

PART I

FINANCIAL PLAN OVERVIEW

FINANCIAL PLAN OVERVIEW

The Financial Plan Overview summarizes the Governor's Executive Budget for 2003-04. The State Constitution and State Finance Law prescribe the content and format of budgetary information to be supplied by the Governor at the time of submission of the Executive Budget. This section of the Budget fulfills the requirements of section 22 of the State Finance Law, providing summary financial plans and explanations of projected receipts and disbursements for the State's major governmental funds.

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SUMMARY

Prior to September 11, 2001, New York's finances were in their best condition in decades. Spending restraint coupled with sensible tax cuts and meaningful debt reform produced six consecutive cash surpluses, record levels of reserves, the elimination of the accumulated GAAP deficit, and the State's highest credit rating in 24 years.

Over the past 18 months, New York's finances have sustained a series of extraordinary blows: the horrific devastation of the September 11 attacks, a sustained national recession, and a sharp downturn in equity markets fueled in part by corporate accounting scandals and the associated weakness in the financial services sector.

Unfortunately, the economic recovery projected by most economists has not materialized and the State now faces a serious fiscal crisis. As a result, the Executive Budget must reflect the reality of slower economic growth and meet the challenges ahead while maintaining the State's progress in improving its fiscal integrity.

The actions already begun by the Governor this year, coupled with the recommendations in this Executive Budget, are designed to close a potential \$2.2 billion shortfall in 2002-03 and a \$9.3 billion shortfall in 2003-04. The Governor's multi-year Financial Plan is predicated on spending restraint, and seeks to quickly return the State to structural budget balance without depleting the State's rainy day fund, without raising broad-based taxes that would slow economic growth, and without wholesale layoffs or fiscal gimmicks. While the reductions contained in the Executive Budget are difficult, they are necessary. In keeping with the policies and practices that have been so successful in fostering economic growth for the past eight years, and by using tobacco proceeds to provide a bridge between recurring savings and gradual revenue recovery, the Governor's plan maintains critical programs and services without sacrificing the State's competitiveness. The value of the recurring actions proposed with this budget, combined with future savings from the Governor's multi-year effort to produce a leaner, more efficient government, will help return State finances to structural balance.

Restoring the State's finances to structural balance while reinvigorating our State's economy requires multi-year planning. By restraining spending, the State will have the financial wherewithal to foster economic growth and provide for the health and safety of New Yorkers.

MAINTAINING 2002-03 BUDGET BALANCE

Before the Governor's actions and recommendations, the State was facing a potential \$2.2 billion shortfall in 2002-03. The Governor's plan will close the entire shortfall. The causes of the potential shortfall and the recommended solutions to maintain budget balance are summarized in the tables below. A more detailed description of both the causes and recommended solutions to maintain 2002-03 budget balance is provided in the "2002-03 Financial Plan Update" section later in this document.

Causes of 2002-03 Shortfall (billions of dollars)	
Receipts Below Plan	\$2.1
Spending Above Plan	0.1
Total Shortfall	\$2.2
Recommended Solutions (billions of dollars)	
Administrative Savings Actions	\$0.7
Tobacco Securitization	1.5
Total Savings	\$2.2

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The \$2.1 billion in lower-than-projected receipts includes \$1.9 billion in personal income taxes and \$320 million in business taxes, offset by higher-than-projected receipts of \$83 million in all other categories. In addition, before savings actions commenced by the Governor, the projected increase in spending would have been roughly \$100 million more than expected, primarily in higher costs for Medicaid (\$100 million), the World Trade Center (\$51 million), the Tuition Assistance Program (\$33 million), and the Early Intervention Program (\$30 million), partially offset by lower than expected spending in fringe benefit costs (\$71 million) and in a variety of other programs (\$20 million).

Nearly \$700 million in savings are projected from efforts begun earlier this year to reduce costs. This reflects stringent controls on operations including a 5 percent reduction in State agency spending, aggressive use of the targeted retirement incentive plan, and Federal maximization efforts (\$328 million). In addition, prudent debt management actions, including efforts to take advantage of record-low interest rates and refinance high-cost State debt, will lower debt service costs (\$364 million).

To avoid disruptive mid-year reductions to school aid and other programs, the Governor is seeking authorization to securitize the State's share of receipts from the tobacco manufacturer Master Settlement Agreement. Roughly \$1.5 billion of the first \$1.9 billion installment will be used to help balance the State Financial Plan in 2002-03 in a manner that will permit an orderly transition to recurring structural budget balance. The remainder will be reserved for use in 2003-04.

MAINTAINING 2003-04 BUDGET BALANCE

The State is facing a potential \$9.3 billion shortfall in 2003-04. The Governor's Executive Budget recommendations will close the entire shortfall. The causes of the potential budget gap and the recommended solutions to maintain budget balance are summarized in the tables below. A more detailed description of both the causes and recommended solutions to maintain 2003-04 budget balance is provided in the "2003-04 General Fund Financial Plan" section later in this document.

Causes of 2003-04 Imbalance (billions of dollars)	
Projected Spending Increases	\$4.6
Receipts Below Plan	3.1
Use of Reserves in 2002-03	1.6
Total Projected Shortfall	\$9.3
Recommended Solutions (billions of dollars)	
Spending Restraint	\$5.6
Tobacco Securitization	2.3
Revenue Increases	1.4
Total Savings	\$9.3

Most of the \$3.1 billion revenue shortfall is due to lower than expected income tax receipts, while the \$4.6 billion in projected spending growth is primarily for Medicaid, welfare, debt service, pensions, school aid and health insurance. The use of reserves in 2002-03 helped offset the losses created in the wake of the World Trade Center disaster, but these reserves are now unavailable in 2003-04.

Recommendations in 2003-04 include \$5.6 billion in savings from controlling the growth in State spending through program restructuring and the utilization of Federal and other revenue sources to offset spending growth. Significant proposals include savings in school aid (\$1.27 billion), Medicaid cost containment initiatives (\$1.02 billion), State Operations savings (\$1 billion), use of Federal funds and other efforts to support welfare spending (\$587 million),

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spending restraint and Federal aid maximization efforts in other local assistance programs (\$977 million), debt management actions to reduce debt service costs (\$516 million), and nearly \$300 million in spending restraint in all other program areas.

Revenue proposals of \$1.4 billion in 2003-04 include eliminating the permanent exemption on clothing and footwear priced under \$110 and replacing it with an exemption on clothing and footwear priced under \$500 effective during four separate weeks during the year (\$363 million), reimposition of a hospital and home care assessment to support health care programs (\$207 million), insurance tax changes (\$158 million), a one-year cap on School Tax Relief (STAR) benefit increases (\$93 million), and a variety of fee increases and other actions (\$527 million).

Tobacco securitization proceeds contribute \$2.3 billion in 2003-04 and another \$400 million is reserved for 2004-05. These proceeds will be used as a transitional financing tool to avoid more draconian actions and help bring the State budget into structural balance through recurring spending restraint over a multi-year period.

The Executive Budget recommendations preserve the Tax Stabilization Reserve Fund (the State's rainy day fund), maintain tax cuts enacted in previous budgets, and do not rely on uncertain Federal actions for budget balance. The rainy day fund totals \$710 million, its highest level ever.

2003-04 RECOMMENDATIONS REDUCE THE OUTYEAR GAP

Prior to the 2003-04 Executive Budget recommendations, the State also faced outyear budget gaps of \$10.2 billion in 2004-05 and \$11.1 billion in 2005-06. As summarized below, the recommendations proposed by the Governor balance the 2003-04 budget and dramatically reduce the outyear gaps to \$2.9 billion in 2004-05 and \$4.2 billion in 2005-06. Clearly, these recommendations represent an important step in returning State finances to structural budget balance. These outyear projections are explained in more detail in the "General Fund Financial Plan Outyear Projections" section later in this document.

OUTYEAR SAVINGS FROM 2003-04 EXECUTIVE BUDGET RECOMMENDATIONS (millions of dollars)			
	2003-04	2004-05	2005-06
Projected Base Level Gaps	(9,264)	(10,171)	(11,080)
Spending Restraint	5,638	5,660	5,696
Revenue Proposals	1,348	1,212	1,148
Tobacco Securitization	2,278	400	0
Remaining Gaps	0	(2,899)	(4,236)

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2003-04 RECOMMENDATIONS RESTRAIN SPENDING

The chart below summarizes General Fund, State Funds, and All Governmental Funds spending projections reflecting the 2002-03 and 2003-04 Executive Budget recommendations described above.

2003-04 SPENDING PROJECTIONS (millions of dollars)				
	2002-03	2003-04	Dollar Change from 2002-03	% Change from 2002-03
General Fund	39,787	38,644	(1,143)	(2.9)
State Funds	58,963	58,890	(73)	(0.1)
All Governmental Funds	90,948	90,822	(126)	(0.1)

As a result of these recommendations, annual General Fund spending declines by \$1.14 billion. State Funds and All Funds spending remains essentially flat, with the proposed budget actions offsetting the planned growth in program costs. These changes are explained in more detail later in this document.

EXPLANATION OF THE FINANCIAL PLAN

The State's Executive Budget Financial Plan forecasts receipts and disbursements for each fiscal year. The economic forecast of the Division of the Budget (DOB) and the State's tax and fee structure serve as the basis for projecting receipts. After consulting with public and private sector experts, DOB prepares a detailed economic forecast for both the nation and New York, showing Gross Domestic Product (GDP), employment levels, inflation, wages, consumer spending, and other relevant economic indicators. It then projects the yield of the State's revenue structure against the backdrop of these forecasts.

Projected disbursements are based on agency staffing levels, program caseloads, levels of service needs, 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. In criminal justice, spending estimates are based on recent trends and data from the criminal justice system, as well as on estimates of the State's prison population. All projections account for the timing of payments, since not all the amounts appropriated in the budget are disbursed in the same fiscal year.

This Overview summarizes the updated Financial Plan projections of receipts and disbursements for 2002-03, and describes the recommended Financial Plan for 2003-04. It then provides an explanation of the State's estimates for 2004-05 and 2005-06.

THE STATE'S FUND STRUCTURE

The State accounts for all of its spending and receipts by the fund in which the activity takes place (such as the General Fund or the Capital Projects Fund), and the broad category or purpose of that activity (such as State Operations or Capital Projects). 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 in the General Fund — the Fund that receives the majority of State taxes. State Funds include the General Fund and funds specified for dedicated purposes, with the

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exception of Federal Funds. All Governmental Funds, which includes State Funds and Federal Funds, comprises four major fund types, and provides the most comprehensive view of the financial operations of the State. It includes:

- The General Fund, which receives most of the State's tax revenue and accounts for spending on programs that are not supported directly by dedicated fees and revenues;
- Special Revenue Funds, which receive Federal grants, certain dedicated taxes, fees and other revenues that are used for a specified purpose;
- 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.

Within each of these fund types, revenues and spending are classified by major categories of the Financial Plan (e.g., Taxes, Miscellaneous Receipts, Grants to Local Governments, State Operations). Activity in these Financial Plan categories is described in greater detail later in this Overview. Summary charts display the annual change for each category of the Financial Plan, and a narrative explanation of major changes follows each chart. The tables at the end of the Overview summarize projected General Fund, State Funds and All Governmental Funds receipts and disbursements for the 2002-03 through 2005-06 fiscal years.

2002-03 ACCOUNTING RECLASSIFICATION

In 2002-03, the State Comptroller chose to restate the classification of debt service payments to the Revenue Bond Tax Fund (where debt service is paid on personal income tax revenue bonds). This restatement has the effect of shifting over \$4 billion in personal income tax receipts out of the General Fund and, after a deduction for debt service, transferring these funds back to the General Fund. Both reported personal income taxes and reported debt service spending in the General Fund are thereby distorted. Please see the tables at the back of this section for a crosswalk of this restatement.

THE 2002-03 FINANCIAL PLAN UPDATE

The updated 2002-03 Financial Plan reflects revisions based on a review of actual operating results through mid-January 2003, an updated analysis of underlying economic, revenue, and spending trends and the accounting reclassification by the State Comptroller described above. The recommendations in 2002-03 maintain budget balance by proposing a series of actions totaling \$2.2 billion.

The \$2.2 billion potential imbalance reflects projected lower receipts of \$2.1 billion and higher spending of just over \$100 million. The decline in revenues from the last plan includes \$1.9 billion in personal income taxes and \$320 million in business taxes, offset by \$83 million in higher revenues in all other categories. The spending increase of roughly \$100 million before savings actions results from higher costs for Medicaid (\$100 million), the World Trade Center (\$51 million), the Tuition Assistance Program (\$33 million), and the Early Intervention Program (\$30 million), partially offset by lower than expected spending in fringe benefit costs (\$71 million) and in a variety of other programs (\$20 million).

The budget is kept in balance by \$692 million of savings initiatives, including debt management actions to take advantage of lower interest rates (\$364 million), and the Governor's imposition of stringent controls on operations including a 5 percent reduction in State agency spending, aggressive use of the targeted retirement incentive plan, and Federal maximization efforts (\$328 million).

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To avoid disruptive mid-year reductions to school aid and other local assistance programs, the Governor is proposing the sale of tobacco settlement payments of \$1.9 billion in 2002-03 — \$1.5 billion to help maintain 2002-03 budget balance and the remainder to act as a reserve for use in 2003-04.

In early December of last year, the Governor put forward a tobacco securitization plan. This proposal would authorize the sale of future tobacco receipts by a newly established entity and transfer from taxpayers the risk that tobacco companies might not be able to sustain these agreed-upon payments. The financing plan is structured to generate these resources at the lowest possible cost to taxpayers.

While legislative inaction to date precludes receipt of these funds by early March, immediate action following submission of this budget should allow tobacco securitization receipts to be available by the close of the current fiscal year. If such approval is not forthcoming, the State may be forced to temporarily delay payments until the first quarter of 2003-04, when the transaction must be completed in order to finance these payments.

UPDATE TO 2002-03 RECEIPTS ESTIMATES

Total General Fund receipts, including transfers from other funds and tobacco securitization proceeds, are now estimated at \$39.94 billion, a decrease from 2001-02 of \$1.21 billion. General Fund receipts are projected to be \$40 million above the projections contained in the Mid-Year Update. Due largely to the accounting change by the State Comptroller regarding the treatment of the Revenue Bond Tax Fund, tax receipts are expected to decline by \$8.85 billion from 2001-02 and are \$6.56 billion below Mid-Year estimates.

Correcting for revenue movements in and out of the General Fund from Refund Reserve transactions, STAR Fund deposits, and Revenue Bond Tax Fund deposits, General Fund tax receipts are estimated to be \$2.85 billion below 2001-02 results and \$2.22 billion lower than Mid-Year estimates. The significant year-over-year decline and the large revision in the estimates is the result of continued weakness in the economy, the multi-year impact of the September 11 attack on the financial services sector, and the associated decline in equity markets. The estimated impact of the World Trade Center disaster on 2002-03 receipts remains significant, and within the range estimated in the immediate aftermath of the September 11 attacks. The revisions in the estimates also reflect more up-to-date information on the economy and tax collections. To date, tax collection results are much worse than predicted at the time of the Mid-Year Update and have led to significant downward revisions to the receipts estimates, especially for personal income and business taxes. The “Recent Trends in All Funds Receipts” section in Part II of this Appendix provides a detailed description of recent tax receipt trends which corrects for accounting transactions and allows for easy year-to-year comparisons.

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GENERAL FUND RECEIPTS — CHANGE FROM MID-YEAR UPDATE					
(millions of dollars)					
	October	Restatement	2002-03 Restated October	Change	January
Personal Income Tax	<u>23,342</u>	<u>(4,770)</u>	<u>18,572</u>	<u>(1,390)</u>	<u>17,182</u>
Gross Collections	28,841		28,841	(1,641)	27,200
Refunds	(4,119)		(4,119)	(176)	(4,295)
Subtotal	24,722	0	24,722	(1,817)	22,905
Refund Reserve	1,250		1,250		1,250
STAR Fund Deposit	(2,630)		(2,630)	(37)	(2,667)
STAR Fund Reserve Deposit	0		0		0
DRRF Deposit/RBTF	0	(4,770)	(4,770)	464	(4,306)
User Taxes and Fees	7,105		7,105	(53)	7,052
Business Taxes	3,842		3,842	(320)	3,522
Other Taxes	787		787	(26)	761
Total Taxes	35,076	(4,770)	30,306	(1,789)	28,517
Adjusted Total Taxes*	36,456	0	36,456	(2,216)	34,240
Miscellaneous Receipts	2,148		2,148	1,937	4,085
Tobacco Securitization	0		0	1,900	1,900
Misc. receipts without tobacco	2,148		2,148	37	2,185
Subtotal (excluding transfers)	37,224	(4,770)	32,454	148	32,602
Adjusted Subtotal**	38,604	0	38,604	(2,179)	36,425
Transfers	2,674	4,609	7,283	53	7,336
PIT RBTF	0	4,609	4,609	(331)	4,278
LGAC	1,808		1,808	42	1,850
RETT	0	170	170	96	266
Other	866	(170)	696	246	942
General Fund Total	<u>39,898</u>	<u>(161)</u>	<u>39,737</u>	<u>201</u>	<u>39,938</u>
Adjusted Total**	41,278	0	41,278	(1,795)	39,483

* Adjusted for STAR, Refund Reserve and RBTF transactions.

** Adjusted for STAR, Refund Reserve, RBTF and Tobacco transactions.

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GENERAL FUND RECEIPTS — YEAR OVER YEAR COMPARISON				
(millions of dollars)				
	2001-02	2002-03	Change	Percent
	Actual	January	from	Change
			2001-02	
Personal Income Tax	<u>25,854</u>	<u>17,182</u>	<u>(8,672)</u>	<u>(33.5)</u>
Gross Collections	29,090	27,200	(1,890)	(6.5)
Refunds	(3,516)	(4,295)	(779)	22.2
Subtotal	25,574	22,905	(2,669)	(10.4)
Refund Reserve	1,840	1,250	(590)	
STAR Fund Deposit	(2,510)	(2,667)	(157)	
STAR Fund Reserve Deposit	1,200	0	(1,200)	
DRRF Deposit/RBTF	(250)	(4,306)	(4,056)	
User Taxes and Fees	7,098	7,052	(46)	(0.6)
Business Taxes	3,616	3,522	(94)	(2.6)
Other Taxes	803	761	(42)	(5.2)
Total Taxes	37,371	28,517	(8,854)	(23.7)
Adjusted Total Taxes*	37,091	34,240	(2,851)	(7.7)
Miscellaneous Receipts	1,625	4,085	2,460	151.3
Tobacco Securitization	0	1,900	1,900	
Misc. receipts without tobacco	1,625	2,185	560	34.4
Subtotal (excluding transfers)	38,996	32,602	(6,394)	(16.4)
Adjusted Subtotal**	38,716	36,425	(2,291)	(5.9)
Transfers	2,148	7,336	5,188	241.6
PIT RBTF	0	4,278	4,278	
LGAC	1,750	1,850	100	5.7
RETT	193	266	73	37.8
Other	205	942	737	360.9
General Fund Total	<u>41,144</u>	<u>39,938</u>	<u>(1,206)</u>	<u>(2.9)</u>
Adjusted Total**	40,864	39,483	(1,381)	(3.4)

* Adjusted for STAR, Refund Reserve and RBTF transactions.

** Adjusted for STAR, Refund Reserve, RBTF and Tobacco transactions.

After RBTF deposits, personal income tax receipts for 2002-03 are estimated to reach \$17.18 billion, a decrease of \$8.67 billion (33.5 percent) from 2001-02. This is due primarily to a \$4.31 billion deposit into the RBTF, a large decrease in the net contribution from the Refund Reserve fund, and decreases in withholding, estimated tax, and 2001 tax year settlement payments. Without the RBTF/DRRF deposit, receipts would have decreased by \$4.62 billion (16.9 percent). The net Refund Reserve transaction for 2002-03 is \$1.25 billion. It reflects a \$1.67 billion draw-down in April 2002, offset by an expected deposit of \$427 million on March 31, 2003. Underlying income tax collections, measured by gross payments minus refunds, are expected to decline by \$2.67 billion (10.4 percent) from 2001-02 and \$1.82 billion from the Mid-Year Update. The large downward revision in the estimate reflects the significant decline in December payments and continued weakness in the financial services sector.

User tax and fee receipts in 2002-03 are projected at \$7.05 billion, \$46 million or 0.7 percent below 2001-02 collections and \$53 million below the Mid-Year Update. The decline from 2001-02 is mostly due to the increased dedication of motor vehicle fees, auto rental tax,

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and cigarette tax receipts to other funds, as well as declines in cigarette consumption (\$227 million). These declines are partially offset by an increase in sales tax and alcohol-related receipts of \$181 million.

Total business taxes are now projected at \$3.52 billion in 2002-03, \$94 million below 2001-02 receipts. Corporation and utility tax receipts in 2002-03 are expected to total \$868 million, a decrease of \$104 million from 2001-02. Corporate franchise tax receipts for 2002-03 are estimated to increase by \$20 million, based on accelerated payments from the increase in the first installment and tax amnesty, offset by previously enacted tax cuts. Receipts from the bank tax in 2002-03 are projected to decline by \$47 million from 2001-02, due largely to increased refunds and overall economic weakness. Net collections from insurance taxes are expected to reach \$670 million in 2002-03, an increase of \$37 million from the prior year. Business tax receipts are estimated at \$320 million below the Mid-Year Update, largely due to a more prolonged weakness in corporate earnings than anticipated and December collection results.

The yield from other taxes in 2002-03 is estimated at \$761 million, \$42 million below 2001-02 results. The estimated decline reflects year-to-date collection results in the estate tax, the first full-year impact of prior year tax reductions, and the impact of the decline in equity market values on taxable estates. Since the Mid-Year Update, the estimate of other taxes has decreased by \$26 million.

Miscellaneous receipts for 2002-03 are estimated at \$4.09 billion, a \$2.46 billion increase from 2001-02. The main increases, other than the \$1.90 billion in tobacco proceeds, are in abandoned property (\$300 million from sales of securities); payments from authorities (\$287 million); bond issuance charges (\$158 million); three large fines (\$87 million); and the wireless surcharge (\$38 million). The largest decrease is in investment income (\$285 million). Miscellaneous receipts, excluding tobacco proceeds, are now estimated at \$37 million above the Mid-Year Update. The change reflects the lower earnings from investment income compensated by higher-than-expected collections from bond issuance charges and unanticipated fines.

Transfers from other funds in 2002-03 are estimated at \$7.34 billion, an increase of \$5.19 billion from 2001-02, reflecting changes in amounts available for transfer to the General Fund, especially from the Revenue Bond Tax Fund and LGAC. Transfers from other funds are now estimated at \$4.66 billion above the Mid-Year Update. The increase reflects better-than-anticipated year-to-date collection experience for the sales and real estate transfer taxes, as well as a reduction in debt service requirements from the Thruway Authority, and the Comptroller's classification of the Revenue Bond Tax Fund.

UPDATE TO 2002-03 DISBURSEMENTS ESTIMATES

The State projects total General Fund disbursements, including transfers to other funds, of \$39.79 billion in 2002-03, a net decrease of \$266 million from the restated Mid-Year Update. The Mid-Year spending estimate was restated to reflect the Comptroller's accounting treatment of debt service spending for personal income tax revenue bonds. After this restatement, which lowered General Fund spending by \$161 million, disbursements decline by \$266 million. This reflects the lower spending associated with the aggressive savings efforts begun earlier this year and reestimates in General State Charges and other programs (\$91 million), partially offset by higher costs primarily related to Medicaid (\$100 million), the World Trade Center (\$51 million), the Tuition Assistance Program (\$33 million), and the Early Intervention Program (\$30 million). In addition, lower spending is reflected for the Community Projects Fund (\$75 million), which is now projected to occur in 2003-04 rather than 2002-03.

RESERVES/CLOSING BALANCE IN THE GENERAL FUND

Reserves and closing balances had been at healthy levels as a result of seven consecutive maximum deposits to the Tax Stabilization Reserve Fund (the State's rainy day fund) and significant additional deposits made to other State reserve funds in recent years. These reserves included the Contingency Reserve Fund (a litigation reserve), reserves set aside for revenue losses resulting from the World Trade Center attacks, a reserve for economic uncertainties, and a reserve to fund the multi-year STAR property tax cut. Most of these reserves have now been used to help maintain budget balance in the General Fund since September 11, 2001. The rainy day fund remains available to protect against unanticipated mid-year shortfalls.

The closing balance in the General Fund is projected to total \$1.18 billion, including \$710 million in the rainy day fund, \$378 million in tobacco securitization reserves, \$20 million in the Contingency Reserve Fund, and \$75 million in the Community Projects Fund.

The closing balance of \$1.18 billion at the end of the 2002-03 fiscal year is an increase of \$467 million from the Mid-Year Update. This increase includes \$378 million from the securitization of tobacco (reserved for use in 2003-04), \$75 million from slower spending in the Community Projects Fund (which pays for legislative and gubernatorial initiatives), and \$14 million in additional moneys deposited into the Contingency Reserve Fund.

UPDATE TO 2002-03 STATE FUNDS

Total State Funds receipts are now projected to be \$58.04 billion, a decrease of \$139 million from the Mid-Year Update. The increase in General Fund receipts of \$147 million, after the accounting restatement described above, is augmented by increases in tax receipts to the Clean Water/Clean Air Fund (\$90 million) and to the STAR fund (\$37 million). In addition, miscellaneous receipts are projected to increase in health care programs (\$30 million). These increases are offset by a decline in personal income tax receipts dedicated to the RBTF (\$464 million).

State Funds spending in 2002-03 is projected at \$58.96 billion, a decrease of \$395 million from the Mid-Year Update. The downward revision reflects debt service savings from the refunding of high-cost fixed-rate bonds with less costly variable-rate or synthetic fixed-rate bonds, lower operational spending from the aggressive savings action begun earlier this year, and slower spending for legislative member items.

UPDATE TO 2002-03 ALL GOVERNMENTAL FUNDS

All Governmental Funds spending in 2002-03 is projected at \$90.95 billion, an increase of \$1.39 billion from the Mid-Year Update. The main reason for the upward revision is that, consistent with the Comptroller's accounting treatment, the Financial Plan has been increased to include Federal pass-through spending related to the World Trade Center (\$1.70 billion). Federal pass-through spending represents Federal aid that flows through the State to New York City and other localities, but is counted by the State Comptroller as State spending. The impact of including pass-through spending on All Governmental Funds spending for 2002-03 is partially offset by the \$395 million in program reestimates described in the State Funds update above.

Federal receipts are generally assumed to be received in the State fiscal year in which spending is incurred; therefore, the revisions to Federal receipts correspond to the adjustments to the federally-reimbursed spending revisions described above. Accordingly, All Governmental Funds receipts are now projected at \$90.62 billion, up \$1.94 billion from the Mid-Year Update, reflecting the inclusion of Federal pass-through aid and other minor revisions to Federal aid estimates.

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For further detailed discussions of State Funds and All Governmental Funds receipts, please refer to the "Explanation of Receipts Estimates" in Part II of this Appendix.

THE 2003-04 GENERAL FUND FINANCIAL PLAN

ECONOMIC AND RECEIPTS OUTLOOK

When projecting receipts, the Division of the Budget first forecasts the economic outlook for both the nation and New York. After meeting with a group of fiscal and economic experts from different regions of the State and different industry segments, a detailed economic forecast is prepared for both the national and State economies. This economic forecast is used to derive estimates of receipts by using the historical relationship between economic performance and tax collections. For example, if the economic forecast calls for growth in wages, withholdings would also be expected to increase consistent with the structural relationship between wages and withholding tax collections.

The Division of the Budget also adjusts for the impact of changes in the State's tax laws on the receipts projections. The 2003-04 Executive Budget reflects the continued phase-in of tax actions for a variety of taxes, including additional tax cuts, that total \$13.5 billion for 2003-04. For a more detailed discussion of the economy and sources of State revenue, see the "Explanation of Receipts Estimates" section later in this document.

U.S. Economy

Although the national economic recovery weakened substantially toward the end of 2002, the Division of the Budget expects the national economy to continue to expand throughout 2003, with some acceleration of growth in the second half of the year. Real U.S. GDP is expected to grow at an annual rate of 2.4 percent in 2003, the same rate as in 2002. In an effort to provide additional stimulus to the economy, the Federal Reserve reduced interest rates by 50 basis points in November 2002, for a total reduction since the pre-recession peak of 525 basis points. This has resulted in the lowest short-term interest rates since the early 1960s. In addition, a number of Federal fiscal initiatives are expected to provide additional stimulus. These monetary and fiscal actions are expected to provide insurance against a double dip recession. By the second half of 2003, an expected revival of investment spending will increase the GDP growth rate. An improving economy, along with higher oil prices, will likely result in higher inflation. The CPI is expected to rise by 2.4 percent in 2003, after an increase of 1.6 percent in 2002. The unemployment rate is expected to average 5.8 percent in 2003.

State Economy

The New York economy suffered more than the nation as a whole during the recession, due to the September 11 devastation of downtown New York City and the importance of the finance and tourism industries to the State economy. Only now are there signs of an economic turnaround. Total State employment is expected to rise 0.7 percent in 2003, following a decline of 1.6 percent for 2002. Private sector employment is expected to rise 0.9 percent in 2003, following a decline of 2.1 percent for 2002. Bonus payments paid to financial services workers have been reduced significantly due to the recession and the steep decline in the stock market. On a calendar year basis, bonuses are estimated to have fallen 23.0 percent for 2002, followed by a 10.2 percent decline projected for 2003. In the aftermath of the bursting of the stock market bubble, it is expected that for the next two years bonuses in the finance and insurance sector will remain at about one-half of their 2001 peak level. Wages are expected to rise 2.3 percent in 2003, following a decline of 3.2 percent for 2002. Total State personal income is projected to increase 3.1 percent in 2003.

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For a detailed discussion of the national and State economies, refer to the section entitled "Economic Backdrop" in Part II of this Appendix.

Receipts Outlook

GENERAL FUND RECEIPTS (millions of dollars)			
	2002-03	2003-04	
	Estimate	Recommended	Change
Personal Income Tax	<u>17,182</u>	<u>15,250</u>	<u>(1,932)</u>
Gross Collections	27,200	27,450	250
Refunds	(4,295)	(4,355)	(60)
Subtotal	22,905	23,095	190
Refund Reserve	1,250	(41)	(1,291)
STAR Fund Deposit	(2,667)	(2,707)	(40)
STAR Fund Reserve Deposit	0	0	0
DRRF Deposit/RBTF	(4,306)	(5,097)	(791)
User Taxes and Fees	7,052	7,508	456
Business Taxes	3,522	3,682	160
Other Taxes	761	771	10
Total Taxes	28,517	27,211	(1,306)
Adjusted Total Taxes*	34,240	35,056	816
Miscellaneous Receipts	4,085	3,538	(547)
Tobacco Securitization	1,900	1,900	0
Misc. receipts without tobacco	2,185	1,638	(547)
Subtotal (excluding transfers)	32,602	30,749	(1,853)
Adjusted Subtotal**	36,425	36,694	269
Transfers	7,336	7,441	105
PIT RBTF	4,278	4,864	586
LGAC	1,850	1,999	149
Other	1,208	578	(630)
General Fund Total	<u>39,938</u>	<u>38,190</u>	<u>(1,748)</u>
Adjusted Total**	39,483	39,271	(212)

* Adjusted for STAR, Refund Reserve and RBTF transactions.

** Adjusted for STAR, Refund Reserve, RBTF and Tobacco transactions.

Estimated General Fund receipts for 2003-04 are projected at \$38.19 billion, or \$1.75 billion below 2002-03 estimates. After correcting for the Refund Reserve transaction, STAR and Revenue Bond Tax Fund (RBTF) deposits and the impact of tobacco proceeds, General Fund receipts are expected to decrease by \$212 million, or less than 1 percent, from 2002-03 estimates. Adjusted total tax receipts are estimated to increase by \$816 million or 2.4 percent including increases due to proposed revenue actions of over \$500 million.

PERSONAL INCOME TAX (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
Personal Income Tax	17,182	15,250	(1,932)

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Personal income tax collections for 2003-04 are projected to reach \$15.25 billion, a decrease of \$1.93 billion (11.2 percent) from 2002-03 due largely to two factors: a \$791 million increased RBTF deposit; and a \$1.29 billion lower contribution from the Refund Reserve account.

The underlying weakness in income tax liability in 2002 and 2003 is mainly attributable to the significant economic devastation caused by the events of September 11 and their aftermath. Decreases in State employment, wages, Wall Street bonuses, and non-wage income contribute to an estimated adjusted gross income decline for 2002 and a minimal increase for 2003. Gross proceeds minus refunds in the income tax are expected to increase by \$190 million in 2003-04 largely reflecting continued weakness in underlying liability.

USER TAXES AND FEES (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
User Taxes and Fees	7,052	7,508	456

User tax and fee receipts in 2003-04 will rise by \$456 million, to \$7.51 billion. This reflects the impact of \$309 million in revenue gains from proposed legislation. Adjusted for these legislative proposals, the underlying growth rate is 2.1 percent.

The sales and use tax accounts for nearly 90 percent of projected user tax and fee receipts. Sales and use tax receipts are responsive to economic trends, such as growth in income, prices, and employment. Growth in disposable income, combined with modest employment gains, produce a projected increase in the base of 4.3 percent for 2003-04.

User taxes and fees also include cigarette, tobacco, and alcoholic beverage taxes and motor vehicle fees. Generally, the majority of the receipts from these sources are attributable to flat-rate volume-based levies that respond little, if at all, to short-term economic developments (other than price changes impacting consumption) and are marked, in the main, by declining consumption trends.

BUSINESS TAXES (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
Business Taxes	3,522	3,682	160

In 2003-04, business taxes are expected to total \$3.68 billion — \$160 million above 2002-03 estimates.

Corporation and utility tax receipts in 2003-04 are projected to total \$805 million, a decrease of \$63 million from 2002-03. This decrease is primarily due to continued stagnation in telecommunications related receipts, and further rate reductions in the utility sector.

Corporate franchise receipts are projected to increase by \$56 million to \$1.59 billion in 2003-04, resulting from improved corporate profitability, offset by the impact of enacted tax reductions.

Other business taxes include franchise taxes on insurance companies and banks. In 2003-04, bank taxes are projected to be \$468 million — \$19 million above estimates for 2002-03, reflecting a modest rebound in bank earnings. Net collections from insurance taxes are projected at \$818 million, an increase of \$148 million from 2002-03, due largely to the proposed law change restructuring the insurance tax.

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OTHER TAXES (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
Other Taxes	761	771	10

Other taxes include receipts from the estate tax, the real property gains tax, pari-mutuel taxes, the racing admissions tax and the boxing and wrestling exhibitions tax.

In 2003-04, other taxes will yield a projected \$771 million, \$10 million above expected 2002-03 results. The estimate reflects the expectation of growth in the value of taxable estates offset somewhat by the acceleration of the unified credit/exemption. Pari-mutuel tax receipts are expected to increase due to legislation submitted with this budget to expand wagering opportunities.

MISCELLANEOUS RECEIPTS (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
Miscellaneous Receipts	4,085	3,538	(547)

Miscellaneous receipts include license revenues, fee and fine income, investment income, abandoned property proceeds, a portion of medical provider assessments and various nonrecurring receipts.

Miscellaneous receipts for 2003-04 are estimated at \$3.54 billion, a decrease of \$547 million from 2002-03. Tobacco proceeds remain flat at \$1.90 billion. The decrease of \$547 million in other miscellaneous receipts reflects the one-time nature of transactions that added to receipts in 2002-03.

TRANSFERS FROM OTHER FUNDS (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
PIT in Excess of Revenue Bond Debt Service	4,278	4,864	586
Sales Tax in Excess of LGAC Debt Service	1,850	1,999	149
Real Estate Taxes in Excess of CW/CA Debt Service	266	202	(64)
All Other Transfers	942	377	(565)
Total Transfers from Other Funds	7,336	7,442	106

Personal income tax transfers in excess of revenue bond debt service requirements are projected to increase by \$586 million from 2002-03 to 2003-04 due to the estimated increase in dedicated funds of \$791 million, offset by increased debt service requirements.

The increase in transfers from the sales tax is due to an increase in dedicated sales tax receipts of \$156 million, partially offset by increased debt service requirements of \$7 million.

The decline in transfers from the real estate transfer tax is due to a projected decline in dedicated tax receipts of \$44 million and an increase in Clean Water/Clean Air (CW/CA) debt service requirements of \$20 million.

The \$565 million decrease in all other transfers in 2003-04 is primarily due to the loss of one-time transfers from the Environmental Protection Fund (\$283 million), Federal

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reimbursement of the World Trade Center-related costs (\$240 million), as well as the conclusion of transfers to the Emergency Highway Funds (\$115 million). These decreases are partially offset by an increase in receipts from Indian casinos (\$41 million).

DISBURSEMENTS OUTLOOK

GENERAL FUND DISBURSEMENTS (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
Total Disbursements	39,787	38,644	(1,143)

The State projects General Fund disbursements of \$38.64 billion in 2003-04, a decrease of \$1.14 billion (2.9 percent) from the current year. The following major changes comprise the net annual decline in spending as described in more detail below:

ANNUAL CHANGE IN GENERAL FUND DISBURSEMENTS (millions of dollars)		
	Annual Change	Percent Change
State Operations	(610)	(7.9)
School Aid	(559)	(4.5)
Medicaid	(482)	(8.1)
Fringe Benefits (including pensions & health insurance)	395	14.2
Debt Service	109	7.4
All Other	4	0.0
Total Change	(1,143)	(2.9)

Total General Fund disbursement estimates reflect \$5.6 billion in savings from various efficiencies including program restructuring, workforce reductions and maximization of Federal and other revenue sources. These reductions are offset by planned spending increases for pensions costs, employee health insurance, debt service and other fixed costs, plus projected programmatic increases in school aid, Medicaid, and higher education. The net decrease in spending is \$1.14 billion.

GRANTS TO LOCAL GOVERNMENTS (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
Grants to Local Governments	26,932	25,913	(1,019)

Grants to Local Governments spending includes financial aid to local governments and non-profit organizations, as well as entitlement payments to individuals. The most significant areas of spending in local assistance are for aid to public schools (45 percent) and for the State's share of Medicaid payments (21 percent). Other large areas of spending include mental hygiene programs (6 percent), higher education programs (5 percent), children and family services (4 percent), welfare assistance (4 percent), general purpose local aid to counties and municipalities (3 percent), handicapped education programs (3 percent), and public health programs (2 percent).

Local assistance spending declines \$1.02 billion from 2002-03 resulting from the combination of cost containment initiatives offset by planned spending growth. This budget recommends \$4.06 billion of cost containment initiatives, reforms, and revenue maximization

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efforts primarily in school aid, Medicaid, the Tuition Assistance Program (TAP), and welfare. These savings initiatives are partially offset by projected spending growth across all local assistance programs, including Medicaid, welfare and school aid.

General Fund spending for school aid is projected at \$11.74 billion in 2003-04 (on a State fiscal year basis), a decrease of \$559 million (4.5 percent) from 2002-03. On a school year basis, the annual decrease totals \$1.24 billion (8.5 percent). This decrease includes reductions in discretionary categorical programs which, when coupled with expense-based declines in building aid and enrollment-based declines in growth aid, generates savings of \$607 million — or nearly one-half of the proposed \$1.24 billion school aid reduction. Other school aid recommendations include an operating aid reduction that is sensitive to each district's relative wealth and student needs, as well as other targeted savings and reforms.

Medicaid spending is estimated at \$5.46 billion in 2003-04, a decrease of \$482 million (8.1 percent) from 2002-03. This net decrease results from roughly \$1.23 billion in cost reductions related to proposed restructuring of various programs (\$1.02 billion) and revenue maximization actions (\$207 million), including the restoration of 0.7 percent hospital and 0.6 percent home care assessments, offset primarily by projected underlying spending growth of approximately 7.5 percent. Program restructuring proposals include a range of cost containment initiatives for hospitals, nursing homes and home care (\$233 million), proposals to control the rising costs of prescription drugs (\$112 million) and various other efficiencies. Proposed actions that will lower General Fund costs also include increased Federal aid governed from an increase in the cap on disproportionate share payments to public hospitals (\$324 million). In addition, the recommendations include a realignment of program responsibilities which would result in the State picking up the entire local share of pharmacy costs, while the local share of costs related to fee-for-service hospital and clinics would increase from 25 percent to 37 percent (\$227 million).

Spending on welfare in 2003-04 is projected at \$984 million, an increase of \$488 million (98.4 percent) over 2002-03. The year-to-year increase is due primarily to the use of Federal TANF reserve funds in 2002-03 (\$465 million). The projected welfare caseload of 651,400 recipients represents an increase from 2002-03 of approximately 32,900 recipients (5.3 percent).

Higher Education Services Corporation (HESC) spending is projected at \$407 million, an increase of \$90 million (28.5 percent) from 2002-03. This net change reflects a reduction in available Federal TANF funds (\$155 million) and underlying program growth (\$176 million), partly offset by a restructuring of the TAP to provide greater incentives for timely degree completion (\$241 million).

City University of New York (CUNY) spending is projected at \$668 million, a decrease of \$192 million (22.4 percent) from 2002-03. The decrease is primarily due to savings measures to be determined by the senior colleges (\$91 million), and a reduction in costs due to a one-time retroactive collective bargaining payment made in 2002-03 (\$63 million).

All other spending for local assistance programs will total \$6.65 billion in 2003-04, a net decrease of \$364 million (5.2 percent) from the current year. This decrease is largely attributable to the shift of Empire State Development Corporation capital programs (\$95 million) and the Consolidated Highway Improvement Program (\$24 million) to other funding sources, nonrecurring adds and program restructuring within the Education Department (\$156 million), proposed efficiencies in public protection programs (\$33 million), the sunset of county aid (\$22 million), and savings initiatives proposed across all agencies and local assistance programs.

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STATE OPERATIONS (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
State Operations	7,762	7,152	(610)

State Operations accounts for the cost of running the Executive, Legislative, and Judicial branches of government. The projected \$610 million annual spending decrease comprises lower spending in both personal service (\$470 million) and non-personal service (\$140 million) across almost all Executive agencies. Spending for the Legislature is flat year-to-year and the Judiciary is up \$33 million from 2002-03.

The State Operations estimates reflect \$1.04 billion in savings initiatives. Included in these savings are \$481 million from continuation of the strict Statewide hiring freeze, aggressive use of a retirement incentive for State employees, and various actions to restrain non-personal service spending in all agencies. A total of \$564 million in additional savings is projected to be available in 2003-04 from various revenue maximization efforts to finance State Operations spending. These include additional mental hygiene Federal revenues (\$306 million), various shifts of General Fund costs to other funding sources (\$134 million) including moving additional Department of Motor Vehicle costs to the Dedicated Highway Fund, and motor vehicle fee increases which offset General Fund spending (\$43 million). The savings initiatives and revenue maximization efforts are partially offset by planned base level spending growth of \$430 million, primarily attributable to a decline in revenues that support General Fund spending (\$146 million) and to normal salary step increases and non-personal service inflationary increases (\$133 million).

The State's Executive agency All Funds workforce is projected to be 186,000 by the end of 2003-04, a decrease of approximately 10,000 from November 2001, primarily through attrition. This will be the lowest headcount level in decades.

GENERAL STATE CHARGES (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
General State Charges	2,770	3,165	395

General State Charges (GSCs) account for the costs of providing fringe benefits to State employees and retirees of the Executive, Legislative and Judicial branches, as well as fixed costs for taxes on public lands and litigation costs. 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 payments-in-lieu-of-taxes to local governments for certain State-owned lands, and the costs of defending lawsuits against the State and its public officers.

The projected GSC growth of \$395 million corresponds to pension fund investment losses and rising health insurance costs. Pension investment losses are expected to result in additional contributions to the New York State and Local Retirement Systems for fiscal year 2003-04. The employer pension contribution rate is projected to increase to 4 percent of payroll in 2003-04, increasing pension costs by \$250 million (169 percent). Health insurance premiums are expected to increase by approximately \$220 million in 2003-04 to cover the rising expense and utilization of employee health care. The Executive Budget proposes \$70 million in savings from benefit changes that would reduce the growth in support for employee health insurance to \$150 million (9.3 percent). These changes, many of which are subject to negotiations with State employee unions, would place restrictions on pharmacy benefits;

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require a higher co-payment for nonessential prescription drugs; modernize the hospital benefit plan; increase employee co-payments, deductibles and coinsurance levels for doctor visits; and raise the share of health insurance premiums paid by employees and retirees.

TRANSFERS TO OTHER FUNDS (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
Transfers in Support of Debt Service	1,474	1,583	109
Transfers in Support of Capital Projects	170	206	36
Transfers in Support of State University	26	145	119
All Other Transfers	653	480	(173)
Total Transfers to Other Funds	2,323	2,414	91

The net increase in debt service transfers of \$109 million reflects planned growth in debt service costs, partially offset by previous debt reduction efforts, the use of lower-cost revenue bonds, the impact of legislation to allow the State to diversify its debt portfolio and reduce borrowing costs, and the State Comptroller's accounting treatment of debt service costs for the personal income tax revenue bond program.

The \$36 million increase in the Capital Projects Fund transfer primarily reflects the receipt of \$31 million in bond proceeds in 2002-03 to reimburse spending which occurred in 2001-02.

The increase in transfers of \$119 million to the State University is due to the timing of State subsidy payments to the SUNY hospitals (\$107 million) and the use of Dormitory Authority funds (\$12 million) in 2002-03 to help subsidize the SUNY hospitals; these are not available in 2003-04.

All other transfers declined by \$173 million in 2003-04 due to decreases in the Community Service Provider Assistance Program (\$100 million), payments to the State Lottery Fund (\$14 million), and the State's share of Medicaid payments to SUNY hospitals (\$45 million).

NONRECURRING ACTIONS

A total of \$3.3 billion in nonrecurring actions is incorporated in the 2003-04 Financial Plan, including resources from the securitization of tobacco settlement payments (\$2.3 billion), the use of Federal TANF moneys to offset General Fund welfare and HESC program spending (\$408 million), the one-time shift of various pay-as-you-go capital projects to bonding (\$176 million), debt management actions to reduce debt service costs (\$163 million), one-year cap of STAR benefit increases (\$93 million), recoveries of school aid and welfare overpayments (\$88 million), and various routine fund sweeps (\$101 million).

RESERVES/CLOSING BALANCE IN THE GENERAL FUND

The State projects a closing balance of \$730 million at the end of the 2003-04 fiscal year, a decline of \$453 million from 2002-03. The closing balance of \$730 million represents the moneys on deposit in the Tax Stabilization Reserve Fund (\$710 million) and the Contingency Reserve Fund (\$20 million). The decline is due to the planned use in 2003-04 of balances in the Community Projects Fund (\$75 million) and tobacco securitization reserves (\$378 million).

To permanently improve the State's reserve levels, the Executive Budget includes legislation to gradually increase the maximum size of the State's rainy day fund from 2 percent of General Fund spending to 5 percent, and to increase maximum annual deposits from 0.2 percent to 0.5 percent of spending.

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GOVERNMENTAL FUNDS FINANCIAL PLANS

STATE FUNDS

STATE FUND DISBURSEMENTS (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
Total Disbursements	58,963	58,890	(73)

State Funds represent the portion of the State's budget supported exclusively by State taxes, fees, fines, and other revenues imposed and collected by the State. Federal grants are excluded from the State Funds Financial Plan. The following table summarizes the major areas comprising the annual change in State Funds spending.

Annual Change in State Funds Spending (millions of dollars)		
	Annual Change	Percent Change
School Aid	(567)	(4.0)
State Operations	(197)	(1.7)
CUNY Local	(192)	(22.1)
Education Local	(156)	(26.2)
Medicaid	(123)	(1.5)
Yonkers Settlement	(110)	(78.6)
Transportation Local	(105)	(5.6)
Children & Family Services Local	92	9.7
Community Projects Fund	130	113.8
Debt Service	271	8.8
General State Charges	443	14.2
Capital Projects	518	14.4
All Other	<u>(77)</u>	<u>(0.8)</u>
Total Change	(73)	(0.1)

State Funds receipts are projected to total \$58.03 billion in 2003-04, virtually unchanged from 2002-03. Tax receipts are projected to total \$40.93 billion, a decrease of \$310 million from 2002-03 reflecting the impact of the economic downturn described previously. Miscellaneous receipts are projected to total \$17.11 billion, an increase of \$300 million over 2002-03. The growth in State Funds miscellaneous receipts is concentrated in SUNY (\$314 million) and Medicaid (\$331 million). This growth is offset by a decrease in miscellaneous receipts in the General Fund (\$547 million) as well as projected decreases in lottery receipts for school aid (\$47 million) and receipts to HESC (\$34 million).

In 2003-04, spending from State Funds is estimated at \$58.89 billion, a decrease of \$73 million from 2002-03. The decrease is primarily attributable to lower spending for school aid (\$567 million), mental health programs (\$300 million), local aid for City University programs (\$192 million), education programs (\$156 million) Medicaid (\$123 million), and the Yonkers school desegregation settlement (\$110 million). These declines are partially offset by programs and activities experiencing significant year-to-year growth including welfare (\$488 million), debt service (\$271 million), SUNY (\$192 million), the Community Projects Fund (\$130 million), capital programs related to economic development (\$125 million), HESC (\$91 million), and environmental conservation (\$103 million).

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ALL GOVERNMENTAL FUNDS

ALL GOVERNMENTAL FUNDS DISBURSEMENTS (millions of dollars)			
SFY:	2002-03	2003-04	Annual Change
Total Disbursements	90,948	90,822	(126)

The All Governmental Funds Financial Plan combines activity in the four governmental fund types: the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds. All Governmental Funds excludes Fiduciary, Internal Service, and Enterprise funds. The following table summarizes the major areas comprising the annual change in All Funds spending.

Annual Change in All Governmental Funds Spending (millions of dollars)		
	Annual Change	Percent Change
World Trade Center Local	(988)	(54.0)
School Aid	(567)	(4.0)
CUNY Local	(192)	(22.4)
State Operations	(176)	(1.2)
Yonkers Settlement	(110)	(78.6)
Education	(105)	(4.6)
Transportation	(104)	(5.5)
Community Projects Fund	130	113.0
Children & Family Services Local	147	5.9
Welfare	192	7.0
Child Health Plus	225	28.2
Debt Service	271	8.8
General State Charges	441	13.4
Medicaid	515	2.1
Capital Projects	581	11.5
All Other	<u>(385)</u>	<u>(3.0)</u>
Total Change	(126)	(0.1)

Spending supported by Federal aid declines by \$53 million from 2002-03. When combined with the State Funds decrease of \$73 million described above, spending from All Governmental Funds in 2003-04 is projected to decline by \$126 million to \$90.82 billion. The change in federally-supported spending consists of the following: World Trade Center pass-through spending (\$829 million of the \$988 million decline), the share of TAP financed by TANF (\$155 million) and social welfare initiatives authorized under TANF (\$296 million). Projected Federal increases in spending in Medicaid, including administration (\$791 million), health care programs including Child Health Plus (\$217 million), and mental hygiene programs (\$279 million) offset these decreases.

All Governmental Funds receipts are projected to be \$90.22 billion in 2003-04, a decrease of \$401 million from 2002-03. Tax receipts are projected to decrease by \$310 million to total \$40.93 billion, while miscellaneous receipts are projected to increase by \$288 million to total \$17.23 billion over 2002-03. Federal Grants are projected to total \$32.06 billion, a decrease of \$379 million from 2002-03. Federal grants represent reimbursement from the Federal government for programs financed by the State in the first instance. The net

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decrease in All Governmental Funds receipts is primarily due to the changes in State Funds and Federal Funds described above and the one-time receipt of Federal funds certain World Trade Center-related costs in 2002-03.

On an All Governmental Funds basis, the State Financial Plan budgets spending for World Trade Center costs of \$2.06 billion in 2002-03 and \$946 million in 2003-04 which represents both pass-through aid and disbursements financed by the State. Most of the spending is supported by Federal funds (\$2 billion in 2002-03 and \$946 million in 2003-04). In addition to disaster cleanup and recovery spending, Federal money will finance, among other things, expanded counseling and trauma services (\$99 million). In 2001-02, the State spent \$654 million for World Trade Center costs (\$532 million of which was pass-through aid). Actual spending has been allocated to the agencies where it occurred.

It should be noted that, consistent with the Comptroller's treatment of actual results, the Financial Plans presented here reflect pass-through aid related to reimbursement for September 11 costs within the amounts shown for total disbursement. For 2002-03, pass-through aid is projected to total \$1.7 billion, of which \$1 billion relates to expected reimbursement for liability insurance. Aid amounts decline in 2003-04 to \$861 million, as reimbursement for initial response efforts — debris removal and crisis counseling — nears completion. Nearly all of the Federal disaster aid is expected to flow from the Federal Emergency Management Agency through the State Emergency Management Office (SEMO) to New York City and other localities affected by the disaster.

For further discussions of State Funds and All Governmental Funds receipts, please refer to the "Explanation of Receipts Estimates" in Part II of this Appendix.

SPECIAL REVENUE FUNDS

Special Revenue Funds (SRFs) receive dedicated sources of State and Federal revenues and disburse funds for specified purposes. Spending from SRFs is projected to total \$45.58 billion in 2003-04, accounting for 50 percent of All Governmental Funds disbursements. Of this amount, \$15.18 billion in spending is from funds supported by State revenues, and \$30.40 billion from funds supported by Federal grants, primarily for health and welfare programs.

State Special Revenue Funds

Total State SRF receipts are projected to be \$14.39 billion, an increase of \$600 million from 2002-03 (4.4 percent), comprising of taxes (\$4.31 billion) and miscellaneous receipts (\$10.08 billion). Miscellaneous receipts are projected to increase \$469 million over 2002-03 while taxes are projected to increase \$131 million over 2002-03. Changes in State SRF receipts roughly mirror the changes in spending in all major program areas with the exception of transportation, where decreased spending resulting from a one-time use of fund balances in 2002-03 does not have a corresponding change in receipts. Disbursements from State SRFs are projected at \$15.18 billion, an increase of \$373 million or 2.5 percent from 2002-03. Major components of State SRFs include:

- **Medicaid:** The State's total Medicaid program (excluding costs financed by the counties and New York City) is projected to total \$24.77 billion in 2003-04, an increase of \$515 million (2.1 percent) for 2002-03 levels. Of this total, the State SRFs will finance \$2.51 billion, an increase of \$358 million over 2002-03 levels. The Medicaid SRFs access alternative sources of financing to make Medical Assistance payments that would otherwise be paid from the General Fund. Activities of these SRFs are detailed below:
 - **Indigent Care:** The Indigent Care Fund receives revenue through transfers from the Health Care Initiatives Pool, Bad Debt and Charity Care Pools, and the

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Tobacco Control and Insurance Initiatives (“Public Goods”) Pool. These off-budget pools are financed with various taxes, assessments and surcharges on hospital revenues and third-party payers. The Indigent Care Fund makes Medicaid payments to providers and municipalities for the cost of providing care to the uninsured. Total disbursements from the Indigent Care Fund are estimated at \$911 million in 2003-04, a decrease of \$109 million from 2002-03, reflecting distribution of available pool balances in 2002-03 (\$144 million). The decrease is offset by the proposed use of additional balances in 2003-04 (\$35 million).

- **Provider Assessments:** This account, created in 2002-03, is financed by a reimbursable assessment of 6 percent on nursing home revenues. The 2003-04 Executive Budget proposes additional financing via the reestablishment of a nonreimbursable 0.7 percent assessment on hospital revenues and 0.6 percent assessment on home care revenues (\$207 million). These assessments are projected to generate a total of \$652 million in 2003-04 and will be used to finance Medicaid costs.
- **Health Care Reform Act Transfer:** This fund is supported by transfers from the Tobacco Control and Insurance Initiatives Pool and is used primarily to finance a portion of the State’s Medicaid program, including expansion of programs such as the Family Health Plus program. Spending from this fund in 2003-04 is projected to total \$1.30 billion, an increase of \$347 million over 2002-03. This increase is primarily the result of enrollment growth in the Family Health Plus program and annualized spending for workforce recruitment and retention initiatives.
- **Tobacco Transfer:** The Tobacco Transfer Fund was created in 2000-01 to receive a portion of the initial payments received by the Tobacco Settlement Fund pursuant to the Master Settlement Agreement between the tobacco companies and the states. Spending from this fund reimburses medical care providers for services rendered to Medicaid patients. The final initial payment occurred in 2002-03 (\$91 million), and therefore the 2003-04 Executive Budget assumes no revenue or spending in the Tobacco Transfer Fund.
- **STAR:** This fund receives personal income tax receipts dedicated to support the STAR property tax relief program. Spending for STAR is estimated at \$2.71 billion in 2003-04, an increase of \$40 million from 2002-03. STAR will provide \$2.17 billion in local property tax relief for eligible homeowners statewide. In addition, residents of New York City, who pay property, income and other taxes to fund City education services, will receive \$540 million in City personal income tax reductions. Increased participation by taxpayers and the new cost-of-living adjustment to the senior income eligibility ceiling account for the higher projected spending in 2003-04. For the 2003-04 school year only, individual homeowner STAR benefits will be capped at the maximum 2002-03 savings levels for their school district and assessing unit.
- **Lottery:** The Lottery Fund supports public elementary and secondary school education through proceeds received from the sale of lottery tickets. The 2003-04 Executive Budget projects roughly \$2 billion in lottery proceeds will be available to fund school aid (\$1.84 billion) and the remainder to support administrative costs of operating lottery games.
- **State University of New York:** The State University (SUNY) receives revenues from tuition, third-party payers, room rents, and user fees. SUNY revenues support the costs of operating hospitals, dormitories, and regular campus services. The University’s spending from State SRFs is projected to total \$2.56 billion in 2003-04, an increase of \$259 million from the current year.
- **Transportation:** The Mass Transportation Operating Assistance (MTOA) Fund and the Dedicated Mass Transportation Trust Fund receive taxes earmarked for mass transportation programs throughout the State. Total disbursements from these two funds in 2003-04 are projected at \$1.60 billion, \$83 million below 2002-03 levels. This decrease reflects a one-time MTOA fund balance release used to support payments in 2002-03.

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- **Child Health Plus:** Child Health Plus (CHP) subsidizes health insurance coverage for children of low-income families. The State-share cost for this program is funded with revenues transferred from the Health Care Initiatives Pool as authorized in the Health Care Reform Act. The 2003-04 Executive Budget projects State-share spending for this program to be \$417 million, an increase of \$20 million over 2002-03. This increase is attributable primarily to the proposed reversal of an initiative that allowed certain children to enroll in Medicaid rather than CHP, as well as enrollment growth and increased immigrant health care costs that are entirely funded by the State.
- **All Other:** Fees, licenses, and assessments collected by State agencies support the costs of providing specific services. Spending for these SRFs is projected to total \$3.20 billion for 2003-04 and includes spending for the EPIC prescription drug program (\$593 million), various health care programs (\$397 million), the Judiciary (\$156 million), environmental conservation programs (\$148 million), Workers Compensation Board (\$137 million), the insurance industry (\$133 million) and State Police (\$125 million).

Federal Special Revenue Funds

Federal SRFs account for grants and other aid received from the Federal government. The State must follow specific guidelines regarding the use of these grants. In most cases, the State finances programs in the first instance, then receives reimbursement from the Federal government. Reimbursement is assumed to be received in the State fiscal year in which the spending occurs, but timing-related variances can produce temporary budget balances in these funds. In addition, the State is subject to the Federal Cash Management Improvement Act, which imposes interest penalties on the State and Federal governments relating to the cash management of Federal funds.

Total disbursements for programs supported by Federal grants account for approximately three-quarters of all special revenue spending. Federal SRF receipts and disbursements are estimated at \$30.40 billion in 2003-04, a decrease of \$117 million or 0.4 percent from 2002-03. The projections for both fiscal years include the flow-through of Federal aid to localities for World Trade Center costs described above. The largest components of change in Federal spending are decreased spending for World Trade Center costs (\$1.12 billion) offset by increased spending in Medicaid (\$791 million) and CHP (\$205 million). Major components of Federal SRFs include:

- **Medicaid:** The single largest program funded in part with Federal moneys is the Medicaid program, which represents 54 percent of total Federal Special Revenue Fund spending. Disbursements from this fund correspond to the Federal government's share of direct payments made to health care providers and reimbursement to local governments for the administrative costs of the program. The 2003-04 Executive Budget estimates \$16.45 billion in total Federal Medicaid spending, an increase of \$638 billion from 2002-03. This growth is attributable to underlying growth in the Medicaid program of approximately 7.5 percent (\$958 million) and is partially offset by cost containment initiatives for hospitals, nursing homes, home care, and pharmacies, which lower both Federal and State costs.
- **Welfare:** The State receives Federal welfare funding through the TANF block grant. The difference between the block grant and current spending requirements (the "TANF surplus") allows the State and localities to provide services that help welfare recipients and at-risk families secure and retain employment. In 2003-04, Federal welfare spending financed by TANF will total \$1.96 billion, a decrease of \$296 million from fiscal year 2002-03. TANF supports a wide range of services, including child welfare services, tax credits for the working poor, and other welfare reform initiatives. The decrease in TANF spending in 2003-04 is due to the loss of one-time credits (\$615 million) which were used to support 2002-03 spending. This decrease is

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partially offset by program growth (\$201 million), increases in the earned income and dependent care tax credit offsets (\$57 million) and additional one-time credits taken in 2003-04 (\$61 million).

- **Education:** Education spending is projected at \$2.18 billion in 2003-04, an increase of \$54 million from 2002-03. Increased Federal funding for elementary and secondary education programs supports this growth in spending.
- **Higher Education Services Corporation:** Spending for Higher Education Services Corporation decreased by \$155 million from 2002-03 as a result of the reduced financing of TAP by the TANF block grant.
- **Children and Family Services:** Funding for Children and Family Services is projected at \$1.71 billion in 2003-04, an increase of \$31 million from 2002-03. The increase results from projected higher spending levels in child care and Title IV-E programs such as adoption and foster care.
- **Labor:** Labor spending is estimated at \$715 million in 2003-04, an increase of \$47 million from 2002-03. This increase is attributable primarily to the transfer to the Department of Vocational Rehabilitation programs presently operated by the Office of Children and Family Services and the State Education Department.
- **Child Health Plus:** Child Health Plus is largely supported with Federal moneys in addition to State funding and facilitates access to comprehensive health care coverage for every eligible child in New York up to the age of 18. The Federal share of spending for this program is estimated to be \$608 million in 2003-04, an increase of \$205 million from 2002-03. This increase reflects rising expansion and outreach efforts to enroll all eligible children in New York State.
- **All Other:** All other Federal spending is projected at \$5.66 billion for 2003-04 and includes support for health care, public protection and general government programs. The increase of \$474 million results primarily from an increase in Medicaid payments to State-operated mental health and retardation facilities (\$271 million), which total \$2.39 billion in 2003-04, and from increased Medicaid administration costs (\$153 million).

CAPITAL PROJECTS FUNDS

The Capital Projects Funds group includes the Capital Projects Fund that is supported with tax receipts from the General Fund. Other funds in this fund type exist for specific capital purposes and are financed by sources other than the General Fund. Spending for capital projects is financed with cash or bond proceeds. Cash resources include pay-as-you-go State resources and Federal grants. Bond resources are proceeds from the sale of bonds, including voter-approved general obligation bonds or public authority bonds. Many of these funds are supported by dedicated State taxes or receipts, such as highway-related taxes in the Dedicated Highway and Bridge Trust Fund, the real estate transfer tax and environmental fees in the Environmental Protection Fund, and park fees in the State Parks Infrastructure Fund. Other funds may receive only bond reimbursements, such as those that support capital programs for correctional services and housing.

Capital Projects Funds spending in 2003-04 is projected at \$5.64 billion, or \$581 million higher than the revised projection for 2002-03. The increase is attributable to spending associated with prior-year commitments in the areas of economic development (\$181 million), transportation (\$165 million) and the environment (\$127 million). In addition, Federal resources devoted to support efforts to reconstruct Route 9-A in the wake of the World Trade Center disaster will increase by \$67 million.

Highlights of the 2003-04 capital spending plan include:

- Transportation spending of \$3.1 billion, an increase of \$165 million or 6 percent over the prior year. Construction levels for DOT's Highway and Bridge Construction Program will be financed through a \$1.65 billion contract letting level in 2003-04. While this is a decline from last year's letting level of \$1.75 billion, spending continues

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- to increase from the higher level of commitments made in previous years. The Executive Budget continues support for local transportation capital programs including the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli Program. Transportation programs account for 55 percent of total capital spending.
- Projected spending for the environment of \$826 million will increase by \$127 million or 18 percent over 2002-03. The major components of this spending increase include \$105 million from the new Hazardous Waste Remedial Fund to support the Superfund Program and \$12 million from Environmental Protection Fund. Total disbursements for the environment include \$172 million in Clean Water/Clean Air Bond Act spending and \$127 million in spending from the Environmental Protection Fund. Spending for the environment will account for 15 percent of 2003-04 capital disbursements.
 - Spending for housing, economic development and other capital projects of \$796 million reflect a 52 percent (\$274 million) increase. This increase in spending represents the State's continued commitment to critical economic development and job creation initiatives designed as part of an effort to reverse the protracted national economic downturn. These projects are administered under a variety of programs, including the Regional Development Program and the Strategic Investment Program. These programs will focus on important projects that create or retain technology-related jobs through the construction and development of research facilities, business incubators and business parks. Other spending recommendations for 2003-04 will continue funding for the rehabilitation or construction of various State facilities, including the State Capitol, the Alfred E. Smith State Office Building, and the construction of the new Elk Street parking garage in Albany. Disbursements for housing, economic development, and other initiatives will account for approximately 14 percent of 2003-04 capital spending.
 - Public protection spending of \$258 million is projected to increase by \$14 million or 6 percent from 2002-03. Public protection spending, which finances capital projects to preserve and maintain existing correctional facilities, will account for 5 percent of total 2003-04 capital disbursements.
 - Spending for the Department of Mental Hygiene of \$203 million reflects an increase of \$31 million or 18 percent from the revised 2002-03 estimate. This change reflects the impact of bringing new community beds on-line across 2002-03 and 2003-04. Departmental spending will continue to support essential health and safety, rehabilitation and maintenance projects to preserve both State and community-based facilities operated and licensed by the Department's agencies. Department of Mental Hygiene spending will account for 3 percent of 2003-04 capital disbursements.
 - Capital spending for education and higher education of \$471 million reflects a modest decrease of \$30 million from 2002-03. This reflects the completion of disbursements for the School District Capital Outlay Grant Program in 2002-03. Absent this one-time spending, support for education and higher education programs increases by \$70 million, reflecting commitments made in the capital program to the University systems. Disbursements to support education will account for 8 percent of 2003-04 capital spending.

DEBT SERVICE FUNDS

Debt Service Funds are the conduits through which the State pays debt service on State general obligation bonds, and satisfies its lease-purchase and contractual obligation commitments on bonds issued by the State and public authorities. Debt Service Funds receive moneys either from a dedicated revenue stream, such as sales tax receipts or State personal income tax receipts, or as a transfer from the General Fund or other funds.

Estimated debt service disbursements from the debt service funds type are projected at \$3.10 billion for 2002-03 and \$3.37 billion for 2003-04. The \$271 million increase is due to a combination of ongoing debt management actions that lower the State's cost of borrowing in

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2002-03 to provide recurring savings. This includes: the refunding of State-supported bonds; using variable rate bonds and interest rate exchange agreements authorized by 2002 legislation; modernizing the financing structure of State-supported bonds; and issuing lower-cost personal income tax revenue bonds. Estimated disbursements reflect the refunding of State-supported bonds to generate significant present value savings. Debt service costs for the current year and over the five-year Capital Program and Financing Plan are projected to remain within the caps imposed by the Debt Reform Act.

The General Debt Service Fund pays debt service on general obligation bonds, as well as payments for lease-purchase and contractual obligation bonds. Transfers from the General Fund are the primary source of funds for these payments, and are made in the amount necessary to meet required disbursements. In addition, the Revenue Bond Tax Fund, an account within the General Debt Service Fund, will pay the debt service on personal income tax revenue bonds that are supported by the pledge of a portion of State personal income tax receipts.

In 2003-04, the transfer from the General Fund is projected at \$1.58 billion, an increase of \$109 million from 2002-03. This primarily reflects increases associated with prior-year financings for CUNY, SUNY, correctional facilities and other programs offset by the impact of refundings and other efforts to reduce borrowing costs. Additional transfers consist of \$161 million from the Dedicated Highway and Bridge Trust Fund, \$91 million from the Clean Water/Clean Air Fund, \$26 million from the Income Fund for SUNY Hospitals, \$1.5 million from the State Parks Infrastructure Fund, and \$1 million from the Centralized Services Fund. Those additional transfers pay the debt service on bonds issued for CHIPS, environmental projects under the Clean Water/Clean Air Bond Act, the hospital's share of SUNY educational facilities debt service, State parks, and equipment financing purposes, respectively. Along with \$233 million in revenue bond debt service financed with State personal income tax receipts, 2003-04 total disbursements from the General Debt Service Fund total \$2.1 billion. Personal income taxes in excess of debt service requirements are transferred back to the General Fund.

The Local Government Assistance Tax Fund is projected to receive \$2.3 billion in 2003-04 receipts from the dedicated one-cent statewide sales tax. Debt service and associated costs on the completed \$4.7 billion Local Government Assistance Corporation (LGAC) program are projected at \$256 million in 2003-04. Sales tax receipts in excess of LGAC's debt service requirements, \$2.0 billion, will be transferred to the General Fund.

Patient revenues of \$2.6 billion deposited to the Mental Health Services Fund will satisfy debt service obligations of \$158 million in 2003-04. The remaining balance will be transferred SRFs to support operating costs for various mental hygiene agencies. The Health Income Fund also receives patient revenue deposits and transfers from certain Health Department facilities, including the Roswell Park Cancer Institute (whose operations were transferred to a public corporation in 1997). Revenues of the Corporation continue to support the debt service on bonds for Roswell facilities through their maturity, and the balance is periodically transferred back to the Institute. As a result, the State's Financial Plan reflects only the portion of the Corporation's receipts that are needed for debt service. Approximately \$128 million in deposits to the Health Income Fund are expected to support debt service obligations of \$30 million in 2003-04. The balance of those deposits will be transferred to SRFs to support State Operations costs of the Health Department.

The Clean Water/Clean Air Fund, which was created in 1998-99 to implement the Clean Water/Clean Air Bond Act, is expected to receive \$292 million from the real estate transfer tax. Approximately \$91 million of these receipts will be transferred to the General Debt Service Fund in 2003-04 to support the debt service on Clean Water/Clean Air general

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obligation bonds and the \$201 million balance will be transferred to the General Fund. Other debt service funds are used to finance payments on bonds issued to finance housing, SUNY dormitory and State highway projects.

GAAP-BASIS FINANCIAL PLANS

The General Fund and All Governmental Funds Financial Plans are also prepared in accordance with Generally Accepted Accounting Principles (GAAP). Additional schedules are provided which detail the differences between the General Fund Financial Plan prepared on a cash basis versus that prepared in accordance with GAAP. The GAAP projections for both years are based on the accounting principles applied by the State Comptroller in the financial statements issued for the 2001-2002 State fiscal year. They do not reflect any pending proposals of the Governmental Accounting Standards Board, including GASB 34, which will significantly change the presentation of GAAP financial information for state and local governments in 2002-03.

The State is required to report its financial results in accordance with GASB 34 beginning with the 2002-03 fiscal year. As a result, DOB expects to prepare its GAAP basis financial projections for future years to reflect the changes required under GASB 34 in the first publication following the issuance of the 2002-03 Comprehensive Annual Financial Report by the State Comptroller in July 2003. The new financial reporting model will redefine the current financial reporting structure by changing its focus to major funds, rather than fund types, require a new section called management discussion and analysis (the "MD & A"), and contain new government-wide financial statements which will include all revenues and all costs of providing services each year. The new statements will report on both current assets and liabilities and long-term assets and liabilities, such as capital assets, including infrastructure (e.g., roads and bridges). Based on a preliminary analysis, DOB believes the State will be in an overall net positive asset position at the end of 2002-03.

In 2002-03, the General Fund GAAP Financial Plan shows total revenues of \$33.00 billion, total expenditures of \$41.76 billion, and net other financing sources of \$6.21 billion, resulting in an operating imbalance of \$2.55 billion. This operating results reflect the use of reserves in response to the World Trade Center disaster while the State restrains overall spending over the next few years, as well as the negative impact of the economy on revenues. As a result, the accumulated surplus declines from \$492 million at the end of 2001-02 to an accumulated deficit of \$2.06 billion at the end of 2002-03.

In 2003-04, the General Fund GAAP Financial Plan shows total revenues of \$33.47 billion, total expenditures of \$40.10 billion, and net other financing sources of \$6.49 billion, resulting in an operating deficit of \$138 million. The accumulated deficit is projected at \$2.20 billion at the end of 2003-04.

CASH FLOW

Cash flow reforms enacted in the 1990s prohibit the State from issuing short-term debt to meet its cash flow needs throughout the year unless the Governor, Senate Majority Leader, and Assembly Speaker jointly declare a fiscal emergency.

The 2002-03 cash flow assumes the Governor's proposal to receive tobacco securitization proceeds of \$1.9 billion in March 2003, or \$378 million more than needed for budget balance in March 2003.

The 2003-04 General Fund cash flow estimates assume the budget is enacted on time, and various management actions in the first quarter to maximize the use of other funding sources to offset General Fund spending. After these actions, the General Fund is projected

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to have quarterly balances of \$780 million in June, \$1.10 billion in September, \$1.40 billion by the end of December, and \$730 million at the end of March. The lowest projected month-end cash flow balances are \$375 million at the end of May and \$501 million in August.

GENERAL FUND FINANCIAL PLAN OUTYEAR PROJECTIONS

PROJECTED BUDGET GAPS FOR SFYs 2004-05 AND 2005-06 (millions of dollars)		
	2004-05	2005-06
Current Law Projected Receipts	36,596	38,692
Current Law Projected Disbursements	<u>46,767</u>	<u>49,772</u>
Gap (before 2003-04 Recommendations)	(10,171)	(11,080)
Value of 2003-04 Recommendations	<u>7,272</u>	<u>6,844</u>
– Spending Restraint	5,660	5,696
– Revenue Proposals	1,212	1,148
– Tobacco Proceeds	400	0
Remaining Gap (after Recommendations)	(2,899)	(4,236)
<i>2005-06 Gap if 2004-05 Gap is Closed with Recurring Actions</i>		(1,337)

The State faced potential budget gaps of \$10.2 billion in 2004-05 and \$11.1 billion in 2005-06 before any 2003-04 Executive Budget recommendations. The Governor’s budget proposes \$6.8 billion in recurring savings in 2004-05 and 2005-06, and preserves \$400 million in tobacco securitization receipts in 2004-05 to help reduce these gaps. The remaining gaps are projected at \$2.9 billion in 2004-05 and \$4.2 billion in 2005-06. These gaps assume the Legislature will enact the 2003-04 Executive Budget and accompanying legislation in its entirety. These budget gaps do not assume any possible collective bargaining salary increases, or additional spending efficiencies.

If the projected budget gap for 2004-05 is closed with recurring actions, the 2005-06 budget gap would be reduced to \$1.3 billion. A more detailed explanation of the outyear receipts and disbursement estimates follows.

OUTYEAR RECEIPTS

GENERAL FUND RECEIPTS (millions of dollars)		
SFY:	2004-05	2005-06
Total Receipts	38,010	39,679

General Fund receipts are estimated at \$38.01 billion in 2004-05. After adjusting for atypical transactions, there is an increase of \$1.3 billion which reflects a forecast that both the national and New York economies will have recovered from recession and will be growing at close to historical average rates through 2005. The forecast also assumes the incremental impact of enacted tax reductions, the impact of prior Refund Reserve transactions and the continued earmarking of receipts for Dedicated Highway Fund purposes. Receipts are projected to grow modestly to \$39.68 billion in 2005-06, again reflecting a return to economic growth consistent with average growth in the receipts base and the impact of enacted tax cuts on normal receipts growth. The Economic Backdrop section contains a detailed listing of outyear economic projections.

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PERSONAL INCOME TAX (millions of dollars)		
SFY:	2004-05	2005-06
Personal Income Tax	16,134	17,392

In general, income tax growth for 2004-05 and 2005-06 is governed by projections of growth in taxable personal income and its major components, including wages, interest and dividend earnings, realized taxable capital gains, and business net income and income derived from partnerships and S Corporations.

It should be noted that the estimated poor growth performance in income tax receipts in 2002-03 and 2003-04 is expected to be heavily influenced by the continuing impact of the World Trade Center disaster. The outyear projections anticipate a gradual recovery in income tax receipts growth from this period and the return to average liability growth rates in 2004 and 2005.

Personal income tax receipts are projected to increase to \$16.13 billion in 2004-05. The increase from 2003-04 largely reflects growth in underlying liability. In addition, receipts are reduced by the incremental value of the STAR tax reduction program.

Personal income tax receipts for 2005-06 are projected to increase to \$17.39 billion. The modest increase results from a return to increases in liability consistent with underlying adjusted gross income growth of more than 5 percent in both 2004 and 2005.

Wages are estimated to continue to improve in 2004-05 and 2005-06, reflecting stronger employment growth as well as a return to moderate growth in bonuses over the period.

Growth in realized capital gains is projected to rebound from the large decreases estimated for 2002 and 2003. The 2004-05 and 2005-06 receipts projections assume continued recovery in equity markets and growth in associated capital gains.

The 2004-05 and 2005-06 projections also assume increases in the other major components of income, consistent with continued growth in the overall economy. In particular, interest and business incomes are expected to grow at rates consistent with the average growth in these components in the years before the World Trade Center attacks. The Economic Backdrop section contains a more detailed discussion of these estimates.

There is significant uncertainty associated with the forecast of the outyear income components. In many cases, a reasonable range of uncertainty around the predicted income components would include significant reductions in receipts. As a result, the projections for 2004-05 and 2005-06 are relatively conservative given the substantial uncertainty in predicting income tax receipts.

USER TAXES AND FEES (millions of dollars)		
SFY:	2004-05	2005-06
User Taxes and Fees	7,788	8,034

Receipts from user taxes and fees are estimated to total \$7.79 billion in 2004-05, an increase of \$280 million from 2003-04. This increase is due almost exclusively to growth in the sales tax, which is partly offset by increased earmarking of motor vehicle fees to the dedicated transportation funds.

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User taxes and fees receipts are expected to grow to \$8.03 billion in 2005-06. The economy is expected to have recovered from the recession and be growing at trend rates over this period, resulting in sales tax growth more in line with historical averages. This is expected to result in underlying growth in the sales tax base of 4 percent to 5 percent.

BUSINESS TAXES (millions of dollars)		
SFY:	2004-05	2005-06
Business Taxes	3,787	3,922

Business tax receipts are estimated to increase to \$3.79 billion in 2004-05. This estimate reflects the effect of proposed tax law changes in the insurance tax. Receipts are projected to increase to \$3.92 billion in 2005-06, reflecting modest increases in underlying liability, offset by enacted business tax reductions.

OTHER TAXES (millions of dollars)		
SFY:	2004-05	2005-06
Other Taxes	790	850

The yield from other taxes is expected to increase from 2003-04 to \$790 million, which reflects the expected moderate growth in the stock market on the value of taxable estates, and the impact of the acceleration of the unified credit/exemption. In 2005-06, receipts climb to \$850 million, reflecting a return to normal growth in stock market values.

MISCELLANEOUS RECEIPTS (millions of dollars)		
SFY:	2004-05	2005-06
Miscellaneous Receipts	2,068	1,624

Miscellaneous receipts for 2004-05 are estimated at \$2.07 billion, including \$400 million in tobacco proceeds. Receipts in this category are projected to be \$1.62 billion in 2005-06. There are no tobacco proceeds in 2005-06.

TRANSFERS FROM OTHER FUNDS (millions of dollars)		
SFY:	2004-05	2005-06
PIT in Excess of Revenue Bond Debt Service	5,009	5,330
Sales Tax in Excess of LGAC Debt Service	2,060	2,151
Real Estate Taxes in Excess of CW/CA Debt Service	198	208
All Other Transfers	176	168
Total Transfers from Other Funds	7,443	7,857

Transfers from other funds are estimated to remain unchanged at \$7.44 billion in 2004-05 growing to \$7.86 billion in 2005-06. Both 2004-05 and 2005-06 reflect growth in the dedicated portions of personal income tax, sales tax and the real estate transfer tax, which comprise a significant portion of transfers from other funds each year. The growth in 2004-05 is offset by a decrease in the expected transfer from the Environmental Protection Fund (\$53 million), one-time transfers from the Dedicated Highway and Bridge Fund (\$118 million) and various SRFs in 2003-04 (\$10 million)

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OUTYEAR DISBURSEMENTS

GENERAL FUND DISBURSEMENTS (millions of dollars)		
SFY:	2004-05	2005-06
Total Disbursements	40,909	43,915

DOB currently projects spending to grow by \$2.27 billion (5.9 percent) in 2004-05 and \$3.01 billion (7.4 percent) in 2005-06. Spending estimates for 2004-05 and 2005-06 are described in more detail below.

GRANTS TO LOCAL GOVERNMENTS (millions of dollars)		
SFY:	2004-05	2005-06
Grants to Local Governments	26,866	29,064

Local assistance spending is projected to increase by \$953 million (3.7 percent) in 2004-05 and another \$2.2 billion (8.2 percent) in 2005-06. The cumulative growth in both outyears of \$3.2 billion is attributable primarily to school aid growth (\$800 million), underlying growth in Medicaid (\$1.4 billion), declines in alternative revenue sources including Federal TANF funds (\$548 million), and the end of a two-year Medicaid distressed hospital payment increase (\$324 million).

Projected growth in school aid on a school year basis is approximately \$650 million in both 2004-05 and 2005-06. This reflects projected increases in consolidated operating aid and other major formula-based aids, as well as in certain expense-based aids, such as building aid and transportation aid. On a fiscal year basis, school aid spending is projected to grow by approximately \$135 million (1.1 percent) in 2004-05 and \$665 million (5.6 percent) in 2005-06. The increases reflect projected growth in program expenses combined with a smaller "tail" in the 2004-05 fiscal year due to the 2003-04 school year reductions.

General Fund spending for Medicaid is expected to grow by \$219 million in 2004-05 and another \$1.2 billion in 2005-06. This increase is largely attributable to \$1.3 billion in spending growth for the program, which represents underlying growth of approximately 7.5 percent in 2004-05 and 10 percent in 2005-06, generally consistent with the projections developed with the Health Care Reform Act and the Congressional Budget Office. The remaining growth is attributable to the loss of other financing sources of \$324 million in 2005-06 resulting from the end of the two-year increase of distressed hospital payments.

Welfare spending is projected to increase by \$175 million (17.8 percent) in 2004-05, largely due to the loss of one-time Federal TANF funds. Programmatic commitments are expected to decline by 8.4 percent in 2004-05 as a result of the full annual impact of the recommendations contained in this budget, and then remain essentially flat in 2005-06.

Higher Education Services Corporation (HESC) spending is projected to grow by \$230 million (56.6 percent) in 2004-05 and by \$20 million in 2005-06. The increase in 2004-05 is the result of the loss of one-time Federal TANF funds used to support TAP in 2003-04.

Mental hygiene programs are projected to increase by \$179 million (11.5 percent) in 2004-05 and will remain basically flat in 2005-06 with a small increase of \$18 million (1.0 percent). Growth in 2004-05 is attributable primarily to projected expansion of programs for the mentally and developmentally disabled.

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All other local assistance programs increase by \$6 million (0.1 percent) in 2004-05 and by \$254 million (4.4 percent) in 2005-06. The two-year growth of \$260 million is due to programmatic growth in various local assistance programs which include increases in child welfare programs (\$85 million), various public health programs (\$65 million), and handicapped education (\$63 million).

STATE OPERATIONS (millions of dollars)		
SFY:	2004-05	2005-06
State Operations	7,511	7,740

State Operations spending is expected to increase by \$358 million, or 5.0 percent, in 2004-05 and another \$229 million or 3.1 percent in 2005-06. The growth in State Operations spending is due to costs associated with normal salary step increases and increases for non-personal service costs, valued at roughly \$125 million in 2004-05 and 2005-06. The State Operations growth is also attributable to the value of an additional institutional payroll cycle (\$130 million) in 2004-05 and the decline in Federal mental hygiene revenues. No additional general salary increases are assumed in either 2004-05 or 2005-06.

GENERAL STATE CHARGES (millions of dollars)		
SFY:	2004-05	2005-06
General State Charges	3,654	4,304

General State Charges are expected to increase by \$490 million (15.5 percent) in 2004-05 and \$650 million (17.8 percent) in 2005-06. This growth is attributable to anticipated cost increases in providing pension and health insurance benefits to State employees and retirees. Recent pension fund investment losses are expected to increase the New York State and Local Retirement Systems' employer contribution rate to 7 percent of employee salaries in 2004-05 and 11 percent in 2005-06. These rates will require additional spending of \$272 million in 2004-05 and another \$352 million in 2005-06. Spending for employee health care costs is expected to increase by \$217 million in 2004-05 and another \$289 million in 2005-06. This funding level assumes a 15 percent annual premium trend increases offset by over \$200 million in annual savings from health benefit changes and workforce reductions proposed in the 2003-04 Executive Budget.

TRANSFERS TO OTHER FUNDS (millions of dollars)		
SFY:	2004-05	2005-06
Debt Service	1,879	1,867
Capital Projects	303	313
State University	115	122
All Other	581	505
Total Transfers to Other Funds	2,878	2,807

Transfers to the Debt Service Funds increase by \$296 million in 2004-05 and decrease \$12 million 2005-06. The change in debt service in the outyears is due primarily to additional costs to support higher education, economic development, and public protection capital projects, offset by savings generated from efforts to reduce borrowing costs and the continued impact of the accounting treatment by the State Comptroller of the personal income tax revenue bond program, which artificially lowers future General Fund debt service costs.

FINANCIAL PLAN OVERVIEW

Capital projects transfers are projected to increase by \$97 million in 2004-05 and \$10 million in 2005-06. The \$97 million increase reflects a return to pay-as-you-go financing for various ongoing environmental and State programs which are bond financed in 2003-04, including environmental projects financed in the Capital Projects Fund (\$21 million), the new State Superfund (\$64 million), and various State facilities managed by the Office of General Services. The increase in General Fund support from 2004-05 to 2005-06 is due to additional costs in a variety of areas, including State facilities and mental hygiene.

Transfers to the State University reflect the State subsidy for SUNY hospitals and the State's share of the repayment of an outstanding SUNY loan.

All other transfers are projected to increase by approximately \$102 million in 2004-05 and decrease \$76 million in 2005-06, including a one-time legislatively mandated transfer of funds for medical malpractice in 2004-05 (\$45 million).

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FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
GENERAL FUND
2002-2003
(millions of dollars)**

	<u>October</u>	<u>(Note) Change</u>	<u>Restated October</u>	<u>Change</u>	<u>January</u>
Opening fund balance	1,032	0	1,032	0	1,032
Receipts:					
Taxes:					
Personal income tax	23,342	(4,770)	18,572	(1,390)	17,182
User taxes and fees	7,105	0	7,105	(53)	7,052
Business taxes	3,842	0	3,842	(320)	3,522
Other taxes	787	0	787	(26)	761
Miscellaneous receipts	2,148	0	2,148	1,937	4,085
Transfers from other funds:					
PIT in excess of Revenue Bond debt service	0	4,609	4,609	(331)	4,278
Sales tax in excess of LGAC debt service	1,808	0	1,808	42	1,850
Real estate taxes in excess of CW/CA debt service	0	170	170	96	266
All other transfers	866	(170)	696	246	942
Total receipts	<u>39,898</u>	<u>(161)</u>	<u>39,737</u>	<u>201</u>	<u>39,938</u>
Disbursements:					
Grants to local governments	26,848	0	26,848	84	26,932
State operations	7,815	0	7,815	(53)	7,762
General State charges	2,847	0	2,847	(77)	2,770
Transfers to other funds:					
Debt service	1,851	(161)	1,690	(216)	1,474
Capital projects	174	0	174	(4)	170
State university	86	0	86	(60)	26
Other purposes	593	0	593	60	653
Total disbursements	<u>40,214</u>	<u>(161)</u>	<u>40,053</u>	<u>(266)</u>	<u>39,787</u>
Change in fund balance	<u>(316)</u>	<u>0</u>	<u>(316)</u>	<u>467</u>	<u>151</u>
Closing fund balance	<u>716</u>	<u>0</u>	<u>716</u>	<u>467</u>	<u>1,183</u>
Tax Stabilization Reserve Fund	710	0	710	0	710
Contingency Reserve Fund	6	0	6	14	20
Community Projects Fund	0	0	0	75	75
Reserve for 2003-04	0	0	0	378	378

Note: The presentation of the Financial Plan contained in the October Update was restated to reflect the accounting treatment by the State Comptroller for personal income tax revenue bonds as described earlier in this Overview.

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
GENERAL FUND
2002-2003 AND 2003-2004
(millions of dollars)**

	2002-2003 January	2003-2004 Recommended	Change
Opening fund balance	<u>1,032</u>	<u>1,183</u>	<u>151</u>
Receipts:			
Taxes:			
Personal income tax	17,182	15,250	(1,932)
User taxes and fees	7,052	7,508	456
Business taxes	3,522	3,682	160
Other taxes	761	771	10
Miscellaneous receipts	4,085	3,538	(547)
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	4,278	4,864	586
Sales tax in excess of LGAC debt service	1,850	1,999	149
Real estate taxes in excess of CW/CA debt service	266	202	(64)
All other	942	377	(565)
Total receipts	<u>39,938</u>	<u>38,191</u>	<u>(1,747)</u>
Disbursements:			
Grants to local governments	26,932	25,913	(1,019)
State operations	7,762	7,152	(610)
General State charges	2,770	3,165	395
Transfers to other funds:			
Debt service	1,474	1,583	109
Capital projects	170	206	36
State university	26	145	119
Other purposes	653	480	(173)
Total disbursements	<u>39,787</u>	<u>38,644</u>	<u>(1,143)</u>
Change in fund balance	<u>151</u>	<u>(453)</u>	<u>(604)</u>
Closing fund balance	<u>1,183</u>	<u>730</u>	<u>(453)</u>
Tax Stabilization Reserve Fund	710	710	
Contingency Reserve Fund	20	20	
Community Projects Fund	75	0	
Reserve for 2003-04	378	0	

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
GENERAL FUND
2003-2004 THROUGH 2005-2006
(millions of dollars)**

	<u>2003-2004 Recommended</u>	<u>2004-2005 Projected</u>	<u>2005-2006 Projected</u>
Receipts:			
Taxes:			
Personal income tax	15,250	16,134	17,392
User taxes and fees	7,508	7,788	8,034
Business taxes	3,682	3,787	3,922
Other taxes	771	790	850
Miscellaneous receipts	3,538	2,068	1,624
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	4,864	5,009	5,330
Sales tax in excess of LGAC debt service	1,999	2,060	2,151
Real estate taxes in excess of CW/CA debt service	202	198	208
All other	377	176	168
Total receipts	<u>38,191</u>	<u>38,010</u>	<u>39,679</u>
Disbursements:			
Grants to local governments	25,913	26,866	29,064
State operations	7,152	7,511	7,740
General State charges	3,165	3,654	4,304
Transfers to other funds:			
Debt service	1,583	1,879	1,867
Capital projects	206	303	313
State university	145	115	122
Other purposes	480	581	505
Total disbursements	<u>38,644</u>	<u>40,909</u>	<u>43,915</u>
Deposit to/(use of) Community Projects Fund	<u>(75)</u>	<u>0</u>	<u>0</u>
Deposit to/(use of) Reserve for 2003-04	<u>(378)</u>	<u>0</u>	<u>0</u>
Margin	<u>0</u>	<u>(2,899)</u>	<u>(4,236)</u>

FINANCIAL PLAN OVERVIEW

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS 2001-2002 (millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	<u>1,110</u>	<u>2,199</u>	<u>(89)</u>	<u>422</u>	<u>3,642</u>
Receipts:					
Taxes	37,371	2,779	1,505	2,659	44,314
Miscellaneous receipts	1,625	7,129	1,444	614	10,812
Federal grants	0	26,698	1,423	0	28,121
Total receipts	<u>38,996</u>	<u>36,606</u>	<u>4,372</u>	<u>3,273</u>	<u>83,247</u>
Disbursements:					
Grants to local governments	27,835	31,270	650	0	59,755
State operations	7,839	6,565	0	6	14,410
General State charges	2,650	416	0	0	3,066
Debt service	0	0	0	4,143	4,143
Capital projects	0	6	3,664	0	3,670
Total disbursements	<u>38,324</u>	<u>38,257</u>	<u>4,314</u>	<u>4,149</u>	<u>85,044</u>
Other financing sources (uses):					
Transfers from other funds	2,148	2,530	313	4,742	9,733
Transfers to other funds	(2,898)	(2,031)	(761)	(4,119)	(9,809)
Bond and note proceeds	0	0	211	0	211
Net other financing sources (uses)	<u>(750)</u>	<u>499</u>	<u>(237)</u>	<u>623</u>	<u>135</u>
Change in fund balance	<u>(78)</u>	<u>(1,152)</u>	<u>(179)</u>	<u>(253)</u>	<u>(1,662)</u>
Closing fund balance	<u>1,032</u>	<u>1,047</u>	<u>(268)</u>	<u>169</u>	<u>1,980</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2002-2003
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	1,032	1,047	(268)	169	1,980
Receipts:					
Taxes	28,517	4,177	1,686	6,858	41,238
Miscellaneous receipts	4,085	9,747	2,488	626	16,946
Federal grants	0	30,955	1,482	0	32,437
Total receipts	<u>32,602</u>	<u>44,879</u>	<u>5,656</u>	<u>7,484</u>	<u>90,621</u>
Disbursements:					
Grants to local governments	26,932	37,479	1,161	0	65,572
State operations	7,762	7,321	0	7	15,090
General State charges	2,770	519	0	0	3,289
Debt service	0	0	0	3,091	3,091
Capital projects	0	3	3,903	0	3,906
Total disbursements	<u>37,464</u>	<u>45,322</u>	<u>5,064</u>	<u>3,098</u>	<u>90,948</u>
Other financing sources (uses):					
Transfers from other funds	7,336	3,009	195	4,585	15,125
Transfers to other funds	(2,323)	(2,707)	(1,231)	(8,964)	(15,225)
Bond and note proceeds	0	0	222	0	222
Net other financing sources (uses)	<u>5,013</u>	<u>302</u>	<u>(814)</u>	<u>(4,379)</u>	<u>122</u>
Change in fund balance	<u>151</u>	<u>(141)</u>	<u>(222)</u>	<u>7</u>	<u>(205)</u>
Closing fund balance	<u>1,183</u>	<u>906</u>	<u>(490)</u>	<u>176</u>	<u>1,775</u>

FINANCIAL PLAN OVERVIEW

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS 2003-2004 (millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,183	906	(490)	176	1,775
Receipts:					
Taxes	27,211	4,308	1,765	7,644	40,928
Miscellaneous receipts	3,538	10,204	2,790	702	17,234
Federal grants	0	30,390	1,668	0	32,058
Total receipts	30,749	44,902	6,223	8,346	90,220
Disbursements:					
Grants to local governments	25,913	37,258	1,262	0	64,433
State operations	7,152	7,752	0	7	14,911
General State charges	3,165	565	0	0	3,730
Debt service	0	0	0	3,362	3,362
Capital projects	0	3	4,383	0	4,386
Total disbursements	36,230	45,578	5,645	3,369	90,822
Other financing sources (uses):					
Transfers from other funds	7,442	3,210	226	4,831	15,709
Transfers to other funds	(2,414)	(2,550)	(1,058)	(9,804)	(15,826)
Bond and note proceeds	0	0	248	0	248
Net other financing sources (uses)	5,028	660	(584)	(4,973)	131
Change in fund balance	(453)	(16)	(6)	4	(471)
Closing fund balance	730	890	(496)	180	1,304

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2004-2005
(millions of dollars)**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	<u>0</u>	<u>890</u>	<u>(496)</u>	<u>180</u>	<u>574</u>
Receipts:					
Taxes	28,499	4,635	1,811	8,061	43,006
Miscellaneous receipts	2,068	10,786	2,280	650	15,784
Federal grants	0	31,891	1,802	0	33,693
Total receipts	<u>30,567</u>	<u>47,312</u>	<u>5,893</u>	<u>8,711</u>	<u>92,483</u>
Disbursements:					
Grants to local governments	26,866	39,436	1,015	0	67,317
State operations	7,511	7,684	0	7	15,202
General State charges	3,654	586	0	0	4,240
Debt service	0	0	0	4,245	4,245
Capital projects	0	4	4,360	0	4,364
Total disbursements	<u>38,031</u>	<u>47,710</u>	<u>5,375</u>	<u>4,252</u>	<u>95,368</u>
Other financing sources (uses):					
Transfers from other funds	7,443	2,982	323	5,279	16,027
Transfers to other funds	(2,878)	(2,447)	(1,086)	(9,740)	(16,151)
Bond and note proceeds	0	0	226	0	226
Net other financing sources (uses)	<u>4,565</u>	<u>535</u>	<u>(537)</u>	<u>(4,461)</u>	<u>102</u>
Change in fund balance	<u>(2,899)</u>	<u>137</u>	<u>(19)</u>	<u>(2)</u>	<u>(2,783)</u>
Closing fund balance	<u>(2,899)</u>	<u>1,027</u>	<u>(515)</u>	<u>178</u>	<u>(2,209)</u>

FINANCIAL PLAN OVERVIEW

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,027	(515)	178	690
Receipts:					
Taxes	30,198	4,838	1,774	8,597	45,407
Miscellaneous receipts	1,624	11,031	2,036	658	15,349
Federal grants	0	31,288	1,853	0	33,141
Total receipts	<u>31,822</u>	<u>47,157</u>	<u>5,663</u>	<u>9,255</u>	<u>93,897</u>
Disbursements:					
Grants to local governments	29,064	39,348	857	0	69,269
State operations	7,740	7,674	0	7	15,421
General State charges	4,304	594	0	0	4,898
Debt service	0	0	0	4,473	4,473
Capital projects	0	1	4,207	0	4,208
Total disbursements	<u>41,108</u>	<u>47,617</u>	<u>5,064</u>	<u>4,480</u>	<u>98,269</u>
Other financing sources (uses):					
Transfers from other funds	7,857	2,897	333	5,358	16,445
Transfers to other funds	(2,807)	(2,418)	(1,163)	(10,146)	(16,534)
Bond and note proceeds	0	0	219	0	219
Net other financing sources (uses)	<u>5,050</u>	<u>479</u>	<u>(611)</u>	<u>(4,788)</u>	<u>130</u>
Change in fund balance	<u>(4,236)</u>	<u>19</u>	<u>(12)</u>	<u>(13)</u>	<u>(4,242)</u>
Closing fund balance	<u>(4,236)</u>	<u>1,046</u>	<u>(527)</u>	<u>165</u>	<u>(3,552)</u>

FINANCIAL PLAN OVERVIEW

CASH FINANCIAL PLAN STATE FUNDS 2001-2002 (millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,110	2,193	69	422	3,794
Receipts:					
Taxes	37,371	2,779	1,505	2,659	44,314
Miscellaneous receipts	1,625	7,003	1,443	614	10,685
Federal grants	0	0	0	0	0
Total receipts	38,996	9,782	2,948	3,273	54,999
Disbursements:					
Grants to local governments	27,835	7,612	306	0	35,753
State operations	7,839	3,689	0	6	11,534
General State charges	2,650	259	0	0	2,909
Debt service	0	0	0	4,143	4,143
Capital projects	0	6	2,633	0	2,639
Total disbursements	38,324	11,566	2,939	4,149	56,978
Other financing sources (uses):					
Transfers from other funds	2,148	818	313	4,742	8,021
Transfers to other funds	(2,898)	(137)	(755)	(4,119)	(7,909)
Bond and note proceeds	0	0	211	0	211
Net other financing sources (uses)	(750)	681	(231)	623	323
Change in fund balance	(78)	(1,103)	(222)	(253)	(1,656)
Closing fund balance	1,032	1,090	(153)	169	2,138

FINANCIAL PLAN OVERVIEW

CASH FINANCIAL PLAN STATE FUNDS 2002-2003 (millions of dollars)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>(MEMO) Total</u>
Opening fund balance	1,032	1,090	(153)	169	2,138
Receipts:					
Taxes	28,517	4,177	1,686	6,858	41,238
Miscellaneous receipts	4,085	9,608	2,488	626	16,807
Federal grants	0	0	0	0	0
Total receipts	<u>32,602</u>	<u>13,785</u>	<u>4,174</u>	<u>7,484</u>	<u>58,045</u>
Disbursements:					
Grants to local governments	26,932	10,377	944	0	38,253
State operations	7,762	4,080	0	7	11,849
General State charges	2,770	349	0	0	3,119
Debt service	0	0	0	3,091	3,091
Capital projects	0	3	2,648	0	2,651
Total disbursements	<u>37,464</u>	<u>14,809</u>	<u>3,592</u>	<u>3,098</u>	<u>58,963</u>
Other financing sources (uses):					
Transfers from other funds	7,336	907	195	4,585	13,023
Transfers to other funds	(2,323)	(216)	(1,221)	(8,964)	(12,724)
Bond and note proceeds	0	0	222	0	222
Net other financing sources (uses)	<u>5,013</u>	<u>691</u>	<u>(804)</u>	<u>(4,379)</u>	<u>521</u>
Change in fund balance	<u>151</u>	<u>(333)</u>	<u>(222)</u>	<u>7</u>	<u>(397)</u>
Closing fund balance	<u>1,183</u>	<u>757</u>	<u>(375)</u>	<u>176</u>	<u>1,741</u>

FINANCIAL PLAN OVERVIEW

CASH FINANCIAL PLAN STATE FUNDS 2003-2004 (millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,183	757	(375)	176	1,741
Receipts:					
Taxes	27,211	4,308	1,765	7,644	40,928
Miscellaneous receipts	3,538	10,077	2,790	702	17,107
Federal grants	0	0	0	0	0
Total receipts	30,749	14,385	4,555	8,346	58,035
Disbursements:					
Grants to local governments	25,913	10,290	1,045	0	37,248
State operations	7,152	4,490	0	7	11,649
General State charges	3,165	399	0	0	3,564
Debt service	0	0	0	3,362	3,362
Capital projects	0	3	3,064	0	3,067
Total disbursements	36,230	15,182	4,109	3,369	58,890
Other financing sources (uses):					
Transfers from other funds	7,442	797	226	4,831	13,296
Transfers to other funds	(2,414)	(197)	(926)	(9,804)	(13,341)
Bond and note proceeds	0	0	248	0	248
Net other financing sources (uses)	5,028	600	(452)	(4,973)	203
Change in fund balance	(453)	(197)	(6)	4	(652)
Closing fund balance	730	560	(381)	180	1,089

FINANCIAL PLAN OVERVIEW

CASH FINANCIAL PLAN STATE FUNDS 2004-2005 (millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	560	(381)	180	359
Receipts:					
Taxes	28,499	4,635	1,811	8,061	43,006
Miscellaneous receipts	2,068	10,658	2,280	650	15,656
Federal grants	0	0	0	0	0
Total receipts	30,567	15,293	4,091	8,711	58,662
Disbursements:					
Grants to local governments	26,866	10,957	797	0	38,620
State operations	7,511	4,634	0	7	12,152
General State charges	3,654	410	0	0	4,064
Debt service	0	0	0	4,245	4,245
Capital projects	0	4	3,001	0	3,005
Total disbursements	38,031	16,005	3,798	4,252	62,086
Other financing sources (uses):					
Transfers from other funds	7,443	869	323	5,279	13,914
Transfers to other funds	(2,878)	(175)	(861)	(9,740)	(13,654)
Bond and note proceeds	0	0	226	0	226
Net other financing sources (uses)	4,565	694	(312)	(4,461)	486
Change in fund balance	(2,899)	(18)	(19)	(2)	(2,938)
Closing fund balance	(2,899)	542	(400)	178	(2,579)

FINANCIAL PLAN OVERVIEW

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	<u>0</u>	<u>542</u>	<u>(400)</u>	<u>178</u>	<u>320</u>
Receipts:					
Taxes	30,198	4,838	1,774	8,597	45,407
Miscellaneous receipts	1,624	10,902	2,036	658	15,220
Federal grants	0	0	0	0	0
Total receipts	<u>31,822</u>	<u>15,740</u>	<u>3,810</u>	<u>9,255</u>	<u>60,627</u>
Disbursements:					
Grants to local governments	29,064	11,378	640	0	41,082
State operations	7,740	4,685	0	7	12,432
General State charges	4,304	418	0	0	4,722
Debt service	0	0	0	4,473	4,473
Capital projects	0	1	2,835	0	2,836
Total disbursements	<u>41,108</u>	<u>16,482</u>	<u>3,475</u>	<u>4,480</u>	<u>65,545</u>
Other financing sources (uses):					
Transfers from other funds	7,857	772	333	5,358	14,320
Transfers to other funds	(2,807)	(167)	(899)	(10,146)	(14,019)
Bond and note proceeds	0	0	219	0	219
Net other financing sources (uses)	<u>5,050</u>	<u>605</u>	<u>(347)</u>	<u>(4,788)</u>	<u>520</u>
Change in fund balance	<u>(4,236)</u>	<u>(137)</u>	<u>(12)</u>	<u>(13)</u>	<u>(4,398)</u>
Closing fund balance	<u>(4,236)</u>	<u>405</u>	<u>(412)</u>	<u>165</u>	<u>(4,078)</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2001-2002
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>2,193</u>	<u>6</u>	<u>2,199</u>
Receipts:			
Taxes	2,779	0	2,779
Miscellaneous receipts	7,003	126	7,129
Federal grants	<u>0</u>	<u>26,698</u>	<u>26,698</u>
Total receipts	<u>9,782</u>	<u>26,824</u>	<u>36,606</u>
Disbursements:			
Grants to local governments	7,612	23,658	31,270
State operations	3,689	2,876	6,565
General State charges	259	157	416
Debt service	0	0	0
Capital projects	<u>6</u>	<u>0</u>	<u>6</u>
Total disbursements	<u>11,566</u>	<u>26,691</u>	<u>38,257</u>
Other financing sources (uses):			
Transfers from other funds	818	1,712	2,530
Transfers to other funds	(137)	(1,894)	(2,031)
Bond and note proceeds	<u>0</u>	<u>0</u>	<u>0</u>
Net other financing sources (uses)	<u>681</u>	<u>(182)</u>	<u>499</u>
Change in fund balance	<u>(1,103)</u>	<u>(49)</u>	<u>(1,152)</u>
Closing fund balance	<u>1,090</u>	<u>(43)</u>	<u>1,047</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2002-2003
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>1,090</u>	<u>(43)</u>	<u>1,047</u>
Receipts:			
Taxes	4,177	0	4,177
Miscellaneous receipts	9,608	139	9,747
Federal grants	0	30,955	30,955
Total receipts	<u>13,785</u>	<u>31,094</u>	<u>44,879</u>
Disbursements:			
Grants to local governments	10,377	27,102	37,479
State operations	4,080	3,241	7,321
General State charges	349	170	519
Debt service	0	0	0
Capital projects	3	0	3
Total disbursements	<u>14,809</u>	<u>30,513</u>	<u>45,322</u>
Other financing sources (uses):			
Transfers from other funds	907	2,102	3,009
Transfers to other funds	(216)	(2,491)	(2,707)
Bond and note proceeds	0	0	0
Net other financing sources (uses)	<u>691</u>	<u>(389)</u>	<u>302</u>
Change in fund balance	<u>(333)</u>	<u>192</u>	<u>(141)</u>
Closing fund balance	<u>757</u>	<u>149</u>	<u>906</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2003-2004
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>757</u>	<u>149</u>	<u>906</u>
Receipts:			
Taxes	4,308	0	4,308
Miscellaneous receipts	10,077	127	10,204
Federal grants	<u>0</u>	<u>30,390</u>	<u>30,390</u>
Total receipts	<u>14,385</u>	<u>30,517</u>	<u>44,902</u>
Disbursements:			
Grants to local governments	10,290	26,968	37,258
State operations	4,490	3,262	7,752
General State charges	399	166	565
Debt service	0	0	0
Capital projects	<u>3</u>	<u>0</u>	<u>3</u>
Total disbursements	<u>15,182</u>	<u>30,396</u>	<u>45,578</u>
Other financing sources (uses):			
Transfers from other funds	797	2,413	3,210
Transfers to other funds	(197)	(2,353)	(2,550)
Bond and note proceeds	<u>0</u>	<u>0</u>	<u>0</u>
Net other financing sources (uses)	<u>600</u>	<u>60</u>	<u>660</u>
Change in fund balance	<u>(197)</u>	<u>181</u>	<u>(16)</u>
Closing fund balance	<u>560</u>	<u>330</u>	<u>890</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2004-2005
(millions of dollars)**

	State	Federal	Total
Opening fund balance	560	330	890
Receipts:			
Taxes	4,635	0	4,635
Miscellaneous receipts	10,658	128	10,786
Federal grants	0	31,891	31,891
Total receipts	15,293	32,019	47,312
Disbursements:			
Grants to local governments	10,957	28,479	39,436
State operations	4,634	3,050	7,684
General State charges	410	176	586
Debt service	0	0	0
Capital projects	4	0	4
Total disbursements	16,005	31,705	47,710
Other financing sources (uses):			
Transfers from other funds	869	2,113	2,982
Transfers to other funds	(175)	(2,272)	(2,447)
Bond and note proceeds	0	0	0
Net other financing sources (uses)	694	(159)	535
Change in fund balance	(18)	155	137
Closing fund balance	542	485	1,027

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
SPECIAL REVENUE FUNDS
2005-2006
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>542</u>	<u>485</u>	<u>1,027</u>
Receipts:			
Taxes	4,838	0	4,838
Miscellaneous receipts	10,902	129	11,031
Federal grants	<u>0</u>	<u>31,288</u>	<u>31,288</u>
Total receipts	<u>15,740</u>	<u>31,417</u>	<u>47,157</u>
Disbursements:			
Grants to local governments	11,378	27,970	39,348
State operations	4,685	2,989	7,674
General State charges	418	176	594
Debt service	0	0	0
Capital projects	<u>1</u>	<u>0</u>	<u>1</u>
Total disbursements	<u>16,482</u>	<u>31,135</u>	<u>47,617</u>
Other financing sources (uses):			
Transfers from other funds	772	2,125	2,897
Transfers to other funds	(167)	(2,251)	(2,418)
Bond and note proceeds	<u>0</u>	<u>0</u>	<u>0</u>
Net other financing sources (uses)	<u>605</u>	<u>(126)</u>	<u>479</u>
Change in fund balance	<u>(137)</u>	<u>156</u>	<u>19</u>
Closing fund balance	<u>405</u>	<u>641</u>	<u>1,046</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2001-2002
(millions of dollars)**

	State	Federal	Total
Opening fund balance	69	(158)	(89)
Receipts:			
Taxes	1,505	0	1,505
Miscellaneous receipts	1,443	1	1,444
Federal grants	0	1,423	1,423
Total receipts	2,948	1,424	4,372
Disbursements:			
Grants to local governments	306	344	650
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	2,633	1,031	3,664
Total disbursements	2,939	1,375	4,314
Other financing sources (uses):			
Transfers from other funds	313	0	313
Transfers to other funds	(755)	(6)	(761)
Bond and note proceeds	211	0	211
Net other financing sources (uses)	(231)	(6)	(237)
Change in fund balance	(222)	43	(179)
Closing fund balance	(153)	(115)	(268)

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2002-2003
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>(153)</u>	<u>(115)</u>	<u>(268)</u>
Receipts:			
Taxes	1,686	0	1,686
Miscellaneous receipts	2,488	0	2,488
Federal grants	<u>0</u>	<u>1,482</u>	<u>1,482</u>
Total receipts	<u>4,174</u>	<u>1,482</u>	<u>5,656</u>
Disbursements:			
Grants to local governments	944	217	1,161
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	<u>2,648</u>	<u>1,255</u>	<u>3,903</u>
Total disbursements	<u>3,592</u>	<u>1,472</u>	<u>5,064</u>
Other financing sources (uses):			
Transfers from other funds	195	0	195
Transfers to other funds	(1,221)	(10)	(1,231)
Bond and note proceeds	<u>222</u>	<u>0</u>	<u>222</u>
Net other financing sources (uses)	<u>(804)</u>	<u>(10)</u>	<u>(814)</u>
Change in fund balance	<u>(222)</u>	<u>0</u>	<u>(222)</u>
Closing fund balance	<u>(375)</u>	<u>(115)</u>	<u>(490)</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2003-2004
(millions of dollars)**

	State	Federal	Total
Opening fund balance	(375)	(115)	(490)
Receipts:			
Taxes	1,765	0	1,765
Miscellaneous receipts	2,790	0	2,790
Federal grants	0	1,668	1,668
Total receipts	4,555	1,668	6,223
Disbursements:			
Grants to local governments	1,045	217	1,262
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	3,064	1,319	4,383
Total disbursements	4,109	1,536	5,645
Other financing sources (uses):			
Transfers from other funds	226	0	226
Transfers to other funds	(926)	(132)	(1,058)
Bond and note proceeds	248	0	248
Net other financing sources (uses)	(452)	(132)	(584)
Change in fund balance	(6)	0	(6)
Closing fund balance	(381)	(115)	(496)

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2004-2005
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>(381)</u>	<u>(115)</u>	<u>(496)</u>
Receipts:			
Taxes	1,811	0	1,811
Miscellaneous receipts	2,280	0	2,280
Federal grants	<u>0</u>	<u>1,802</u>	<u>1,802</u>
Total receipts	<u>4,091</u>	<u>1,802</u>	<u>5,893</u>
Disbursements:			
Grants to local governments	797	218	1,015
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	<u>3,001</u>	<u>1,359</u>	<u>4,360</u>
Total disbursements	<u>3,798</u>	<u>1,577</u>	<u>5,375</u>
Other financing sources (uses):			
Transfers from other funds	323	0	323
Transfers to other funds	(861)	(225)	(1,086)
Bond and note proceeds	<u>226</u>	<u>0</u>	<u>226</u>
Net other financing sources (uses)	<u>(312)</u>	<u>(225)</u>	<u>(537)</u>
Change in fund balance	<u>(19)</u>	<u>0</u>	<u>(19)</u>
Closing fund balance	<u>(400)</u>	<u>(115)</u>	<u>(515)</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
CAPITAL PROJECTS FUNDS
2005-2006
(millions of dollars)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Opening fund balance	<u>(400)</u>	<u>(115)</u>	<u>(515)</u>
Receipts:			
Taxes	1,774	0	1,774
Miscellaneous receipts	2,036	0	2,036
Federal grants	<u>0</u>	<u>1,853</u>	<u>1,853</u>
Total receipts	<u>3,810</u>	<u>1,853</u>	<u>5,663</u>
Disbursements:			
Grants to local governments	640	217	857
State operations	0	0	0
General State charges	0	0	0
Debt service	0	0	0
Capital projects	<u>2,835</u>	<u>1,372</u>	<u>4,207</u>
Total disbursements	<u>3,475</u>	<u>1,589</u>	<u>5,064</u>
Other financing sources (uses):			
Transfers from other funds	333	0	333
Transfers to other funds	(899)	(264)	(1,163)
Bond and note proceeds	<u>219</u>	<u>0</u>	<u>219</u>
Net other financing sources (uses)	<u>(347)</u>	<u>(264)</u>	<u>(611)</u>
Change in fund balance	<u>(12)</u>	<u>0</u>	<u>(12)</u>
Closing fund balance	<u>(412)</u>	<u>(115)</u>	<u>(527)</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
PROPRIETARY AND FIDUCIARY FUNDS
2002-2003
(millions of dollars)**

	<u>Internal Service</u>	<u>Enterprise</u>	<u>Fiduciary</u>
Opening fund balance	<u>(102)</u>	<u>19</u>	<u>74</u>
Receipts:			
Unemployment taxes	0	0	2,925
Miscellaneous receipts	622	84	72
Federal grants	0	0	326
Total receipts	<u>622</u>	<u>84</u>	<u>3,323</u>
Disbursements:			
Grants to local governments	0	0	10
State operations	564	85	72
Unemployment benefits	0	0	4,170
General State charges	53	1	2
Debt service	101	0	0
Capital projects	0	0	16
Total disbursements	<u>718</u>	<u>86</u>	<u>4,270</u>
Other financing sources (uses):			
Transfers from other funds	78	0	22
Transfers to other funds	0	0	0
Net other financing sources (uses)	<u>78</u>	<u>0</u>	<u>22</u>
Change in fund balance	<u>(18)</u>	<u>(2)</u>	<u>(925)</u>
Closing fund balance	<u>(120)</u>	<u>17</u>	<u>(851)</u>

FINANCIAL PLAN OVERVIEW

**CASH FINANCIAL PLAN
PROPRIETARY AND FIDUCIARY FUNDS
2003-2004
(millions of dollars)**

	Internal Service	Enterprise	Fiduciary
Opening fund balance	(120)	17	(851)
Receipts:			
Unemployment taxes	0	0	2,600
Miscellaneous receipts	565	83	81
Federal grants	0	0	26
Total receipts	565	83	2,707
Disbursements:			
Grants to local governments	0	0	10
State operations	531	85	87
Unemployment benefits	0	0	3,100
General State charges	40	2	6
Debt service	56	0	0
Capital Projects	0	0	4
Total disbursements	627	87	3,207
Other financing sources (uses):			
Transfers from other funds	94	0	23
Transfers to other funds	0	0	0
Net other financing sources (uses)	94	0	23
Change in fund balance	32	(4)	(477)
Closing fund balance	(88)	13	(1,328)

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
GENERAL FUND
2002-2003
(millions of dollars)**

	October	Change	January
Revenues:			
Taxes:			
Personal income tax	22,566	(7,201)	15,365
User taxes and fees	7,230	(65)	7,165
Business taxes	4,328	(798)	3,530
Other taxes	779	(45)	734
Miscellaneous revenues	3,996	2,210	6,206
Total revenues	38,899	(5,899)	33,000
Expenditures:			
Grants to local governments	28,426	974	29,400
State operations	10,051	(23)	10,028
General State charges	2,330	(21)	2,309
Debt service	23	0	23
Capital projects	1	0	1
Total expenditures	40,831	930	41,761
Other financing sources (uses):			
Transfers from other funds	6,122	4,407	10,529
Transfers to other funds	(4,883)	300	(4,583)
Proceeds from financing arrangements/ advance refundings	259	1	260
Net other financing sources (uses)	1,498	4,708	6,206
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(434)	(2,121)	(2,555)
Accumulated Surplus (Deficit)	58	(2,121)	(2,063)

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
GENERAL FUND
2002-2003 and 2003-2004
(millions of dollars)**

	2002-2003 Estimate	2003-2004 Recommended	Change
Revenues:			
Taxes:			
Personal income tax	15,365	15,370	5
User taxes and fees	7,165	7,499	334
Business taxes	3,530	3,684	154
Other taxes	734	780	46
Miscellaneous revenues	6,206	6,139	(67)
Total revenues	33,000	33,472	472
Expenditures:			
Grants to local governments	29,400	27,533	(1,867)
State operations	10,028	9,919	(109)
General State charges	2,309	2,625	316
Debt service	23	24	1
Capital projects	1	1	0
Total expenditures	41,761	40,102	(1,659)
Other financing sources (uses):			
Transfers from other funds	10,529	10,611	82
Transfers to other funds	(4,583)	(4,443)	140
Proceeds from financing arrangements/ advance refundings	260	324	64
Net other financing sources (uses)	6,206	6,492	286
(Deficiency) excess of revenues and other financing sources over expenditures and other financing uses	(2,555)	(138)	2,417
Accumulated Deficit	(2,063)	(2,201)	

FINANCIAL PLAN OVERVIEW

CONVERSION OF CASH FINANCIAL PLAN
TO GAAP FINANCIAL PLAN
GENERAL FUND
2002-2003
(millions of dollars)

	Cash Financial Plan	Perspective Difference Special Revenue Funds	Entity Difference Other Funds	Cash Basis Subtotal	Changes in Accruals	Elimin- ations	Intrafund Elimin- ations	Reclass- ification	GAAP Financial Plan
Receipts/Revenues:									
Taxes:									
Personal income tax	17,182	0	0	17,182	(1,817)	0	0	0	15,365
User taxes and fees	7,052	0	0	7,052	113	0	0	0	7,165
Business taxes	3,522	0	0	3,522	8	0	0	0	3,530
Other taxes	761	0	0	761	(27)	0	0	0	734
Miscellaneous receipts	4,085	3,121	683	7,889	(119)	(78)	(621)	(865)	6,206
Total receipts/revenues	32,602	3,121	683	36,406	(1,842)	(78)	(621)	(865)	33,000
Disbursements/expenditures:									
Grants to local governments	26,932	2,407	0	29,339	791	0	0	(730)	29,400
State operations	7,762	3,252	625	11,639	49	(236)	(621)	(803)	10,028
General State charges	2,770	190	54	3,014	117	(17)	0	(805)	2,309
Debt service	0	0	101	101	23	0	0	(101)	23
Capital projects	0	1	0	1	0	0	0	0	1
Total disbursements/expenditures	37,464	5,850	780	44,094	980	(253)	(621)	(2,439)	41,761
Other financing sources (uses):									
Transfers from other funds	7,336	2,809	78	10,223	0	(181)	(378)	865	10,529
Transfers to other funds	(2,323)	(196)	0	(2,519)	(5)	2	378	(2,439)	(4,583)
Proceeds from financing arrangements/ advance refundings	0	0	0	0	260	0	0	0	260
Net other financing sources (uses)	5,013	2,613	78	7,704	255	(179)	0	(1,574)	6,206
(Deposit to)/use of fund balances	227	0	0	227	(227)	0	0	0	0
Receipts/revenues and other financing sources over (under) disbursements/expenditures and other financing uses	378	(116)	(19)	243	(2,794)	(4)	0	0	(2,555)

FINANCIAL PLAN OVERVIEW

**CONVERSION OF CASH FINANCIAL PLAN
TO GAAP FINANCIAL PLAN
GENERAL FUND
2003-2004
(millions of dollars)**

	Cash Financial Plan	Perspective Difference Special Revenue Funds	Entity Difference Other Funds	Cash Basis Subtotal	Changes in Accruals	Elimin- ations	Intrafund Elimin- ations	Reclass- ification	GAAP Financial Plan
Receipts/Revenues:									
Taxes:									
Personal income tax	15,250	0	0	15,250	120	0	0	0	15,370
User taxes and fees	7,508	0	0	7,508	(9)	0	0	0	7,499
Business taxes	3,682	0	0	3,682	2	0	0	0	3,684
Other taxes	771	0	0	771	9	0	0	0	780
Miscellaneous receipts	3,538	3,141	625	7,304	10	(85)	(564)	(526)	6,139
Total receipts/revenues	30,749	3,141	625	34,515	132	(85)	(564)	(526)	33,472
Disbursements/expenditures:									
Grants to local governments	25,913	2,335	0	28,248	(132)	0	0	(583)	27,533
State operations	7,152	3,566	592	11,310	56	(240)	(564)	(643)	9,919
General State charges	3,165	206	42	3,413	96	(23)	0	(861)	2,625
Debt service	0	0	56	56	24	0	0	(56)	24
Capital projects	0	1	0	1	0	0	0	0	1
Total disbursements/expenditures	36,230	6,108	690	43,028	44	(263)	(564)	(2,143)	40,102
Other financing sources (uses):									
Transfers from other funds	7,442	3,001	94	10,537	0	(185)	(267)	526	10,611
Transfers to other funds	(2,414)	(151)	0	(2,565)	(5)	3	267	(2,143)	(4,443)
Proceeds from financing arrangements/ advance refundings	0	0	0	0	324	0	0	0	324
Net other financing sources (uses)	5,028	2,850	94	7,972	319	(182)	0	(1,617)	6,492
(Deposit to)/use of fund balances	75	0	0	75	(75)	0	0	0	0
Receipts/revenues and other financing sources (under) over disbursements/expenditures and other financing uses	(378)	(117)	29	(466)	332	(4)	0	0	(138)

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
GENERAL FUND
2003-2004 THROUGH 2005-2006
(millions of dollars)**

	<u>2003-2004 Recommended</u>	<u>2004-2005 Projected</u>	<u>2005-2006 Projected</u>
Revenues:			
Taxes:			
Personal income tax	15,370	16,281	17,547
User taxes and fees	7,499	7,810	8,042
Business taxes	3,684	3,781	3,885
Other taxes	780	804	891
Miscellaneous revenues	6,139	5,058	4,721
Total revenues	<u>33,472</u>	<u>33,734</u>	<u>35,086</u>
Expenditures:			
Grants to local governments	27,533	29,613	31,663
State operations	9,919	10,105	10,371
General State charges	2,625	2,996	3,656
Debt service	24	24	25
Capital projects	1	1	1
Total expenditures	<u>40,102</u>	<u>42,739</u>	<u>45,716</u>
Other financing sources (uses):			
Transfers from other funds	10,611	10,672	10,700
Transfers to other funds	(4,443)	(4,862)	(4,805)
Proceeds from financing arrangements/ advance refundings	324	299	298
Net other financing sources (uses)	<u>6,492</u>	<u>6,109</u>	<u>6,193</u>
(Deficiency) excess of revenues and other financing sources over expenditures and other financing uses	<u>(138)</u>	<u>(2,896)</u>	<u>(4,437)</u>

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2002-2003
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	26,794	4,177	1,668	6,897	39,536
Federal grants	0	32,632	1,475	0	34,107
Lottery	0	5,349	0	0	5,349
Patient fees	0	0	0	317	317
Miscellaneous revenues	6,206	1,185	344	39	7,774
Total revenues	<u>33,000</u>	<u>43,343</u>	<u>3,487</u>	<u>7,253</u>	<u>87,083</u>
Expenditures:					
Grants to local governments	29,400	35,185	1,134	0	65,719
State operations	10,028	5,192	0	7	15,227
General State charges	2,309	203	0	0	2,512
Debt service	23	0	0	2,662	2,685
Capital projects	1	2	3,704	0	3,707
Total expenditures	<u>41,761</u>	<u>40,582</u>	<u>4,838</u>	<u>2,669</u>	<u>89,850</u>
Other financing sources (uses):					
Transfers from other funds	10,529	1,107	170	4,687	16,493
Transfers to other funds	(4,583)	(3,922)	(1,278)	(9,227)	(19,010)
Proceeds of general obligation bonds	0	0	222	0	222
Proceeds from financing arrangements/ advance refundings	260	0	1,853	0	2,113
Net other financing sources (uses)	<u>6,206</u>	<u>(2,815)</u>	<u>967</u>	<u>(4,540)</u>	<u>(182)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses					
	<u>(2,555)</u>	<u>(54)</u>	<u>(384)</u>	<u>44</u>	<u>(2,949)</u>

FINANCIAL PLAN OVERVIEW

**GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2003-2004
(millions of dollars)**

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	27,333	4,308	1,769	7,636	41,046
Federal grants	0	32,099	1,660	0	33,759
Lottery	0	5,653	0	0	5,653
Patient fees	0	0	0	325	325
Miscellaneous revenues	6,139	1,450	492	95	8,176
Total revenues	<u>33,472</u>	<u>43,510</u>	<u>3,921</u>	<u>8,056</u>	<u>88,959</u>
Expenditures:					
Grants to local governments	27,533	35,165	1,234	0	63,932
State operations	9,919	5,336	0	7	15,262
General State charges	2,625	195	0	0	2,820
Debt service	24	0	0	2,686	2,710
Capital projects	1	2	4,126	0	4,129
Total expenditures	<u>40,102</u>	<u>40,698</u>	<u>5,360</u>	<u>2,693</u>	<u>88,853</u>
Other financing sources (uses):					
Transfers from other funds	10,610	1,064	206	4,888	16,768
Transfers to other funds	(4,442)	(3,735)	(1,106)	(10,253)	(19,536)
Proceeds of general obligation bonds	0	0	248	0	248
Proceeds from financing arrangements/ advance refundings	324	0	1,941	0	2,265
Net other financing sources (uses)	<u>6,492</u>	<u>(2,671)</u>	<u>1,289</u>	<u>(5,365)</u>	<u>(255)</u>
(Deficiency) excess of revenues and other financing sources over expenditures and other financing uses	<u>(138)</u>	<u>141</u>	<u>(150)</u>	<u>(2)</u>	<u>(149)</u>

FINANCIAL PLAN OVERVIEW

**CASHFLOW
GENERAL FUND
2001-2002
(millions of dollars)**

	First Quarter (Actual)	Second Quarter (Actual)	Third Quarter (Actual)	Fourth Quarter (Actual)	Total (Actual)
Opening fund balance	<u>1,110</u>	<u>6,142</u>	<u>5,554</u>	<u>5,201</u>	<u>1,110</u>
Receipts:					
Taxes:					
Personal income tax	11,398	4,789	4,771	4,896	25,854
User taxes and fees	1,823	1,620	1,884	1,771	7,098
Business taxes	997	799	852	968	3,616
Other taxes	207	151	226	219	803
Miscellaneous receipts	345	414	459	407	1,625
Transfers from other funds	550	467	630	501	2,148
Total receipts	<u>15,320</u>	<u>8,240</u>	<u>8,822</u>	<u>8,762</u>	<u>41,144</u>
Disbursements:					
Grants to local governments	6,386	4,973	6,086	10,390	27,835
State operations	2,386	2,359	1,746	1,348	7,839
General State charges	728	752	543	627	2,650
Transfers to other funds	788	744	800	566	2,898
Total disbursements	<u>10,288</u>	<u>8,828</u>	<u>9,175</u>	<u>12,931</u>	<u>41,222</u>
Excess (deficiency) of receipts over disbursements	<u>5,032</u>	<u>(588)</u>	<u>(353)</u>	<u>(4,169)</u>	<u>(78)</u>
Closing fund balance	<u>6,142</u>	<u>5,554</u>	<u>5,201</u>	<u>1,032</u>	<u>1,032</u>

FINANCIAL PLAN OVERVIEW

**CASHFLOW
GENERAL FUND
2002-2003
(millions of dollars)**

	First Quarter (Actual)	Second Quarter (Actual)	Third Quarter (Actual)	Fourth Quarter (Projected)	Total (Projected)
Opening fund balance	<u>1,032</u>	<u>1,737</u>	<u>1,735</u>	<u>1,463</u>	<u>1,032</u>
Receipts:					
Taxes:					
Personal income tax	6,754	3,763	2,148	4,517	17,182
User taxes and fees	1,781	1,816	1,745	1,710	7,052
Business taxes	702	833	758	1,229	3,522
Other taxes	211	214	157	179	761
Miscellaneous receipts	516	338	735	2,496	4,085
Transfers from other funds	1,469	1,813	1,562	2,492	7,336
Total receipts	<u>11,433</u>	<u>8,777</u>	<u>7,105</u>	<u>12,623</u>	<u>39,938</u>
Disbursements:					
Grants to local governments	6,950	4,662	4,577	10,743	26,932
State operations	2,233	2,432	1,881	1,216	7,762
General State charges	691	901	513	665	2,770
Transfers to other funds	854	784	406	279	2,323
Total disbursements	<u>10,728</u>	<u>8,779</u>	<u>7,377</u>	<u>12,903</u>	<u>39,787</u>
Excess (deficiency) of receipts over disbursements	<u>705</u>	<u>(2)</u>	<u>(272)</u>	<u>(280)</u>	<u>151</u>
Closing fund balance	<u>1,737</u>	<u>1,735</u>	<u>1,463</u>	<u>1,183</u>	<u>1,183</u>

FINANCIAL PLAN OVERVIEW

CASHFLOW GENERAL FUND 2002-2003 (millions of dollars)

	April through December 2002	2003 January	February	March	Total
Opening fund balance	1,032	1,463	3,905	4,232	1,032
Receipts:					
Taxes:					
Personal income tax	12,665	2,746	1,319	452	17,182
User taxes and fees	5,342	579	448	683	7,052
Business taxes	2,293	70	46	1,113	3,522
Other taxes	582	61	61	57	761
Miscellaneous receipts	1,589	190	129	2,177	4,085
Transfers from other funds	4,844	1,127	445	920	7,336
Total receipts	27,315	4,773	2,448	5,402	39,938
Disbursements:					
Grants to local governments	16,189	1,264	1,408	8,071	26,932
State operations	6,546	655	441	120	7,762
General State charges	2,105	266	161	238	2,770
Transfers to other funds	2,044	146	111	22	2,323
Total disbursements	26,884	2,331	2,121	8,451	39,787
Excess (deficiency) of receipts over disbursements	431	2,442	327	(3,049)	151
Closing fund balance	1,463	3,905	4,232	1,183	1,183

FINANCIAL PLAN OVERVIEW

CASHFLOW GENERAL FUND 2003-2004 (millions of dollars)

	First Quarter (Projected)	Second Quarter (Projected)	Third Quarter (Projected)	Fourth Quarter (Projected)	Total (Projected)
Opening fund balance	<u>1,183</u>	<u>780</u>	<u>1,096</u>	<u>1,402</u>	<u>1,183</u>
Receipts:					
Taxes:					
Personal income tax	4,490	3,801	2,292	4,667	15,250
User taxes and fees	1,851	1,907	1,951	1,799	7,508
Business taxes	867	891	832	1,092	3,682
Other taxes	198	203	175	195	771
Miscellaneous receipts	306	324	2,396	512	3,538
Transfers from other funds	2,002	1,934	1,299	2,207	7,442
Total receipts	<u>9,714</u>	<u>9,060</u>	<u>8,945</u>	<u>10,472</u>	<u>38,191</u>
Disbursements:					
Grants to local governments	6,522	4,713	5,463	9,215	25,913
State operations	2,170	2,138	1,993	851	7,152
General State charges	672	1,169	649	675	3,165
Transfers to other funds	753	724	534	403	2,414
Total disbursements	<u>10,117</u>	<u>8,744</u>	<u>8,639</u>	<u>11,144</u>	<u>38,644</u>
Excess (deficiency) of receipts over disbursements	<u>(403)</u>	<u>316</u>	<u>306</u>	<u>(672)</u>	<u>(453)</u>
Closing fund balance	<u>780</u>	<u>1,096</u>	<u>1,402</u>	<u>730</u>	<u>730</u>

FINANCIAL PLAN OVERVIEW

**CASHFLOW
GENERAL FUND
2003-2004**
(millions of dollars)

	2003			2004							Total		
	April	May	June	July	August	September	October	November	December	January		February	March
Opening fund balance	1,183	2,828	375	780	514	501	1,086	1,338	3,025	1,402	4,398	4,544	1,183
Receipts:													
Taxes:													
Personal income tax	2,541	349	1,600	1,165	1,106	1,530	1,192	922	178	2,786	1,338	543	15,250
User taxes and fees	554	516	781	539	583	785	583	582	786	583	484	732	7,508
Business taxes	65	13	789	41	36	814	32	(1)	801	40	19	1,033	3,682
Other taxes	60	66	72	66	70	67	55	59	61	63	68	64	771
Miscellaneous receipts	111	97	98	94	102	128	112	2,190	94	93	123	286	3,538
Transfers from other funds	944	270	788	565	524	845	589	393	317	1,150	346	711	7,442
Total receipts	<u>4,275</u>	<u>1,311</u>	<u>4,128</u>	<u>2,470</u>	<u>2,421</u>	<u>4,169</u>	<u>2,563</u>	<u>4,145</u>	<u>2,237</u>	<u>4,715</u>	<u>2,378</u>	<u>3,379</u>	<u>38,191</u>
Disbursements:													
Grants to local governments	1,250	2,740	2,532	1,558	1,442	1,713	1,363	1,641	2,459	840	1,762	6,613	25,913
State operations	798	709	663	854	662	622	621	535	837	557	216	78	7,152
General State charges	313	162	197	266	195	708	290	154	205	268	157	250	3,165
Transfers to other funds	269	153	331	58	135	531	47	128	359	54	97	252	2,414
Total disbursements	<u>2,630</u>	<u>3,764</u>	<u>3,723</u>	<u>2,736</u>	<u>2,434</u>	<u>3,574</u>	<u>2,321</u>	<u>2,458</u>	<u>3,860</u>	<u>1,719</u>	<u>2,232</u>	<u>7,193</u>	<u>38,644</u>
Excess (deficiency) of receipts over disbursements	<u>1,645</u>	<u>(2,453)</u>	<u>405</u>	<u>(266)</u>	<u>(13)</u>	<u>595</u>	<u>242</u>	<u>1,687</u>	<u>(1,623)</u>	<u>2,996</u>	<u>146</u>	<u>(3,814)</u>	<u>(453)</u>
Closing fund balance	2,828	375	780	514	501	1,086	1,338	3,025	1,402	4,398	4,544	730	730

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION GENERAL FUND (thousands of dollars)

	2001-2002 Actual	2002-2003 Estimated	2003-2004 Recommended
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	39,738	40,794	37,499
Alcoholic Beverage Control	0	0	0
Banking Department	0	0	0
Consumer Protection Board	465	484	404
Economic Development, Department of	67,295	36,874	29,972
Empire State Development Corporation	103,051	94,602	0
Energy Research and Development Authority	0	0	0
Housing Finance Agency	700	665	0
Housing and Community Renewal, Division of	79,926	81,871	67,227
Insurance Department	0	0	0
Olympic Regional Development Authority	7,550	7,471	7,400
Public Service, Department of	0	0	0
Science, Technology and Academic Research, Office of	36,500	33,321	55,845
Functional Total	<u>335,225</u>	<u>296,082</u>	<u>198,347</u>
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	4,289	4,185	4,151
Environmental Conservation, Department of	108,950	106,701	100,702
Environmental Facilities Corporation	0	0	0
Parks, Recreation and Historic Preservation, Office of	115,842	114,067	96,017
Functional Total	<u>229,081</u>	<u>224,953</u>	<u>200,870</u>
TRANSPORTATION			
Motor Vehicles, Department of	124,118	106,992	0
Transportation, Department of	155,507	163,818	161,616
Functional Total	<u>279,625</u>	<u>270,810</u>	<u>161,616</u>
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	903	905	928
Aging, Office for the	65,896	67,038	60,963
Children and Families, Council on	904	980	0
Children and Family Services, Office of	1,190,483	1,196,450	1,253,708
Health, Department of	7,169,369	6,761,497	6,277,410
<i>Medical Assistance</i>	6,204,375	5,945,862	5,464,409
<i>Medicaid Administration</i>	111,195	121,150	120,150
<i>All Other</i>	853,799	694,485	692,851
Human Rights, Division of	13,231	12,929	13,352
Labor, Department of	31,290	41,294	27,650
Prevention of Domestic Violence, Office of	2,310	2,514	2,215
Temporary and Disability Assistance, Office of	1,496,614	955,357	1,386,903
<i>Welfare Assistance</i>	1,060,240	496,159	984,350
<i>Welfare Administration</i>	380,585	383,225	319,132
<i>All Other</i>	55,789	75,973	83,421
Welfare Inspector General, Office of	711	640	0
Workers' Compensation Board	0	0	0
Functional Total	<u>9,971,711</u>	<u>9,039,604</u>	<u>9,023,129</u>
MENTAL HEALTH			
Mental Health, Office of	1,410,562	1,303,615	1,203,089
Mental Retardation and Developmental Disabilities, Office of	810,517	766,743	768,150
Alcohol and Substance Abuse Services, Office of	295,264	296,611	291,493
Developmental Disabilities Planning Council	0	0	0
Quality of Care for the Mentally Disabled, Commission on	3,136	2,982	2,835
Functional Total	<u>2,519,479</u>	<u>2,369,951</u>	<u>2,265,567</u>

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION GENERAL FUND (thousands of dollars)

	2001-2002 <u>Actual</u>	2002-2003 <u>Estimated</u>	2003-2004 <u>Recommended</u>
PUBLIC PROTECTION			
Capital Defenders Office	12,225	12,667	11,787
Correction, Commission of	2,454	2,524	2,481
Correctional Services, Department of	1,816,411	1,781,882	1,781,300
Crime Victims Board	9,851	3,814	3,313
Criminal Justice Services, Division of	102,432	102,315	93,296
Investigation, Temporary State Commission of	3,115	2,991	2,757
Judicial Commissions	2,225	2,372	2,424
Military and Naval Affairs, Division of	40,400	24,118	21,331
Parole, Division of	180,689	184,713	177,476
Probation and Correctional Alternatives, Division of	85,106	85,312	75,102
Public Security, Office of	0	0	6,990
State Police, Division of	381,177	366,781	327,254
Functional Total	<u>2,636,085</u>	<u>2,569,489</u>	<u>2,505,511</u>
EDUCATION			
Arts, Council on the	52,741	51,296	44,726
City University of New York	756,987	859,836	667,635
Education, Department of	13,515,034	13,717,745	12,973,082
<i>School Aid</i>	12,178,357	12,303,047	11,744,014
<i>STAR Property Tax Relief</i>	0	0	0
<i>Handicapped</i>	690,550	786,851	762,387
<i>All Other</i>	646,127	627,847	466,681
Higher Education Services Corporation	699,489	316,959	407,282
State University Construction Fund	0	0	0
State University of New York	1,383,300	1,428,084	1,241,463
Functional Total	<u>16,407,551</u>	<u>16,373,920</u>	<u>15,334,188</u>
GENERAL GOVERNMENT			
Audit and Control, Department of	139,601	149,272	149,344
Budget, Division of the	26,707	32,208	29,431
Civil Service, Department of	28,917	26,085	20,450
Elections, State Board of	3,525	3,503	3,585
Employee Relations, Office of	3,990	4,125	3,458
Executive Chamber	16,181	19,869	16,122
General Services, Office of	121,233	116,353	111,611
Inspector General, Office of	4,773	4,453	4,322
Law, Department of	119,460	118,515	110,727
Lieutenant Governor, Office of the	464	542	483
Lottery, Division of	0	0	0
Public Employment Relations Board	3,735	3,687	4,550
Racing and Wagering Board, State	9,412	9,409	0
Real Property Services, Office of	40,529	36,982	31,836
Regulatory Reform, Governor's Office of	3,334	3,456	3,162
State, Department of	13,898	19,450	15,848
Tax Appeals, Division of	3,061	3,055	2,723
Taxation and Finance, Department of	296,681	324,930	318,327
Technology, Office for	50,055	47,347	34,431
TSC Lobbying	1,013	1,083	963
Veterans Affairs, Division of	10,088	11,391	10,085
Functional Total	<u>896,657</u>	<u>935,715</u>	<u>871,458</u>
ALL OTHER CATEGORIES			
Legislature	207,204	206,735	206,735
Judiciary (excluding fringe benefits)	1,261,455	1,305,500	1,338,800
Homeland Security	0	30,008	10,948
World Trade Center	0	62,590	0
Local Government Assistance	845,032	834,170	806,960
Long-Term Debt Service	2,086,398	1,473,968	1,583,204
Capital Projects	288,727	169,809	205,957
General State Charges/Miscellaneous	3,257,374	3,623,960	3,930,220
Functional Total	<u>7,946,190</u>	<u>7,706,740</u>	<u>8,082,824</u>
TOTAL GENERAL FUND SPENDING	<u>41,221,604</u>	<u>39,787,264</u>	<u>38,643,510</u>

FINANCIAL PLAN OVERVIEW

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

	2001-2002 Actual	2002-2003 Estimated	2003-2004 Recommended
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	71,716	92,663	79,225
Alcoholic Beverage Control	11,235	10,804	10,459
Banking Department	51,620	56,445	54,488
Consumer Protection Board	2,962	3,833	3,350
Economic Development, Department of	70,071	41,098	34,017
Empire State Development Corporation	103,051	108,902	40,000
Energy Research and Development Authority	30,036	28,023	28,023
Housing Finance Agency	700	665	0
Housing and Community Renewal, Division of	242,394	233,763	215,748
Insurance Department	90,901	99,449	132,505
Olympic Regional Development Authority	7,664	7,621	7,550
Public Service, Department of	51,273	56,908	55,268
Science, Technology and Academic Research, Office of	42,083	60,150	83,597
Functional Total	775,706	800,324	744,230
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	4,469	4,535	4,501
Environmental Conservation, Department of	784,660	825,816	934,457
Environmental Facilities Corporation	9,254	7,844	15,706
Parks, Recreation and Historic Preservation, Office of	197,427	209,040	210,826
Functional Total	995,810	1,047,235	1,165,490
TRANSPORTATION			
Motor Vehicles, Department of	199,988	209,376	213,379
Transportation, Department of	4,386,021	4,828,880	4,790,993
Functional Total	4,586,009	5,038,256	5,004,372
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	1,470	1,316	1,339
Aging, Office for the	157,633	169,055	166,444
Children and Families, Council on	1,635	1,882	0
Children and Family Services, Office of	2,786,122	2,900,450	3,023,166
Health, Department of	25,400,461	28,060,789	29,022,593
<i>Medical Assistance</i>	21,866,218	24,259,557	24,774,469
<i>Medicaid Administration</i>	501,735	449,900	601,900
<i>All Other</i>	3,032,508	3,351,332	3,646,224
Human Rights, Division of	14,388	14,532	14,957
Labor, Department of	784,941	750,390	788,772
Prevention of Domestic Violence, Office of	2,521	2,534	2,235
Temporary and Disability Assistance, Office of	4,297,963	4,077,947	4,248,714
<i>Welfare Assistance</i>	3,035,727	2,754,118	2,946,356
<i>Welfare Administration</i>	380,585	383,225	319,132
<i>All Other</i>	881,651	940,604	983,226
Welfare Inspector General, Office of	970	1,010	0
Workers' Compensation Board	137,265	141,248	136,603
Functional Total	33,585,369	36,121,153	37,404,823
MENTAL HEALTH			
Mental Health, Office of	2,001,887	2,020,105	2,031,862
Mental Retardation and Developmental Disabilities, Office of	2,316,091	2,473,862	2,600,047
Alcohol and Substance Abuse Services, Office of	464,287	474,877	482,300
Developmental Disabilities Planning Council	0	3,833	3,819
Quality of Care for the Mentally Disabled, Commission on	9,155	10,053	10,461
Functional Total	4,791,420	4,982,730	5,128,489

FINANCIAL PLAN OVERVIEW

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

	2001-2002 Actual	2002-2003 Estimated	2003-2004 Recommended
PUBLIC PROTECTION			
Capital Defenders Office	12,225	12,667	11,787
Correction, Commission of	2,601	2,524	2,481
Correctional Services, Department of	2,100,374	2,034,643	2,032,524
Crime Victims Board	68,777	69,584	62,386
Criminal Justice Services, Division of	152,146	154,429	151,916
Investigation, Temporary State Commission of	3,252	3,164	3,000
Judicial Commissions	2,225	2,372	2,424
Military and Naval Affairs, Division of	679,166	119,770	126,902
Parole, Division of	184,507	189,056	181,819
Probation and Correctional Alternatives, Division of	86,696	85,312	75,102
Public Security, Office of	0	0	10,749
State Police, Division of	499,140	475,917	472,923
Functional Total	<u>3,791,109</u>	<u>3,149,438</u>	<u>3,134,013</u>
EDUCATION			
Arts, Council on the	53,283	51,906	45,328
City University of New York	803,386	916,486	714,685
Education, Department of	19,785,046	20,597,282	19,831,153
<i>School Aid</i>	13,739,854	14,306,260	13,648,460
<i>STAR Property Tax Relief</i>	2,510,074	2,667,000	2,707,000
<i>Handicapped</i>	1,063,878	1,094,086	1,100,968
<i>All Other</i>	2,471,240	2,529,936	2,374,725
Higher Education Services Corporation	784,675	776,352	705,678
State University Construction Fund	9,439	10,837	11,003
State University of New York	3,989,909	4,174,352	4,309,925
Functional Total	<u>25,425,738</u>	<u>26,527,215</u>	<u>25,617,772</u>
GENERAL GOVERNMENT			
Audit and Control, Department of	142,700	152,204	152,298
Budget, Division of the	31,010	38,980	41,164
Civil Service, Department of	29,806	27,185	21,950
Elections, State Board of	3,525	3,503	33,368
Employee Relations, Office of	4,030	4,307	3,646
Executive Chamber	16,181	19,869	16,122
General Services, Office of	183,536	208,298	218,296
Inspector General, Office of	5,725	5,442	5,563
Law, Department of	154,693	160,820	160,494
Lieutenant Governor, Office of the	464	542	483
Lottery, Division of	153,093	160,854	154,942
Public Employment Relations Board	3,832	3,883	4,783
Racing and Wagering Board, State	13,950	13,686	14,654
Real Property Services, Office of	52,156	49,843	51,862
Regulatory Reform, Governor's Office of	3,334	3,456	3,162
State, Department of	95,755	152,049	135,086
Tax Appeals, Division of	3,061	3,055	2,723
Taxation and Finance, Department of	322,610	359,731	350,508
Technology, Office for	50,055	47,347	34,431
TSC Lobbying	1,037	1,383	1,263
Veterans Affairs, Division of	11,022	12,448	11,304
Functional Total	<u>1,281,575</u>	<u>1,428,885</u>	<u>1,418,102</u>
ALL OTHER CATEGORIES			
Legislature	208,154	207,685	207,685
Judiciary (excluding fringe benefits)	1,394,203	1,472,960	1,515,852
Homeland Security	0	45,008	26,538
World Trade Center	0	2,059,657	946,042
Local Government Assistance	845,032	834,170	806,960
Long-Term Debt Service	4,143,157	3,091,029	3,361,993
General State Charges/Miscellaneous	3,220,745	4,142,002	4,339,694
Functional Total	<u>9,811,291</u>	<u>11,852,511</u>	<u>11,204,764</u>
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	<u><u>85,044,027</u></u>	<u><u>90,947,747</u></u>	<u><u>90,822,055</u></u>

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS (thousands of dollars)

	2001-2002 Actual	2002-2003 Estimated	2003-2004 Recommended
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT			
Agriculture and Markets, Department of	63,258	69,534	66,124
Alcoholic Beverage Control	11,205	10,804	10,459
Banking Department	51,620	56,445	54,488
Consumer Protection Board	2,962	3,833	3,350
Economic Development, Department of	69,950	40,766	33,685
Empire State Development Corporation	103,051	108,902	40,000
Energy Research and Development Authority	30,036	28,023	28,023
Housing Finance Agency	700	665	0
Housing and Community Renewal, Division of	183,316	199,293	180,759
Insurance Department	90,901	99,449	132,505
Olympic Regional Development Authority	7,664	7,621	7,550
Public Service, Department of	50,044	55,859	53,920
Science, Technology and Academic Research, Office of	36,521	54,525	77,972
Functional Total	701,228	735,719	688,835
PARKS AND THE ENVIRONMENT			
Adirondack Park Agency	4,407	4,185	4,151
Environmental Conservation, Department of	588,508	645,975	754,593
Environmental Facilities Corporation	9,254	7,844	15,706
Parks, Recreation and Historic Preservation, Office of	193,374	203,881	205,680
Functional Total	795,543	861,885	980,130
TRANSPORTATION			
Motor Vehicles, Department of	189,119	194,840	198,779
Transportation, Department of	3,252,331	3,558,522	3,528,362
Functional Total	3,441,450	3,753,362	3,727,141
HEALTH AND SOCIAL WELFARE			
Advocate for Persons with Disabilities, Office of	903	905	928
Aging, Office for the	65,896	67,038	60,963
Children and Families, Council on	904	1,205	0
Children and Family Services, Office of	1,219,364	1,220,606	1,312,785
Health, Department of	9,304,731	10,628,779	10,583,220
<i>Medical Assistance</i>	7,361,167	8,451,262	8,328,309
<i>Medicaid Administration</i>	111,195	121,150	120,150
<i>All Other</i>	1,832,369	2,056,367	2,134,761
Human Rights, Division of	13,231	12,933	13,356
Labor, Department of	49,431	83,182	74,089
Prevention of Domestic Violence, Office of	2,310	2,534	2,235
Temporary and Disability Assistance, Office of	1,546,398	1,021,844	1,457,916
<i>Welfare Assistance</i>	1,060,240	496,159	984,350
<i>Welfare Administration</i>	380,585	383,225	319,132
<i>All Other</i>	105,573	142,460	154,434
Welfare Inspector General, Office of	711	640	0
Workers' Compensation Board	137,265	141,248	136,603
Functional Total	12,341,144	13,180,914	13,642,095
MENTAL HEALTH			
Mental Health, Office of	1,586,166	1,497,971	1,442,023
Mental Retardation and Developmental Disabilities, Office of	864,756	830,651	850,825
Alcohol and Substance Abuse Services, Office of	318,415	331,327	328,992
Developmental Disabilities Planning Council	0	0	0
Quality of Care for the Mentally Disabled, Commission on	3,136	2,987	2,840
Functional Total	2,772,473	2,662,936	2,624,680

FINANCIAL PLAN OVERVIEW

CASH DISBURSEMENTS BY FUNCTION STATE FUNDS (thousands of dollars)

	2001-2002 Actual	2002-2003 Estimated	2003-2004 Recommended
PUBLIC PROTECTION			
Capital Defenders Office	12,225	12,667	11,787
Correction, Commission of	2,454	2,524	2,481
Correctional Services, Department of	2,023,515	1,971,632	1,969,550
Crime Victims Board	36,728	31,355	30,854
Criminal Justice Services, Division of	107,063	109,770	107,251
Investigation, Temporary State Commission of	3,252	3,164	3,000
Judicial Commissions	2,225	2,372	2,424
Military and Naval Affairs, Division of	54,097	39,844	41,797
Parole, Division of	180,689	184,813	177,576
Probation and Correctional Alternatives, Division of	85,106	85,312	75,102
Public Security, Office of	0	0	10,749
State Police, Division of	455,398	460,977	455,542
Functional Total	<u>2,962,752</u>	<u>2,904,430</u>	<u>2,888,113</u>
EDUCATION			
Arts, Council on the	52,741	51,296	44,726
City University of New York	803,386	916,486	714,685
Education, Department of	17,650,524	18,467,154	17,646,622
<i>School Aid</i>	13,739,854	14,306,260	13,648,460
<i>STAR Property Tax Relief</i>	2,510,074	2,667,000	2,707,000
<i>Handicapped</i>	690,550	786,851	762,387
<i>All Other</i>	710,046	707,043	528,775
Higher Education Services Corporation	767,627	386,152	470,478
State University Construction Fund	9,439	10,837	11,003
State University of New York	3,845,690	4,033,063	4,167,313
Functional Total	<u>23,129,407</u>	<u>23,864,988</u>	<u>23,054,827</u>
GENERAL GOVERNMENT			
Audit and Control, Department of	142,700	152,204	152,298
Budget, Division of the	31,010	38,980	41,164
Civil Service, Department of	29,806	27,185	21,950
Elections, State Board of	3,525	3,503	3,585
Employee Relations, Office of	4,030	4,307	3,646
Executive Chamber	16,181	19,869	16,122
General Services, Office of	178,584	203,998	213,996
Inspector General, Office of	5,725	5,442	5,563
Law, Department of	136,138	140,078	139,604
Lieutenant Governor, Office of the	464	542	483
Lottery, Division of	153,093	160,854	154,942
Public Employment Relations Board	3,832	3,883	4,783
Racing and Wagering Board, State	13,950	13,686	14,654
Real Property Services, Office of	52,156	49,843	51,862
Regulatory Reform, Governor's Office of	3,334	3,456	3,162
State, Department of	40,082	68,335	66,124
Tax Appeals, Division of	3,061	3,055	2,723
Taxation and Finance, Department of	322,137	359,463	350,230
Technology, Office for	50,055	47,347	34,431
TSC Lobbying	1,037	1,383	1,263
Veterans Affairs, Division of	10,088	11,391	10,085
Functional Total	<u>1,200,988</u>	<u>1,318,804</u>	<u>1,292,670</u>
ALL OTHER CATEGORIES			
Legislature	208,154	207,685	207,685
Judiciary (excluding fringe benefits)	1,391,074	1,470,460	1,513,352
Homeland Security	0	45,008	26,538
World Trade Center	0	64,353	0
Local Government Assistance	845,032	834,170	806,960
Long-Term Debt Service	4,143,157	3,091,029	3,361,993
General State Charges/Miscellaneous	3,046,419	3,967,475	4,075,270
Functional Total	<u>9,633,836</u>	<u>9,680,180</u>	<u>9,991,798</u>
TOTAL STATE FUNDS SPENDING	<u><u>56,978,821</u></u>	<u><u>58,963,218</u></u>	<u><u>58,890,289</u></u>