

**New York State
Division of the Budget**

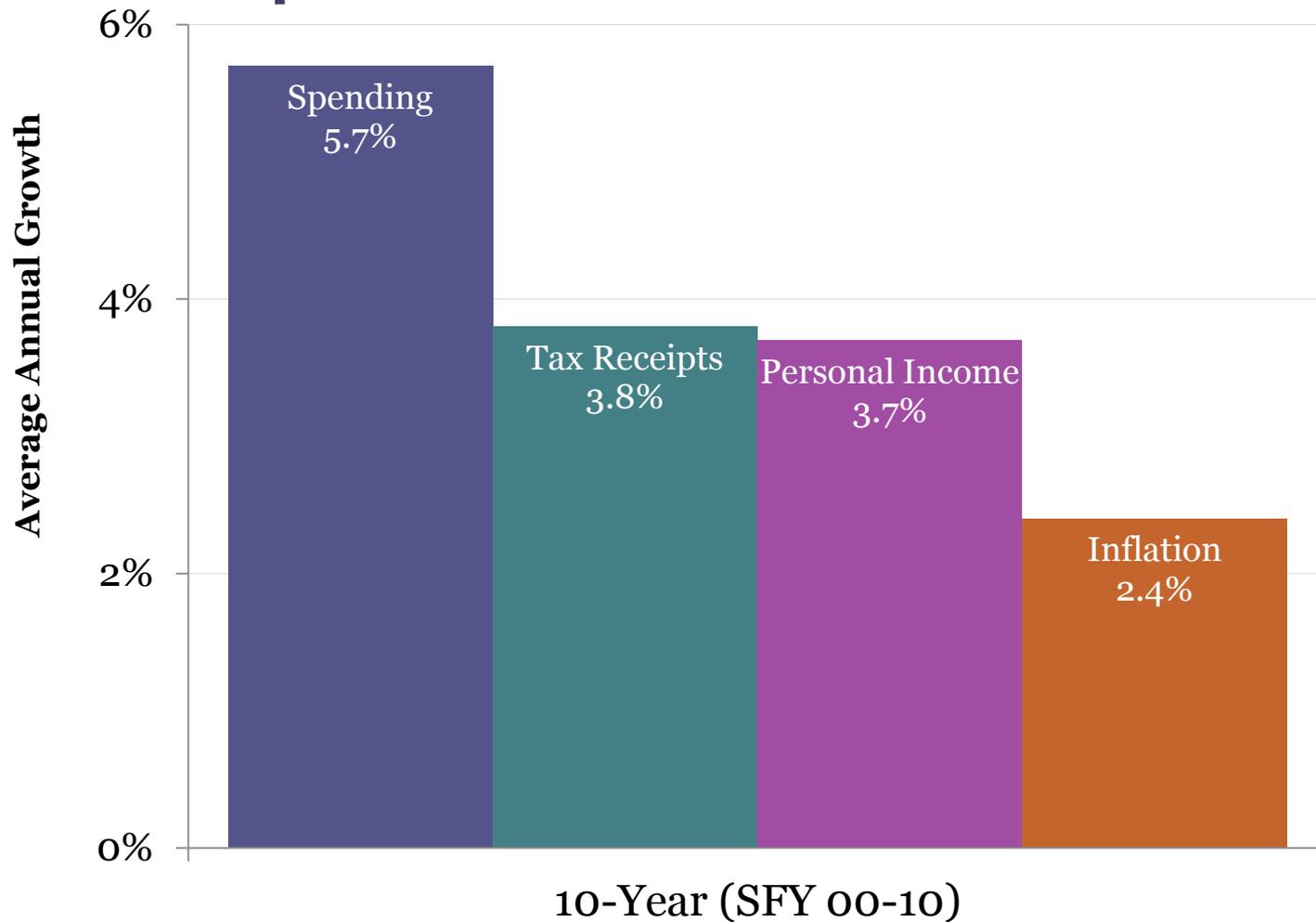
Financial Plan Overview



Andrew M. Cuomo, Governor
Robert L. Megna, Director of the Budget

July 2011

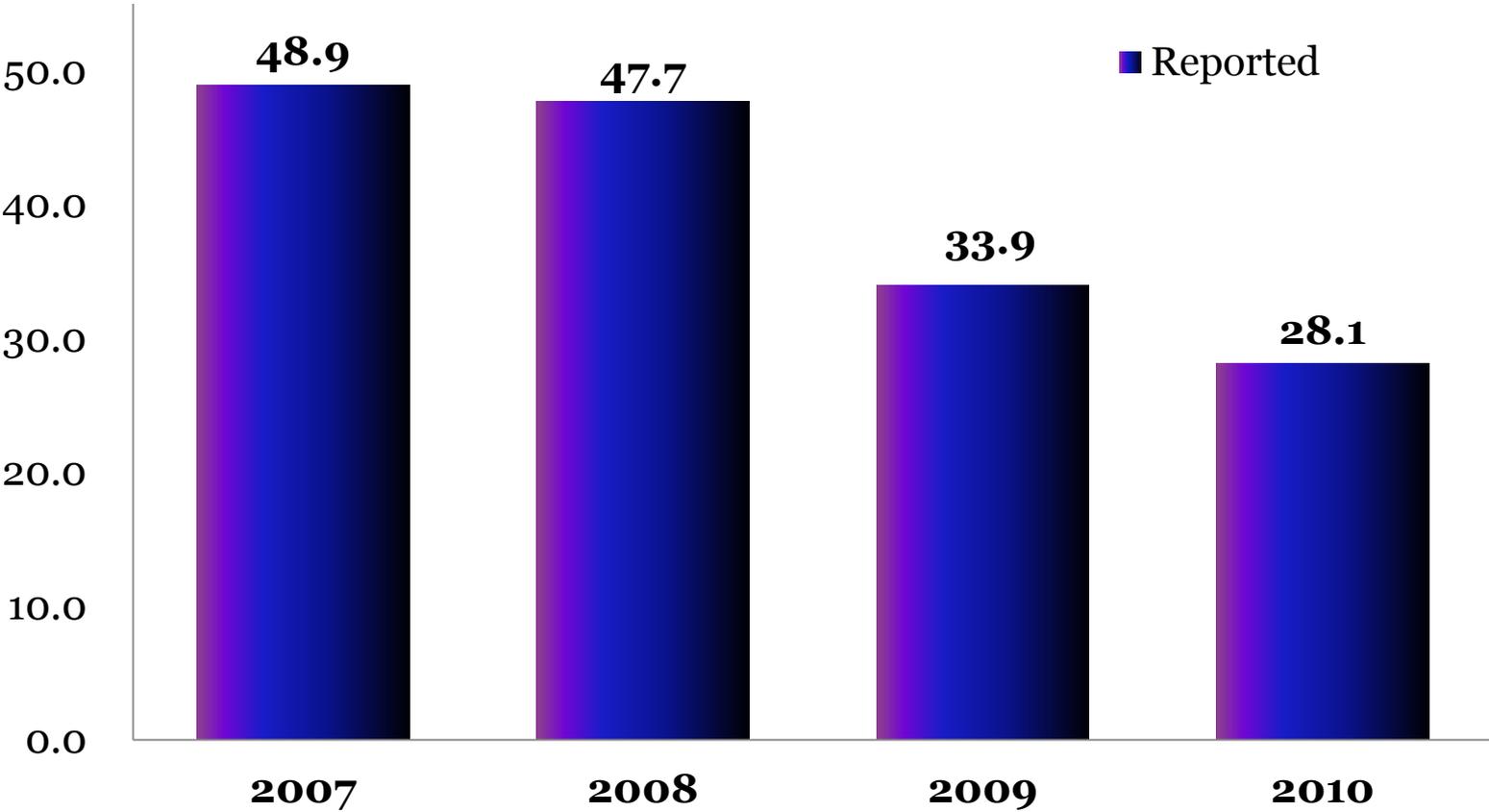
State Operating Funds Spending Growth Outpaced State's Resources



Spending adjusted to exclude the impact of enhanced FMAP and the timing of payments.

Primary Government Net Assets

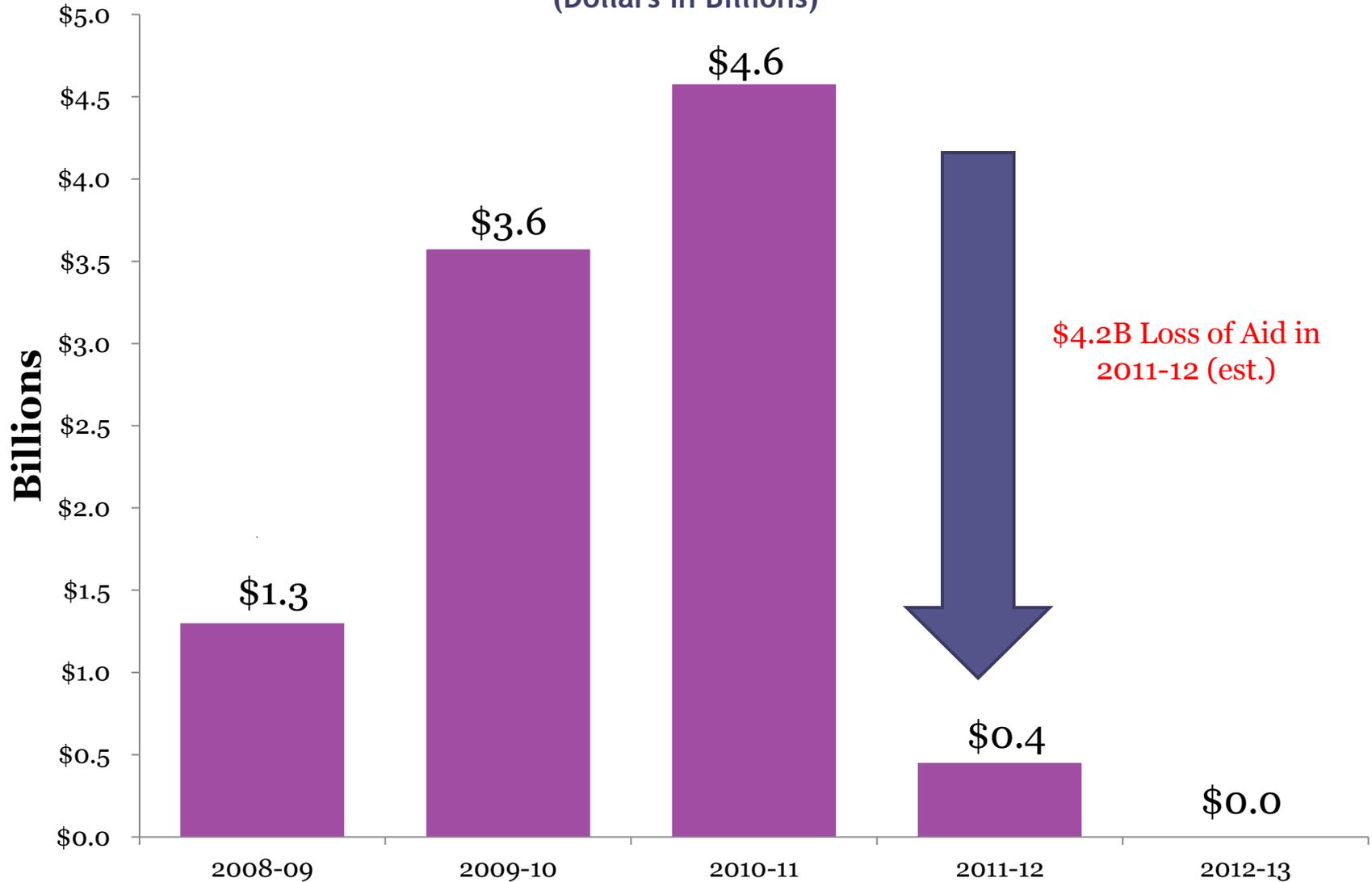
(GAAP Basis of Accounting - Billions of Dollars)



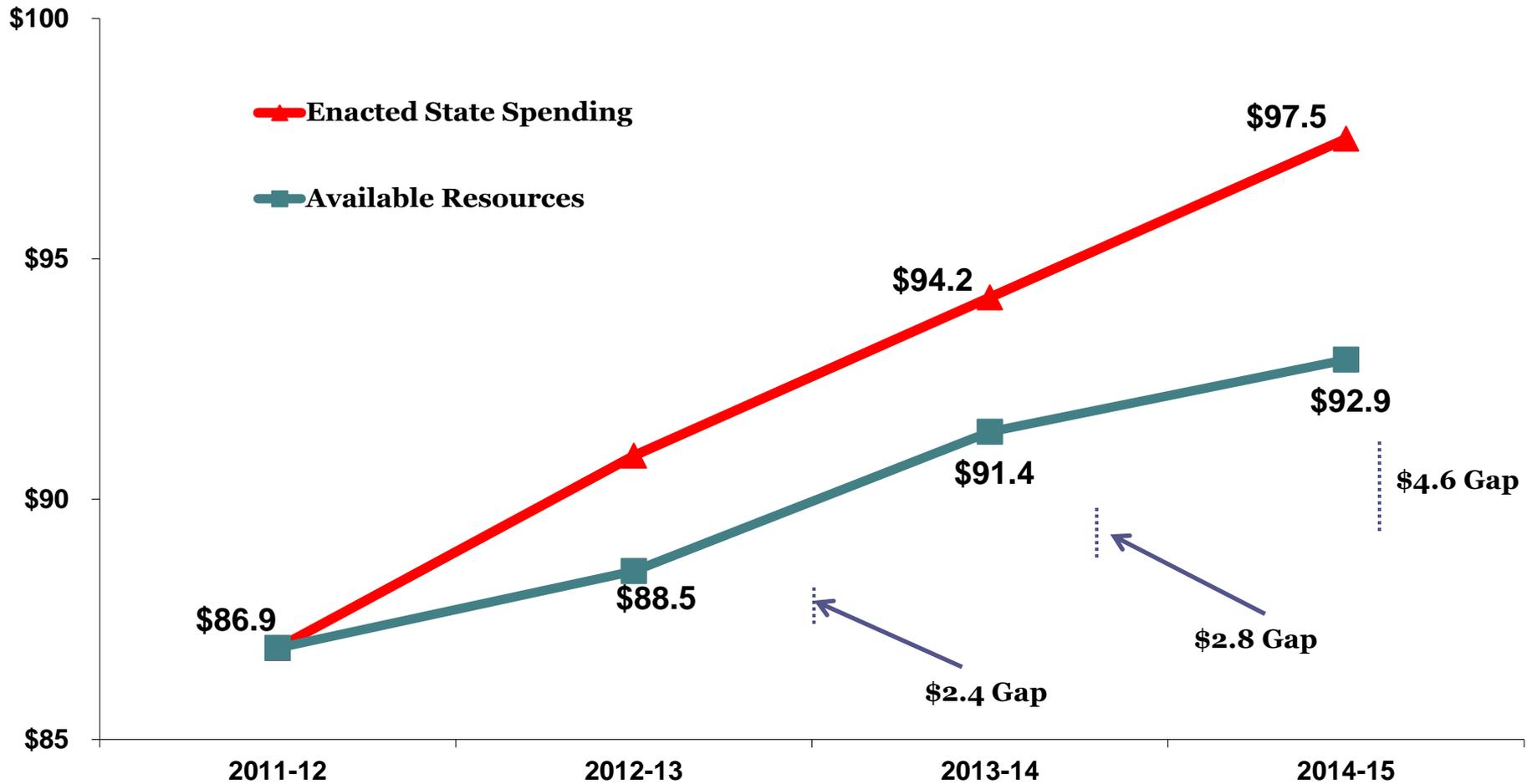
2011 Financial Statements will be released on or about July 29, 2011.

Enhanced Federal Medical Assistance Percentage Expires June 30, 2011 -- Provided \$9.9B in Fiscal Relief

(Dollars in Billions)



Budget Outlook



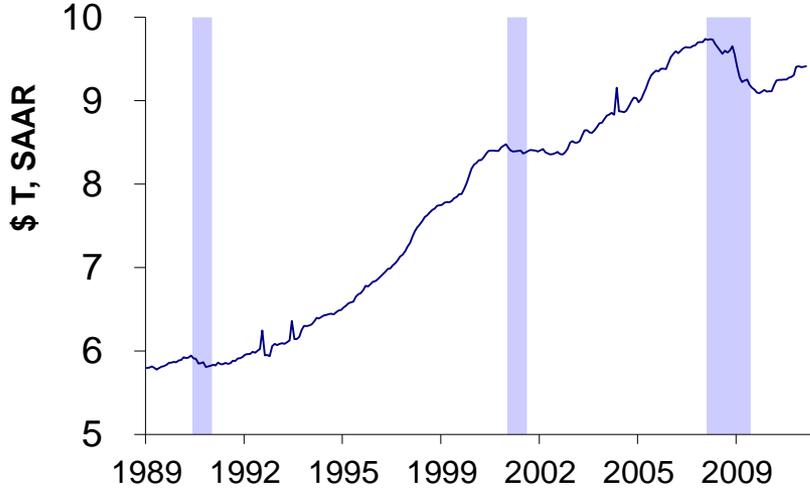
2012-13 Budget Growth and Gap



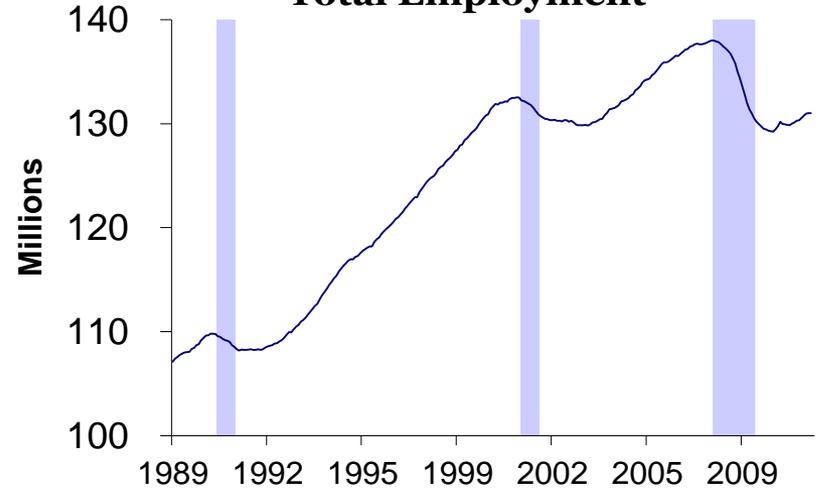
0.0 1.0 2.0 3.0 4.0
(billions)

Key Business Cycle Indicators

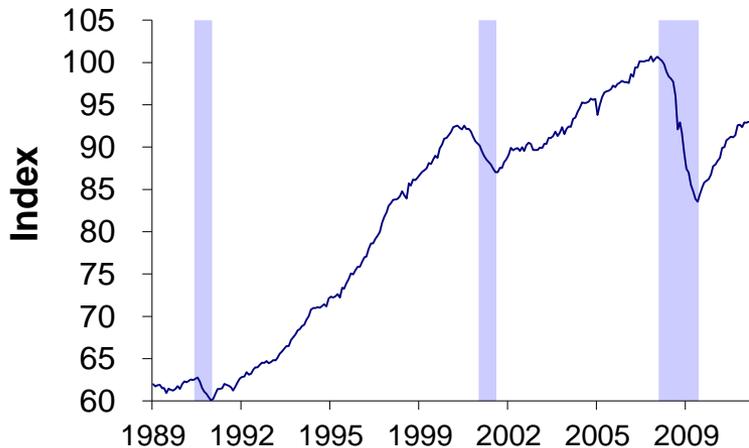
Real Personal Income Minus Transfers



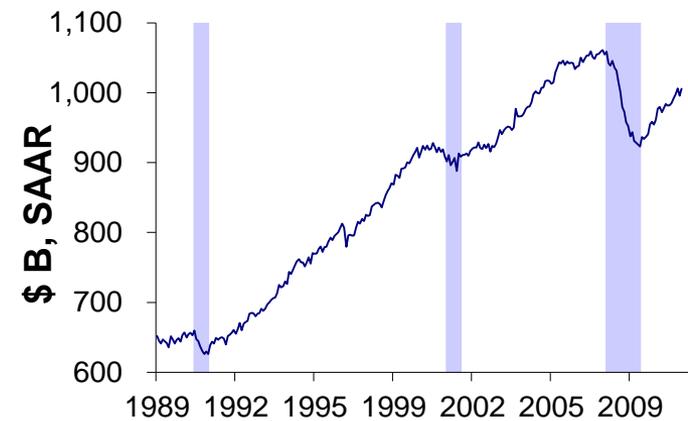
Total Employment



Industrial Production



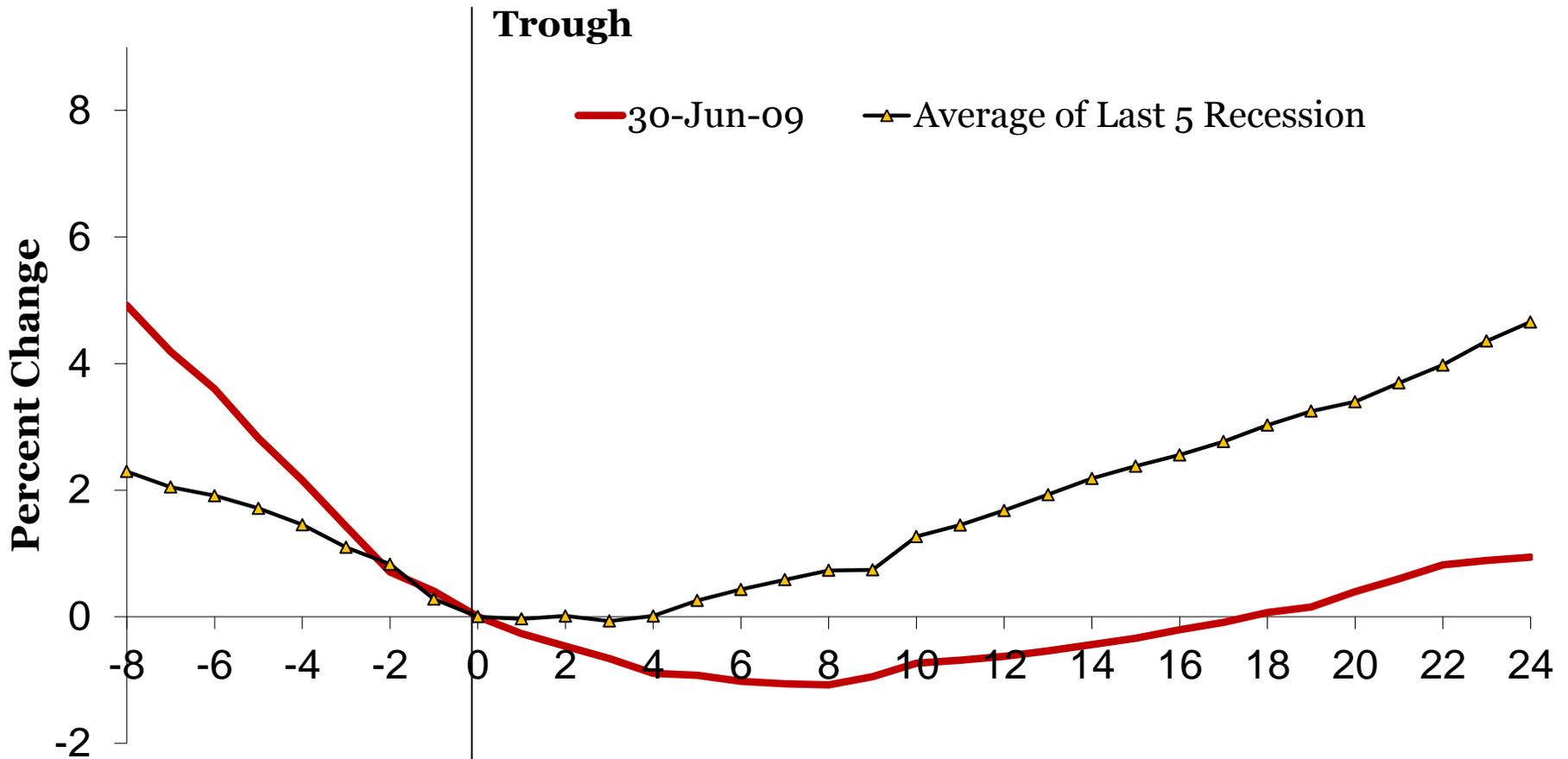
Real Manufacturing and Trade Sales



Note: Shaded areas represent U.S. recessions.
Source: Moody's Economy.com.

- It could take years for the nation's fundamental economic indicators to return to their prerecession peaks.

US Private Employment Before and After Recession Trough

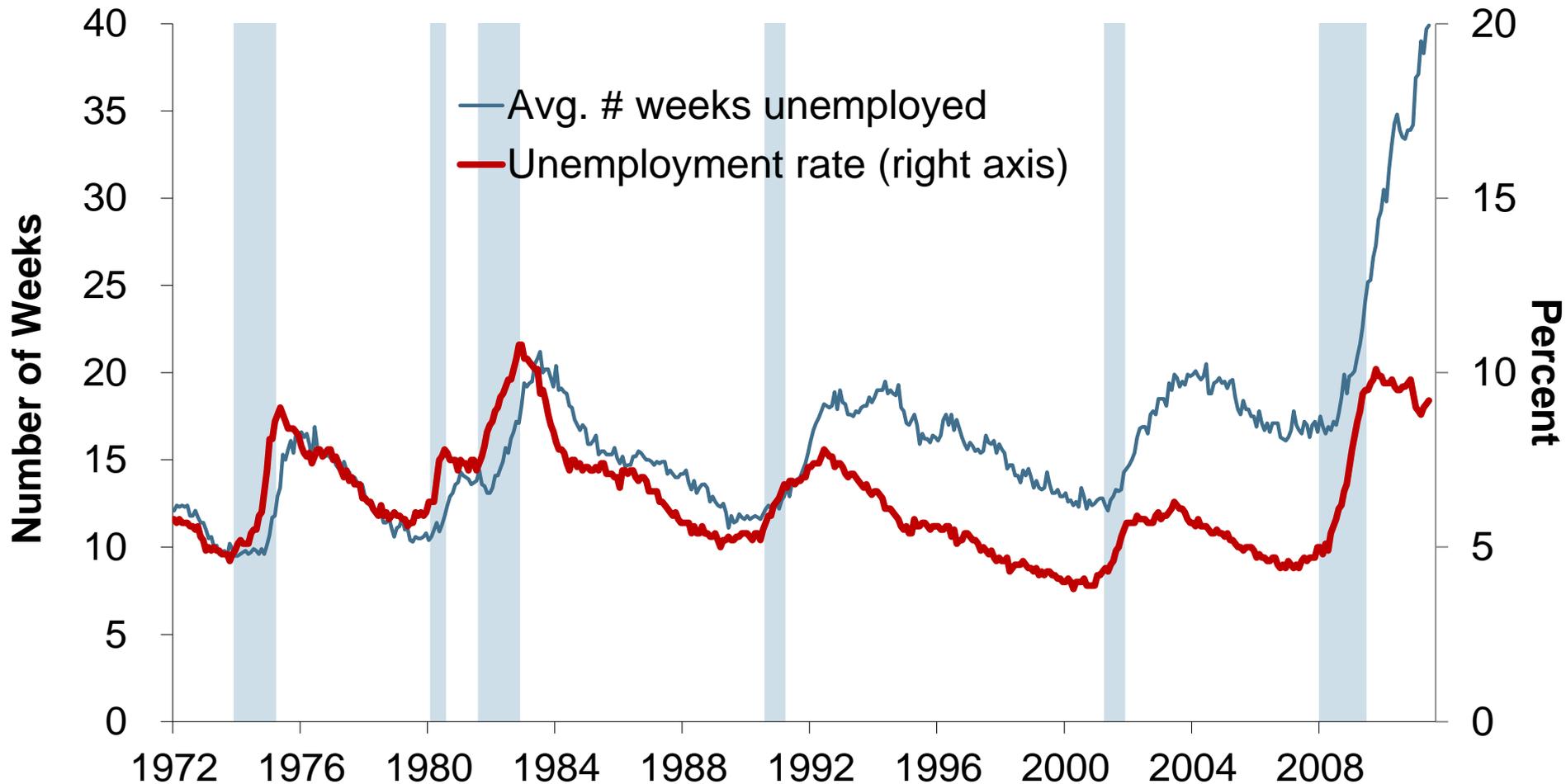


Note: The data represent cumulative percent changes relative to the level of employment at the trough.

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

- The U.S. labor market lost 8.8 million private sector jobs in the most recent downturn and is not expected to return to its prerecession level until the second half of 2014.
- If since the June 2009 business cycle trough employment had grown at the average rate over the previous five recoveries, the U.S. labor market would have created 4 million more jobs.

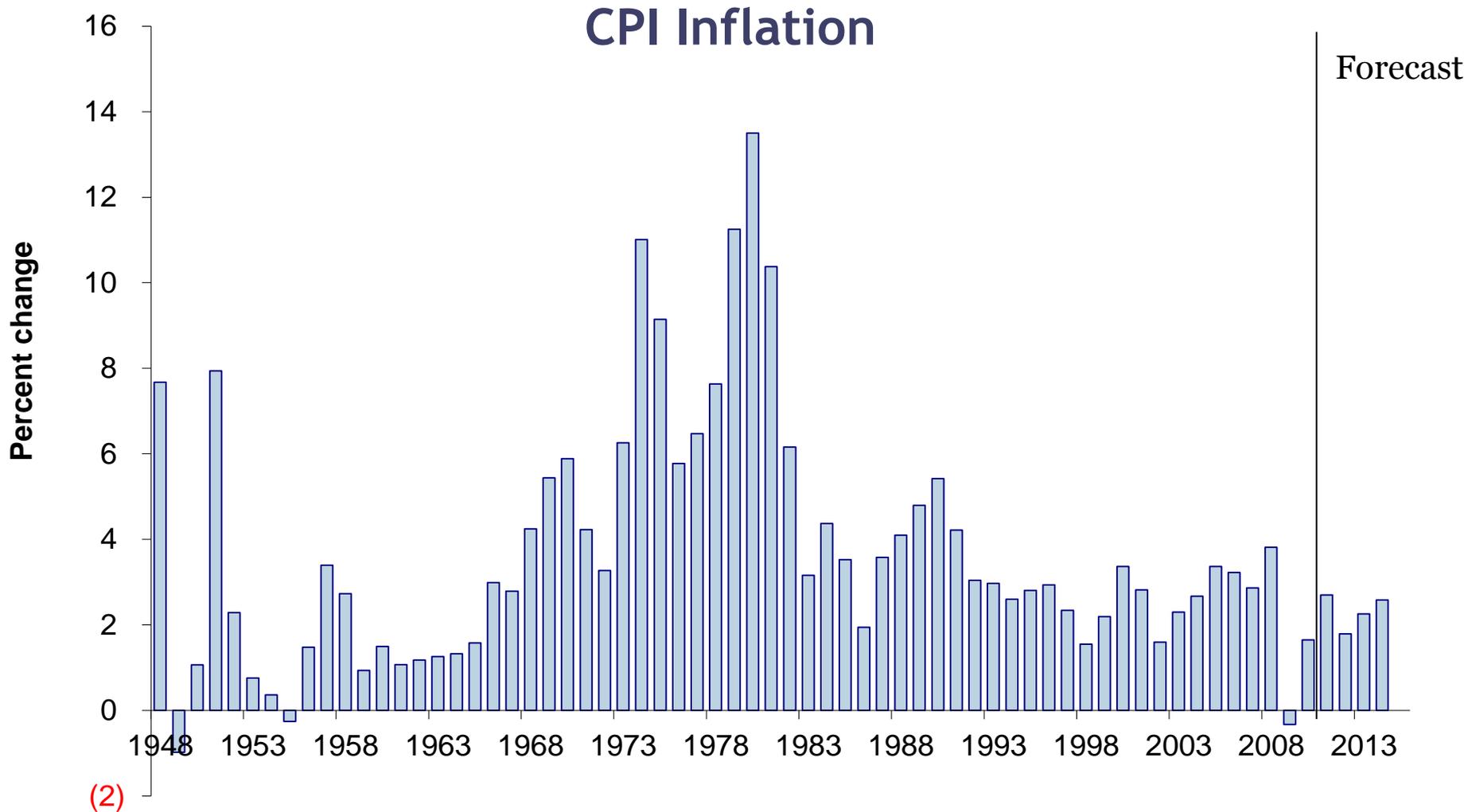
Rate and Duration of Unemployment at Historic Highs



Note: Shaded areas represent U.S. recessions.

Source: Moody's Economy.com.

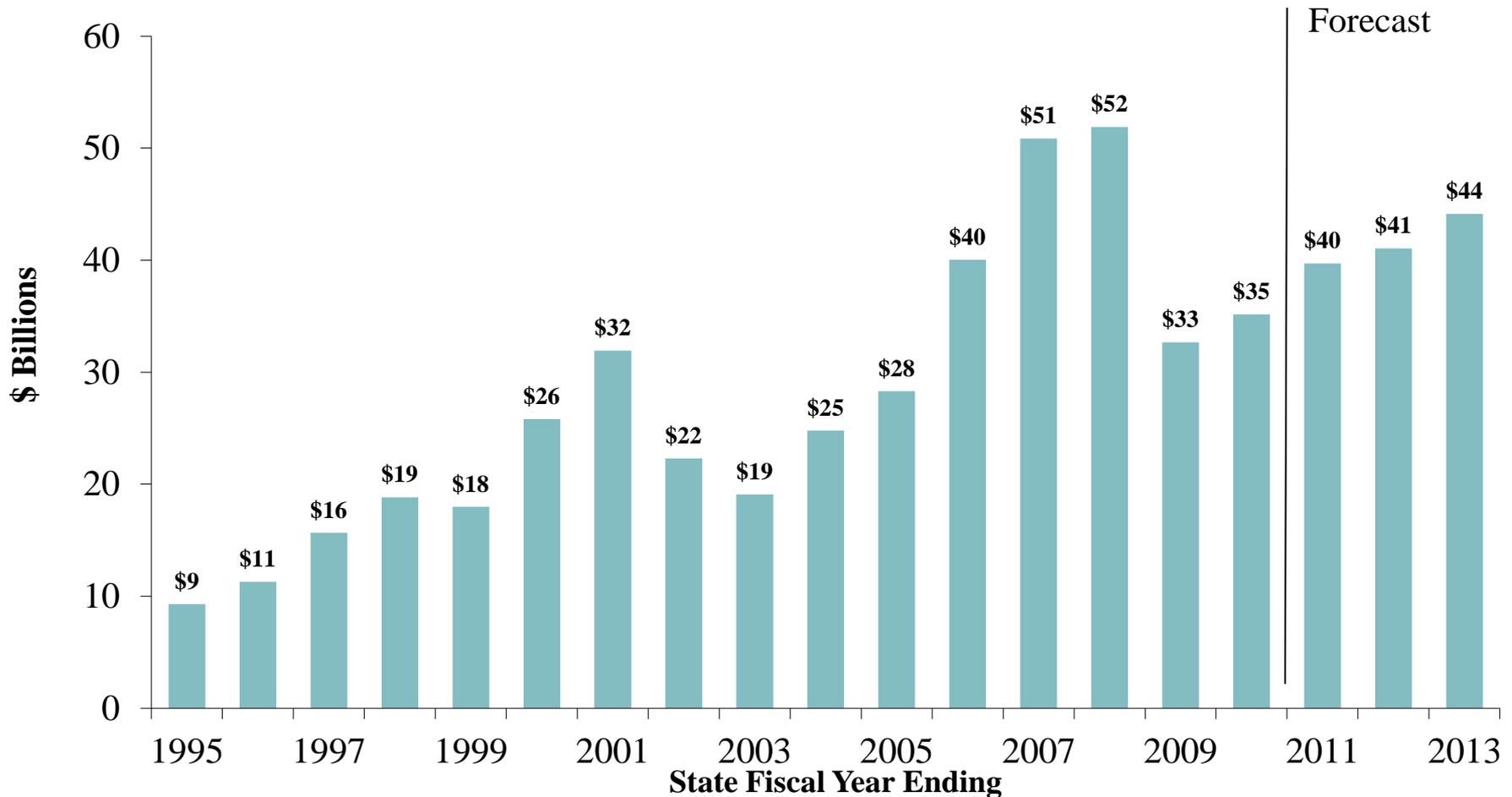
- The unemployment rate remains historically high two years into the economic recovery.
- The average weekly duration of unemployment also remains at a historically high level.



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

- CPI Inflation remains low.

NYS Finance and Insurance Sector Bonuses

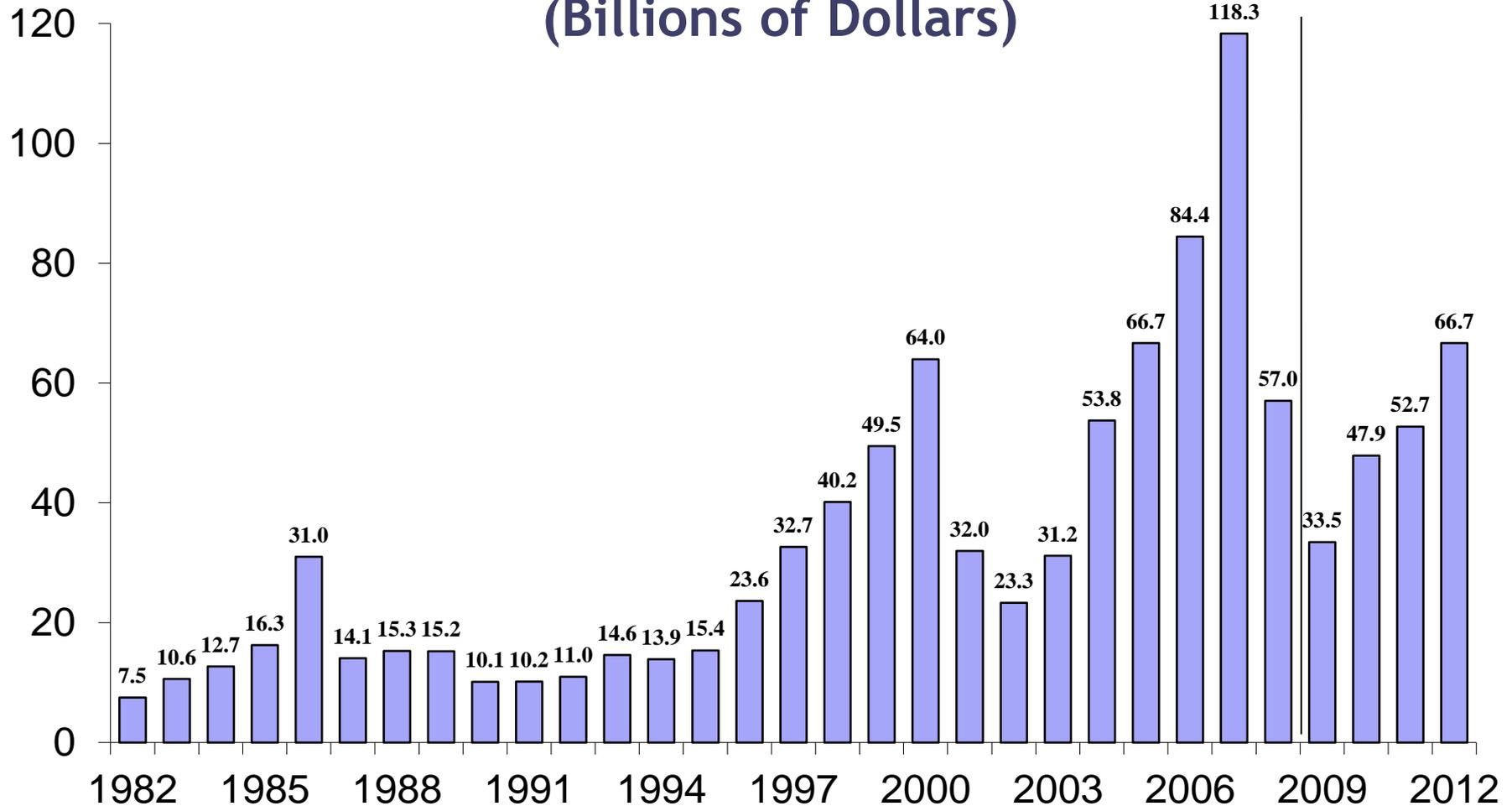


Source: NYS Department of Labor; DOB staff estimates.

- State finance and insurance sector bonuses fell 37 percent decline in 2008-09 and are not projected to surpass their most recent 2007-08 peak until 2015-16.

Positive Capital Gains Realizations (Billions of Dollars)

Forecast



Source: Moody's Economy.com; NYS Department of Taxation and Finance; DOB staff estimates.

- Positive capital gains realizations peaked at \$118 billion in 2007; the forecast for the 2012 tax year is only about half that amount.