

# Quick Start Report

## Mid-Year Update

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**Brian M. Kolb**  
*Assembly Minority Leader*

**James P. Hayes**  
*Ranking Minority Member*  
*Assembly Ways & Means Committee*

**Rebecca P. D'Agati**  
*Minority Director*  
*Assembly Ways & Means Committee*



**New York State Legislature**  
**Assembly Ways & Means Committee - Minority**

November 5, 2010

# Assembly Ways and Means Committee

## Contributing Staff



LAUREN O'HARE, FIRST DEPUTY DIRECTOR

EDWARD V. GOLDEN, DEPUTY DIRECTOR

BRENDAN CRUMLISH, ECONOMIST

BRIAN O'CONOR, SR. FISCAL ANALYST

JOSHUA P. RISLER, SR. BUDGET ANALYST

### **Assembly Ways & Means Committee - Minority**

19th Floor, A.E.S.O.B. 80 South Swan Street, Albany, New York 12248

(518) 455-4131, Fax (518) 455-4550

# Executive Summary

In accord with Chapter 1 of the Laws of 2007, the Assembly Minority submits this assessment of New York State's current fiscal condition. This report contains our estimates of disbursements for public assistance, Medicaid and school aid, along with our estimates for tax receipts, lottery receipts and economic indicators.

The Assembly Minority Ways and Means Committee estimates the public assistance rolls will closeout the current fiscal year with 565,594 cases, total expenditures for public assistance in the state will be \$2.49 billion and the State share of those expenditures will be \$960 million. We estimate the public assistance caseload for the 2011-12 State Fiscal Year will be 583,746, with total expenditures of \$2.56 billion and a State share of \$993 million. The 2011-12 estimates represent a 2.8% increase in caseload from SFY 2010-11 and a 3.4% increase in the State share expenditure.

Tied to the stagnant economy, we estimate the Medicaid rolls will increase by 6.1% in the current fiscal year - resulting in a total enrollment of 4.5 million individuals. The Assembly Minority Ways and Means Committee expects the State share for the current fiscal year to be \$12.1 billion. Our estimate shows that enrollment for 2011-12 will rise 2.2%, for a total 4.6 million individuals, with a State share of \$18.7 billion. This dramatic increase in the State's share of Medicaid payouts is primarily due to the sunset of the enhanced FMAP provisions in the American Recovery and Reinvestment Act (ARRA), coupled with the local cap.

Under current law, State school aid is projected to increase by approximately \$2.6 billion in SFY 2011-12, bringing State spending for schools to a total of \$23.4 billion. This estimate is based on May data provided by the State Education Department. The increase is mainly attributable to the Foundation Aid formula continuing to be fully phased-in by 2013-14. The two Majorities had originally agreed to freeze Foundation Aid for the 2011-12 School Year, which would have substantially reduced total State school aid spending. However, due to the Governor's veto of the Education Article VII language (A.9707-C, Veto #16), Foundation Aid was restored to its current phase-in levels. If legislation is passed with the Governor's approval, Foundation Aid could once again be frozen for SFY 2011-12, bringing the estimated school aid forecast to a \$1.4 billion increase over 2010-11, \$1.2 billion less than provided by current law and total State spending for schools to \$22.2 billion. Aside from Foundation Aid, several other expense driven aid categories are expected to increase in SFY 2011-12, namely Building Aid and Transportation Aid, \$231.1 million and \$103.2 million respectively.

In its annual budget request, the Division of Lottery has projected that traditional Lottery and video gaming sales will be \$7.98 billion and aid to education will be \$2.77 billion, for 2010-11. The Assembly Minority Ways and Means Committee is projecting for 2011-12, lottery sales will increase by \$50 million and aid to education will remain flat.

As State spending continues to outpace revenues, we foresee a current year General Fund budget deficit projection of \$692.9 million, compared to DOB's \$315 million, and an out-year budget deficit projection of \$9.1 billion, compared to DOB's \$9 billion. Further, as the Federal Stimulus package nears its sunset, it is now critically important that next year's Enacted Budget provide fiscally sound proposals, while not raising taxes or fees on our already overburdened taxpayers. The Assembly Minority Conference looks forward to working with the Executive and the other legislative conferences in an open and transparent process that provides New Yorkers with a responsible and on-time budget.

## **U.S. Economy**

The National Economy, which was expected to begin recovery in the second half of 2010, has failed to gain the momentum that was anticipated in earlier forecasts. It appears that many of the same problems that have plagued the U.S. throughout much of this recession are still in play, namely market volatility, tight credit, a weak labor market, and ongoing deleveraging. The national labor market, for example, was expected to build upon the spike in job growth that was created by the Census. In February, March and April, 461,000 jobs were added, largely due to the temporary employment of Census workers. However, the labor market failed to keep pace after this spike in growth and has only added 153,000 jobs in the three months that have followed as these types of workers have left the workforce. Further, the international economy, especially in Europe, sent shockwaves throughout the United States due to the fear of default by several major borrowers (e.g. Greece), ultimately stagnating US financial markets as noticed by a 200 point drop in the S&P 500. While these findings appear to indicate a potential ongoing recession, the Assembly Minority has only slightly adjusted its growth measurements for the remainder of 2010. GDP is expected to reach 3.9% by the close of 2010, while both Wages and Personal Income are anticipated to reach 1.2% and 2.6% respectively. Forecasts for 2011 provide a much more growth oriented view of the national economy, as growth in GDP and Personal Income continue to climb. The most encouraging signs come from Non-farm Employment figures, which suggest a positive growth in employment for the first time in three years, albeit only 1.3%. All of these indications also bode well for New York State, as recovery on the State level typically follows soon thereafter.

<b>U.S. FORECAST</b> <b>ANNUAL CALENDAR YEAR</b> <b>Percent Change</b>				
	<b>CY2009</b>	<b>CY2010</b>	<b>CY2011</b>	<b>CY2012</b>
<b>Real U.S. GDP</b>	(2.6)	2.7	2.7	4.3
<b>PERSONAL INCOME</b>	(1.7)	2.6	3.2	4.5
<b>WAGES</b>	(4.3)	1.2	3.8	7.2
<b>CORP PROFITS</b>	(0.4)	31.8	8.8	8.4
<b>NONFARM EMPLOYMENT</b>	(3.7)	(0.5)	1.3	2.9
<b>3-MONTH T-BILL RATE</b>	0.2	0.1	0.2	0.8

## **New York State Economy**

In 2009, New York State was characterized by an unprecedented loss in wages; a record setting 6.3% decline in this area decimated the state economy. New data since then has revealed that the loss of wages in New York State was even worse than projected in 2009, having reached almost 6.9%. However, 2010 has shown a much more positive outlook for the future in New York State. Despite the façade of job growth experienced on the national level in the first quarter, New York State has shown actual substantial momentum in private sector job creation throughout the first quarter of 2010. We have actually improved our forecast for 2010 with employment only declining by 0.4% on an annual average basis. These are positive signs as employment figures typically lag general economic growth. In the first quarter of 2010 the State also experienced positive signs in wage growth due to stronger payouts in finance and insurance sector bonuses. Wage growth is now expected to reach 2.1% for 2010. Forecasts for 2011 reinforce the belief that a more stable economy is on the horizon. Both Personal Income and Wage indicators suggest continued growth in these areas in 2011. Employment figures still showcase a slight decline, however the rate of decline is 50% less than 2010 figures and growth is expected by the start of 2012. Overall the State's future economic growth is still at risk to several factors such as the Federal government's agenda and volatility in the capital, credit, and equity markets, but provided unforeseen consequences it appears the State is beginning to show growth.

<b>N.Y. FORECAST</b>				
<b>ANNUAL CALENDAR YEAR</b>				
<b>Percent Change</b>				
	<b>CY2009</b>	<b>CY2010</b>	<b>CY2011</b>	<b>CY2012</b>
<b>NONFARM EMPLOYMENT</b>	(2.9)	(0.4)	0.4	2.1
<b>PERSONAL INCOME</b>	(3.1)	2.8	3.0	6.1
<b>WAGES</b>	(6.9)	2.1	2.6	6.7

## Public Assistance

### Background

Public Assistance (or Temporary Assistance) is comprised of two main categories: Family Assistance (FA) and Safety Net Assistance. These programs are administered by the Office for Temporary and Disability Assistance (OTDA) and offer public assistance to low- and moderate-income families and individuals. Family Assistance is financed via federal Temporary Assistance for Needy Families (TANF) funds, State funds, and local assistance funds and provides cash assistance to eligible families and children.

Safety Net Assistance (SNA) is financed solely by State and local funds. SNA primarily provides cash assistance to families that have exhausted their five-year time limit for TANF eligibility; to single adults and childless couples who were ineligible to receive TANF; and to aliens who are eligible for temporary assistance, but who are not eligible for federal reimbursement.

### Summary of Forecast, Methodology, and Risks

Since Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act (PRWOR) in 1996, public assistance caseloads have steadily declined (see Figure 1). However, due to both the general downturn in economic conditions and individuals exhausting their unemployment benefits, the Assembly Minority Ways and Means Committee has projected increases in recipients and expenditures over the next two fiscal years. It is important to note that the Federal government has extended

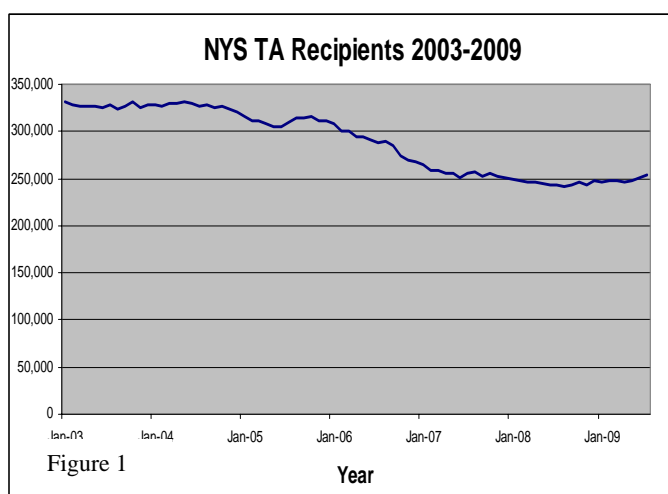


Figure 1

unemployment benefits from 26 weeks in 2008 to the current 99 weeks. This extension in unemployment benefits has resulted in a lag in welfare recipients and as a result caseloads are currently reaching their peak throughout 2010. As the New York economy remains stagnant and significant growth is pushed further out in economic forecasts, it does not appear that public assistance caseloads will resume their natural downward trends until the second half of SFY 2011-12. In order to conduct our forecast, trends in public assistance were taken into account as well as data regarding the Earned Income Tax Credit (EITC), unemployment rates, employment, and minimum wage for both New York City as well as the rest of the state.

There are several risks associated with this forecast, especially any other Federal extensions to the unemployment insurance program as well as any further degradation within the State and National economies.

### Family Assistance (NYC)

For SFY 2010-11, the FA caseload for NYC is projected at 150,865, suggesting a 1.6% decrease growth from the March 2010 actual. This decline is primarily due to the nature of the program and primarily the timing of the recession, suggesting that NYC experienced the downfall before the rest of the state (ROS). For SFY 2010-11, the FA expenditure is projected at \$758 million; the State's share is projected at \$189 million. The Monthly Average Payment projection is \$419.21.

Using this same trend, our forecast for SFY 2011-12 caseload, is 152,046. The FA expenditure is projected to be \$761 million; the State's share is projected at \$190 million and the associated Monthly Average Payment projection is \$419.11.

#### Family Assistance in ROS

For SFY 2010-11, the FA caseload for the ROS is projected at 112,839, which is an increase of 6.5% from the March 2010 caseload figure. The FA expenditure is projected at \$333 million; the State's share is projected at \$89 million. The Monthly Average Payment projection is \$276.

Using these trends, our forecast for SFY 2011-12 caseload, is 116,665. The FA expenditure is projected at \$384 million; the State's share is projected at \$95 million. The Monthly Average Payment projection is \$276.61.

#### Safety Net Assistance Families (NYC) - MOE

For SFY 2010-11, the SNA families caseload for NYC is projected at 86,823, an decrease of 0.3% from the March 2010 caseload figure. For SFY 2010-11, the expenditure is projected at \$298 million; the State's share is projected at \$149 million. The Monthly Average Payment projection is \$286.89.

The Assembly Minority estimates that Safety Net family caseload will not see as significant a growth with regards to caseload and expenditure when compared to Family Assistance.

The forecast for SFY 2011-12 caseload, is 85,995. The SNA families expenditure is projected at \$290 million; the State's share is projected at \$145 million. The Monthly Average Payment projection is \$286.53.

#### Safety Net Assistance Families (ROS) – MOE

For SFY 2010-11, the SNA families caseload for ROS is projected at 32,792 an increase of 4.6% from the March 2010 caseload figure. For SFY 2010-11, the expenditure is projected at \$84 million; the State's share is projected at \$42 million. The Monthly Average Payment projection is \$218.24.

The forecast for SFY 2011-12 caseload is 34,427. The SNA families expenditures is projected at \$90 million; the State's share is projected at \$45 million. The Monthly Average Payment projection is \$217.85.

#### Safety Net Assistance Singles (NYC) – Non-MOE

For SFY 2010-11, the SNA singles caseload for NYC is projected at 110,070, an increase of 0.3% from the March 2010 caseload figure. For SFY 2010-11, the expenditure is projected at \$684 million; the State's share is projected at \$342 million. The Monthly Average Payment projection is \$518.97.

The forecast for SFY 2011-12 caseload is 120,209. The SNA singles expenditure is projected at \$723 million; the State's share is projected at \$361 million. The Monthly Average Payment projection is \$519.90.

#### Safety Net Assistance Singles (ROS) – Non-MOE

For SFY 2010-11, the SNA singles caseload for ROS is projected at 64,053, an increase of 3.5% from the March 2010 caseload figure. For SFY 2010-11, the expenditure is projected at \$288 million; the State's share is projected at \$144 million. The Monthly Average Payment projection is \$366.25.

The forecast for SFY 2011-12 caseload is 74,404. The SNA singles expenditure is projected at \$310 million; the State's share is projected at \$155 million. The Monthly Average Payment projection is \$366.50.

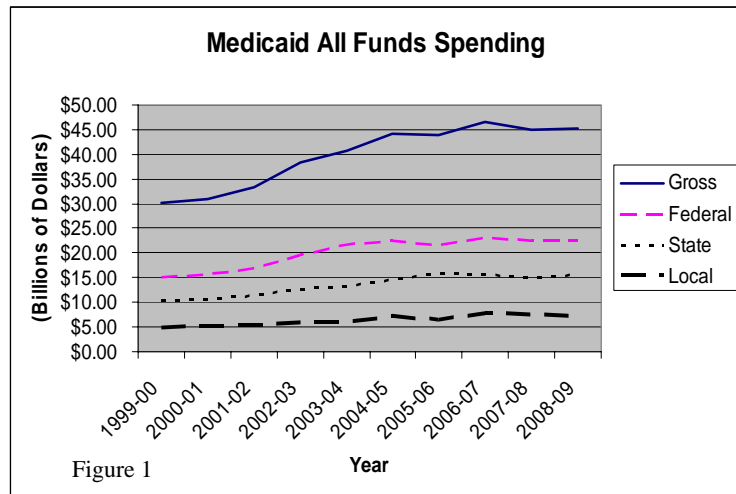
## Medicaid

### Background:

Over the past decade gross Medicaid spending has increased by 50%. This has been the result of increased enrollment and utilization coupled with increased reimbursement for medical services. With increasing elderly population cost inflation, and other industry factors, these spending levels should continue to rise throughout the coming years.

### Summary of Methodology and Risks:

The Assembly Minority uses a number of factors to project Medicaid closeout estimates for the current fiscal year and estimates of Medicaid spending for the 2011-12 state fiscal year. Over 20 different categories of Medicaid categories are taken into account, based upon information gathered from the Management Account Reporting Subsystem (MARS) data, from report numbers 36, 39, 51, 72 and 73. Other information that is taken into account is the number of Medicaid beneficiaries, utilization rates, cost inflation as well as other factors. A historical trend analysis is applied and factors such as statutory changes, seasonal factors and recent events are taken into account. This includes actions taken in the 2010-11 Enacted Budget as well as the recent extensions within the Federal Matching Assistance Percentage (FMAP) portion of the American Recovery and Reinvestment Act.



### Projections SFY 2010-11

The forecast provided by the Assembly Minority Ways Means Committee is on a State Funds basis for Medicaid spending. It is estimated that New York's spending on Medicaid for fiscal year 2010-11 will reach \$12.1 billion, 4.2% above that spent in 2009-10. This estimate includes the enhanced FMAP match rate, which increased the Federal contribution from 50% to approximately 62%.

The Assembly Ways and Means Committee estimates the average number of Medicaid recipients will grow to 4.5 million individuals, an increase of 6.1 % from the 2009-10 fiscal year. The State cap on local Medicaid costs and the takeover of the local Family Health Plus costs are projected to increase by at least \$415 million for the 2010-11 fiscal year. The State will expend over \$2 billion in the 2010-11 fiscal year in these two areas alone.

### Projections SFY 2011-12:

It is estimated that New York's spending on Medicaid for the fiscal year 2011-12 will reach \$18.7 billion, 28.4% above that spent in 2010-11. This figure includes the sunset of the enhanced FMAP extension on June 30, 2011 and as such, returns the Federal match rate back to its 50% threshold for the remaining three quarters of SFY 2011-12. This, in conjunction with the State cap on local Medicaid costs will provide a very substantial hit to the State's healthcare budget. In addition, when these rising healthcare costs are coupled with the sunset of the remaining State subsidies within ARRA and the sunset of the State's Personal Income Tax Surcharge in December 2011, a budget deficit arises that could ultimately become the largest in State history.



## **Overview of the 2010-11 Enacted Education Budget**

This year's Enacted Budget education package provides \$20.8 billion in School Aid, a decrease of \$555.53 million, from 2009-10. The following are some actions that affected this year's school aid package:

### *Gap Elimination Adjustment*

As a result of the current State fiscal crisis, this year's Enacted Budget includes school aid cuts, as proposed by Governor Paterson, totaling \$2.1 billion for the 2010-11 School Year. This is the second year in which there has been proposed district wide school aid cuts. Last year, school aid cuts totaling \$1.1 billion were spared as a result of Federal economic stimulus funding from the American Recovery and Reinvestment Act (ARRA) of 2009. However, of the \$3.02 billion that the State received from ARRA for education, only \$725.9 million was available to offset this year's \$2.1 billion in school aid cuts. Therefore, reducing the 2010-11 school aid cut to \$1.4 billion.

### *FMAP Contingency Plan*

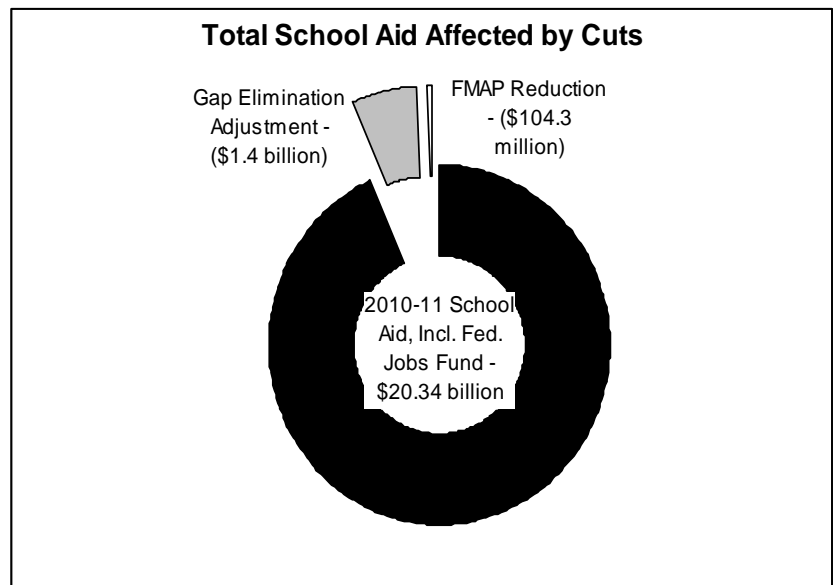
Further, Chapter 313 of the Laws of 2010 (the "FMAP Contingency Plan") requires the reduction of local assistance payments depending on the level of FMAP funding received by NYS. As a result of NYS receiving less FMAP funding than forecasted, school aid in 2010-11 will be further reduced by 1.1% or \$104.3 million.

### *Federal Education Jobs Fund Program*

Included in this year's school aid package is \$607.6 million in new Federal ARRA funding from the Education Jobs program. This program provides assistance to save or create education jobs for the 2010-2011 and 2011-12 school year. The funding will be provided to each school district as a 43% across the board restoration to a school district's 2010-11 Enacted school aid cut.

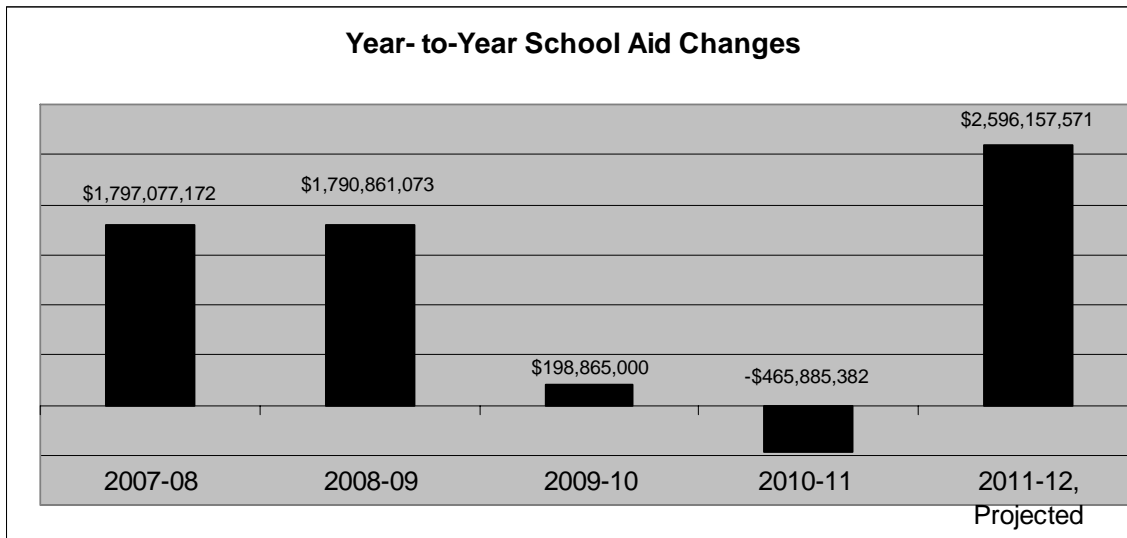
### *Legislative Majority Restoration*

To offset the Governor's proposed cut of \$1.4 billion, the Legislative Majorities agreed upon a 40% school aid restoration totaling \$565.5 million. This action would have reduced the Governor's proposal to a cut of \$846.7 million statewide. However, due to the State fiscal crisis, the Governor nullified this action by vetoing the Education Article VII language (A.9707-C, Veto #16).



## 2011-12 State School Aid Projection

The Assembly Minority, under current law, is forecasting State school aid to increase by an estimated \$2.6 billion for the 2011-12 School Year (see Figure 3).



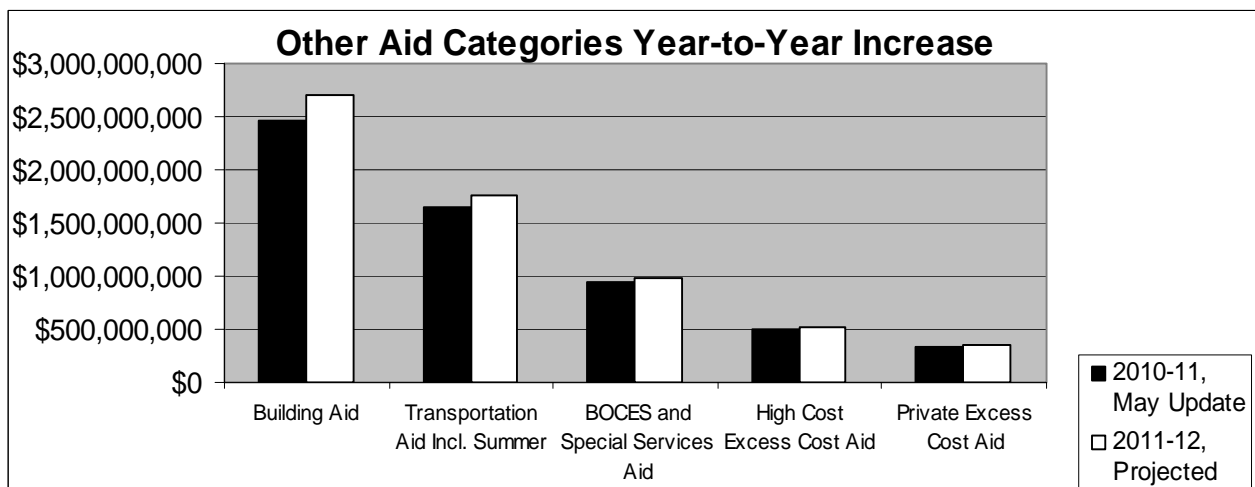
**Figure 3 – Source: SED and Min. Ways and Means Staff**

### *Foundation Aid*

This increase can mainly be attributed to the Foundation Aid formula continuing to be fully phased-in by 2013-14. As stated earlier, the two Majorities agreed to continue to freeze Foundation Aid for 2011-12 School Year; however, as a result of the Governor's veto of the Education Article VII language (A.9707-C, Veto #16), Foundation Aid is set to increase by \$1.2 billion. If legislation is passed with the Governor's approval, Foundation Aid could remain frozen in 2011-12, bringing the estimated school aid forecast to a \$1.4 billion increase.

### *Other Aid Categories*

Further, the following aid categories are projected to have significant increases: Building Aid, \$231.1 million; Transportation Aid, \$103.2 million; BOCES Aid, \$52.2 million; High Cost Excess Cost Aid, \$19.9 million; and Private Excess Cost Aid, \$27.9 million. However, these expense driven aid categories are difficult to forecast because actual claim data from school districts are not available until November 15, 2010. See Figure 4 for a chart detailing these aid increases.



**Figure 4: Source: SED and Min. Ways and Means Staff**

As mentioned earlier, the Assembly Minority has projected State school aid under current law, to increase by approximately \$2.6 billion or \$1.4 billion if legislation is passed to freeze Foundation Aid at current law. This projection will bring State spending for schools to a total of \$23.4 billion or \$22.2 billion respectively. Figure 5 represents a five-year overview of total State aid provided to education.

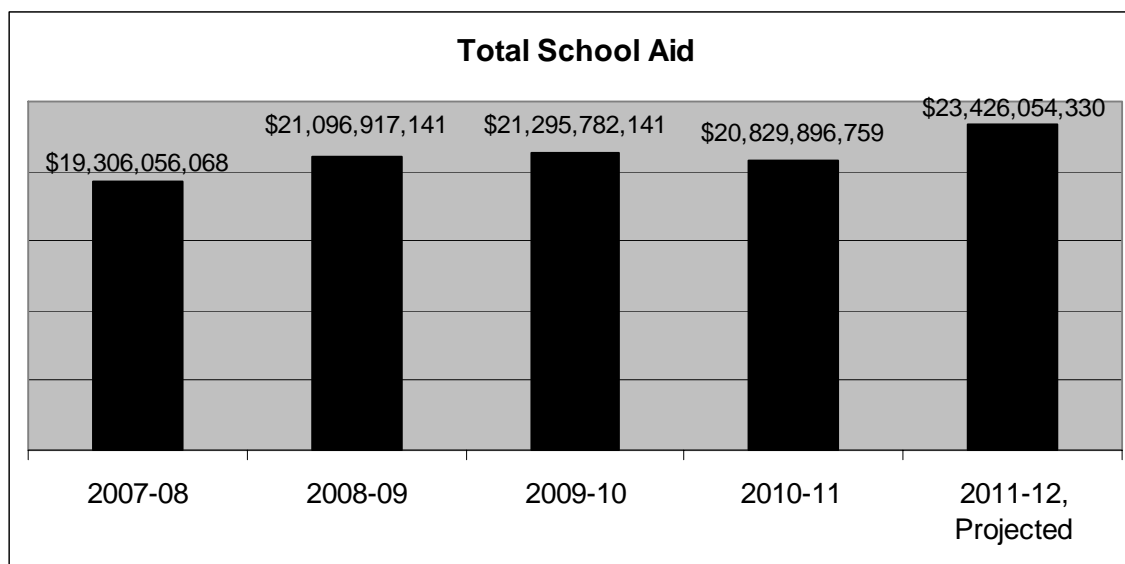


Figure 5 – Source: SED and Min. Ways and Means Staff

### **Lottery Revenue and Aid to Education**

The New York State Lottery's purpose is to raise revenue for education. New York State Finance Law (Section 92-c) mandates that State Lottery revenue be used to support elementary, middle and secondary education in New York State. Lottery revenues are deposited directly into a Lottery Aid to Education Account, from which checks are written directly to school districts in the fall of each year. A share of the proceeds from the New York State Lottery is computed utilizing a formula based on each school district's property wealth per pupil.

#### ***2011-12 Lottery Revenue and Aid to Education Projection***

According to the Division of Lottery's 2011-12 budget request, lottery sales and aid to education resulting from traditional lottery and video gaming totaled \$7.82 billion and \$2.67 billion, respectively for Fiscal Year 2009-10. Further, the Division has reported that the financial hardship placed on New York residents has caused a decline in the amount they are willing to spend on the Lottery. As a result, this has created a negative impact on Fiscal Year 2010-11 Lottery Sales and Aid to Education.

The Assembly Minority Ways and Means Committee is projecting for 2011-12, lottery sales will increase by \$50 million and aid will education to remain flat. See Figure 6 for a breakdown of lottery sales and aid to education.

New York Lottery Sales and Profits (in millions)			
Fiscal Year	Total Sales	Education Funding	Percent of Lottery Profit Going to Education
2006-07	\$7,175	\$2,358	32.86%
2007-08	\$7,550	\$2,560	33.91%
2008-09	\$7,660	\$2,543	33.20%
2009-10	\$7,818	\$2,666	34.10%
2010-11 Estimated	\$7,979	\$2,779	34.83%
2011-12 Projected	\$8,029	\$2,779	34.61%

**Figure 6 – Source: Division of Lottery and Min. Ways and Means Staff**

### **Forecast Methodology**

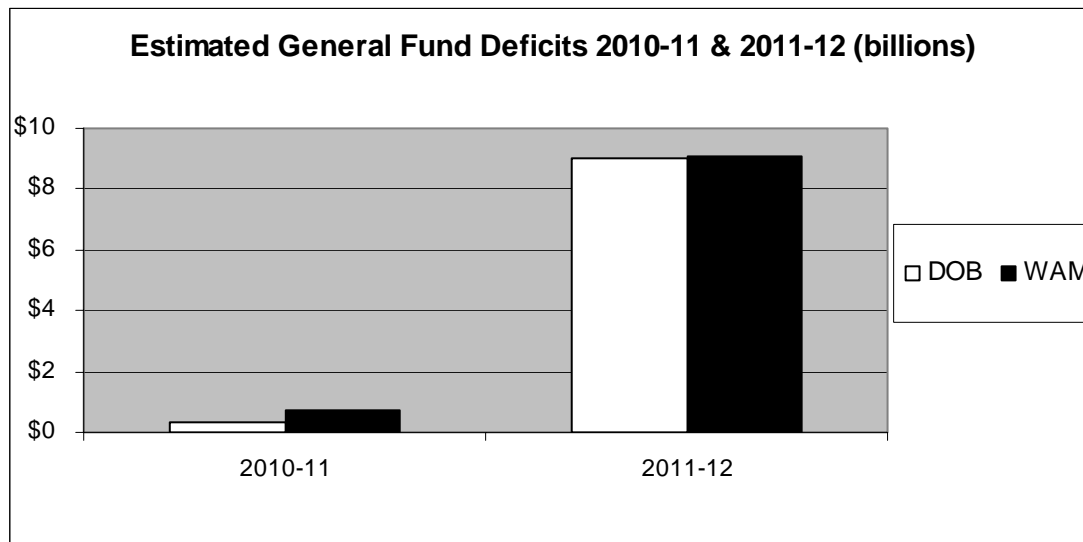
State school aid databases that are used to project spending growth for the Executive and Enacted Budgets are compiled by SED and occur statutorily in May, November and February of each year. The Assembly Minority forecast model was trended forward primarily using the last five year average increases for each school aid category, except Foundation Aid, based on May data. As mentioned earlier, expense driven aids are difficult to accurately forecast without the November 15<sup>th</sup> SED database update, which represents new State Aid claims by school districts.

The 2011-12 lottery projection are calculated by taking a five-year average of sales and aid to education. This five-year average is only an estimated forecast and is difficult to project because there are many unpredictable factors that may affect sales from the lottery in any given year. Some factors include the State's economy, advertising and buyer demand of lottery tickets.

## **Revenue Outlook**

Over the past two years, New York State tax receipts have experienced significant deterioration as a result of adverse economic conditions. In the wake of the collapse of the financial system and the resulting global economic recession, one of the deepest and most far reaching since the Great Depression, New York has continued to suffer a severe economic malaise. Although the current Budget was just enacted in August, a mere three months ago, the Division of the Budget (DOB) has already found faults in the State's financial plan, estimating a current year deficit of \$315 million in their Mid-Year Update. If the past is any indication of future troubles, the revenue projections in this year's Enacted Budget will continue to decline, leading to an even great deficit by year's end.

While these conditions have resulted in a current year budget deficit, the deficit projections for next year are far more substantial. The Assembly Minority is slightly less optimistic about future revenues than the DOB, with a current year budget deficit projection of \$692.9 million, compared to DOB's \$315 million, and an out-year budget deficit projection of \$9.1 billion, compared to DOB's \$9 billion.



The Governor has yet to call a Special Session specifically to deal with the current year's shortfall, but the previous two Enacted Budgets required Deficit Reduction Plans (DRPs) to close those gaps. The Assembly Minority has affirmed in the past and continues to maintain that the budget deficit should not be closed by tax and fee increases. The numerous downward revisions to the anticipated receipts from new taxes and fees in last two Enacted Budget surely proves that controlled spending, not tax increases, is the remedy for the State's budgetary melancholy.

Our forecast is driven by various National and State economic indicators. In developing this forecast, the Committee has utilized the Washington University Macro Model of the United States economy, developed and maintained by Macroeconomic Advisers, LLC, and reports on the U.S. economy prepared by Macroeconomic Advisers.

## General Fund: Compared to the Governor

General Fund revenue is estimated at \$378 million *less* (or 1.0%) in 2010-11, and \$86 million *less* (or 0.2%) in 2011-12, as compared to the Governor's Mid-Year forecast. Total General Fund revenue is projected at \$39.3 billion for 2010-11 and \$42.4 billion for 2011-12.

The chart below entitled "General Fund Tax Revenues" shows that the Assembly Minority is less optimistic than the Governor in terms of Personal Income Taxes for both 2010-11 and 2011-12. Furthermore, the Assembly Minority is less optimistic than the Governor in terms of Business Taxes in 2010-11. Collections reports have shown that the Income Tax surcharge enacted in the 2009 Budget delivered considerably less revenue than originally assumed. Furthermore, wage and employment data continues to be weak, both in New York and at the national level. Soft business income and salary figures for the current year, coupled with recent Tax Law changes, have led to a lower estimate for overall Business Taxes. On a brighter note, the Assembly Minority does foresee some additional growth in retail sales, leading to a positive difference in Consumption Taxes from DOB in both this year and next.

This results in a net decrease of \$378 million below the Governor's projected Mid-Year tax revenue for 2010-11, and \$86 million below for 2011-12.

General Fund Tax Revenues (millions)				
	2010-11			
	DOB Mid- Year Update	Minority Ways & Means	Monetary Variance	Percentage Variance
Personal Income Tax	\$24,147	\$24,009	(\$138)	-0.6%
Consumption & Use Tax	\$8,735	\$8,750	\$15	0.2%
Business Taxes	\$5,783	\$5,472	(\$311)	-5.7%
Other Taxes	\$1,034	\$1,090	\$56	5.1%
Total Taxes	\$39,699	\$39,321	(\$378)	-1.0%
	2011-12			
	Mid Year Update	Minority Ways & Means	Monetary Variance	Percentage Variance
Personal Income Tax	\$26,039	\$25,730	(\$309)	-1.2%
Consumption & Use Tax	\$9,035	\$9,214	\$179	1.9%
Business Taxes	\$6,452	\$6,475	\$23	0.4%
Other Taxes	\$989	\$1,010	\$21	2.1%
Total Taxes	\$42,515	\$42,429	(\$86)	-0.2%

## All Funds Compared to the Governor

All Funds revenue is estimated at \$522 million *less* (or 0.9%) in 2010-11, and \$108 million *less* (or 0.2%) in 2010-11, as compared to the Governor's Mid-Year forecast. Total All Fund revenue is projected at \$61 billion for 2010-11 and \$65.4 billion for 2011-12.

The chart below entitled "All Funds Tax Revenue" shows in 2010-11, the Assembly Minority is less optimistic than the Governor in terms of Personal Income Tax and Business Taxes. We are only slightly less optimistic in terms of Consumption Taxes, mainly due to lower than expected Cigarette Tax collections from decreased consumption, as a result of the enacted cigarette tax increase. The Assembly Minority is less optimistic than the Governor in terms of Personal Income Tax and Business Taxes, but more optimistic with regard to Consumption Taxes in 2011-12. This results in a net decrease of \$522 million above the Governor's projected Mid-Year tax revenue for 2010-11 and a net decrease of \$108 million below for 2011-12.

<b>All Funds Tax Revenues (millions)</b>				
	<b>2010-11</b>			
	Mid Year Update	Minority Ways & Means	Monetary Variance	Percentage Variance
Personal Income Tax	\$36,597	\$36,459	(\$138)	-0.4%
Consumption & Use Tax	\$14,100	\$14,009	(\$91)	-0.6%
Business Taxes	\$7,817	\$7,512	(\$305)	-4.1%
Other Taxes	\$1,600	\$1,657	\$57	3.4%
MTCB Payroll Tax	\$1,365	\$1,320	(\$45)	-3.4%
<b>Total Taxes</b>	<b>\$61,479</b>	<b>\$60,957</b>	<b>(\$522)</b>	<b>-0.9%</b>
	<b>2011-12</b>			
	Mid Year Update	Minority Ways & Means	Monetary Variance	Percentage Variance
Personal Income Tax	\$39,277	\$39,042	(\$235)	-0.6%
Consumption & Use Tax	\$14,655	\$14,818	\$163	1.1%
Business Taxes	\$8,571	\$8,504	(\$67)	-0.8%
Other Taxes	\$1,570	\$1,616	\$46	2.8%
MCTD Payroll Tax	\$1,443	\$1,428	(\$15)	-1.1%
<b>Total Taxes</b>	<b>\$65,516</b>	<b>\$65,408</b>	<b>(\$108)</b>	<b>-0.2%</b>