

FEBRUARY UPDATE

SFY 2008-09 and SFY 2009-10



New York State Assembly

February 11, 2009

U.S. Economy in Deep Recession

- Recession began in December 2007
- Unemployment: 7.6% in January 2009 (highest in more than 15 years)
- Job losses in January: 598,000; 3.6 million jobs lost so far in this downturn – 1.8 million lost the last 3 months alone
- Consumer Spending: 1.4% decline between last quarter of 2007 and last quarter of 2008, the worst 4 quarter decline since 1980
- Housing market: not expected to stabilize until the end of 2009
- Current forecast as of mid-February more pessimistic than December 2008 forecast
- This forecast includes an estimated \$827 Billion fiscal stimulus

2009 U.S. Forecast Comparisons (Percent Change)

	GDP	CPI	Employment
Assembly	(1.9)	(1.1)	(2.7)
Division of Budget	(1.4)	0.1	(2.3)
Macroeconomic Advisors	(1.3)	(0.9)	(2.3)
Moody's Economy.com	(1.7)	0.9	(2.5)
IHS Global Insight	(2.5)	(2.2)	(2.6)
Blue Chip Consensus	(1.9)	(0.8)	N/A

Forecasters have included stimulus packages of varying sizes and allocations.

The Assembly forecast includes January's job loss, as well as benchmark employment revisions released on February 6, 2009 that were unavailable to the Division of the Budget.

2010 U.S. Forecast Comparisons (Percent Change)

	GDP	CPI	Employment
Assembly	2.1	2.0	0.1
Division of Budget	2.2	2.4	0.6
Macroeconomic Advisors	3.7	0.9	0.6
Moody's Economy.com	2.0	2.6	0.3
IHS Global Insight	2.2	2.4	0.0
Blue Chip Consensus	2.1	1.8	N/A

Forecasters have included stimulus packages of varying sizes and allocations.

Comparison to Other U.S. Recessions

GDP: 2.9% decline

- Worst decline since 1973-1974 recession

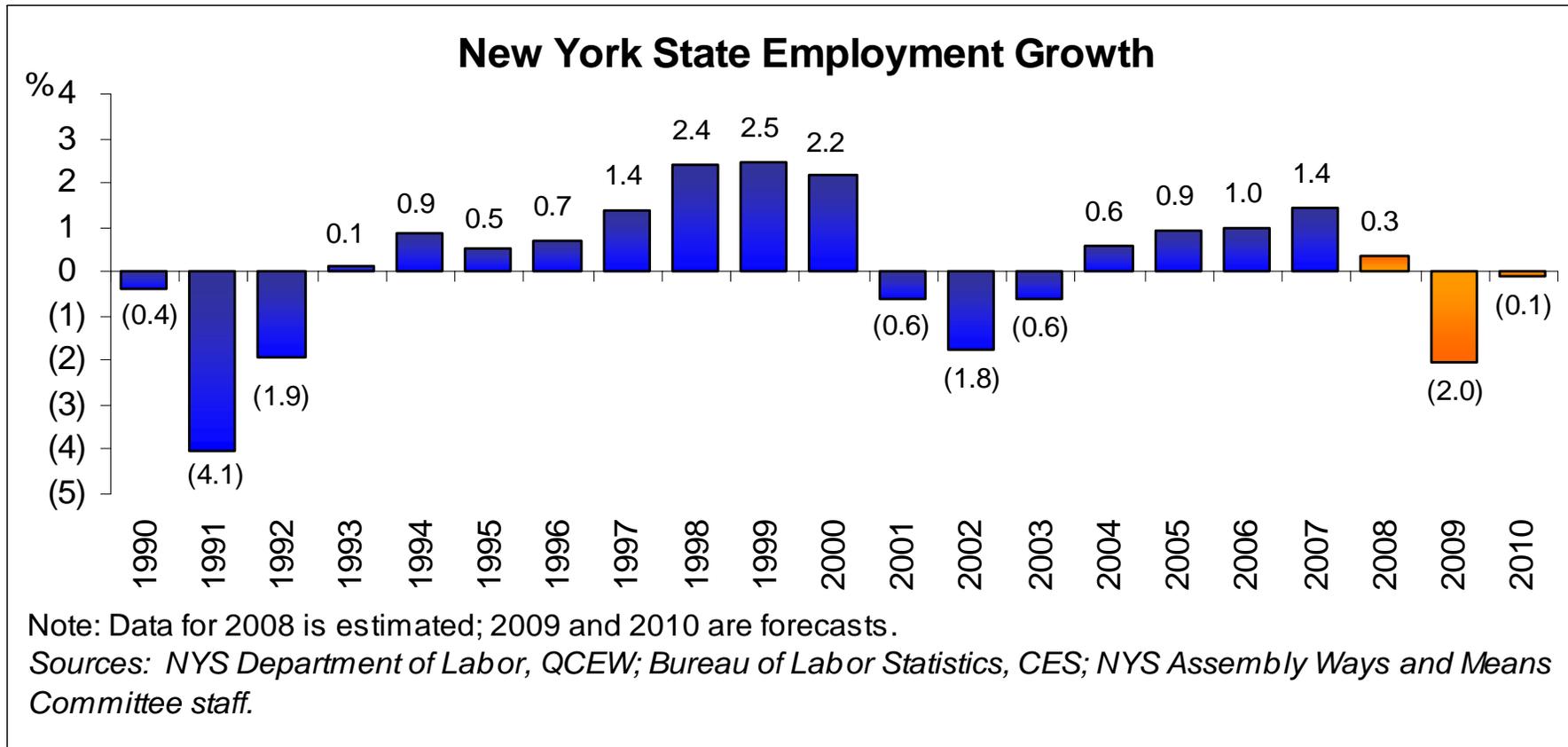
Consumer Spending: 2.7% decline

- The largest decline since WWII

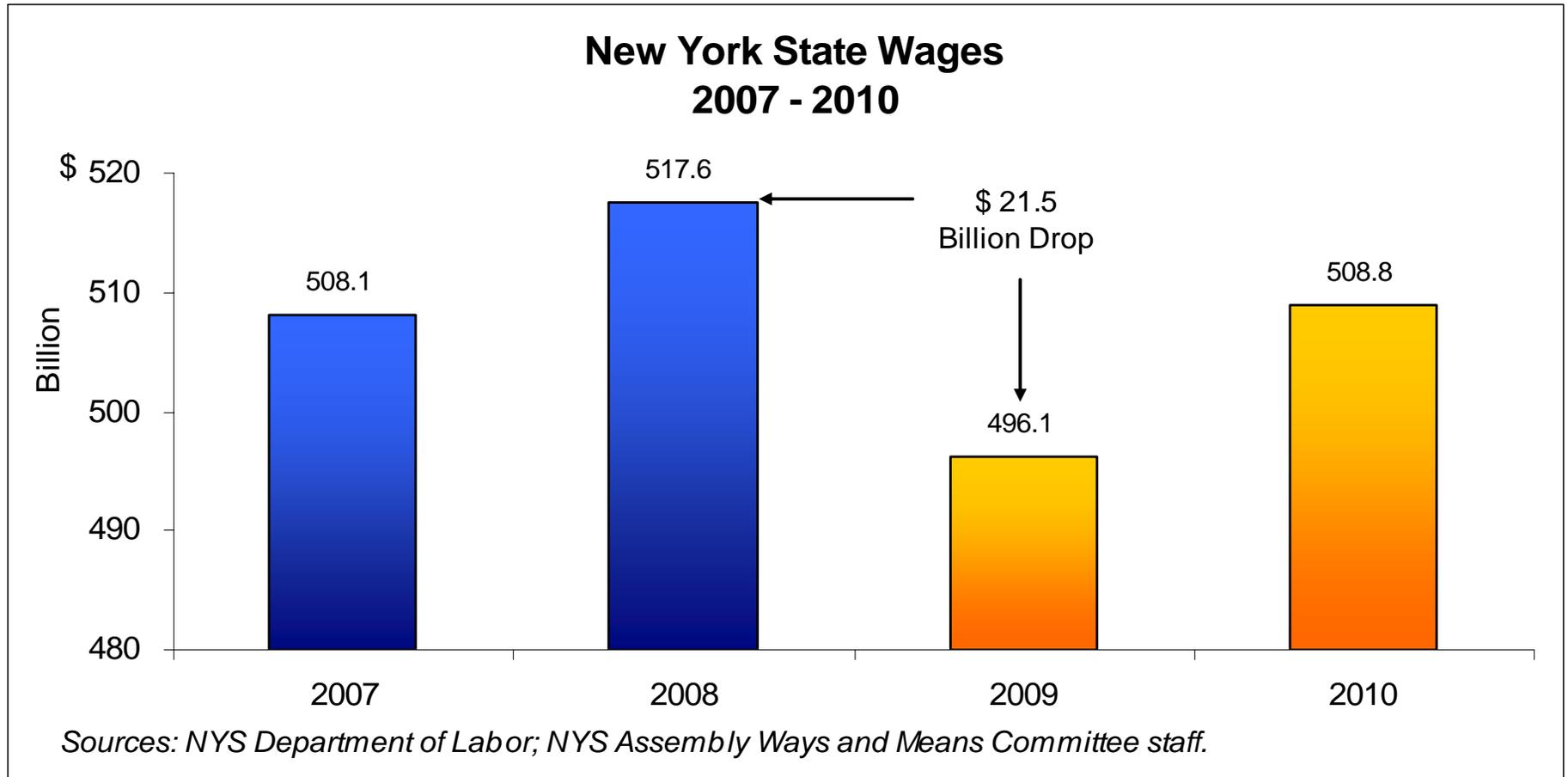
Employment: 3.8% decline or **5.3 million** jobs lost

- Worst level of decline of any post-war recession
- Employment loss continues until the 1st quarter of 2010

New York State Economy



267,760 jobs will be lost in the current downturn
 Financial activities industry job loss: 64,200

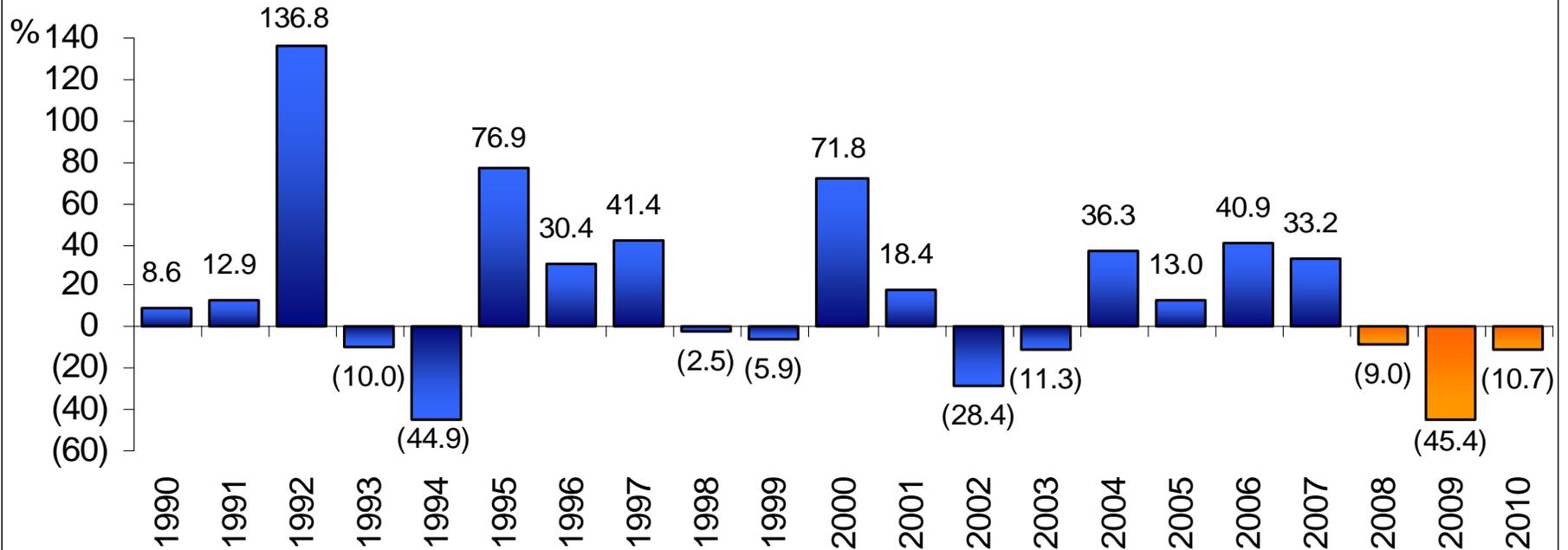


The percentage loss is more than double
the percentage drop we had in 2002

Wall Street

- Relative share of State employment and wages is forecast to decline
 - 24.4% of total New York State 2007 wages
 - Declines to 19.2% by 2010
 - 8.5% of total New York State 2007 employment
 - Declines to 7.9% by 2010

New York State Securities Industry Percent Change in Bonuses and Stock Option Payments



Note: Total wage data for 2008 is estimated; 2009 and 2010 are forecasts. Base wages and variable wages are estimated by the NYS Assembly Ways and Means Committee staff and sum to total wages.

Sources: NYS Department of Labor, QCEW; NYS Assembly Ways and Means Committee staff estimates.

3 consecutive years of decline

2009 decline = 45.4% or \$15.4 billion

SFY 2008-09 and SFY 2009-10 Revenue Outlook

Summary of Tax Revenue Forecasts

(Millions of Dollars)

Category	2008-09	Change	Growth	2009-10*	Change	Growth
PIT	\$36,689	\$124	0.3%	\$34,421	(\$2,269)	-6.2%
User	\$14,163	\$170	1.2%	\$16,206	\$2,043	14.4%
Business	\$7,742	(\$489)	-5.9%	\$7,941	\$199	2.6%
Other	\$2,015	(\$68)	-3.3%	\$1,583	(\$432)	-21.4%
Total Taxes	\$60,609	(\$263)	-0.4%	\$60,151	(\$458)	-0.8%

* Includes Executive revenue actions as proposed in the Executive Budget

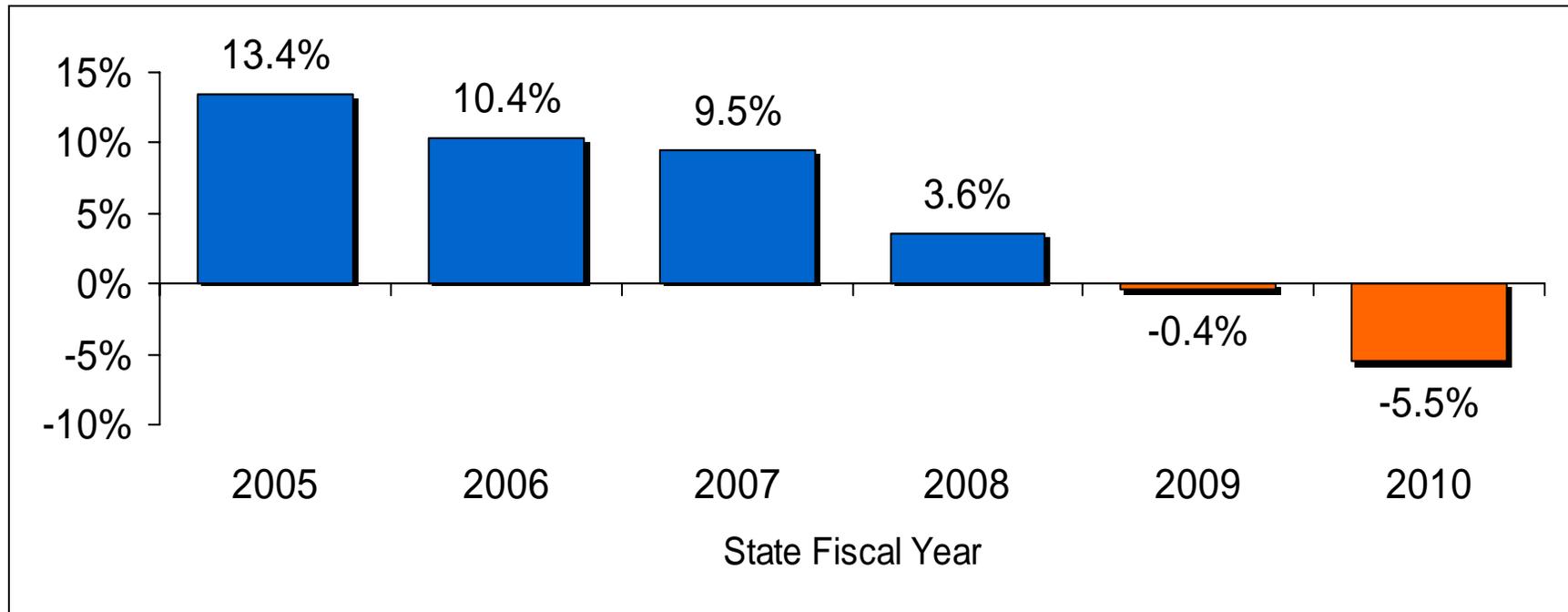
Forecast Differences from Executive Budget

(millions of dollars)

Category	2008-09	2009-10
PIT	\$6	(\$149)
User	(\$208)	(\$573)
Business	\$27	(\$192)
Other	(\$3)	(\$105)
Total Taxes:	(\$178)	(\$1,018)

Note: Executive forecast reflects amendments to Executive Budget published in January.

Trends in Tax Revenue



- The growth in tax revenue has slowed dramatically
- Revenues are forecasted to decline by \$3.6 billion – not including the Executive's revenue actions

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