,000	7,080,000	10/26/2009	100.5
9/15/2021**	5.500%	7,270,000	7,270,000	10/26/2009	100.5
3/15/2022**	5.500%	7,470,000	7,470,000	10/26/2009	100.5
9/15/2022**	5.500%	5,285,000	5,285,000	10/26/2009	100.5
3/15/2023***	5.500%	5,425,000	5,425,000	10/26/2009	100.5
9/15/2023***	5.500%	5,585,000	5,585,000	10/26/2009	100.5
3/15/2024***	5.500%	5,735,000	5,735,000	10/26/2009	100.5
9/15/2024***	5.500%	3,500,000	3,500,000	10/26/2009	100.5
3/15/2025***	5.500%	3,575,000	3,575,000	10/26/2009	100.5

* Sinking Fund Installment or maturity date of a Term Bond maturing September 15, 2018
** Sinking Fund Installment or maturity date of a Term Bond maturing September 15, 2022
*** Sinking Fund Installment or maturity date of a Term Bond maturing March 15, 2025

SERIES: New York State Housing Finance Agency, Service Contract Obligation Revenue Bonds, 1992 Series C

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
3/15/2013*	6.300%	$90,000	$90,000	10/26/2009	100%
9/15/2013*	6.300%	90,000	90,000	10/26/2009	100
3/15/2014*	6.300%	95,000	95,000	10/26/2009	100
9/15/2014*	6.300%	95,000	95,000	10/26/2009	100
3/15/2015*	6.300%	100,000	100,000	10/26/2009	100
9/15/2015*	6.300%	100,000	100,000	10/26/2009	100
3/15/2016*	6.300%	105,000	105,000	10/26/2009	100
9/15/2016*	6.300%	110,000	110,000	10/26/2009	100
3/15/2017*	6.300%	110,000	110,000	10/26/2009	100
9/15/2017*	6.300%	115,000	115,000	10/26/2009	100
3/15/2018*	6.300%	120,000	120,000	10/26/2009	100
9/15/2018*	6.300%	120,000	120,000	10/26/2009	100
3/15/2019*	6.300%	125,000	125,000	10/26/2009	100
9/15/2019*	6.300%	130,000	130,000	10/26/2009	100
3/15/2020*	6.300%	135,000	135,000	10/26/2009	100
9/15/2020*	6.300%	140,000	140,000	10/26/2009	100
3/15/2021*	6.300%	140,000	140,000	10/26/2009	100
9/15/2021*	6.300%	145,000	145,000	10/26/2009	100
3/15/2022*	6.300%	110,000	110,000	10/26/2009	100

* Sinking Fund Installment or maturity date of a Term Bond maturing March 15, 2022

SERIES: New York State Housing Finance Agency, Service Contract Obligation Revenue Bonds, 1993 Series D

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
3/15/2010*	5.375%	$20,000	$20,000	10/26/2009	100%
9/15/2010*	5.375%	20,000	20,000	10/26/2009	100
3/15/2011*	5.375%	20,000	20,000	10/26/2009	100
9/15/2011**	5.625%	20,000	20,000	10/26/2009	100
3/15/2012**	5.625%	20,000	20,000	10/26/2009	100
9/15/2012**	5.625%	20,000	20,000	10/26/2009	100
3/15/2013**	5.625%	20,000	20,000	10/26/2009	100
9/15/2013**	5.625%	20,000	20,000	10/26/2009	100
3/15/2014***	5.375%	25,000	25,000	10/26/2009	100
9/15/2014***	5.375%	25,000	25,000	10/26/2009	100
3/15/2015***	5.375%	25,000	25,000	10/26/2009	100
9/15/2015***	5.375%	25,000	25,000	10/26/2009	100
3/15/2016***	5.375%	25,000	25,000	10/26/2009	100
9/15/2016***	5.375%	25,000	25,000	10/26/2009	100
3/15/2017***	5.375%	25,000	25,000	10/26/2009	100
9/15/2017***	5.375%	25,000	25,000	10/26/2009	100
3/15/2018***	5.375%	30,000	30,000	10/26/2009	100
9/15/2018***	5.375%	30,000	30,000	10/26/2009	100
3/15/2019***	5.375%	30,000	30,000	10/26/2009	100
9/15/2019***	5.375%	30,000	30,000	10/26/2009	100
3/15/2020***	5.375%	30,000	30,000	10/26/2009	100
9/15/2020***	5.375%	30,000	30,000	10/26/2009	100
3/15/2021***	5.375%	30,000	30,000	10/26/2009	100
9/15/2021***	5.375%	35,000	35,000	10/26/2009	100
3/15/2022***	5.375%	35,000	35,000	10/26/2009	100
9/15/2022***	5.375%	35,000	35,000	10/26/2009	100
3/15/2023***	5.375%	10,000	10,000	10/26/2009	100

* Sinking Fund Installment or maturity date of a Term Bond maturing March 15, 2011
** Sinking Fund Installment or maturity date of a Term Bond maturing September 15, 2013
*** Sinking Fund Installment or maturity date of a Term Bond maturing March 15, 2023

SERIES: New York State Housing Finance Agency, Service Contract Obligation Revenue Bonds, 1994 Series A

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
3/15/2017*	6.500%	$20,000	$20,000	10/26/2009	100%
9/15/2017*	6.500%	20,000	20,000	10/26/2009	100
3/15/2018*	6.500%	20,000	20,000	10/26/2009	100
9/15/2018*	6.500%	20,000	20,000	10/26/2009	100
3/15/2019*	6.500%	20,000	20,000	10/26/2009	100
9/15/2019*	6.500%	20,000	20,000	10/26/2009	100
3/15/2020*	6.500%	20,000	20,000	10/26/2009	100
9/15/2020*	6.500%	20,000	20,000	10/26/2009	100
3/15/2021*	6.500%	20,000	20,000	10/26/2009	100
9/15/2021*	6.500%	25,000	25,000	10/26/2009	100
3/15/2022*	6.500%	25,000	25,000	10/26/2009	100
9/15/2022*	6.500%	25,000	25,000	10/26/2009	100
3/15/2023*	6.500%	25,000	25,000	10/26/2009	100
9/15/2023*	6.500%	25,000	25,000	10/26/2009	100
3/15/2024*	6.500%	25,000	25,000	10/26/2009	100

* Sinking Fund Installment or maturity date of a Term Bond maturing March 15, 2024

SERIES: New York State Housing Finance Agency, Service Contract Obligation Revenue Bonds, 1995 Series A

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
9/15/2015*	6.375%	$10,000	$10,000	10/26/2009	100%
3/15/2016**	6.500%	5,000	5,000	10/26/2009	100
9/15/2016**	6.500%	10,000	10,000	10/26/2009	100
3/15/2017**	6.500%	10,000	10,000	10/26/2009	100
9/15/2017**	6.500%	10,000	10,000	10/26/2009	100
3/15/2018**	6.500%	10,000	10,000	10/26/2009	100
9/15/2018**	6.500%	10,000	10,000	10/26/2009	100
3/15/2019**	6.500%	10,000	10,000	10/26/2009	100
9/15/2019**	6.500%	10,000	10,000	10/26/2009	100
3/15/2020**	6.500%	10,000	10,000	10/26/2009	100
9/15/2020**	6.500%	10,000	10,000	10/26/2009	100
3/15/2021**	6.500%	10,000	10,000	10/26/2009	100
9/15/2021**	6.500%	10,000	10,000	10/26/2009	100
3/15/2022**	6.500%	10,000	10,000	10/26/2009	100
9/15/2022**	6.500%	10,000	10,000	10/26/2009	100
3/15/2023**	6.500%	10,000	10,000	10/26/2009	100
9/15/2023**	6.500%	10,000	10,000	10/26/2009	100
3/15/2024**	6.500%	10,000	10,000	10/26/2009	100
9/15/2024**	6.500%	10,000	10,000	10/26/2009	100
3/15/2025**	6.500%	10,000	10,000	10/26/2009	100

* Maturity date of a Term Bond.
** Sinking Fund Installment or maturity date of a Term Bond maturing March 15, 2025

SERIES: New York State Housing Finance Agency, Service Contract Obligation Revenue Bonds, 1996 Series A

Maturity Date	Interest Rate	Principal Outstanding	Principal to Be Refunded	Redemption Date	Redemption Price
9/15/2011*	6.000%	$10,000	$10,000	10/26/2009	100%
9/15/2012*	6.000%	10,000	10,000	10/26/2009	100
3/15/2013*	6.000%	10,000	10,000	10/26/2009	100
9/15/2013*	6.000%	10,000	10,000	10/26/2009	100
3/15/2014*	6.000%	10,000	10,000	10/26/2009	100
9/15/2014*	6.000%	10,000	10,000	10/26/2009	100
3/15/2015*	6.000%	10,000	10,000	10/26/2009	100
9/15/2015*	6.000%	10,000	10,000	10/26/2009	100
3/15/2016*	6.000%	10,000	10,000	10/26/2009	100
9/15/2016*	6.000%	10,000	10,000	10/26/2009	100
3/15/2017**	6.000%	10,000	10,000	10/26/2009	100
9/15/2017**	6.000%	10,000	10,000	10/26/2009	100
3/15/2018**	6.000%	10,000	10,000	10/26/2009	100
9/15/2018**	6.000%	10,000	10,000	10/26/2009	100
3/15/2019**	6.000%	10,000	10,000	10/26/2009	100
9/15/2019**	6.000%	10,000	10,000	10/26/2009	100
3/15/2020**	6.000%	15,000	15,000	10/26/2009	100
9/15/2020**	6.000%	15,000	15,000	10/26/2009	100
3/15/2021**	6.000%	15,000	15,000	10/26/2009	100
9/15/2021**	6.000%	15,000	15,000	10/26/2009	100
3/15/2022**	6.000%	15,000	15,000	10/26/2009	100
9/15/2022**	6.000%	15,000	15,000	10/26/2009	100
3/15/2023**	6.000%	15,000	15,000	10/26/2009	100
9/15/2023**	6.000%	15,000	15,000	10/26/2009	100
3/15/2024**	6.000%	15,000	15,000	10/26/2009	100
9/15/2024**	6.000%	15,000	15,000	10/26/2009	100
3/15/2025**	6.000%	15,000	15,000	10/26/2009	100
9/15/2025**	6.000%	15,000	15,000	10/26/2009	100
3/15/2026**	6.000%	15,000	15,000	10/26/2009	100

* Sinking Fund Installment or maturity date of a Term Bond maturing September 15, 2016
** Sinking Fund Installment or maturity date of a Term Bond maturing March 15, 2026

[THIS PAGE INTENTIONALLY LEFT BLANK]

FORM OF APPROVING OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

FORM OF APPROVING OPINION OF BOND COUNSEL

September , 2009

Dormitory Authority of the State of New York
515 Broadway
Albany, New York 12207

Ladies and Gentlemen:

We have examined a record of proceedings relating to the sale and issuance of $607,160,000 aggregate principal amount of State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2009A (the "Series 2009A Bonds") and $9,580,000 aggregate principal amount of State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2009B (Federally Taxable) (the "Series 2009B Bonds", together with the Series 2009A Bonds, the "Series 2009 Bonds") of the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic constituting a public benefit corporation of the State of New York (the "State"), organized and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State, as amended to the date hereof including, without limitation, by the Healthcare Finance Consolidation Act, being Title 4-B of the Public Authorities Law of the State as amended to the date hereof (the "Act"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth. Capitalized terms used herein without other definition have the meanings set forth in the Resolutions (hereinafter defined).

The Series 2009 Bonds are issued under and pursuant to (i) the Constitution and laws of the State, particularly the Act, (ii) Chapter 57, Pt. T, Section 34 of the Laws of the State of New York, 2007 (the "Program Act"), (iii) the State of New York Consolidated Service Contract Refunding Revenue Bond Resolution duly adopted by the Authority on July 25, 2007 (the "General Resolution"), and (iv) a Series 2009 Resolution Authorizing Up To $795,000,000 State of New York Consolidated Service Contract Refunding Revenue Bonds, Series 2009, duly adopted by the Authority on May 27, 2009 as amended and supplemented on July 29, 2009 (collectively, the "Series 2009 Resolution"; such resolution, together with the General Resolution, are herein collectively referred to as the "Resolutions").

The Series 2009 Bonds are being issued for the purposes set forth in the Resolutions. The Authority is authorized to issue Bonds, in addition to the Series 2009 Bonds, only upon the terms and conditions set forth in the Act and the Program Act and the Resolutions, and such Bonds, when issued, will, together with the Series 2009 Bonds, be entitled to the equal benefit, protection and security of the provisions, covenants and agreement of the Resolutions.

The Series 2009 Bonds are issuable only in the form of fully registered Bonds in denominations of $5,000 or integral multiples thereof. Interest on the Series 2009 Bonds is to be payable on January 1 and July 1 of each year commencing January 1, 2010. The Series 2009 Bonds are dated and bear interest from their date of delivery and mature on July 1 in each of the years in the respective principal amounts, and bear interest at the respective rates set forth in the related Bond Series Certificate executed and delivered pursuant to the Resolutions concurrently with the issuance of the Series 2009 Bonds.

The Series 2009 Bonds are numbered consecutively from one upward in order of issuance.

The Series 2009A Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions as set forth in the Resolutions and in the Bond Series Certificate executed on behalf of the Authority in connection with the issuance of the Series 2009 Bonds. There Series 2009B Bonds are not subject to redemption prior to maturity.

The Authority and the People of the State, acting by and through the Director of Budget of the State, have entered into a Service Contract, dated as of July 25, 2007 (the "Service Contract"), pursuant to which the payment of principal and Sinking Fund Installments of and interest on the Bonds, as well as certain other amounts, are to be paid by the State to the Authority as Contract Payments (the "Contract Payments"). The Contract Payments and the Authority's right to receive the same have been pledged by the Authority to Deutsche Bank Trust Company Americas, New York, New York (the "Trustee") for the benefit of the owners of the Series 2009 Bonds.

In rendering the opinions set forth herein, we have reviewed the Resolutions, the Service Contract, the Tax Certificate of the Authority dated as of the date hereof (the "Tax Certificate"), an opinion of counsel to the Authority, an opinion of the Attorney General of the State, certificates of the Authority, the Trustee and others, and such other agreements, documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have not undertaken an independent audit or investigation of the matters and opinions described or contained in the foregoing agreements, certificates, opinions and documents.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Series 2009A Bonds in order that interest on the Series 2009A Bonds will be and remain not includable in gross income under Section 103 of the Code. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, restrictions on the investment of proceeds and other amounts, and the timely rebate to the United States of certain earnings with respect to investments. Failure to comply with the continuing requirements may cause interest on the Series 2009A Bonds to be includable in gross income for federal income tax purposes retroactive to the date of their issuance irrespective of the date on which such noncompliance occurs. The Authority, the State and others have made certain covenants, representations and certifications designed to assure satisfaction of the requirements of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications, nor will it verify ongoing compliance with such covenants.

Certain requirements and procedures contained or referred to in the Resolutions and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally-recognized bond counsel. Winston & Strawn LLP expresses no opinion as to any Series 2009A Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of bond counsel other than Winston & Strawn LLP.

Based upon our examination of existing laws, such legal proceedings and such other documents as we deem necessary to render this opinion, we are of the opinion as of the date hereof that:

(1) The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolutions and to issue the Bonds, including the Series 2009 Bonds, thereunder.

(2) The Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect, and constitute legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

(3) The Series 2009 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act and the Program Act, and in accordance with the Resolutions. The Series 2009 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions and are entitled to the equal benefits of the Resolutions, the Act and the Program Act.

(4) The Authority has the right and lawful authority and power to enter into the Service Contract, and the Service Contract has been duly authorized and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

(5) The Series 2009 Bonds are payable solely from the sources described in the Resolutions and do not constitute a debt of the State.

(6) Under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by Authority, the State and certain other entities benefiting from the Series 2009A Bonds with the covenants, and the accuracy of the representations and certifications, referenced above, interest on the Series 2009A Bonds is not includable in gross income for federal income tax purposes and is not a "item of tax preference" for purposes of federal alternative minimum tax on individuals and corporations. However, interest on the Series 2009A Bonds owned by corporations (other than S corporations, Regulated Investment Companies, Real Estate Investment Trusts, Real Estate Mortgage Investment Conduits and Financial Asset Securitization Investment Trusts) will be included in the calculation of alternative minimum taxable income for purposes of calculating the alternative minimum tax imposed on corporations but not individuals.

(7) Certain maturities of the Series 2009A Bonds are initially offered to the public at prices less than the principal amount thereof payable to maturity. If the first price at which a substantial amount of the Series 2009A Bonds of the same maturity is sold in the initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) is less than the principal amount thereof payable at maturity, the difference between such price and principal amount constitutes original issue discount in respect of each Series 2009A Bond of the same maturity (the "Discount Bonds"). We are of the opinion that original issue discount, as it accrues, is not includable in gross income for federal income tax purposes, and is subject to the federal alternative minimum tax, to the same extent as interest on the Series 2009A Bonds. The owner of a Discount Bond who purchases it in the initial offering at the initial offering price is deemed to accrue in each taxable year original issue discount over the term of such bond under the "constant yield method" described in regulations interpreting Section 1272 of the Code with certain adjustments.

(8) Interest on the Series 2009B Bonds is included in gross income for federal income tax purposes. The opinion in this paragraph (8) is not intended or written to be used and cannot be used by an owner of the Series 2009B Bonds for the purpose of avoiding penalties that may be imposed on the owner of the Series 2009B Bonds. The opinion set forth in this paragraph (8) is written to support the promotion or marketing of the Series 2009B Bonds.

(9) Interest on the Series 2009 Bonds is exempt under existing statutes from personal income taxes imposed by the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

Except as set forth in paragraphs (6) through (9) above, we express no opinion regarding tax consequences arising with respect to the Series 2009 Bonds.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

DORMITORY AUTHORITY OF THE STATE OF NEW YORK • STATE OF NEW YORK CONSOLIDATED SERVICE CONTRACT REFUNDING REVENUE BONDS, SERIES 2009A AND SERIES 2009B (FEDERALLY TAXABLE)

Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
FSC
www.fsc.org Cert no. BV-COC-960893

Printed by: ImageMaster, Inc.