

## Financial Plan

New York uses a cash basis Financial Plan to report the amount of money that is collected and spent during the State fiscal year. Each year the Division of Budget develops a plan that shows proposed receipts and disbursements for the coming fiscal year. The plan is then submitted as part of the Executive Budget. It is revised subsequent to enactment of the budget to show the effect of the changes made by the Legislature to the Executive's original budget proposal. The plan is then updated quarterly to reflect actual experience and revised estimates.

The Financial Plan divides receipts and disbursements into different fund types. The General Fund is the fund into which most State taxes are deposited and from which State Operations and the state share of local grants are disbursed. The General Fund provides for funding to programs that are not supported by dedicated fees and revenues.

Programs that are supported by dedicated fees and revenues are funded from Special Revenue Funds. These funds are used to insure that monies are used solely for the purpose for which they are raised, or to insure that individual programs are self-supporting. Examples of such dedicated funding streams include the Environmental Protection Fund and the Dedicated Highway and Bridge Trust Fund. When Non-Federal Special Revenue Funds, Capital, and Debt Service Funds are combined with the General Fund the total is known as State Funds.

Special Revenue Funds also contains Federal Funds. State Funds and Federal Funds combine to produce an All Funds

figure. The All Funds amount is usually reported as the State Budget total.

### *All Funds*

All Funds includes All Governmental Funds appropriations plus appropriations made from non-governmental (Proprietary and Fiduciary) fund types. All Governmental Funds is a term referring to all State government funds within the following fund types: General, Special Revenue, Capital Projects, Debt Service and Federal Funds. Spending in the All Funds encompasses areas such as Local Assistance grants, State Operations, General State charges.

Disbursements on an All Governmental Funds basis for SFY 2006-07 are projected to be \$110.7 billion, an increase of \$4.4 billion or 4.1 percent over SFY 2005-06 estimates (Table 3).

All Funds disbursements for health and social welfare programs are projected to increase by \$789 million or 1.7 percent, which is more than the rate of State Funds spending growth (Table 11). Of this amount, \$194.8 million is related to increased Medicaid disbursements; health disbursements are projected to increase by \$574 million or 11.4 percent over SFY 2005-06.

Transportation spending is anticipated to be \$6.3 billion, an increase of \$226 million or 3.7 percent above SFY 2005-06 levels. Total spending will be for statewide transit operations and local highway and bridge capital aid will be \$2.7 billion, \$2.3 billion for capital

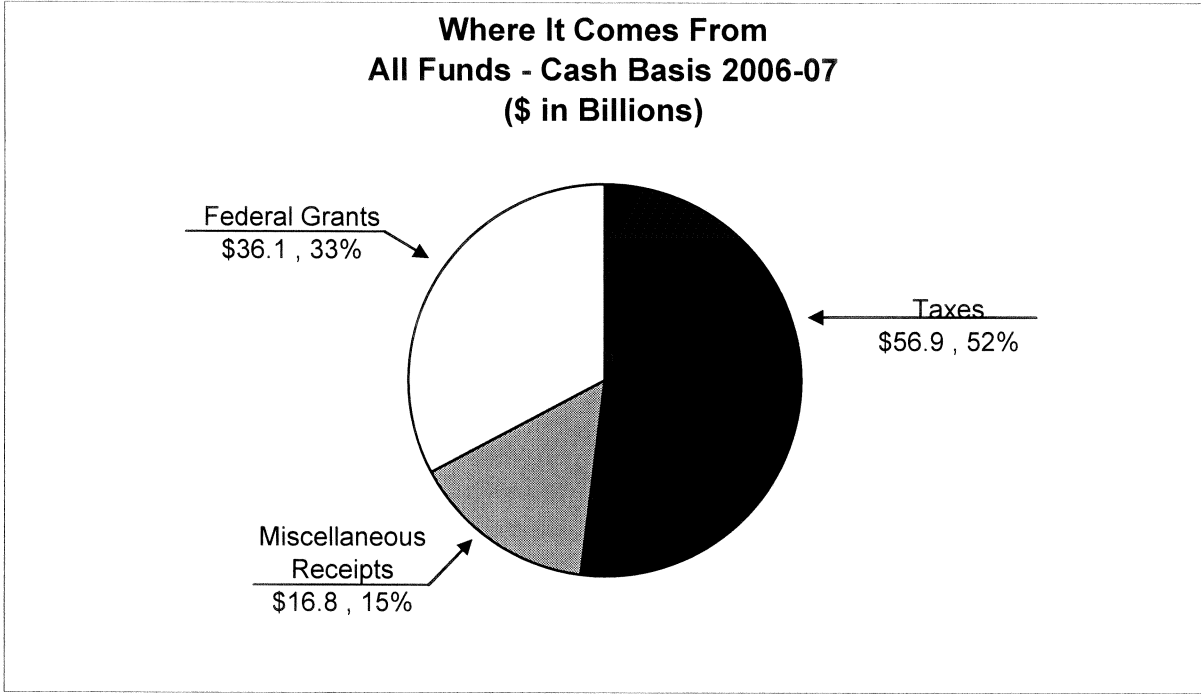


Figure 11

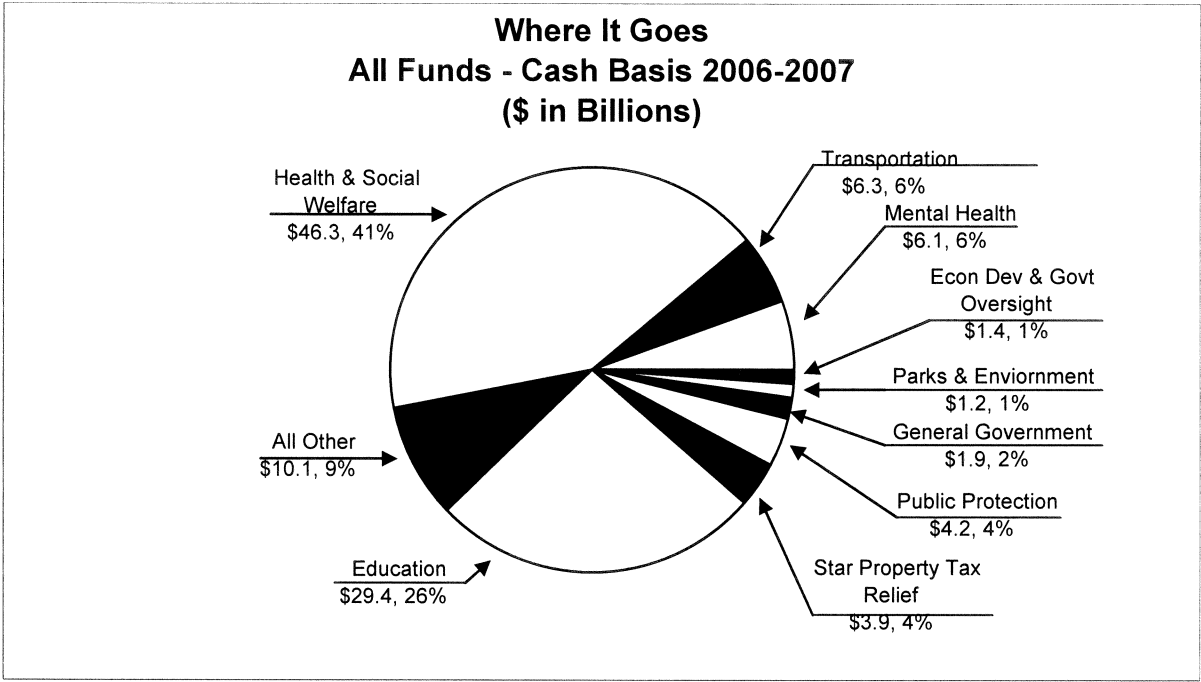


Figure 12

Table 3

<b>Proposed Financial Plan - Cash Basis</b>					
<b>All Funds</b>					
<b>State Fiscal Years 2004-05, 2005-06 &amp; 2006-07</b>					
<b>(\$ in Millions)</b>					
	<b>Actual</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Change</b>	<b>% Change</b>
	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>From</b>	<b>From</b>
				<b>2005-06</b>	<b>2005-06</b>
<b>Opening Cash Balance</b>	<b>4,171</b>	<b>4,281</b>	<b>5,990</b>	<b>1,709</b>	<b>39.9</b>
<b>Receipts</b>					
Taxes	48,598	53,513	56,851	3,338	6.2
Miscellaneous Receipts	15,859	18,241	16,772	(1,469)	(8.1)
Federal Grants	36,222	36,219	36,101	(118)	(0.3)
<b>Total Receipts</b>	<b>100,679</b>	<b>107,973</b>	<b>109,724</b>	<b>1,751</b>	<b>1.6</b>
<b>Disbursements</b>					
Local Assistance Grants	72,988	77,573	79,693	2,120	2.7
State Operations	15,672	16,416	17,351	935	5.7
General Service Charges	4,365	4,774	5,204	430	9.0
Debt Service	3,788	3,723	4,118	395	10.6
Capital Projects	3,855	3,888	4,378	490	12.6
<b>Total Disbursements</b>	<b>100,668</b>	<b>106,374</b>	<b>110,744</b>	<b>4,370</b>	<b>4.1</b>
<b>Other Financing Sources (Uses)</b>					
Bond and Note Proceeds	178	167	351	184	110.2
Transfers from Other Funds	18,095	19,200	19,464	264	1.4
Transfers to Other Funds	(18,174)	(19,257)	(19,551)	(294)	1.5
<b>Total Other Financing Sources (Uses)</b>	<b>99</b>	<b>110</b>	<b>264</b>	<b>154</b>	<b>140.0</b>
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses	<b>110</b>	<b>1,709</b>	<b>(756)</b>	<b>(2,465)</b>	<b>(144.2)</b>
<b>Closing Cash Balance</b>	<b>4,281</b>	<b>5,990</b>	<b>5,234</b>	<b>(756)</b>	<b>(12.6)</b>

Source: Executive Budget.

projects and remaining transportation spending is for DOT agency staff and related costs.

General State Charges is estimated at \$5 billion, an increase of \$254.4 million above the previous year (Table 3). The spending will include \$1.2 billion in pension contribution, \$1.56 billion in employee healthcare insurance and \$942 million in retiree health care insurance.

Long term debt service in All Funds is estimated to be \$4.1 billion, an increase of \$395 million or 10.6 percent above last year's.

All Funds receipts are estimated to total 109.7 billion, an increase of \$1.8 billion above 2005-06 projections. Tax receipts for SFY 2006-07 are estimated to be \$56.8 billion, a \$3.4 billion increase over SFY 2005-06.

All Funds are projected to close out SFY 2006-07 with a balance of \$5.2 billion, a decrease of \$756 million or 12.6 percent below SFY 2005-06 estimates.

#### *State Funds*

State Funds, in addition to the General Fund, include non-federal Special Revenue Funds, Debt Service Funds, and Capital Project Funds. The Executive proposes that in SFY 2006-07, State Funds disbursements increase by \$4.6 billion for a total of \$74.9 billion. This represents an increase of 6.6 percent over SFY 2005-06 (Table 4).

Local assistance grants are projected to be \$48.8 billion, an increase of \$2.4 billion

or 5.1 percent above SFY 2005-06. State operations is projected to increase by \$913 million or 6.8 percent above the prior year.

State Funds support for health and social welfare programs are projected to increase by \$1.4 billion or 7.5 percent. Mental Health disbursements are anticipated to increase by \$444.6 million or 15 percent (Table 12). Support for education is anticipated to increase by \$882.7 million or 3.5 percent. STAR Property Tax Relief program disbursements are projected to increase by \$679 million or 21 percent.

State Funds public protection funding is anticipated to increase by \$90.8 million or 2.6 percent, while disbursements for Parks and Environmental programs are projected to increase by \$8.9 million or 0.9 percent. State Funds support for Transportation is anticipated to increase by \$251.8 million or 5.6 percent. Within the State Fund, General State Charges are projected to increase by \$221 million and debt service is projected to increase by \$395 million, a 10.6 percent increase over the previous year.

State Fund receipts are projected to be \$73.6 billion, an increase of \$1.9 billion or 2.6 percent above SFY 2005-06 estimates, and is the result of \$3.3 billion (PIT & Sales) increases in tax receipts and a decrease of \$1.5 billion in Miscellaneous Receipts (Table 4).

The Executive's projected closing balance for State Funds in SFY 2006-07 is \$5.6 billion, a decrease of \$755 million below SFY 2005-06.

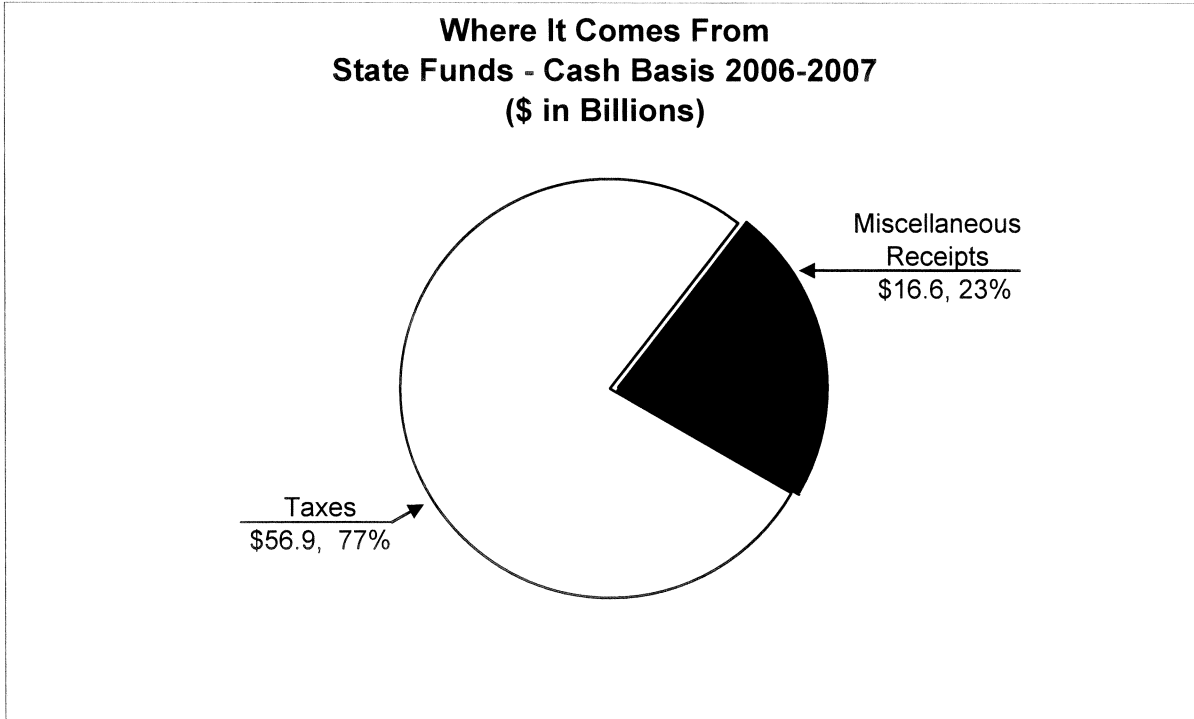


Figure 13

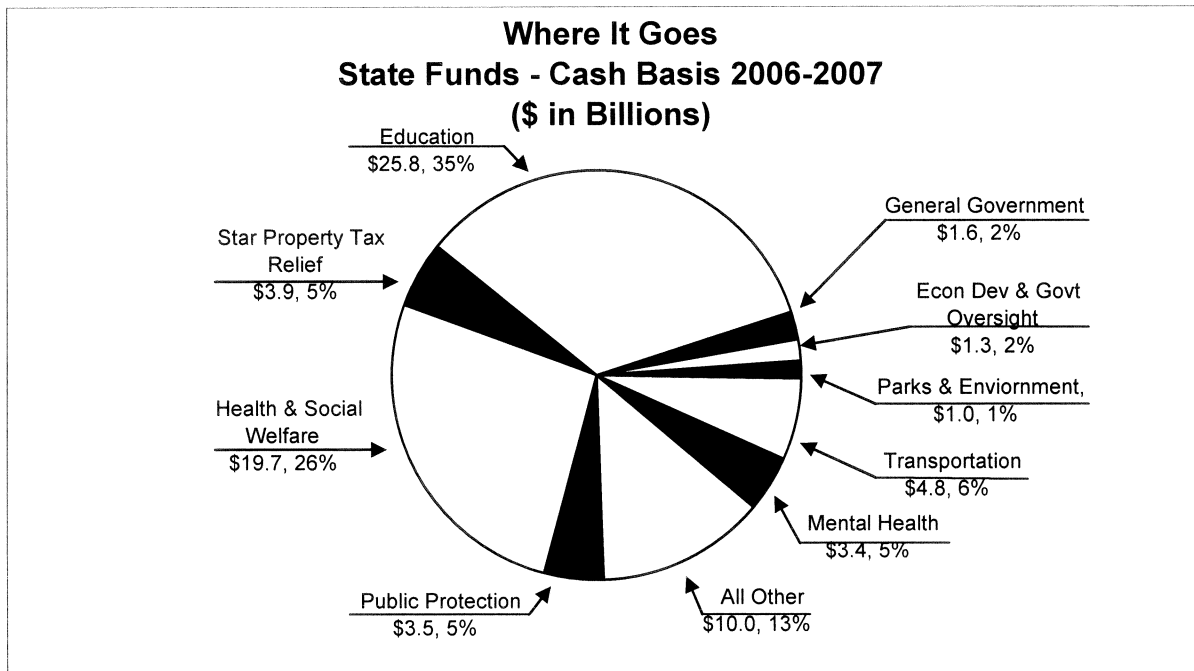


Figure 14

Table 4

<b>Proposed Financial Plan - Cash Basis</b>					
<b>State Funds</b>					
<b>State Fiscal Years 2004-05, 2005-06 &amp; 2006-07</b>					
<b>(\$ in Millions)</b>					
	<b>Actual</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Change</b>	<b>% Change</b>
	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>From</b>	<b>From</b>
				<b>2005-06</b>	<b>2005-06</b>
<b>Opening Cash Balance</b>	<b>3,844</b>	<b>4,530</b>	<b>6,326</b>	<b>1,796</b>	<b>39.6</b>
<b>Receipts</b>					
Taxes	48,598	53,513	56,851	3,338	6.2
Miscellaneous Receipts	15,710	18,225	16,757	(1,468)	(8.1)
Federal Grants	9	10	10	-	0.0
<b>Total Receipts</b>	<b>64,317</b>	<b>71,748</b>	<b>73,618</b>	<b>1,870</b>	<b>2.6</b>
<b>Disbursements</b>					
Local Assistance Grants	40,961	46,419	48,808	2,389	5.1
State Operations	12,494	13,351	14,264	913	6.8
General State Charges	4,177	4,557	4,962	405	8.9
Debt Service	3,788	3,723	4,118	395	10.6
Capital Projects	2,552	2,303	2,846	543	23.6
<b>Total Disbursements</b>	<b>63,972</b>	<b>70,353</b>	<b>74,998</b>	<b>4,645</b>	<b>6.6</b>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	15,655	16,809	17,096	287	1.7
Transfers to other funds	(15,494)	(16,575)	(16,822)	(247)	1.5
Bond and note proceeds <sup>1</sup>	78	167	351	184	110.2
<b>Net Other Sources (Uses)</b>	<b>339</b>	<b>401</b>	<b>625</b>	<b>224</b>	<b>55.9</b>
<b>Change in Fund Balance</b>	<b>684</b>	<b>1,796</b>	<b>(755)</b>	<b>(2,551)</b>	<b>(142.0)</b>
<b>Closing Cash Balance</b>	<b>4,528</b>	<b>6,326</b>	<b>5,571</b>	<b>(755)</b>	<b>(11.9)</b>

Source: Executive Budget.

## *General Fund*

The Executive proposes General Fund disbursements for State Fiscal Year (SFY) 2006-07 of \$49.6 billion, an increase of \$2.4 billion or 5.1 percent above SFY 2005-06 (Table 5). Local Assistance is projected at \$33.7 billion, a \$1.6 billion or 4.9 percent increase above SFY 2005-06 levels. The increase is attributed to \$764 million in Medicaid Cap and Family Health Plus takeover, \$530 million for Star plus rebates and \$494 million in school aid.

General Fund disbursements for health and social welfare programs are projected to increase by \$711 million, or 5.9 percent, over SFY 2005-06 (Table 13). Medicaid disbursements are projected to increase by \$549 million or 6.6 percent, and public assistance disbursements are expected to increase by \$10.7 million, or 1.2 percent. Education disbursements, including support for both higher education and elementary and secondary education, are projected to increase by \$907.9 million or 4.9 percent.

Public protection spending is projected to increase by \$18 million or 0.6 percent, while funding for Parks and Environmental programs are anticipated to increase by \$7.5 million or 3.2 percent. General Fund support for transportation is expected to decline by \$90 million or 59.8 percent.

State Operations is projected at \$8.9 billion, a \$642 million or 7.8 percent increase from SFY 2005-06. Of that total amount 72 percent or \$6.4 billion is for personal services with an anticipated increase of \$624 million. The remaining 28 percent or \$2.4 billion

represent non-personal services with an increase of \$18 million over SFY 2005-06 estimates.

General Fund receipts are projected to be \$50.2 billion, an increase of \$2.2 billion or 4.7 percent above SFY 2005-06 estimates, the result of increases in Personal Income Tax of \$1.8 billion, Consumption Taxes of \$173 million, Business Taxes of \$26 million, and increases in Miscellaneous Receipts of \$117 million (Table 5).

In the Midyear Report released in October of 2005, the Executive projected that the State would end SFY 2005-06 with a \$2.8 billion surplus in the General Fund, made up entirely of statutory reserves. The Executive has revised this estimate upwards in the Executive Budget by \$472 million for a projected General Fund closing balance of \$3.2 billion, including, \$2 billion in the Refund Reserve Account, \$945 million in the Tax Stabilization Reserve Fund, \$21 million in the Contingency Reserve Fund and \$286 million in the Community Project Fund.

The Executive estimates the SFY 2006-07 General Fund closing balance will be \$3.8 billion, \$2.6 billion in the Refund Reserve Account, \$945 million in the Tax Stabilization Reserve Fund, \$21 million in the Contingency Reserve Fund and \$236 million in Community Project Fund. The Tax Stabilization Reserve Fund is a constitutionally restricted fund that can only be used in the event of a revenue shortfall or deficit during a fiscal year.

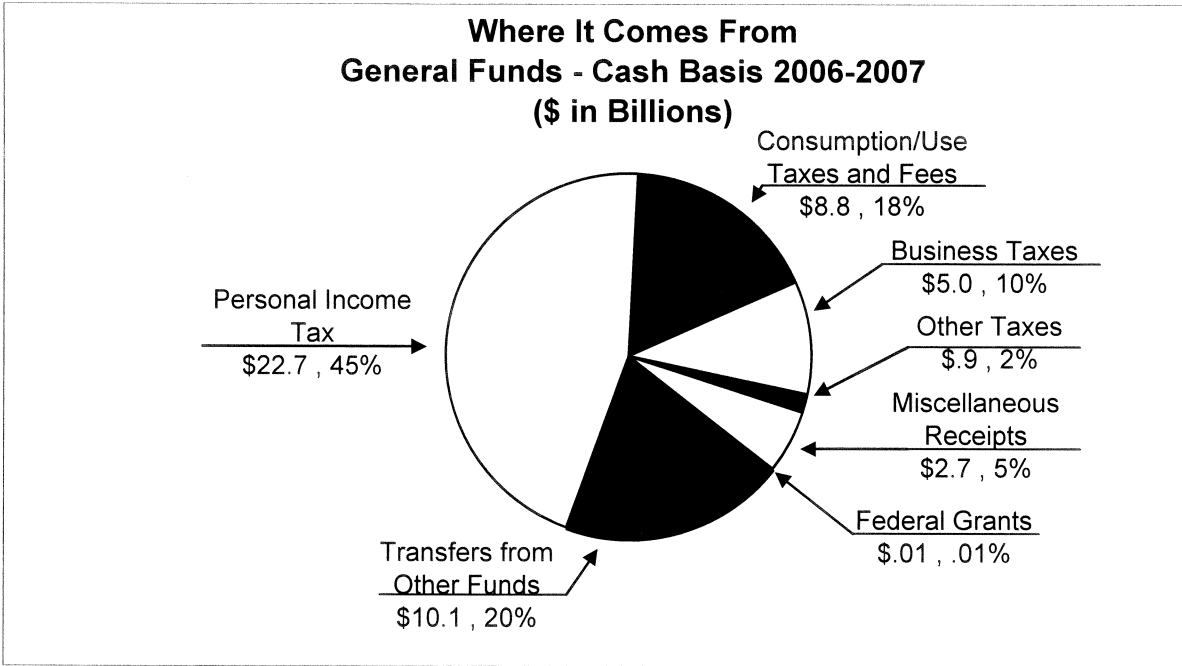


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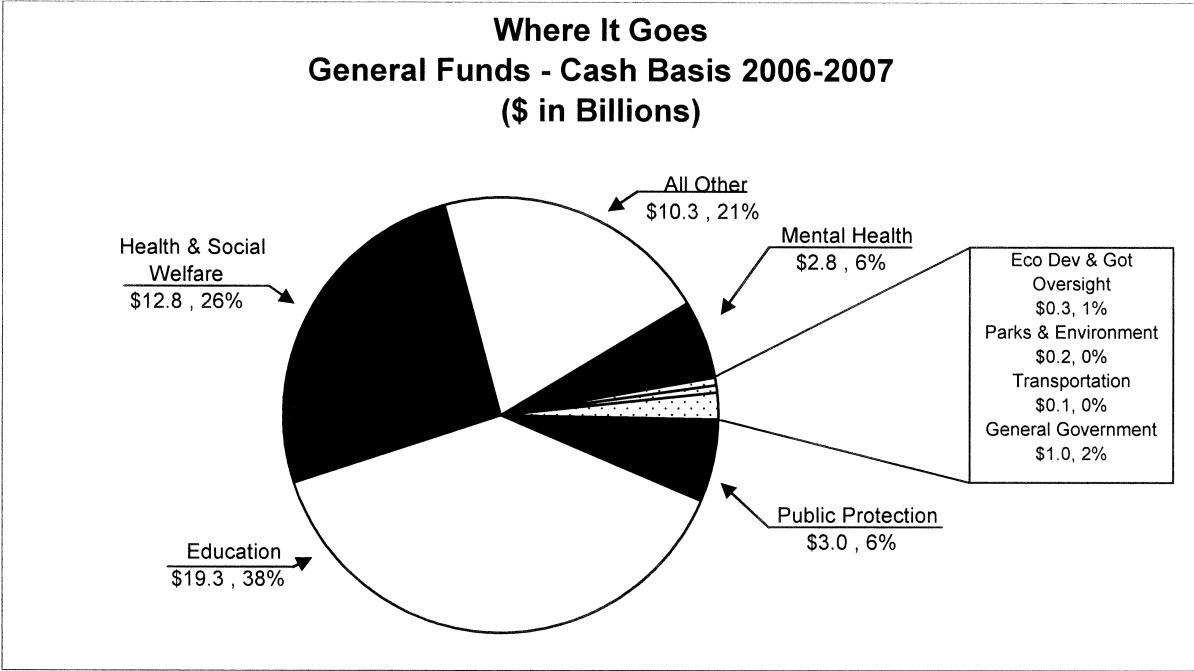


Figure 16



Table 5

<b>Proposed Financial Plan - Cash Basis</b>					
<b>General Fund</b>					
<b>State Fiscal Years 2004-05, 2005-06 &amp; 2006-07</b>					
<b>(\$ in Millions)</b>					
	Actual 2004-05	Estimated 2005-06	Proposed 2006-07	Change From 2005-06	% Change From 2005-06
<b>Opening Cash Balance</b>	<b>\$1,077</b>	<b>\$2,546</b>	<b>\$3,243</b>	<b>\$697</b>	<b>27.4</b>
<b>Receipts</b>					
Personal Income Tax	18,677	20,827	22,654	1,827	8.8
Consumption/Use Taxes and Fees	8,731	8,637	8,810	173	2.0
Business Taxes	4,069	4,973	4,999	26	0.5
Other Taxes	926	894	900	6	0.7
Miscellaneous Receipts	2,725	2,591	2,708	117	4.5
Federal Grants	9	9	9	-	0.0
Transfers from Other Funds			10,086		
PIT in excess of Revenue Bond Debt Service	5,981	6,541	6,932	391	6.0
Sales tax in excess of LGAC debt service	2,182	2,285	2,356	71	3.1
Real estate taxes in excess of CW/CA debt service	516	705	532	(173)	(24.5)
Other	452	468	266	(202)	(43.2)
<b>Total Receipts</b>	<b>44,268</b>	<b>47,930</b>	<b>50,166</b>	<b>2,236</b>	<b>4.7</b>
<b>Disbursements</b>					
Local Assistance Grants	30,001	32,085	33,655	1,570	4.9
State Operations	7,565	8,246	8,888	642	7.8
General State Charges	3,653	4,003	4,344	341	8.5
Debt Service				-	
Transfers to Other Funds					
Debt Service	1,731	1,727	1,731	4	0.2
Capital Projects	197	210	255	45	21.4
State University		-	-		
Other Purposes	980	962	765	(197)	(20.5)
<b>Total Disbursements</b>	<b>44,127</b>	<b>47,233</b>	<b>49,638</b>	<b>2,405</b>	<b>5.1</b>
Excess (Deficiency) of Receipts over Disbursements	<b>141</b>	<b>697</b>	<b>528</b>	<b>(169)</b>	<b>(24.2)</b>
<b>Closing Cash Balance</b>	<b>\$1,218</b>	<b>\$3,243</b>	<b>\$3,771</b>	<b>528</b>	<b>16.3</b>
<i>Source: Executive Budget.</i>					

### Closing the Current Year Gap

The Executive's Financial Plan reflects a balanced budget for SFY 2006-07 by closing a projected gap of \$751 million (Table 6).

### Spending Restraints

The Executive recommends General Fund spending reductions that total \$3.1 billion in SFY 2007-08 and \$3.3 billion SFY 2008-09. These reductions include a combination of program restructuring and the use of alternate funding sources.

### Additional Spending Actions

The Executive proposes \$406 million in additional General Fund spending actions to finance increase aid to multiple programs.

### General Fund Tax Cuts

The Executive recommends tax cuts of \$844 million in SFY 2006-07, \$2.2 billion in SFY 2007-08 and \$3.3 billion in SFY 2008-09.

The Executive proposes to increase fines and fees to generate additional revenues of \$94 million in SFY 2006-07, \$155 million in SFY 2007-08 and \$154 million in SFY 2008-09.

Table 6

<b>General Fund Budget-Balancing Plan</b>				
<b>(\$ in Millions)</b>				
<b>GENERAL FUND (\$ Millions)</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
<b>Revised Surplus/(Gaps)</b>	<b>\$1,991</b>	<b>(\$751)</b>	<b>(\$3,155)</b>	<b>(\$3,895)</b>
Spending Restraint		\$1,983	\$3,136	\$3,338
Fines/Fees/Other		\$94	\$155	\$154
Spending Additions		(\$406)	(\$834)	(\$1,194)
Tax Policy Changes		(\$844)	(\$2,210)	(\$3,268)
Debt Reduction Reserve Deposit (One-Time)		(\$250)	-	-
Finance Debt Reduction Deposit (One-Time)		\$227	-	-
Spending Stabilization (Deposit)/Use	(\$1,991)	(\$53)	\$1,022	\$1,022
<b>Executive Budget Surplus/(Gaps)</b>	<b>-</b>	<b>-</b>	<b>(\$1,886)</b>	<b>(\$3,843)</b>

### Non-Recurring Action

The Executive proposes to use \$227 million in non-recurring actions dedicated to finance the Debt Reduction Reserve Fund (Table 7).

Table 7

<b>Executive Proposed One-Time General Funds Actions State Fiscal Year 2006-07 (\$ in Millions)</b>	
<b>Non-Recurring Resources</b>	
Medicaid: Drug Rebate Revenue	\$72
Welfare: TANF Surplus; TANF Performance Bonus	\$69
Public Health: Maximize Federal Reimbursement	\$30
Federal World Trade Center Reimbursement	\$12
Higher Education Services: Fund Balance	\$20
Sale of Surplus Property	\$20
All Other Non-Recurring Resources	\$4
<b>Total</b>	<b>\$227</b>

### Out Year Gap

The Financial Plan for SFY 2007-08, estimate \$50 billion in receipts and disbursement at \$52.8 billion, together with the utilization of \$912 million of reserve, the Financial Plan anticipates the General Fund will close the fiscal year with a \$1.9 billion deficit (Table 8). Receipts for SFY 2007-08 are estimated to be \$155 million lower than SFY 2006-07 recommended levels. According to the Executive's estimate, SFY 2007-08 receipts will be decreasing at a rate of 0.3 percent, while spending will be increasing at 6.4 percent (Table 9 and Table 10).

The Financial Plan for SFY 2008-09 estimates receipts of \$51.5 billion and disbursement at \$56.3 billion, together

with the utilization of \$1 billion of reserve, the Financial Plan anticipates the General Fund will close that fiscal year with a \$3.8 billion deficit. Receipts for SFY 2008-09 are estimated to be \$1.4 billion higher than SFY 2007-08 recommended levels. According to the Executive's estimate, SFY 2008-09 receipts will be increasing at a rate of 2.9 percent while spending will be increasing at a rate of 6.6 percent (Table 9 and Table 10)

In the Executive Budget the Executive proposed to reduce out-year gaps by the following:

- Restrain spending in fastest growing programs, particularly Medicaid;
- set aside \$2 billion from 2005-06 to be used in installments to help reduce the budget gap in 2007-08 and 2008-09; and
- a \$250 million Debt Service Reserve Fund.

Table 8

<b>Outyear General Fund Financial Plan Projections</b>					
<b>(\$ in Millions)</b>					
	<b>2006-07</b>	<b>2007-08</b>	<b>Annual Change</b>	<b>2008-09</b>	<b>Annual Change</b>
Receipts	50,166	50,011	(155)	51,465	1,454
Disbursements	49,638	52,809	3,171	56,320	3,511
Balances/Reserves (Deposit)/Use	(528)	912	1,440	1,012	100
Executive Budget Gaps	-	<b>(1,886)</b>	<b>(1,886)</b>	<b>(3,843)</b>	<b>(1,957)</b>

Table 9

<b>Outyear General Fund Receipts Forecast</b>					
<b>(\$ in Millions)</b>					
	<b>2006-07</b>	<b>2007-08</b>	<b>Annual Change</b>	<b>2008-09</b>	<b>Annual Change</b>
Personal Income Tax	22,654	22,519	(135)	24,014	1,495
User Taxes and Fees	8,810	9,131	321	9,416	285
Business Taxes	4,999	5,083	84	4,696	(387)
Other Taxes	900	817	(83)	703	(114)
Miscellaneous Receipts	2,708	2,573	(135)	2,342	(231)
Federal Grants	9	9	-	9	-
Transfers from Other Funds					
Revenue Bond Fund	6,932	6,695	(237)	7,013	318
LGAC Fund	2,356	2,455	99	2,548	93
CW/CA Fund	532	515	(17)	507	(8)
All Other	266	214	(52)	217	3
<b>Total Receipts</b>	<b>50,166</b>	<b>50,011</b>	<b>(155)</b>	<b>51,465</b>	<b>1,454</b>
<i>Annual Percent Change</i>			-0.3%		2.9%

Table 10

<b>Outyear General Fund Disbursement Projections</b>					
<b>(\$ in Millions)</b>					
	<b>2006-07</b>	<b>2007-08</b>	<b>Annual Change</b>	<b>2008-09</b>	<b>Annual Change</b>
<b>Grants to Local Governments:</b>	<b>33,655</b>	<b>36,293</b>	<b>2,638</b>	<b>39,255</b>	<b>2,962</b>
School Aid	13,988	14,378	390	14,911	533
Medicaid	8,841	10,487	1,646	12,534	2,047
Welfare	1,277	1,419	142	1,413	(6)
Special Education	986	1,017	31	1,074	57
Mental Hygiene (OMR/OMH)	1,257	1,406	149	1,517	111
Children and Families Services	1,302	1,389	87	1,455	66
Local Government Assistance	1,111	1,157	46	1,202	45
All Other	4,893	5,040	147	5,149	109
<b>State Operations:</b>	<b>8,888</b>	<b>9,205</b>	<b>317</b>	<b>9,472</b>	<b>267</b>
Personal Service	6,413	6,569	156	6,668	99
Non-Personal Service	2,475	2,636	161	2,804	168
<b>General State Charges</b>	<b>4,344</b>	<b>4,634</b>	<b>290</b>	<b>4,916</b>	<b>282</b>
Pensions	1,221	1,192	(29)	1,167	(25)
Health Insurance	2,399	2,713	314	2,996	283
All Other	724	729	5	753	24
<b>Transfers to Other Funds:</b>	<b>2,751</b>	<b>2,677</b>	<b>(74)</b>	<b>2,677</b>	<b>-</b>
Debt Service	1,731	1,780	49	1,766	(14)
Capital Projects	255	242	(13)	240	(2)
All Other	765	655	(110)	671	16
<b>Total Disbursements</b>	<b>49,638</b>	<b>52,809</b>	<b>3,171</b>	<b>56,320</b>	<b>3,511</b>
<i>Annual Percent Change</i>			6.4%		6.6%

Table 11

<b>Proposed Disbursements by Program Category</b>				
<b>All Funds</b>				
<b>(\$ in Thousands)</b>				
	<b>Estimated</b>	<b>Proposed</b>	<b>Amount</b>	<b>Percent</b>
	<b>2005-06</b>	<b>2006-07</b>	<b>Change</b>	<b>Change</b>
<b>Health &amp; Social Welfare</b>				
Medical Assistance	\$31,590,554	\$31,785,333	\$194,779	0.6%
Income Maintenance	3,383,166	3,593,882	210,716	6.2%
Health	5,043,216	5,617,652	574,436	11.4%
Other	5,457,491	5,266,981	(190,510)	-3.5%
<b>Health - Total</b>	<b>45,474,427</b>	<b>46,263,848</b>	<b>\$789,421</b>	<b>1.7%</b>
<b>Education</b>				
School Aid	\$18,351,772	\$18,965,001	\$613,229	3.3%
State University	\$5,062,333	\$5,382,521	\$320,188	6.3%
City University	\$1,464,888	\$1,565,071	\$100,183	6.8%
Other	\$3,628,862	\$3,533,682	(\$95,180)	-2.6%
<b>Education - Total</b>	<b>28,507,855</b>	<b>29,446,275</b>	<b>\$938,420</b>	<b>3.3%</b>
<b>Star Property Tax Relief</b>	<b>3,219,000</b>	<b>3,898,000</b>	<b>679,000</b>	<b>21.1%</b>
<b>Mental Health</b>				
Mental Health	\$2,284,228	\$2,436,432	\$152,204	6.7%
Developmentally Disabled	\$2,914,838	\$3,133,960	\$219,122	7.5%
Other	\$506,330	\$553,176	\$46,846	9.3%
<b>Mental Health - Total</b>	<b>5,705,396</b>	<b>6,123,568</b>	<b>\$418,172</b>	<b>7.3%</b>
<b>Transportation</b>	<b>6,079,830</b>	<b>6,306,690</b>	<b>\$226,860</b>	<b>3.7%</b>
<b>Public Protection</b>	<b>3,972,635</b>	<b>4,164,245</b>	<b>191,610</b>	<b>4.8%</b>
<b>General Government</b>	<b>1,571,321</b>	<b>1,894,751</b>	<b>323,430</b>	<b>20.6%</b>
<b>Parks and the Environment</b>	<b>1,172,148</b>	<b>1,177,182</b>	<b>5,034</b>	<b>0.4%</b>
<b>Econ Dev &amp; Govt Oversight</b>	<b>1,238,988</b>	<b>1,383,028</b>	<b>144,040</b>	<b>11.6%</b>
<b>All Others</b>				
Local Government Assistance	\$1,036,400	\$1,111,150	\$74,750	7.2%
General State Charges/Misc	\$4,786,029	\$5,040,408	\$254,379	5.3%
Long Term Debt Service	\$3,722,834	\$4,118,266	\$395,432	10.6%
Other	(\$113,346)	(\$183,251)	(\$69,905)	61.7%
<b>All Others - Total</b>	<b>9,431,917</b>	<b>10,086,573</b>	<b>654,656</b>	<b>6.9%</b>
<b>Total</b>	<b>\$106,373,517</b>	<b>\$110,744,160</b>	<b>\$4,370,643</b>	<b>4.1%</b>

Source: Executive Budget.

Table 12

<b>Proposed Disbursements by Program Category</b>				
<b>State Funds</b>				
<b>(\$ in Thousands)</b>				
	<b>Estimated</b>	<b>Proposed</b>	<b>Amount</b>	<b>Percent</b>
	<b>2005-06</b>	<b>2006-07</b>	<b>Change</b>	<b>Change</b>
<b>Health &amp; Social Welfare</b>				
Medical Assistance	\$11,703,047	\$12,449,226	\$746,179	6.4
Income Maintenance	883,166	893,882	10,716	1.2
Health	3,386,620	3,900,172	513,552	15.2
Other	2,369,493	2,476,422	106,929	4.5
<b>Health - Total</b>	<b>18,342,326</b>	<b>19,719,702</b>	<b>1,377,376</b>	<b>7.5</b>
<b>Education</b>				
School Aid	15,807,772	16,385,001	577,229	3.7
State University	4,883,318	5,198,058	314,740	6.4
City University	1,464,888	1,565,071	100,183	6.8
Other	2,760,209	2,650,755	(109,454)	(4.0)
<b>Education - Total</b>	<b>24,916,187</b>	<b>25,798,885</b>	<b>882,698</b>	<b>3.5</b>
<b>Star Property Tax Relief</b>	<b>3,219,000</b>	<b>3,898,000</b>	<b>679,000</b>	<b>21.1</b>
<b>Mental Health</b>				
Mental Health	1,672,484	1,912,747	240,263	14.4
Developmentally Disabled	944,593	1,100,045	155,452	16.5
Other	343,389	392,307	48,918	14.2
<b>Mental Health - Total</b>	<b>2,960,466</b>	<b>3,405,099</b>	<b>444,633</b>	<b>15.0</b>
<b>Transportation</b>	<b>4,498,769</b>	<b>4,750,550</b>	<b>251,781</b>	<b>5.6</b>
<b>Public Protection</b>	<b>3,435,305</b>	<b>3,526,068</b>	<b>90,763</b>	<b>2.6</b>
<b>General Government</b>	<b>1,463,884</b>	<b>1,568,689</b>	<b>104,805</b>	<b>7.2</b>
<b>Parks and the Environment</b>	<b>978,732</b>	<b>987,643</b>	<b>8,911</b>	<b>0.9</b>
<b>Econ Dev &amp; Govt Oversight</b>	<b>1,180,798</b>	<b>1,324,914</b>	<b>144,116</b>	<b>12.2</b>
<b>All Others</b>				
Local Government Assistance	1,036,400	1,111,150	74,750	7.2
General State Charges/Misc	4,553,309	4,774,393	221,084	4.9
Long Term Debt Service	3,722,834	4,118,266	395,432	10.6
Other	45,454	14,699	(30,755)	(67.7)
<b>All Others - Total</b>	<b>9,357,997</b>	<b>10,018,508</b>	<b>660,511</b>	<b>7.1</b>
<b>Total</b>	<b>\$70,353,464</b>	<b>\$74,998,058</b>	<b>\$4,644,594</b>	<b>6.6</b>

Source: Executive Budget.

Table 13

<b>Proposed Disbursements by Program Category</b>				
<b>General Funds</b>				
<b>(\$ in Thousands)</b>				
	<b>Estimated 2005-06</b>	<b>Proposed 2006-07</b>	<b>Amount Change</b>	<b>Percent Change</b>
<b>Health &amp; Social Welfare</b>				
Medical Assistance	\$8,290,997	\$8,840,526	549,529	6.6
Income Maintenance	883,166	893,882	10,716	1.2
Health	848,082	878,769	30,687	3.6
Other	2,025,858	2,145,965	120,107	5.9
<b>Health - Total</b>	<b>12,048,103</b>	<b>12,759,142</b>	<b>711,039</b>	<b>5.9</b>
<b>Education</b>				
School Aid	13,494,028	13,987,501	493,473	3.7
State University	1,428,969	1,456,475	27,506	1.9
City University	942,396	911,652	(30,744)	(3.3)
Other	2,508,625	2,926,254	417,629	16.6
<b>Education - Total</b>	<b>18,374,018</b>	<b>19,281,882</b>	<b>907,864</b>	<b>4.9</b>
<b>Mental Health</b>				
Mental Health	1,359,137	1,579,503	220,366	16.2
Developmentally Disabled	853,421	915,330	61,909	7.3
Other	301,947	338,203	36,256	12.0
<b>Mental Health - Total</b>	<b>2,514,505</b>	<b>2,833,036</b>	<b>318,531</b>	<b>12.7</b>
<b>Transportation</b>	<b>150,640</b>	<b>60,516</b>	<b>(90,124)</b>	<b>(59.8)</b>
<b>Public Protection</b>	<b>2,971,644</b>	<b>2,989,409</b>	<b>17,765</b>	<b>0.6</b>
<b>General Government</b>	<b>908,903</b>	<b>954,012</b>	<b>45,109</b>	<b>5.0</b>
<b>Parks and the Environment</b>	<b>234,047</b>	<b>241,564</b>	<b>7,517</b>	<b>3.2</b>
<b>Econ Dev &amp; Govt Oversight</b>	<b>292,342</b>	<b>252,919</b>	<b>(39,423)</b>	<b>(13.5)</b>
<b>All Others</b>				
Local Government Assistance	1,036,400	1,111,150	74,750	7.2
General State Charges/Misc	4,204,138	4,591,999	387,861	9.2
Long Term Debt Service	1,727,425	1,730,629	3,204	0.2
Other	2,770,676	2,832,120	61,444	2.2
<b>All Other - Total</b>	<b>9,738,639</b>	<b>10,265,898</b>	<b>527,259</b>	<b>5.4</b>
<b>Total</b>	<b>\$47,232,841</b>	<b>\$49,638,378</b>	<b>\$2,405,537</b>	<b>5.1</b>

Source: Executive Budget.



## Capital Program and Financing Plan

### *The Five-Year Capital Plan*

The Executive's Five-Year Capital Plan spends \$34.8 billion between SFY 2006-07 through SFY 2010-2011, an average of \$7 billion annually. This is a billion dollars higher than Capital Plan spending average from SFY 2003-04 to SFY 2007-08. State Capital spending primarily focuses on Transportation, Education and Economic Development. The Capital Plan continues to reflect the \$35.9 billion Five-Year Transportation Plan for the Metropolitan Transportation

Authority and Department of Transportation, including implementation of the voter-approved \$2.9 billion Rebuild and Renew New York Transportation Bond Act, the \$5.0 billion Five-Year Higher Education Capital Plan, and the \$1.3 billion Health Care Efficiency and Affordability program, as well as \$1.7 billion in new capital recommendations (Table 14). Capital Plan spending decreases in SFY 2008-09 primarily in Higher Education and Economic Development.

Table 14

<b>Capital Spending by Function 2005-06 through 2010-2011 (\$ in Thousands)</b>						
<b>Spending</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Transportation	3,517,649	3,826,627	4,028,855	4,241,042	4,454,238	4,627,125
Parks and Environment	676,212	656,469	653,551	608,392	594,710	604,710
Economic Development & Gov't.						
Oversight	524,174	685,763	1,003,474	706,078	418,200	395,450
Health and Social Welfare	140,841	274,071	351,401	421,433	247,372	292,098
Education	906,266	1,212,899	1,199,983	927,827	584,594	501,099
Public Protection	264,599	300,665	326,610	307,598	291,880	305,625
Mental Hygiene	296,509	364,815	505,737	520,860	415,666	370,639
General Government	118,900	162,689	105,950	116,850	74,500	74,500
Other	96,234	167,026	208,956	151,456	116,000	94,560
Anticipated Spending Delays	<u>(393,771)</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>(725,000)</u>	<u>(725,000)</u>
<b>Total</b>	<b>6,147,613</b>	<b>6,901,024</b>	<b>7,634,517</b>	<b>7,251,536</b>	<b>6,472,160</b>	<b>6,540,806</b>

### *SFY 2006-07*

The Capital Plan recommends \$6.9 billion in capital spending in State Fiscal Year (SFY) 2006-07, an increase of 10.9 percent or \$753 million over SFY 2005-06. Transportation spending accounts for \$3.8 billion of the proposed capital spending for SFY 2006-07. The

remaining Capital spending projection includes \$656 million for Parks and Environment, \$1.2 billion for Education, \$301 million for Public Protection, \$365 million for Mental Hygiene, \$686 million for Economic Development and Government Oversight, \$274 million for Health and Social Welfare, \$163 million for General Government

and \$167 million for all other categories of capital projects. The Capital Plan anticipates \$750 million in spending delays that would not hinder the advancement of scheduled capital projects (Figure 17).

### Financing by Source

The Executive's proposed Capital Program and Financing Plan for the Federal Funds pay-as-you-go share of capital spending is \$8.7 billion or 22.7 percent beginning in SFY 2006-07. State Funds pay-as-you-go share of capital spending is \$8.7 billion or 22.7 percent beginning in SFY 2006-07. The Public Authority debt share of capital spending is \$18.6 billion or 48.3 percent beginning in SFY 2006-07, and General Obligation debt financing for capital spending is \$2.5 billion or 6.4 percent of the total capital spending beginning in SFY 2006-07 (Table 15).

### New Capital Spending

The Executive's Capital Program Plan provides \$1.7 billion in new Capital projects, including the following programs: Economic development initiatives for academic research and development projects, cultural facilities, various other economic development, and energy environmental projects (\$475 million); for construction and rehabilitation projects for "New York, New York III" (\$133 million), civil commitment facilities (\$165 million), and the Kirby Mental Hygiene facility (\$57 million); State University of New York (SUNY) dormitory projects (\$350 million); State and City University systems (\$125 million), rehabilitation projects and a new academic building at SUNY's Old

Westbury campus (\$90 million), City University of New York (CUNY) – including Marshak building (\$35 million); Office for Technology – a new statewide data center (\$75 million); Agriculture and Markets – a new food laboratory (\$40 million); and State Police Troop L Headquarters in Nassau County (\$26 million) (Figure18).

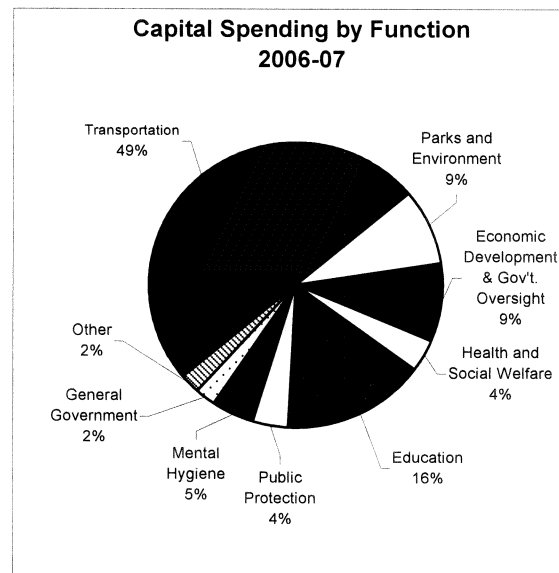


Figure 17

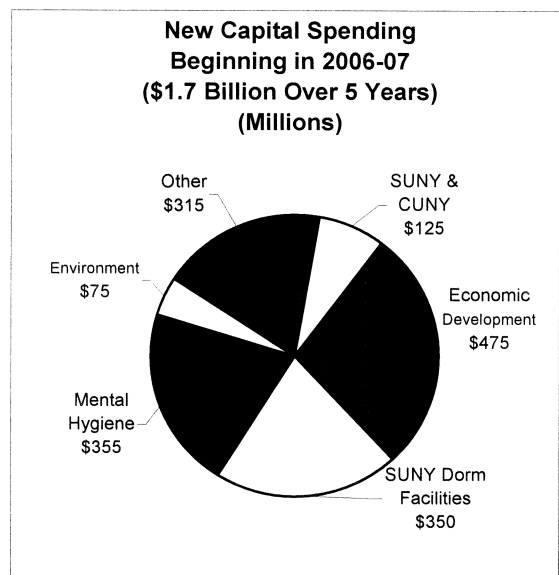


Figure18

Table 15

<b>Capital Spending by Financing Source</b> <b>2005-06 through 2010-11</b> <b>(\$ in Thousands)</b>						
<b>Financing Source</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
State Pay-As-You-Go	1,483,761	1,782,342	1,770,118	1,700,973	1,648,849	1,786,581
Federal Pay-As-You-Go	1,794,722	1,737,774	1,857,278	1,769,789	1,698,762	1,678,452
General Obligation Bonds	203,827	353,134	473,919	541,388	574,467	538,991
Authority Bonds	3,059,074	3,777,774	4,283,202	3,989,386	3,275,082	3,261,872
Spending Delays	<u>(393,771)</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>(725,000)</u>	<u>(725,000)</u>
<b>Total</b>	<b>6,147,613</b>	<b>6,901,024</b>	<b>7,634,517</b>	<b>7,251,536</b>	<b>6,472,160</b>	<b>6,540,896</b>

## Debt Plan

### State-related Debt Outstanding

For State Fiscal Year (SFY) 2006-07 the State has \$49.4 billion in outstanding debt which includes \$3.5 billion in General Obligation (GO) debt, \$4.2 billion Local Government Assistance Corporation (LGAC), \$36.3 billion Other Financing Arrangements, \$4.8 billion Contingent Contractual, \$91.9 million Moral Obligation, \$57.4 million State-guaranteed Debt, and \$484.4 million State-funded (Table 16). Since SFY 1994 95, the total State-supported debt outstanding increases from \$28.2 billion to \$49.4 billion, an increase of 64 percent from the proposed SFY 2006-07 budget.

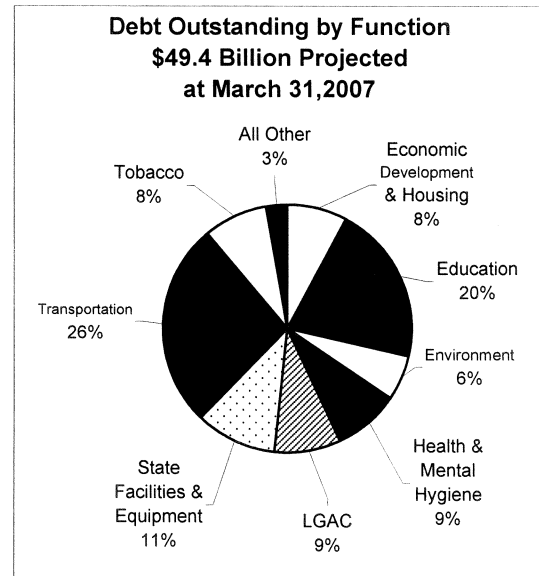


Figure 19

Table 16

Projected Debt Outstanding (\$ in Millions)						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
State-related Debt Outstanding	46,747	47,695	49,443	51,627	53,436	54,534
New Debt Issuances	3,375	4,176	4,816	4,536	4,157	3,993
Retirements	(2,427)	(2,427)	(2,632)	(2,727)	(3,060)	(3,155)
<b>Total State-Related Debt Outstanding</b>	<b>47,695</b>	<b>49,444</b>	<b>51,627</b>	<b>53,436</b>	<b>54,533</b>	<b>55,372</b>

The majority of the increase in State-related outstanding debt from SFY 2005-06 to 2010-2011 is for transportation (\$5.0 billion), education facilities (\$2.3 billion) and economic development and housing projects (\$1.5 billion) (Figure 19).

### State-related Debt Retirement, Issuances and Debt Service

The Executive plans on retiring \$2.4 billion in debt for SFY 2006-07, an increase of \$0.2 million from

SFY 2005-06. Of this amount \$346.5 million General Obligation bonds will be retired, \$113.2 million in LGAC, \$272.1 million in Contingent Contractual Obligations, \$8.7 million in Moral Obligation, \$5.9 million in State-guaranteed debt, and \$20 million in State-funded debt.

State-related Debt Issuances for SFY 2006-07 will be \$4.2 billion, an increase of \$801 million from SFY 2005-06. Of this amount \$350.8 million will be issued as General

Obligation, \$3.8 billion in appropriation backed public authority debt which includes \$1.18 billion in Transportation, \$690 million in Economic Development and Housing Programs, \$1.16 billion in Education programs, \$21.4 million in Health, \$335 million in Mental Hygiene, \$298 million in Environment, \$246.8 million in Public Protection, \$220.8 million in State Facilities and Equipment and \$127 million in Housing.

State-supported Debt Service in SFY 2006-07 will be \$4.7 billion, an increase of \$392 million over SFY 2005-06. Of this amount \$496.3 million will be General Obligation, \$352.3 million will be Local Government Assistance Corporation, \$3.3 billion in appropriation backed public authority debt, \$524.2 million in Contingent Contractual Obligations, \$15.3 million in Moral Obligation, \$7.8 million for the Job Development Authority and \$45.2 million in MBBA Prior Year School Aid Claims.

### *Debt Management Initiatives*

The Executive has proposed several debt management initiatives, primarily by refundings, to reduce debt service costs by \$50 million. In SFY 2005-06 the Executive achieved estimated debt management savings of \$110 million of the \$150 million planned at the beginning of the fiscal year. In addition, the State also proposes a \$250 million deposit into the Debt Reduction Reserve Fund (DRRF).

The Debt Reform Act of 2000 phases in a cap on the amount of debt outstanding and phases in a cap on the total amount of debt service. The amount of debt outstanding can not exceed 4 percent of total income and debt service can not exceed 5 percent of All Fund receipts by SFY 2010-2011 and SFY 2013-2014 respectively. The Executive Budget debt program remains below allowable levels.

Table 17

<b>Debt and Debt Service Statutory Caps for SFY 2006-07</b>						
<b>(\$ in Millions)</b>						
	<b>SFY 2005-06</b>	<b>SFY 2006-07</b>	<b>SFY 2007-08</b>	<b>SFY 2008-09</b>	<b>SFY 2009-10</b>	<b>SFY 2010-11</b>
Maximum Debt Authorized	\$20,736	\$24,701	\$28,906	\$33,360	\$38,222	\$40,424
Executive's Actual Debt	\$15,258	\$18,650	\$22,550	\$26,048	\$29,002	\$31,632
Available Debt Room	26%	24%	22%	22%	24%	22%
Maximum Debt Service Authorized	\$2,861	\$3,329	\$3,780	\$4,280	\$4,857	\$5,084
Executive's Actual Debt Service	\$1,220	\$1,430	\$1,754	\$2,193	\$2,672	\$2,936
Available Debt Service Room	57%	57%	54%	49%	45%	42%