

FINANCIAL PLAN OVERVIEW OF THE EXECUTIVE BUDGET SFY 2011-12

Overview of the Executive Budget

Table 1

Size of Budget (\$ in Millions)				
	2010-11	2011-12	Difference	Percent
General Funds	\$55,157	\$56,753	\$1,596	2.9%
State Funds	\$91,573	\$93,195	\$1,622	1.8%
All Funds	\$136,531	\$132,863	(\$3,668)	(2.7%)

- **The Governor proposes an All Funds Budget of \$132.86 billion for State Fiscal Year (SFY) 2011-12:** This Budget is \$3.67 billion lower than the estimated \$136.5 billion in spending for SFY 2010-11 representing a decline of 2.7 percent. The All Funds Budget is the broadest measure of spending; accounting for state unrestricted and restricted funds as well as funds received from the federal government.
- **Federal government aid declined significantly for SFY 2011-12 to \$39.67 billion from \$44.96 billion or \$5.29 billion:** This decrease is primarily due to the loss of federal American Recovery and Reinvestment Act (ARRA) aid for Medicaid and Education. Federal Medicaid is anticipated to decline as a result of a lower federal matching rate to 50 percent from 58 percent and the Executive Budget proposal to reduce state Medicaid spending by \$2.85 billion Medicaid pending the recommendations of the Medicaid Redesign Team.
- **For SFY 2011-2012 the Governor proposes General Fund spending of \$56.75 billion:** The General Fund accounts for unrestricted taxes and receipts, and spending on State Operations and local governments not funded through dedicated revenues.
- **State Funds spending for SFY 2011-12 is projected to total \$93.19 billion:** State Funds spending consists of the General Fund plus Debt Service Funds, Capital Projects Funds and Other State Funds. This is an increase of 1.8 percent or \$1.6 billion higher than SFY 2010-11.
- **State Operating Funds is estimated to total \$86.7 billion, an increase of \$1.7 billion or two percent.** The State Operating Funds includes all State spending in the General Funds, State Special Revenue Funds, Debt Service Funds except Capital Projects Funds and federal spending.

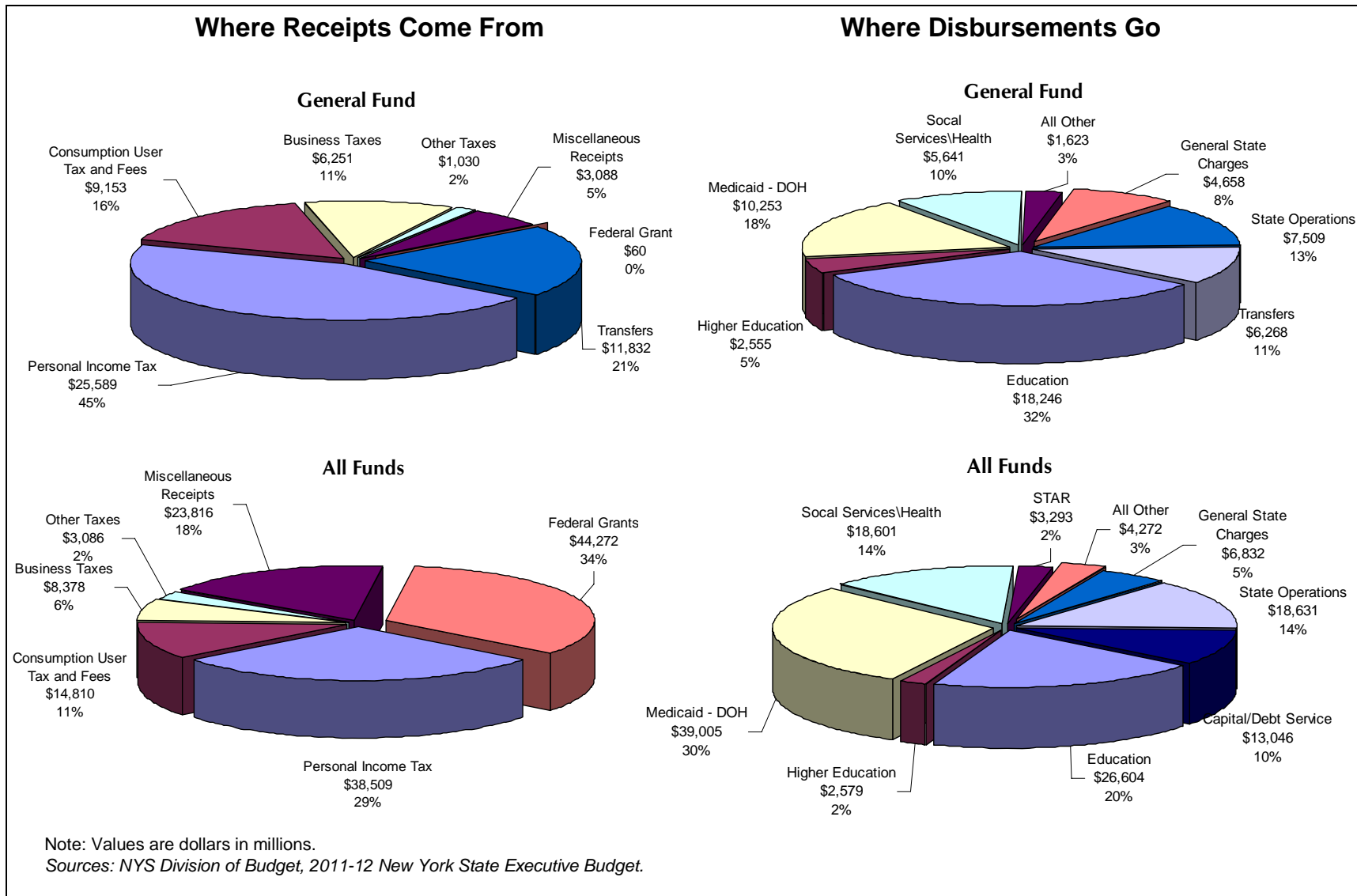


Figure 1

Table 2

EXECUTIVE BUDGET FINANCIAL PLAN			
2011-12			
(\$ in Millions)			
	<u>Executive General Fund</u>	<u>Executive State Funds</u>	<u>Executive All Funds</u>
OPENING BALANCE	1,359	3,352	3,496
RECEIPTS:			
Personal Income Tax	25,589	38,509	38,509
User Taxes and Fees	9,153	14,810	14,810
Business Taxes	6,251	8,378	8,378
Other Taxes	1,030	3,086	3,086
Total Taxes	<u>42,023</u>	<u>64,783</u>	<u>64,783</u>
Licenses, Fees, etc.	455	455	455
Abandoned Property	745	745	745
ABC License Fees	49	1,383	1,383
Motor Vehicle Fees	132	49	49
Reimbursements	202	202	202
Investment Income	10	10	10
Other Transactions	1,495	20,837	20,972
Total Miscellaneous Receipts	<u>3,088</u>	<u>23,681</u>	<u>23,816</u>
Federal Grants	60	145	44,272
PIT in Excess of Revenue Bond Debt Service	7,955		
Sales Tax in Excess of LGAC Debt Service	2,418		
Real Estate Taxes in Excess of CW/CA Debt Service	394		
All Other	1,065		
Total Transfers from Other Funds	<u>11,832</u>		
TOTAL RECEIPTS	<u>57,003</u>	<u>88,609</u>	<u>132,871</u>
DISBURSEMENTS:			
School Aid	16,610	19,502	23,688
Higher Education	2,555	2,571	2,579
All Other Education	1,636	1,651	2,916
STAR		3,293	3,293
Medicaid - DOH	10,253	15,062	39,005
Public Health	751	2,199	3,120
Mental Hygiene	1,861	3,612	3,767
Children and Families	1,650	1,652	2,617
Temporary & Disability Assistance	1,379	1,388	4,818
Transportation	100	4,247	4,279
Unrestricted Aid	736	736	736
All Other	787	1,933	3,536
Total Local Assistance Grants	<u>38,318</u>	<u>57,846</u>	<u>94,354</u>
Personal Service	5,693	11,787	12,475
Non-Personal Service	1,816	5,136	6,156
Total State Operations	<u>7,509</u>	<u>16,923</u>	<u>18,631</u>
General State Charges	4,658	6,522	6,832
Debt Service	1,615	6,036	6,036
Capital Projects	894	5,868	7,010
State Share Medicaid	3,032		
Other Purposes	727		
Total Transfers to Other Funds	<u>6,268</u>		
TOTAL DISBURSEMENTS	<u>56,753</u>	<u>93,195</u>	<u>132,863</u>
Other Financing Sources (uses):			
Transfers from Other Funds		27,489	27,182
Transfers to Other Funds		(22,899)	(27,210)
Bonds and note proceeds		488	488
Net Financing Sources		<u>5,078</u>	<u>460</u>
Excess/(Deficiency) of Receipts over Disbursements	250	492	468
CLOSING BALANCE	1,609	3,844	3,964

Closing the SFY 2011-12 Executive Budget Gap

Table 3

Executive Budget General Fund Gap-Closing Plan for 2011-12 (\$ in Millions)	
	2011-12
Executive Budget Current Services GAP Estimate (before any actions)	(10,003)
Total Executive Budget Gap-Closing Actions	10,003
Spending Control	8,858
Local Assistance	7,484
Medicaid	2,850
Public Health/Aging	81
School Aid	2,851
Lottery Aid	155
School Aid Relief	125
Education/Special Education	155
Higher Education	69
Human Services/Labor/Housing	385
Local Government Aid	334
Mental Hygiene	307
Member Item Fund Deposit Repeal	85
All Other	87
State Operation Reduction	1,374
Revenue Actions	340
Tax Modernization/Voluntary compliance	200
Abandon Property	100
All Other	40
Non-Recurring Resources	805
MTA Transaction	200
NYPA/Other Authorities	150
Debt Management/Capital Financing	200
School Aid Claims Limited to Nov 2010 Database	100
Recoveries	75
All Other	80
Executive Budget Surplus/(Gap) Estimate	0

- **The Executive Proposal includes recommendations that are intended to close an estimated \$10 billion General Fund budget gap in SFY 2011-12:** The Executive has indicated that these actions are comprised of the following: \$8.8 billion in spending reductions; roughly \$340 million in revenue actions; and the use of \$805 million in non-recurring resources.

- In enacting the SFY 2009-10 budget over \$4 billion were made available from the State Personal Income Tax surcharge and other temporary revenue actions: Absent these funds the deficit for this year would be over \$16 billion.

Executive Budget General Fund Gap Estimates

Table 4

Executive Budget General Fund Gap Estimates			
(\$ in Millions)			
	Mid-Year	Before Action	Executive Proposal
2010-11	(\$315)	N/A	N/A
2011-12	(\$9,026)	(\$10,003)	\$0
2012-13	(\$14,644)	(\$15,280)	(\$2,301)
2013-14	(\$17,232)	(\$17,883)	(\$2,496)
2014-15	N/A	(\$21,415)	(\$4,399)

- **The Executive Budget proposes to significantly reduce out-year gaps:** The out-year budget gaps have been revised to zero for SFY 2010-11 (due to receipts and disbursement revisions), \$10.0 billion for SFY 2011-12, \$15.3 billion for SFY 2012-13, \$17.9 billion for SFY 2013-14 and \$21.4 billion for SFY 2014-15.
- **The Executive Budget reduces the projected out-year gaps in Medicaid, School Aid, State Agency operations, and provides certain revenue enhancements and non-recurring resources:** The proposed gap closing actions reduces the gaps as follows: zero gap in SFY 2011-12, \$2.3 billion gap for SFY 2012-13, \$2.5 billion gap for SFY 2013-14 and \$4.4 billion in SFY 2014-15.

Table 5

Estimated General Fund Closing Balance		
(\$ in Millions)		
	2010-11	2011-12
Tax Stabilization Reserve Fund	1,031	1,031
Statutory Rainy Day Reserve Fund	175	175
Contingency Reserve Fund	21	21
Community Projects Fund	96	-
Reserved for Debt Management	36	36
Reserved for Labor Agreements	-	346
Total	\$1,359	\$1,609

Fund Reserves

- **The Executive budget anticipates \$1.6 billion in the reserves at the end of the fiscal year:** The Executive General Fund closing balance maintains \$1 billion in the Tax Stabilization Reserve Fund, \$21 million in the Contingency Reserve Fund, \$175 million in the Rainy Day Reserve, \$36 million in Reserve for Debt Management and sets aside \$346 million reserved for labor agreements. The Tax Stabilization Reserve Fund is a constitutionally restricted fund that can only be used in the event of a revenue shortfall or deficit during a fiscal year. The balance of \$1.0 billion in the Tax Stabilization Reserve Fund is only two percent of the value of the General Fund.

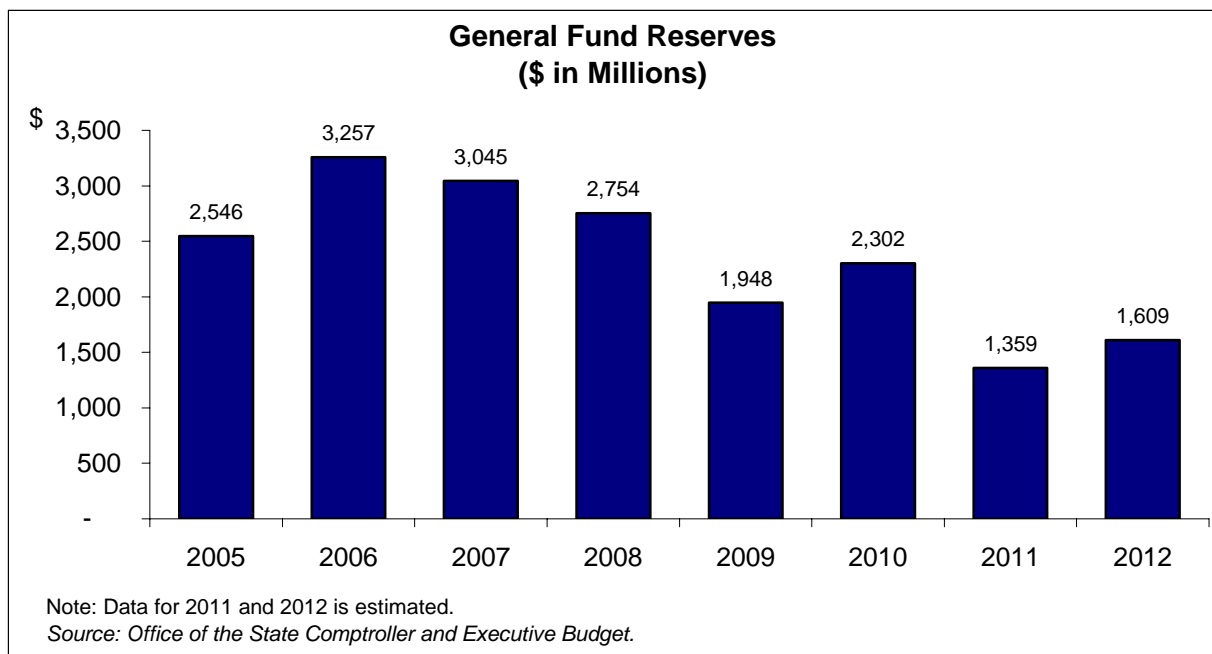


Figure 2

Major Temporary Actions

Table 6

Major Temporary Actions (\$ in Millions)		
	Enacted 2010-11	Proposed 2011-12
Revenues		
PIT Surcharge (Executive's Estimate)	\$4,773	\$3,251
Sales Tax on Clothing	\$330	\$210
Deferred Tax Credits	\$100	\$970
Charitable Contributions	\$100	
Temporary Utility Assessment	\$517	\$529
<i>Total</i>	<i>\$5,820</i>	<i>\$4,960</i>
Federal Stimulus		
FMAP Increase - Medicaid	\$4,054	\$353
Fiscal Stabilization - Education	\$1,854	\$509
FMAP Reestimate of Local Share	\$300	
Medicare Part D Clawback	\$223	
<i>Total</i>	<i>\$6,431</i>	<i>\$862</i>
Other Actions		
Aqueduct Franchise Fee	\$380	
Non-specific Fund Sweeps	\$231	\$55
Debt Service Savings	\$143	\$200
Use of Reserve Fund	\$906	
Loss of FMAP - FMAP Contingency	\$281	
MTA Sweep		\$200
NYPA Sweep	\$65	\$100
School Aid Claims (Nov 2010 Database)		\$100
Recoveries	\$85	\$75
Other Public Authorities		\$50
EPIC Sweep		\$25
Other Non-Recurring Actions	\$599	
Abandoned Property	\$100	\$100
Conversion Proceeds		\$150
<i>Total</i>	<i>\$2,790</i>	<i>\$1,055</i>
Grand Total	\$15,041	\$6,877
<i>Sources: Executive Budget, NYS Comptroller & NYS Assembly Ways and Means Committee.</i>		

- **Major temporary actions proposed by the Executive are estimated to \$6.87 billion or \$8.16 billion lower from SFY 2010-11:** The major temporary action includes \$4.96 billion in revenues, \$862 million in federal Stimulus aid, and \$1 billion in other actions.

- **Major temporary revenue actions of \$4.96 billion are estimated to decrease by \$860 million for SFY 2011-12:** The primary revenue reduction is the Personal Income Tax (PIT) surcharge estimate to \$3.25 billion from \$4.77 billion or a decrease of \$1.5 billion. The PIT surcharge revenue is expected to decline based upon the expiration of the surcharge on December 31, 2011.
- **Sales tax on clothing is estimated to decrease by \$120 million in SFY 2011-12:** The law repealed a sales tax on clothing until March 31, 2011, and phases the clothing sales tax exemption to \$55 on April 1, 2011 until March 31, 2012 and completely restores the clothing sales tax exemption to \$110 on April 1, 2012.
- **The state is expected to receive \$862 million in federal Stimulus aid in SFY 2011-12, a reduction of \$5.57 billion:** Lower federal Stimulus aid of \$5.57 billion consists of \$4.2 billion in Medicaid and \$1.3 billion education actions.

Table 7

EXECUTIVE BUDGET GAAP FINANCIAL PLAN				
GENERAL FUND				
2011-12 THROUGH 2014-15				
(\$ in Millions)				
	2011-12	2012-13	2013-14	2014-15
	Projected	Projected	Projected	Projected
RECEIPTS:				
Personal Income Tax	25,323	24,830	26,423	28,210
User Taxes and Fees	9,176	9,400	9,777	10,135
Business Taxes	6,266	6,421	6,724	6,152
Other Taxes	1,061	1,117	1,177	1,195
Total Taxes	<u>41,826</u>	<u>41,768</u>	<u>44,101</u>	<u>45,692</u>
Total Miscellaneous Receipts	6,891	6,675	6,382	5,990
Federal Grants	60	60	60	60
TOTAL RECEIPTS	<u>48,777</u>	<u>48,503</u>	<u>50,543</u>	<u>51,742</u>
DISBURSEMENTS:				
Grants to local governments	41,119	42,587	44,499	46,383
State Operations	11,244	11,699	11,686	12,070
General State Charges	5,545	5,942	6,503	6,738
Debt Service	0	0	0	0
Capital Projects	0	0	0	0
TOTAL DISBURSEMENTS	<u>57,908</u>	<u>60,228</u>	<u>62,688</u>	<u>65,191</u>
Other Financing Sources (uses):				
Transfers from Other Funds	14,894	15,163	15,466	14,857
Transfers to Other Funds	(6,001)	(6,872)	(7,102)	(7,086)
Bonds and note proceeds	403	400	400	400
Net Financing Sources	<u>9,296</u>	<u>8,691</u>	<u>8,764</u>	<u>8,171</u>
Operating Surplus/(Deficit)	<u>165</u>	<u>(3,034)</u>	<u>(3,381)</u>	<u>(5,278)</u>
Source: Executive Budget				

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EDUCATION

Table 8

2011-12 Executive School Aid Proposal (\$ in Millions)	
2010-11 General Support for Public Schools*	\$20,318
2011-12 General Support for Public Schools	<u>\$19,389</u>
Year to Year Decrease in General Support for Public Schools**	(\$929)
Special Education Cost Shifts	(253)
Total State Aid Reduction to School Aid	(\$1,182)
End of Temporary Federal Education Jobs Fund	<u>(607)</u>
Total School Aid Reduction	<u>(\$1,789)</u>

* The Executive includes \$607 million in Federal Education Jobs Fund support in addition to this estimate for 2010-11 General Support for Public Schools.

** The Executive estimated reduction of \$1.5 billion for GSPS includes the discontinuation of \$607 million in Federal Education Jobs funds that was provided in SFY 2011-12.

- **General Support for Public Schools:** The Executive proposes a year to year reduction in General Support for Public Schools (GSPS) of \$929.7 million (SY) or 4.64 percent. GSPS would go from \$20.31 billion in SY 2010-11 to \$19.39 billion in SY 2011-12.
- **Federal Education Jobs Fund:** In 2010, school districts were given access to \$607 million from the Federal Education Jobs Fund which could be spent over the 2010-11 and 2011-12 school years. These funds are not expected to continue in the future. They were enacted by the federal government in August 2010 and appropriated by the state in December 2010.
- **Special Education Cost Shifts:** The Executive proposes modifying the funding structures of three different special education programs serving students with significant disabilities. This would result in a cost shift of \$253 million from the State to school districts in the 2011-12 school year.
- **Gap Elimination Adjustment:** The Governor proposes a \$2.8 billion reduction to overall school aid through a Gap Elimination Adjustment (GEA) formula. The GEA takes into account school district wealth, student need, administrative efficiency and residential property tax burden. As a result, the proposed GEA reduction is lower for high-need school districts.
- The GEA would be continued in future years and would restrict the growth in school aid to the multi-year average rate of growth in personal income in the state.

- The Division of Budget projects that in SY 2012-13 the GEA will be \$2.1 billion, the GEA would grow to \$3.3 billion in SY 2013-14, and it would be \$4.5 billion in SY 2014-15 (see Figure 3). The impact of these proposed cuts would be the reduction of the state share of support for education which was 40.3 percent in SFY 2010-11 (see Figure 4).

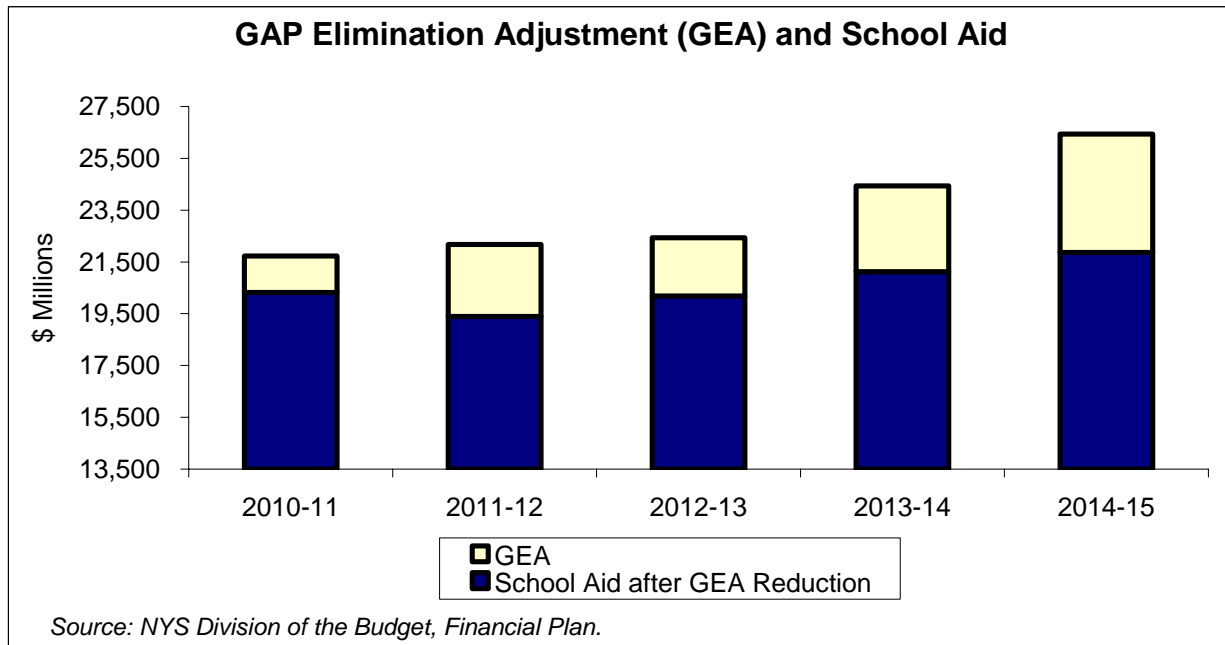


Figure 3

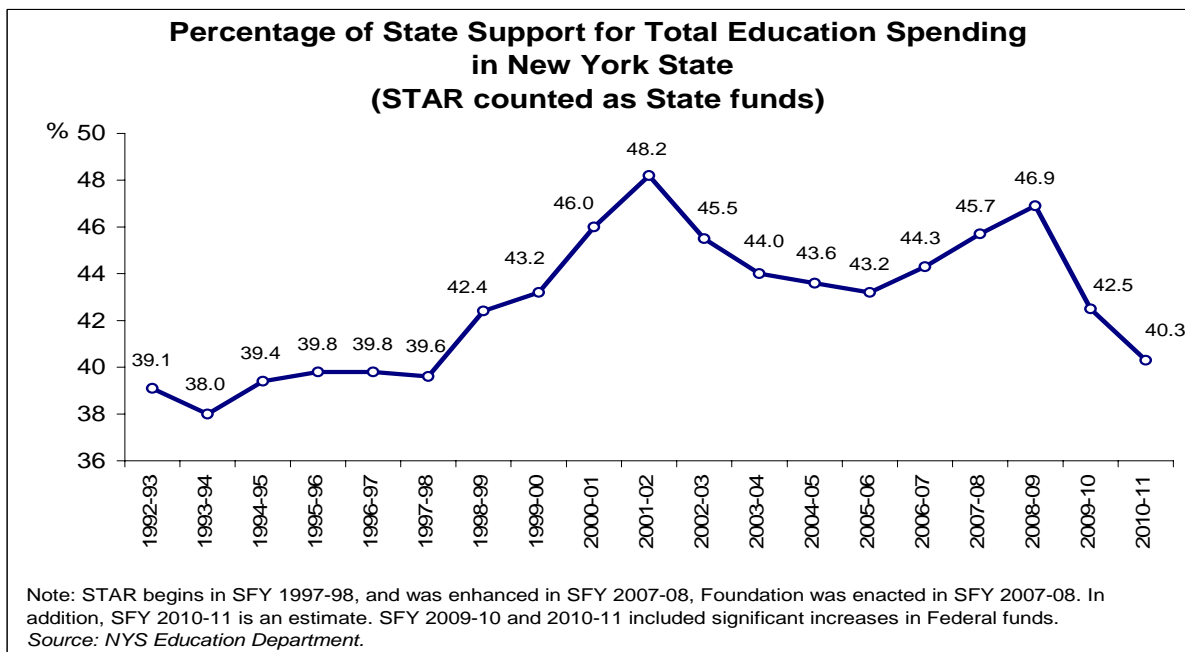


Figure 4

- **Foundation Aid Formula and Universal Prekindergarten:** Foundation Aid would remain frozen in 2011-12 and 2012-13 at \$14.9 billion. The full phase in of Foundation Aid would now be completed over a ten year period with full implementation in 2016-17. Universal Prekindergarten would continue to be frozen at \$393 million in 2011-12 and 2012-13; the Executive Budget Financial Plan indicates reaching full universality in SY 2016-17.
- **Expense Based Aids:** The Executive Budget allows reimbursable aids to continue to grow by \$312 million as reflected by the current data which will not be updated to allow for any additional growth. The Executive Budget Financial Plan assumes \$100 million in savings resulting from the Executive Proposal to freeze all school aid formulas for both 2010-11 and 2011-12 school years at the lesser of the Executive school aid run or revised data.
- **Building Aid, Transportation Aid and Board of Cooperative Educational Services (BOCES):** The Executive Proposal recommends changes to reimbursable aids including Building Aid, Transportation Aid, and BOCES that would begin in SY 2012-13. Specifically, the Executive recommends the following:
 - Building Aid would be transformed from a reimbursable aid to a competitive grant program that would be limited to \$2 billion in aidable costs beginning with projects approved by the Commissioner of Education as of February 1, 2011.
 - School districts would be penalized for not adopting certain best practices or management efficiencies as established by the Commissioner of Education for transportation services beginning in the 2012-13 school year.
 - The BOCES Aid reimbursement rates would be modified beginning in the 2012-13 school year. In addition, certain non-instructional services would no longer be eligible for reimbursement.
- **New Competitive Grant Programs:** The Executive proposes creating two new competitive programs totaling \$500 million. However, the Executive Budget Financial Plan does not provide any funding for these programs in the 2011-12 State Fiscal Year.
 - School District Performance Improvement Awards totaling \$250 million would be awarded on a competitive basis to school districts that demonstrate significant improvement in student performance. This program would provide additional State funding to those school districts with the most improved academic achievement gains and student outcomes.

- School District Management Efficiency Awards totaling \$250 million would be awarded competitively to school districts that undertake long-term structural changes to reduce costs and improve efficiency. Districts would be allowed to apply together and must show sustainable cost savings from the proposed projects.
- **Special Education Cost Shifts:** The Executive Budget recommends a transfer of costs to school districts from the state for certain programs serving significantly disabled pupils; this cost shift totals \$253 million in the 2011-12 SY (see Table 9).

Table 9

Special Education Cost Shifts (\$ in Millions)	
Private Schools for the Blind and Deaf	\$98.0
Summer School Special Education	\$86.0
Residential School Room and Board	\$69.0
Total Cost Shifts to School Districts	\$253.0

- For the Summer School Special Education program, the Executive Budget would use wealth as a factor when reimbursing school districts that provide services to approximately 40,000 significantly disabled students which results in a cost shift of approximately \$86 million to school districts. State reimbursement would now range from 10 percent to 80 percent of costs. Currently the State pays for 70 percent of costs, school districts pay 20 percent of costs and counties pay 10 percent of costs.
- Private Schools for the Blind and Deaf would no longer be considered State institutions and would instead be funded through Private Excess Cost Aid. This proposal would align funding with other private special education schools and would shift \$98 million of cost currently funded by the State onto school districts.
- School districts would now become responsible for the costs of room and board for students placed in certain residential schools. This will be a cost shift from the State of \$69 million onto school districts.
- **Cultural Education:** The Executive Budget would fund Library Aid at \$76 million, which is a reduction of \$8.4 million, or 10 percent. In addition, the Executive budget would fund Public Broadcasting at \$13.5 million, which is a reduction of \$1.5 million, or 10 percent.

- **State Operations:** The Executive budget will decrease General Fund State Operations by 10 percent which would be a \$4.3 million reduction for the State Education Department.

Other Education Programs:

- The per pupil charter school tuition that is paid from school districts to charter schools would be frozen to SY 2010-11 levels in SY 2011-12 and SY 2012-13.
- The Executive proposes funding Nonpublic Schools at \$100.4 million which is a reduction of \$8.7 million or 8 percent from 2010-11 levels.
- The Executive proposes a new \$1.7 million competitive grant for programs with demonstrated success in supporting achievement and enhancing professional capacity.
- The Executive eliminates the following programs:
 - \$500,000 in funding for the National Board for Professional Teaching Standards;
 - \$894,000 in funding for the Primary Mental Health Program; and
 - \$490,000 for the Student Mentoring and Tutoring Initiative (Rochester and Syracuse).
- The Executive would allow school districts to utilize their excess Employee Benefit Accrued Liability Reserve Funds (EBALR) up to the amount of the GEA.

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HEALTH

Table 10

Components of Executive Healthcare Actions (\$ in Millions)		
	State Share	All Funds
Reductions to Medicaid	(2,850.0)	(5,903.1)
Reductions to Public Health/Aging Programs	(162.1)	(162.1)
Total	(3,012.1)	(6,065.2)
Note: Sector-specific Medicaid reductions are subject to the recommendations of the Governor's Medicaid Redesign Team report to be issued on March 1, 2011. The All Funds value presented herein assumes each of its recommendations will result in a commensurate loss in a Federal match.		

- **Components of the Executive Healthcare Actions:** The Executive proposal includes a \$2.850 billion reduction in General Fund Medicaid appropriations subject to the recommendations of the Medicaid Redesign Team (see Table 10). The Executive proposal would also reduce support for public health initiatives and Aging programs by a combined \$162.1 million.

Table 11

All Funds Medicaid: All State Agencies (\$ in Millions)		
	Current Law	Executive Proposal
2010-11	53,791	53,791
2011-12	58,806	52,809
Change (\$)	5,015	(982)
Change (%)	9.3%	-1.8%

- **Medicaid All Funds Summary:** The SFY 2011-12 Executive Budget includes \$52.809 billion in All Funds support for the Medicaid program, representing a decrease of \$982 million or 1.8 percent from actual SFY 2010-11 spending levels. The All Funds proposal represents a decrease of \$5.903 billion (or 9.3 percent) from projected spending levels, which reflect current law requirements, program growth and the loss of a significant amount of Federal matching funds upon the expiration of the American Recovery and Reinvestment Act of 2009 (see Table 11).
- **Medicaid State Funds Summary (All State Agencies):** The Executive proposal assumes \$18.015 billion in State share spending for the Medicaid program, an increase of \$3.655 billion or 25.5 percent from SFY 2010-11 levels (see Table 12).

Table 12

State Share Medicaid: All State Agencies (\$ in Millions)		
	Current Law	Executive Proposal
2010-11	14,360	14,360
2011-12	20,758	18,015
Change (\$)	6,398	3,655
Change (%)	45%	25%

- **Medicaid Redesign Team:** The Executive Budget for DOH does not offer discrete reductions among Medicaid's individual service categories. Instead, the budget provides a single appropriation to reduce State share spending by an aggregate \$2.850 billion in SFY 2011-12, subject to the recommendations of the Medicaid Redesign Team (MRT). Established by Executive Order, the MRT is charged with conducting a comprehensive review of the State Medicaid program and issuing recommendations for specific cost containment measures to be incorporated within the SFY 2011-12 Executive Budget by March 1, 2011.
- **A Prospective Cap on Medicaid Growth:** In addition to any savings actions proposed by the MRT, the Executive proposal includes a provision to constrain annual Medicaid spending growth to the 10-year average of the medical care component of the Consumer Price Index, currently this is estimated to be roughly four percent annually.
- **Health Care Reform Act (HCRA):** The Executive Budget also includes a proposal for a three-year extension of HCRA, which offsets a portion of General Fund health spending. HCRA receipts and disbursements for SFY 2011-12 are projected to total \$5.375 billion, a \$334 million increase from SFY 2010-11. HCRA revenue sources that would be extended include: a surcharge on patient service revenue at hospitals and clinics (\$2.50 billion), the covered lives assessment (\$1.05 billion), cigarette taxes (\$1.33 billion), an assessment on hospital revenue (\$343 million) and health plan conversion proceeds (\$150 million).
- **Elderly Pharmaceutical Insurance Coverage (EPIC):** The Executive Budget would eliminate most EPIC program services in SFY 2011-12, resulting in a spending reduction of \$58.4 million, or 20 percent. Appropriations of \$230.5 million are included to provide remaining program services to EPIC's 300,000 enrollees throughout the fiscal year.
 - Effective January 1, 2012, the Executive proposal would modify the EPIC program to provide assistance to only those seniors that enter the Medicare Part D coverage gap, known as the "donut hole".

- Legislation included in the Executive proposal would gradually eliminate all other EPIC program benefits. It would require all participating seniors to enroll in a Part D plan regardless of financial hardship, and would eliminate:
 - “wraparound” coverage for drugs that are not included on a seniors’ Medicare Part D Plan;
 - State payment assistance for Part D premiums and deductibles; and
 - State support in enrolling seniors in a Medicare Part D plan.

- **Early Intervention (EI):** The Executive budget would reduce state spending on EI services provided to approximately 75,000 children by \$20.6 million, through the institution of a 10 percent rate reduction; a requirement that certain providers bill Medicaid directly; legislation to maximize commercial reimbursement for EI services; a recovery of EI transportation overpayments from counties; the implementation of a capitated rate for service coordination; the implementation of a per-visit reimbursement methodology that is based on 15 minute increments; and a revision in EI rates to incorporate wage and transportation factors.

- **General Public Health Works (GPHW):** The Executive Budget would eliminate state reimbursement for all GPHW program services that are provided at the discretion of local health departments, a \$10.5 million reduction. Services that would no longer be funded include: medical examiner programs; early intervention service coordination; dental services; home health services; long term care; emergency medical services; environmental services; radioactive materials licensing; radioactive equipment inspection and housing hygiene programs. State support for GPHW services would continue to receive State support at \$319.4 million.

- **Public Health Grant Consolidation:** The Executive proposal would consolidate State support for a number of public health programs into a single funding stream, to achieve a State reduction of \$4.7 million. The remaining \$7.7 million appropriation would be made available to previous recipients on a competitive basis.

- **Other Public Health Actions:** The Executive proposal would reduce the State subsidy to the Roswell Park Cancer Institute by \$7.8 million, or 10 percent. The proposed budget would also delay the human services cost of living adjustment (COLA) for a savings of \$9.25 million and would reduce DOH State Operations spending by 10 percent, yielding a savings of \$48.3 million. The Executive Budget would eliminate \$320,000 in State support for cancer programs that do not provide direct care.

- **Aging Actions:** The Executive proposal would consolidate State support for a number of programs administered by the State Office for the Aging, achieving a reduction of \$1.4 million. The remaining \$1.6 million appropriation would be made available to previous recipients of aging funds on a competitive basis. The NY Connects Program would be eliminated, for a reduction of \$950,000.

HIGHER EDUCATION

In SFY 2011-12, the Governor recommends \$407 million in reductions for Higher Education (see Table 13).

Table 13

Executive Budget Reductions (\$ in Millions)		
	State Fiscal Year 2011-12	Academic Year 2011-12
Reduce Operating Support SUNY/CUNY Senior Colleges	(\$170)	(\$215)
Reduce Operating Support for SUNY Statutory Colleges	(15)	(29)
Reduce Base Aid SUNY/CUNY Community Colleges	(46)	(62)
Eliminate SUNY Hospital Subsidy	(135)	(154)
Reduce Spending Authority for Long Island Veterans' Home	(5)	(5)
Continuing Tuition Assistance Program Changes Enacted in 2010-11	(31)	(44)
Extend Loan Forgiveness and Scholarship Programs for Nurses and Physicians	8	8
Other Higher Education Savings Actions	(13)	(13)
Total Reductions	(\$407)	(\$514)

Ten Percent Reduction in Support for SUNY/CUNY Operations: The Executive recommends State operating support of \$961.6 million for State-operated campuses of the State University of New York (SUNY) and \$509.4 million for the Senior Colleges of the City University of New York (CUNY) in the 2011-12 Academic Year. This assumes a SFY General Fund operating support reduction of \$100 million for SUNY State Operated Colleges and a SFY General Fund operating support reduction of \$70.1 million for CUNY Senior Colleges. This would result in the State share of operating expenses being reduced to 42.9 percent at SUNY and 37.9 percent at CUNY (see Figure 5).

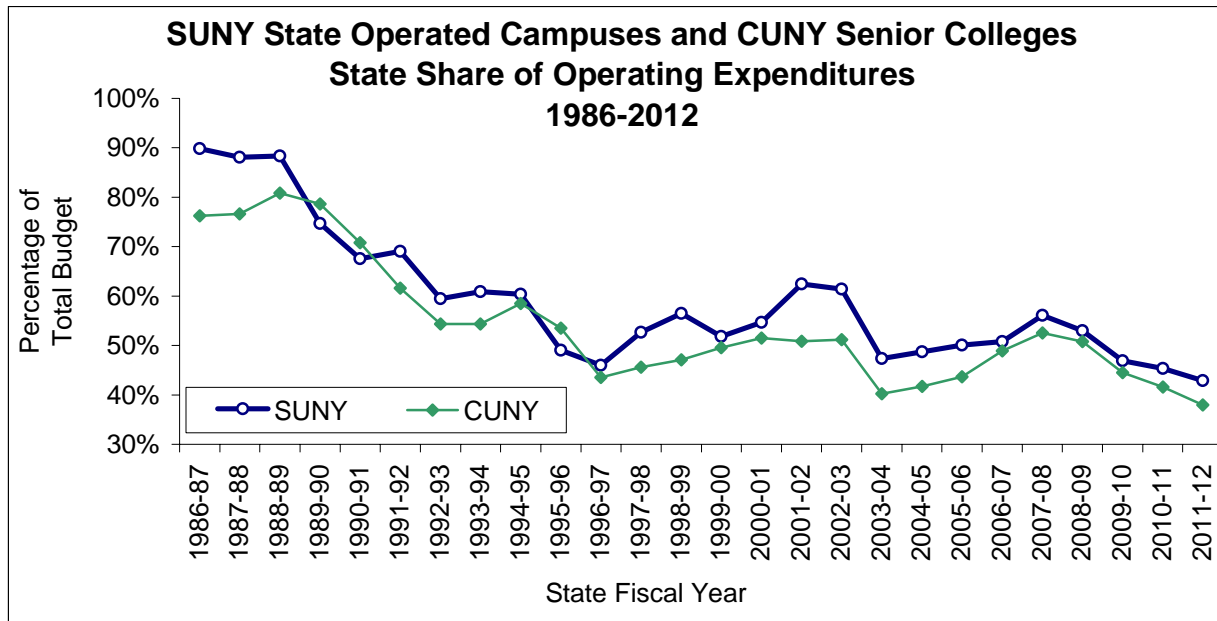


Figure 5

- State Support Reductions for SUNY and CUNY Community Colleges:** The Executive recommends a base aid reduction for SUNY and CUNY Community Colleges of \$226 per full time equivalent (FTE) student, decreasing the level of state support from \$2,260 to \$2,034. This proposal results in a SFY reduction of \$33.2 million at SUNY Community Colleges and \$13.1 million at CUNY Community Colleges. As a result, 2011-12 state support for SUNY Community Colleges stands at \$411.1 million and at \$160.8 million for CUNY Community Colleges. However, the Executive proposal provides additional state support to offset the loss of American Recovery Reinvestment Act (ARRA) funds that were provided in SFY 2010-11 for community college base aid. The result is a net increase of \$19.32 million in state support for CUNY Community Colleges and \$59.3 million for SUNY Community Colleges.
- Eliminating the \$135 Million General Fund Subsidy for SUNY Hospitals:** The Executive recommends eliminating the General Fund subsidy to the three SUNY teaching hospitals. This results in a SFY reduction of \$36.2 million to SUNY Downstate, \$37.1 million to SUNY Upstate, and \$55.4 million to SUNY Stony Brook. The Executive also proposes a 10 percent reduction in operating spending, \$4.7 million, to the Long Island Veterans' Home.
- Tuition Assistance Program Changes:** The Executive budget recommends \$893 million for the Tuition Assistance Program (TAP) for the 2011-12 Academic Year. This represents a \$30.8 million SFY 2011-12 reduction to the program. This reduction results from the Executive proposal to maintain the following reductions that were enacted in SFY 2010-11:

- Eliminates TAP eligibility for graduate students (\$2 million);
 - Increases academic eligibility standards for non-remedial students (\$4.4 million);
 - Includes public and private pension benefits within the calculation of net taxable income for TAP purposes (\$4.2 million);
 - Reduces maximum TAP awards from \$5,000 to \$4,000 for students who are enrolled in certain two year degree programs (\$11.2 million);
 - Reduces TAP awards for financially independent married students from 5,000 to 3,025 (\$5.4 million); and
 - Eliminates awards for students that are in default of Federal student loans (\$3.6 million).
- **Other Higher Education Reductions:** The Executive Budget re-estimates the costs of the New York Higher Education Loan Program (NYHELPS) reductions of \$6 million and reduces the Bundy Aid program by \$3.9 million. The Executive proposal also eliminates funding of \$941,000 for High Needs Nursing and the Teacher Opportunity Corp Program. The Teacher Opportunity Corp Program is eligible for funding through the proposed Competitive Educational Improvement Performance Grants program.
 - **Opportunity Programs:** The Executive budget maintains funding at the SFY 2010-11 level for each of the opportunity programs; the Educational Opportunity Program (EOP), the Higher Education Opportunity Program (HEOP), the Search for Education, Elevation, and Knowledge (SEEK), and College Discovery. The Executive budget also maintains funding for the Science and Technology Entry Program (STEP), the Collegiate Science and Technology Entry Program (CSTEP), and the Liberty Partnerships Program.
 - **Higher Education Capital:** The Executive proposal continues the planned five-year critical maintenance investment of \$2.75 billion at SUNY and \$1.42 billion at CUNY enacted in 2008-09. In 2011-12 the Executive appropriates \$550 million for critical maintenance projects at SUNY State operated campuses and \$284.2 million for critical maintenance projects at CUNY Senior College campuses. The Executive proposal includes \$31.6 million for projects at SUNY Community Colleges and \$31.2 million for CUNY Community Colleges. SUNY's Residence Hall Rehabilitation Fund has two appropriations totaling \$421 million and CUNY is appropriated \$21 million for payment to the Dormitory Authority for the state share of CUNY capital projects. The Executive also proposes to extend the New York Higher Education Capital Matching Grant Program (HeCap) to March 31, 2012.
 - **Eliminating Legislative, Attorney General and Comptroller Oversight From Public/Private Partnerships at SUNY:** The Executive proposal creates a new State University Asset Maximization Review Board to undertake land leases, joint

ventures, and public private partnerships without special legislation. The board is a three voting member board that must act within 45 days of receiving a proposed project and make decisions through majority rule. The Executive proposal also allows the SUNY Construction Fund to utilize Design/Build and Construction Manager at Risk delivery methods; and permits SUNY non-profit affiliates to utilize Dormitory Authority of the State of New York financing to construct facilities or dormitories.

- **Removing Attorney General and State Comptroller Review from the Approval of Contracts:** The Executive proposal removes the requirement that SUNY and CUNY need pre-approval of contracts by the Office of State Comptroller and the Attorney General. Both public education systems would be subject to post audit review.
- **Extend Loan Forgiveness and Scholarship Programs for Nurses, Physicians, and Social Workers:** The Executive Budget extends the Regents Physician Loan Forgiveness Program, the Patricia K. McGee Nursing Faculty Scholarship Program, the Nursing Faculty Loan Forgiveness Incentive Program, and the Regents Licensed Social Worker Loan Forgiveness Program until June 30, 2016. Article VII legislation allows for retroactive payments for the Patricia K. McGee Nursing Faculty Scholarship Program and the Nursing Faculty Loan Forgiveness Incentive Program for costs from SFY 2010-11.

HUMAN SERVICES

In SFY 2011-12, the Governor recommends \$436 million in reductions for the various Human Services Agencies (see Table 14).

Table 14

Executive Budget Reductions (\$ in Millions)	
	SFY 2011-12
Reduce Youth Facility Capacity	(\$22)
Restructure and Reduce State Support for Local Detention Costs	(\$23)
Invest in Performance-Based Supervision and Treatment Services for Juveniles	\$29
Enhance Clinical Services at Youth Facilities	\$14
Sub-Total - Juvenile Justice Reforms	(\$2)
Delay the Third Phase of the Public Assistance Grant Increase	(\$29)
Utilize Federal Funding to Finance Family Assistance Payments	(\$62)
Increase Public Assistance Work Requirement Penalties	(\$7)
Eliminate Funding for the New York City Work Advantage Program	(\$35)
Reduce Reimbursement for New York City Adult Homeless Shelters	(\$16)
Repeal Prior Year DOL Employment and Training Program Initiatives	(\$5)
Reduce the State Share of Adoption Subsidy Program	(\$34)
Require Title XX Funding be used to Support Child Welfare Services	(\$22)
Eliminate State Support for Committee on Special Education Activities	(\$69)
Delay the Planned Cost of Living Adjustments	(\$13)
Enhanced Data Exchanges related to Child Welfare Services	(\$53)
Eliminate Funding for Supplemental Child Welfare Initiatives	(\$2)
Establish a Primary Prevention Incentive Program	(\$35)
Eliminate Funding for the Safe Harbour Initiative	(\$3)
Increase The Fee for Child Abuse Background Checks	(\$12)
Reduce State Operations Support by Ten Percent	(\$31)
Neighborhood Preservation Program and the Rural Preservation Program	(\$6)
Sub-Total - Human Services Reductions	(\$434)
Total Reductions	(\$436)
*Please note in addition to these proposed General Fund reductions the Executive Proposal would eliminate \$73.8 million in Federal TANF funding for various Human Services programs.	

- **Juvenile Justice Reform (\$2 million in Net Reductions):** The Executive proposes to use the savings achieved through a reduction in State facility capacity and local detention funding to support new investments in community based programs and enhanced services at youth facilities. Specifically, the Governor proposes:
 - to reduce capacity by 376 beds, from 1,209 beds to 833 beds, and to eliminate the 12-month statutory notification requirement that OCFS must adhere to before closing a facility. These actions would result in a reduction of 371 annual salaried positions (Reduction: \$22 million);
 - to eliminate State matching support for local secure and non-secure detention costs effective July 1, 2011. Local detention costs would be supported through a new Capped Detention Program (Reduction: \$23 million);
 - to invest in performance-based supervision and treatment services for juveniles program that would replace existing alternatives to detention and residential placement program funding (Investment: \$29 million); and
 - to provide additional investments to support improvements in mental health, education, counseling, direct care and other services at OCFS facilities (Investment: \$14 million).

- **Delay the Third Phase of the Public Assistance Grant Increase (\$29 million in Reductions):** The Executive proposes to delay the third phase of scheduled 10 percent public assistance grant increase from July 1, 2011 until July 1, 2012. The monthly public assistance grant for a family of four is scheduled to increase from \$455 to \$501, so this proposal would result in the loss of an anticipated \$46 per month for such a family.

- **Utilize Federal Funding to Finance Family Assistance Payments (\$62 million in Reductions):** The Executive proposes to utilize Federal Temporary Assistance for Needy Families (TANF) funds to pay the full benefit costs of eligible households for Family Assistance benefits.

- **Increase Penalties for Individuals that do not meet the Public Assistance Work Requirements (\$7 million in Reductions):** The Executive proposes to withhold a public assistance household's grant in the second and subsequent instances in which the head of the household does not comply with employment requirements.

- **Eliminate State Share Funding for the New York City Work Advantage Program (\$35 million in Reductions):** Currently, through the Work Advantage Program, the State and New York City jointly fund shelter supplements for public assistance

households at risk of eviction or already residing in homeless shelters. The Executive proposes to eliminate State funding for this program.

- **Reduce Reimbursement for New York City Adult Homeless Shelters (\$16 million in Reductions):** New York City currently provides support for approximately 8,700 individuals that reside in adult homeless shelters. The Executive proposal would reduce State reimbursement for these programs, from \$85 million to \$69 million
- **Repeal Prior Year Department of Labor Employment and Training Program Initiatives (\$5 million in Reductions):** The Executive recommends repealing reappropriation authority that supports certain employment and training programs added by the Legislature.
- **Reduce the State Share of Adoption Subsidy Program (\$34 million in Reductions):** Each year, approximately 2,000 families are approved for monthly support through the Adoption Subsidy Program, which helps to meet the special needs of handicapped and hard-to-place children. The Executive proposes to reduce the State share of funding for adoption subsidies from 73.5 percent to 62 percent.
- **Require Title XX Funding be used to Support Child Welfare Preventive Services (\$22 million in Reductions):** The Executive proposal would require local districts to use their Federal Title XX discretionary funding to offset current State and local expenditures for Child Welfare Services. New York City currently uses its discretionary funding to support 50 senior centers and, statewide, counties use these funds to support a variety of services, including housing improvements and homemaker services.
- **Eliminate State Support for Committee on Special Education (CSE) Activities (\$69 million in Reductions):** Currently, the State supports a portion of room and board costs associated with children placed in residential schools because their needs cannot be met in their school district. The Executive proposal would require local school districts to fund the entire non-local share of these costs.
- **Delay the Planned Cost of Living Adjustments (\$13 million in Reductions):** The Executive proposal would defer the planned 1.2 percent annual COLA for various human services program for one year.
- **Enhanced Data Exchanges related to Child Welfare Services: (\$53 million in Reductions):** The Executive proposal includes cost reductions in Child Welfare Services resulting from improved data exchanges between OCFS and local social services districts outside of New York City.
- **Eliminate Funding for Supplemental Child Welfare Initiatives (\$2 million in Reductions):** The Executive proposes the elimination of funding for support for

various demonstration projects and certain training programs. Child welfare oversight functions would continue to be conducted by State staff.

- **Establish a Primary Prevention Incentive Program (\$35 million in Reductions):** The Executive proposal would replace \$70 million in existing support for various OCFS preventive care programs with a \$35 million Primary Prevention Incentive Program, administered to local districts on a competitive basis.
- **Eliminate Funding for the Safe Harbour Initiative (\$3 million in Reductions):** The Executive proposes to eliminate unspent prior-year funding intended to support the development of a long-term safe house for sexually exploited youth.
- **Increase the Fee for Child Abuse Background Checks (\$12 million in New Revenue):** The Executive proposal would increase the fee for State Central Register (SCR) clearance checks that are used for employment purposes, from \$5 to \$60. In addition, this \$60 fee would be imposed on individuals who are currently exempt from the fee, including child care providers. Several individuals would continue to be exempt from paying the fee, including: prospective foster and adoptive parents; kinship guardians; individuals age 18 and over in these homes; and operators of group family homes through the Office for People With Developmental Disabilities (OPWDD) and the Office of Mental Health (OMH).
- **Reduce State Operations Support by Ten Percent (\$31 million in Reductions):** The Executive proposes a ten percent reduction in support for State Operations, which would be achieved through administrative efficiencies and negotiated workforce savings.
- **Neighborhood Preservation Program (NPP) and the Rural Preservation Program (RPP) (\$6 million in Reductions):** The NPP serves 151 Neighborhood Preservation Companies and the RPP serves 62 Rural Preservation Companies. Both programs work to perform housing and community renewal activities across the State. The State Fiscal Year (SFY) 2010-11 Enacted Budget provides \$9.1 million for the Neighborhood Preservation Program and \$3.8 million for the Rural Preservation Program for a total appropriation of \$12.9 million. In the SFY 2011-12 Executive Budget, the Executive recommends consolidating the program into a single competitive, performance-based program and reducing funding for the new program to \$6 million, representing a 50 percent decrease in funding from the SFY 2010-11 level.
- **Flexible Fund for Family Services Program:** The Executive proposes to set aside \$10 million from the Flexible Fund for Family Services Program to support the establishment of shared services arrangements and the consolidation of local social services district operations.

- **Temporary Assistance for Needy Families (TANF) Initiatives:** The Executive proposes the elimination of \$73.8 million in TANF support for various programs, including:
 - \$15.5 million for the summer youth employment program, which provides summer employment and educational experience for youth;
 - \$11.2 million for Advantage After School, which provides youth development opportunities to youth in the hours after school;
 - \$6 million for alternatives to detention, which provides community based alternatives for detention placements for youth;
 - \$6 million for preventive services, which provide intensive case services to at risk children and families;
 - \$5.3 million for child care demonstration projects, which provide child care subsidies for working families;
 - \$5 million for the transitional jobs program, which provides subsidized job opportunities in conjunction with education and training;
 - \$5 million for career pathways, which provides education, training, and career planning services to individuals in specific career sectors;
 - \$2.5 million for supportive housing for families, which provides support services for formerly homeless or at risk families and young adults;
 - \$2 million for the Green Jobs Corp Program, which supports subsidized “green job” employment opportunities;
 - \$2 million for the Health Care Jobs program, which supports subsidized employment opportunities in the health care sector;
 - \$2 million for the nurse family partnership program, which provides services to support the health, well-being and self-sufficiency of first time mothers and their children;
 - \$1.6 million for child care SUNY/CUNY, which provides funding for child care subsidies at SUNY and CUNY institutions across the State;
 - \$1.6 million for displaced homemakers, which provides support services for individuals who are primary caretakers in the home and who have experienced a loss of income;

- \$1.4 million for non-residential domestic violence screening programs, which provide case-management services to victims of domestic violence;
- \$1.1 million for the homeless prevention program, which provides services to families and children that are at risk of eviction;
- \$1 million for the supplemental homeless intervention program, which provides case management services to prevent eviction and to secure housing;
- \$1 million for settlement houses, which provides various case management and supportive services for individuals in communities;
- \$1 million for Bridge, which provides employment preparation services for individuals in conjunction with SUNY;
- \$500,000 for a refugee resettlement program, which provides services for refugees to attain economic self-sufficiency;
- \$483,000 for disability advocacy program, which provides legal representation to individuals that have been denied or are in jeopardy of losing their benefits;
- \$409,000 for the wheels for work program, which assists individuals in obtaining personal vehicles for employment related purposes;
- \$403,000 for the Rochester-Genesee regional transportation authority, which provides a monthly bus pass to individuals to participate in work related activities;
- \$250,000 for ACCESS – welfare to careers, which links educational opportunities to internships and job placements;
- \$250,000 for kinship care, which provides support to the caretaker relatives of minors;
- \$125,000 for educational resources, which addresses educational needs of adults; and
- \$125,000 for the emergency homeless program, which provides services to homeless individuals and families.

MENTAL HYGIENE

In SFY 2011-12, the Governor recommends \$604 million in reductions for the various Mental Hygiene Agencies (see Table 15).

Table 15

Executive Budget Reductions (\$ in Millions)	
	SFY 2011-12
Reduce Support for Non-Residential OMH Programs	(\$27)
Reduce Reimbursement Rates for Various OPWDD Programs	(\$73)
Reduce Support for OMH Community Residential Programs	(\$32)
Delay Development of New OPWDD Community Residential Facilities	(\$40)
Reduce Support for Various OASAS Programs	(\$27)
Limit Funding for OASAS Drug Law Reform Activities to Prior Year Levels	(\$20)
Improve Audit and Third Party Payment Collections	(\$92)
Delay Planned Cost of Living Adjustments and Rate Increases	(\$42)
Reduce State Operations Support By Ten Percent	(\$251)
Total Reduction	(\$604)

- **Reduce Support for Non-Residential Office of Mental Hygiene (OMH) Programs (\$27 million in Reductions):** The Executive proposes to expand the use of Personalized Recovery Oriented Services as an alternative to other non-residential OMH programs, including Continuing Day Treatment. The Executive would reduce funding for certain community support programs including children’s Clinic-Plus, non-direct services such as training and education, as well as local administration.
- **Reduce Reimbursement Rates for Various Office for People With Developmental Disabilities (OPWDD) Programs (\$73 million in Reductions):** The Executive proposal would decrease reimbursement rates for various programs supported by OPWDD. Specifically, the Executive would reduce support for residential and non-residential service providers; workshops, day training, and other day services; and transportation and residential habilitation services delivered in supervised Individualized Residential Alternative programs.
- **Reduce Support for OMH Community Residential Programs (\$32 million in Reductions):** The Executive proposes a freeze on the development of all new OMH community residential programs for one year. In addition, the Executive would eliminate funding for family-based treatment beds over the next two years; reduce aid to providers that are funded above the regional per-bed model for supported

housing; convert residential pipeline units to lower-cost alternatives; and reprogram 250 planned supported housing beds to support adult home litigation requirements.

- **Delay Development of New OPWDD Community Residential Facilities (\$40 million in Reductions):** The Executive proposes to delay the development of new community adult and children residential beds and supports the addition of 2,300 lower-cost residential and/or non-residential program slots to support individuals and their families.
- **Reduce Support for Various Office of Alcoholism and Substance Abuse Services (OASAS) Programs (\$27 million in Reductions):** The Executive proposes a reduction in funding for OASAS programs that fail to meet established performance indicators; a reduction and restructuring of the existing gambling education, assessment and referral programs; and a delay in the planned development of five gambling prevention programs and three Recovery Community Centers.
- **Limit Funding for OASAS Drug Law Reform Activities to Prior Year Levels (\$20 million in Reductions):** The Executive would maintain prior year support for programs related to drug law reform, including support for the 250 additional residential beds opened in SFY 2010-11, but would delay planned expansions.
- **Improve Audit and Third Party Payment Collections (\$92 million in savings):** The Executive proposal would invest in technologies and procedures to improve auditing and billing processes related to State-operated programs and not-for-profit providers.
- **Delay the Planned Cost of Living Adjustments and Rate Increases (\$42 million in Reductions):** The Executive proposal would defer the planned 1.2 percent annual human services COLA for one year and would maintain existing rates for OMH residential treatment facilities, community residences, and family based treatment.
- **Reduce State Operations Support by Ten Percent (\$251 million in Reductions):** The Executive proposes a ten percent reduction in support for State Operations, which would be achieved through administrative efficiencies, negotiated workforce savings and reductions in OMH inpatient capacity. The Executive would permanently repeal the requirement for a one-year notice prior to significant service reductions and would also waive the requirement for all savings realized from the closure of psychiatric hospitals or beds to be reinvested into community services.

PUBLIC PROTECTION

In SFY 2011-12, the Governor recommends \$415 million in reductions to the various public protection agencies (see Table 16).

Table 16

Components of Executive Public Protection Actions (\$ in Millions)		
	2011-12	2012-13
Enact a 10 Percent Reduction to State Operations	(331)	(331)
State Correctional Facility Closures	(72)	(112)
Reduce Administrative Staff Commensurate with Prison Closures	(5)	(5)
Establish the Department of Corrections and Community Supervision	(6)	(8)
Reduce Parole Board Membership	(1)	(1)
Merge Criminal Justice Agencies	0	0
Total Reductions	(415)	(457)

- **State Operations Reductions:** The Executive proposes a 10 percent State Operations reduction across public protection agencies, totaling \$331 million in State Fiscal Year (SFY) 2011-12.
- **Prison Closures:** In conjunction with the Executive Budget, the Governor will establish a task force by Executive Order that would be charged with the responsibility of identifying specific state correctional facilities for closure, to achieve a state savings of \$72 million in SFY 2011-12 and \$112 million in SFY 2012-13.
 - To facilitate an expeditious closure process, the Executive proposal would eliminate the statutory requirement to provide a minimum of 12 months notice prior to the closing of any correctional facility.
 - A sum of up to \$100 million would be made available by newly-established Regional Economic Development Councils to assist communities impacted by facility closures.
 - The Executive proposal also requires the elimination of administrative staffing positions in the merged Department's central offices, for a projected savings of \$5 million.

Agency Consolidations:

- **A New Department of Correctional Services and Community Supervision:** The Executive proposes the consolidation of the Department of Correctional Services and the Division of Parole into a single state agency charged with both institutional and community-based supervision. This action would produce \$5 million in savings in SFY 2011-12.
 - Included as part of this consolidation proposal, the number of Parole Board members would be reduced from 19 to 13, yielding a current-year savings of \$1 million.
- **An Expanded Criminal Justice Agency:** The Executive Budget proposal would broaden the scope of the Division of Criminal Justice Services by consolidating several state agencies under its auspices, including the Office for the Prevention of Domestic Violence, the Office of Victim Services and the State Commission of Correction. This merger would result in an annualized savings of \$477,000.

TRANSPORTATION

In State Fiscal Year 2011-12, the Governor recommends \$257.4 million in reductions for Transportation (see Table 17).

Table 17

Executive Budget Proposal Transportation Actions (\$ in Millions)		
	2011-12	2012-13
MTA Sweeps	(200.0)	0.0
DOT Ten Percent State Operations Reduction	(45.4)	(45.4)
DMV Ten Percent State Operations Reduction	(12.0)	(12.0)
Total Reductions	(257.4)	(57.4)

- **Metropolitan Mass Transportation Operating Assistance Account (MMTOA) Funds to Pay Debt Service on State Obligated Bonds:** The Executive Budget proposes to achieve General Fund savings by transferring \$200 million of Metropolitan Transportation Authority (MTA) revenues currently dedicated to MTA operating expenses. This includes directing \$165 million in MMTOA funds to pay state obligated debt service on state bonds previously issued for the MTA capital program that otherwise would be paid from the state's General Debt Service Fund. In addition, the Executive proposes transferring \$35 million to the General Fund from MMTOA.
- **State Capital Funding for the MTA:** The Executive proposal would provide \$100 million in capital funding to support capital costs of the MTA. These funds would be the result of using re-directed state economic development bonded capital.
- **A 10 percent General Fund State Operations Reduction:** The Executive Proposal includes a 10 percent General Fund State Operations reduction from the Department of Transportation (DOT) and the Department of Motor Vehicle's (DMV) baseline 2010-11 budgets funded from the Dedicated Highway and Bridge Trust Fund. This action results in a \$45.4 million reduction to DOT and a \$12.0 million reduction to DMV. A large portion of the DOT reduction to State Operations is due to reductions to snow and ice control and State Forces preventative maintenance, which has a proposed appropriation of \$614.6 million.
- **Restoration of Non-MTA Transit Funding:** The Executive proposes to restore funding for all Non-MTA transit systems to the SFY 2010-11 level that existed prior to the enactment of the FMAP Contingency Fund legislation. This provides a total increase of \$2.1 million from final 2010-11 levels.

- **Continued Capital Plan Funding:** The Executive Budget includes funding for the second year of the two-year Road and Bridge Capital Plan with expected expenditures of \$1.8 billion. Capital Plan funding sources include \$1.228 billion in Federal funds, \$501 million in Dedicated Highway and Bridge Trust Fund (DHBTF) monies, and \$78 million in General Obligation Bonds. The Executive Budget also includes a General Fund transfer of \$522 million to the DHBTF to fund a shortfall in the account.
- **Continued Local Capital Construction Programs Funding:** The Executive proposal would provide the annual authorization of \$363.1 million for the Consolidated Highway Improvement Program (CHIPS) and \$39.7 million for the Marchiselli program.
- **Permanent extension of the Department of Transportation’s Single Audit Program:** Historically, the Single Audit Program has been extended with a sunset. The Executive proposes language that would permanently extend the program.
- **Permanent Extension of the Requirement of Suspending Licenses Pending Prosecution of Certain Alcohol-related Charges:** Historically, the suspension of licenses pending prosecution of certain alcohol-related charges has been extended with a sunset. The Executive proposes language that would permanently extend the law.
- **Permanent Extension of the Requirement of Suspending Licenses for Certain Drug-related Convictions:** Historically, the suspension of licenses for certain drug-related convictions has been extended with a sunset. The Executive proposes language that would permanently extend the law.
- **Permanent Extension of the Provisions of Law Relating to Motor Vehicle Financial Security Requirements:** Historically, the provisions of law relating to motor vehicle financial security requirements have been extended with a sunset. The Executive proposes language that would permanently extend the law.
- **Modification to the Vehicle and Traffic Law and to the Criminal Procedure Law Relating to Commercial Vehicles and Commercial Drivers’ Licenses:** The Executive Budget would modify the Vehicle and Traffic Law and the Criminal Procedure Law in regards to various provisions including applications, issuance, penalties, and records relating to commercial vehicles and commercial drivers’ licenses.

STATE OPERATIONS AND WORKFORCE

In SFY 2011-12, the Executive proposes \$1.4 billion in State Operations and Workforce reductions (see Table 18).

Table 18

State Operations Reductions (\$ in Millions)	
	Reductions
Non-personal Services Reductions	(\$485)
Workforce Negotiations	(\$450)
Closures, Consolidations, and Mergers	(\$100)
SUNY Hospitals	(\$180)
SUNY State Operated Campuses	(\$115)
CUNY Senior Colleges	(\$70)
Total Reductions	(\$1,400)

- **Non-personal Services Reductions:** The Executive recommends a 10 percent General Fund reduction in State Operations across State agencies in order to achieve savings of \$485 million.

- **Workforce Negotiations:** The Governor proposes \$450 million in General Fund Workforce reductions. While there are no specific workforce proposals contained within the Executive Budget, these savings are anticipated through negotiations with State employees. If the Executive is unable to reach negotiated agreement with State employees totaling \$450 million in savings, then up to 9,800 layoffs could result.

- **Closures, Consolidations and Mergers:** The Executive proposes closures, consolidations and mergers of State agencies that are designed to reduce State Operations costs by \$100 million due to the attrition of 1,623 full-time equivalents (FTEs) and corresponding non-personal service reductions.
 - **Closures:** The Executive proposal assumes savings resulting from the closure of prison, youth, and mental health facilities, although no specific facilities are proposed for closure. The Governor would create a task force by Executive Order that will recommend the specific prisons to be closed. If the task force does not recommend rightsizing, the Commissioner of Correctional Services would be empowered to implement facility closures. Additionally, the Executive would work to identify excess capacity and opportunities for efficiencies through the closure and consolidation of youth facilities and mental hygiene facilities.

- **Consolidations and Mergers:** The Executive proposes the following mergers and consolidations:
 - The Department of Correctional Services and the Division of Parole into the new Department of Corrections and Community Supervision;
 - The Office for the Prevention of Domestic Violence, the Office of Victim Services, and the State Commission of Correction into the Department of Criminal Justice Services;
 - The Banking and Insurance departments and a portion of the Consumer Protection Board into a new Department of Financial Regulation; and
 - The New York State Foundation for Science, Technology and Innovation into the Empire State Development Corporation.
- **SUNY/CUNY Reductions, SUNY Hospitals:** The Executive proposes reductions totaling \$365 million for SUNY, CUNY, and SUNY Hospitals related to State Operations reductions that are comparable to those proposed for State agencies across the board. This includes a reduction of operating support of \$170 million at SUNY state operated campuses and CUNY senior colleges and the elimination of \$135 million in state support for SUNY health science centers.
- **Executive Reorganization Plan:** The Executive also proposes Article VII language that would provide for the reorganization of government agencies and functions subject to the approval of the Legislature. Under the proposal, the Governor would submit a reorganization plan to the Legislature, which would take effect if the Legislature approves the plan within 30 days.

Table 19

Workforce Impact Summary									
All Funds									
2009-10 Through 2011-12									
	2009-10 Actuals (03/31/10)	Starting Estimate (03/31/11)	Layoffs*	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Ending Estimate (03/31/12)
Major Agencies									
Children and Family Services, Office of	3,554	3,351	0	(345)	765	0	0	420	3,771
Correctional Services, Department of	30,104	29,878	0	(940)	345	0	1,893	1,298	31,176
Education Department, State	2,976	2,806	0	(141)	141	0	0	0	2,806
Environmental Conservation, Department of	3,454	3,003	0	(52)	52	0	0	0	3,003
General Services, Office of	1,519	1,371	0	(44)	47	0	0	3	1,374
Health, Department of	5,387	5,055	0	(151)	288	0	0	137	5,192
Labor, Department of	3,982	3,949	0	(284)	312	0	0	28	3,977
Mental Health, Office of	16,173	15,760	0	(1,592)	1,492	0	0	(100)	15,660
Motor Vehicles, Department of	2,750	2,472	0	(49)	49	0	0	0	2,472
Parks, Recreation and Historic Preservation, Office of	2,053	1,785	0	(28)	28	0	0	0	1,785
Parole, Division of	1,973	1,893	0	(70)	70	0	(1,893)	(1,893)	0
People with Developmental Disabilities, Office for	21,529	21,367	0	(1,854)	1,679	0	0	(175)	21,192
State Police, Division of	5,704	5,439	0	(234)	104	0	0	(130)	5,309
Taxation and Finance, Department of	5,263	5,008	0	(336)	336	0	0	0	5,008
Temporary and Disability Assistance, Office of	2,259	2,248	0	(157)	157	0	0	0	2,248
Transportation, Department of	9,963	8,708	0	(265)	265	0	0	0	8,708
Workers' Compensation Board	1,395	1,450	0	(60)	76	0	0	16	1,466
Subtotal - Major Agencies	120,038	115,543	0	(6,602)	6,206	0	0	(396)	115,147
Minor Agencies	11,700	11,091	(29)	(475)	610	0	23	129	11,220
Subtotal - Subject to Direct Executive Control	131,738	126,634	(29)	(7,077)	6,816	0	23	(267)	126,367
Adjustments									
Workforce Savings	0	0	(9,748)	(1,830)	68	0	0	(11,510)	(11,510)
Subtotal - Adjustments	0	0	(9,748)	(1,830)	68	0	0	(11,510)	(11,510)
University Systems									
City University of New York	13,073	12,933	0	(1,099)	1,099	0	0	0	12,933
State University Construction Fund	129	172	0	(15)	15	0	0	0	172
State University of New York	41,900	41,815	0	(3,555)	3,955	0	0	400	42,215
Subtotal - University Systems	55,102	54,920	0	(4,669)	5,069	0	0	400	55,320
Off-Budget Agencies									
Roswell Park Cancer Institute	2,025	2,025	0	(162)	162	0	0	0	2,025
Science, Technology and Innovation, NYS Foundation fo	25	23	(23)	0	0	0	0	(23)	0
State Insurance Fund	2,547	2,564	0	(205)	205	0	0	0	2,564
Subtotal - Off-Budget Agencies	4,597	4,612	(23)	(367)	367	0	0	(23)	4,589
Independently Elected Agencies									
Audit and Control, Department of	2,545	2,552	0	0	0	0	(23)	(23)	2,529
Law, Department of	1,807	1,747	0	0	0	0	0	0	1,747
Subtotal - Independently Elected Agencies	4,352	4,299	0	0	0	0	(23)	(23)	4,276
Grand Total	195,789	190,465	(9,800)	(13,943)	12,320	0	0	(11,423)	179,042

* This table reflects layoffs that may be necessary in the absence of negotiated workforce savings.

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ENVIRONMENT AND ENERGY

In State Fiscal Year 2011-12, the Governor recommends \$136.7 million in gap closing actions for the Environment and Energy (see Table 20)

Table 20

Environment and Energy Reductions (\$ in Millions)	
	2011-12
Eliminate State Support for Local Navigation Law Enforcement	(\$2.4)
Eliminate Line Item Funding for Local Assistance Programs in Agriculture and Markets	(\$3.2)
Reduce Funding for DEC Water Commissions	(\$0.2)
Eliminate Brownfield Opportunity Grant General Fund Transfer	(\$5.0)
NYPA Transfer	(\$100.0)
10% General Fund State Operations Reduction	(\$25.9)
Total Reductions	(\$136.7)

- **A 10 percent General Fund State Operations Reduction:** The Executive Proposal includes a 10 percent General Fund State Operations reduction from each agencies baseline 2010-11 budget. This results in the following reductions:

 - A \$12.1 million reduction to the Office of Parks, Recreation and Historic Preservation;
 - A \$2.9 million reduction to the Department of Agriculture and Markets;
 - A \$477,000 reduction to the Adirondack Park Agency;
 - An \$18,000 reduction to the Greenway Heritage Conservancy of the Hudson River Valley;
 - An \$18,000 reduction to the Hudson River Valley Greenway Council; and
 - A \$10.4 million reduction to the Department of Environmental Conservation.
- **Reduce funding for Department of Environmental Conservation Water Commissions:** The Governor proposes a 25 percent reduction in funding for the Susquehanna River Basin Commission, the Delaware River Basin Commission, and the Great Lakes Commission. Alongside a \$28,000 restoration made to the Ohio River Basin Commission, reductions total \$200,000 for SFY 2011-12.

- **Elimination of Brownfield Opportunity Area Program General Fund Transfer:** The Executive proposes to eliminate the General Fund transfer to the Brownfield Opportunity Program. This results in a reduction of \$5 million in SFY 2011-12. The Executive estimates that the program has an available balance sufficient to honor the existing commitments and still award new grants.
- **Environmental Protection Fund:** The Executive proposes \$134 million for the Environmental Protection Fund (EPF), leaving funding at the same level as in 2010-11. Revenue receipts are made up of \$119 million transferred from the Real Estate Transfer Tax, with \$14.9 from other miscellaneous revenues dedicated to the EPF.
- **Removes the Expiration Date of July 1, 2011 from Certain Pesticide Provisions:** The Executive proposes language that would make permanent the current pesticide product fees and registration timetable. These provisions were extended last in 2008. Expiration of the product fee provision would result in the current \$600 fee reverting to \$50.
- **Dissolves the Tug Hill Commission:** The Executive advances language that would repeal the Tug Hill commission and remove all statutory references.
- **Eliminate State Support of Local Navigation Law Enforcement, Office of Parks, Recreation and Historic Preservation:** The Executive Budget proposes to eliminate \$2.4 million in reimbursements to localities for the cost of navigation law enforcement on waterways. The enforcement requirements of this section of Navigation Law entail a vessel and related equipment anti-theft program, an accident reporting system, and a boating safety program that localities voluntarily enforce. Proposed Article VII language would remove program guidelines from Navigation Law entirely. This proposal would result in a reduction of \$2.4 million in 2011-12.
- **Eliminate Line Item Funding for Local Assistance Programs in the Department of Agriculture and Markets:** The Executive Proposal eliminates 12 Local Assistance Programs in the Department of Agriculture and Markets, a reduction of \$3.2 million. The Executive would provide a new \$1.2 million appropriation in which agricultural programs may compete for grant funding. Programs contained under Cornell's Diagnostic Lab are consolidated into a single appropriation for the Diagnostic Lab. Additional savings are met through reductions to Agriculture reappropriations and the loss of one time funding for the Genesee Valley Authority. This proposal would result in a reduction of \$3.2 million in 2011-12.
- **Establish a Competitive Local Grants Program:** The Executive proposes language authorizing the Commissioner of Agriculture and Markets to establish a competitive

Local Assistance grant program to fund various programs intended to benefit New York's agricultural community.

- **Share NY Food Program:** The Executive advances language to implement programs to increase food access, including expanding farmers' markets and community supported agriculture, for underserved populations.
- **Transfer of \$100 million from the New York Power Authority to the General Fund:** The Executive budget includes language that would authorize a \$100 million transfer from unrestricted Power Authority net revenues.
- **Authorize NYSERDA to Finance a Portion of its Activities and the DEC Climate Change Program from Assessments on Gas and Electric Corporations:** The Executive includes language authorizing NYSERDA to finance a portion of its research, development, and demonstration programs and the financing of DEC's Climate Change program from assessments on gas and electric corporations collected pursuant to section 18-a of the Public Service Law.
- **Authorize the Department of Health to Finance Certain Activities with Revenues from an Assessment on Cable Television Companies:** The Executive proposes to authorize the Department of Health to finance public service education activities with revenues generated from an assessment on cable television companies.

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ECONOMIC DEVELOPMENT

In SFY 2011-12, the Governor recommends \$4.4 million in reductions (see Table 21).

Table 21

Executive Reductions (\$ in Millions)	
	SFY 2011-12
Consolidation of NYSTAR into ESDC	(1.9)
Ten percent reduction in State Operations	(2.5)
Total Reductions	(4.4)

- **Agency Consolidation:** The Executive proposal includes the consolidation of the Foundation for Science, Technology and Innovation (NYSTAR) into the Urban Development Corporation (UDC). UDC would assume all the responsibilities of NYSTAR while creating a savings in SFY 2011-12 of \$1.9 million through the loss of 23 full time equivalents (FTEs). UDC would have an opportunity to hire some of the NYSTAR FTEs after the consolidation.
- **Ten percent reduction in State Operations:** The Governor would decrease General Fund obligations by \$2.5 million in SFY 2011-12 through a ten percent reduction in economic development agencies. The Department of Economic Development’s State Operations General Fund spending would be reduced by \$1.85 million, and the Olympic Regional Development Authority would be reduced by \$659,000.
- **Regional Economic Development Councils:** The Governor would create ten new Regional Economic Development Councils by Executive Order. Each Council would make recommendations regarding regional needs for economic development funding. When the councils submit master plans for the funding, \$130 million would be awarded through a competitive process. An additional \$70 million would be available through the Excelsior Jobs Program in the form of enhanced tax credits. The \$200 million in new resources would be derived from the repurposing of existing capital re-appropriations.
- **Creation of a new Economic Transformation Program:** The Governor recommends \$100 million to be awarded to communities that would be negatively impacted by future correction and youth facility closures that materialize as a result of enactment of the SFY 2011-11 State budget. These funds would be awarded based upon need and in coordination with their respective Regional Economic Development Council. This new program would be supported by the repurposing of existing capital re-appropriations.

- **Metropolitan Transportation Authority:** The Executive proposal includes \$100 million for the Authority to use for its capital plan. These funds would be supported by the repurposing of existing capital re-appropriations.
- **Excelsior Jobs Program:** The Governor has proposed expanding the Excelsior Jobs Program. The enhanced program would have a total cost of \$2.5 billion, which reflects a 100 percent increase. This results from the Executive Proposal to extend the time period for when a company can receive benefits from five to ten years. Several tax credits would also be enhanced as follows:
 - Excelsior Jobs Tax Credit would be based on projected income tax receipts for each new job created under the Program;
 - Research & Development (R&D) Tax Credit would be equal to 50 percent of the actual federal R&D tax credit; and
 - Real Property Tax Credit would be based upon post-improvement property value.
- **Continued support for various Economic Development initiatives:** The Governor would provide consistent funding totaling \$87.9 million for various economic development programs in the SFY 2011-12 Budget proposal; including \$52 million for ongoing ESDC initiatives, and \$35.9 million in continued high technology funding previously operated under NYSTAR.
- **Excelsior Linked Deposit:** The Executive proposal would increase the lifetime limit on loans made from \$1 million to \$2 million.

LOCAL GOVERNMENTS

Table 22

Impact of the 2011-12 Executive Budget on Local Governments						
Local Fiscal Year Basis Ending in 2012						
(\$ in Millions)						
	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
School Aid	(1,641.6)	(579.7)	(1,061.9)	0.0	0.0	0.0
Human Services	(114.2)	(64.7)	(34.5)	(15.0)	0.0	0.0
Health	(11.7)	(5.4)	0.0	(6.3)	0.0	0.0
Mental Hygiene	(5.1)	(1.9)	0.0	(3.2)	0.0	0.0
Municipal Aid*	(26.8)	0.0	(1.9)	(5.9)	(13.5)	(5.5)
Public Protection	(14.0)	(7.0)	0.0	(7.0)	0.0	0.0
All Other Impacts	(14.0)	(0.7)	(2.8)	(4.6)	(0.3)	(5.6)
Total	(1,827.4)	(659.4)	(1,101.1)	(42.0)	(13.8)	(11.1)
* New York City AIM of \$301.7 million is not appropriated in SFY 2010-11 and the Executive is not proposing to restore AIM funding in SFY 2011-12.						

For local government fiscal years ending in 2012, the Executive Budget would reduce overall Local Aid by \$1.8 billion (see Table 22). The largest reduction components of the local government impact are the reduction of \$1.64 billion in School Aid and \$659.4 million in New York City Aid.

- **Aid & Incentives for Municipalities (AIM) – Local Aid:** The Executive Budget for State Fiscal Year (SFY) 2011-12 would reduce AIM funding by \$26.8 million. School Districts are projected to receive a reduction of \$1.9 million in AIM funding. Counties are estimated to have a reduction of \$5.9 million in AIM funding. Other Cities, and Towns and Villages are projected to have reductions of \$13.5 million and \$5.5 million in AIM funding, respectively. In addition, the Executive proposes a permanent elimination of \$301.7 million in AIM payments to the City of New York.
- **Aid & Incentives for Municipalities (AIM) – Local Government Efficiency Grants (LGEG):** The Executive proposes to provide \$4 million for LGEG. This grant program provides local governments with funding for costs associated with efficiency projects such as consolidation or shared services. The maximum grant award for a project would be \$200,000 per municipality or a total of \$1 million. Local matching funds of 10 percent of the total cost of the activities under the grant work plan would be required.

- **Aid & Incentives for Municipalities (AIM) – Programs Rewarding Local Government Consolidation and Performance Improvements - \$35 million.**
 - The Executive Budget recommends the implementation of Citizen Empowerment Tax Credits. Municipalities that would consolidate or dissolve would be provided with a bonus equal to 15 percent of the newly combined local government’s tax levy. At least 50 percent of that amount would have to be used for direct relief to property tax payers.
 - The Executive Budget would establish the Citizens Reorganization Empowerment Grants. These grants would provide local governments up to \$100,000 to cover costs associated with studies, plans and implementation efforts related to local government reorganization measures.
- **Local Government Performance and Efficiency Program - \$40 million:** The Executive Budget would establish the Local Government Performance and Efficiency Program, which would provide one-time awards to local governments that have achieved efficiencies and performance improvements. These awards would be funded up to \$25 per capita and would be subject to a \$5 million cap.
- **Video Lottery Terminal (VLT) Municipal Aid:** The Executive Budget for SFY 2011-12 would eliminate payments to all eligible host municipalities, except for the City of Yonkers for a savings of \$6.2 million. The City of Yonkers would continue to receive \$19.6 million in VLT aid funding, which is used to directly support its local school district.
- **Miscellaneous Financial Assistance and Small Government Assistance:** The Executive would eliminate funding for both.
- **All Other Impacts:** The Executive Budget includes the following miscellaneous proposals:
 - To reduce local assistance funding for the Office of Real Property Tax Services. This proposal would reduce local funding by \$2.2 million for Counties, \$300,000 for Other Cities and \$5.6 million for Towns and Villages. The City of New York’s reduction is estimated at \$700,000.
 - To eliminate the local navigation law reimbursement. This proposal would reduce local funding \$2.4 million for Counties.

Table 23

2011-12 Executive Budget---Aid and Incentives for Municipalities Proposal			
Municipality	2010-11 AIM Enacted Budget	Proposed YTY Dollar Change from 2010-11	2011-12 Proposed AIM Funding
BUFFALO	164,576,768	(3,291,535)	161,285,233
YONKERS	110,423,958	(2,208,479)	108,215,479
ROCHESTER	90,035,167	(1,800,703)	88,234,464
SYRACUSE	73,223,045	(1,464,461)	71,758,584
NIAGARA FALLS	18,157,575	(363,151)	17,794,424
UTICA	16,439,258	(328,785)	16,110,473
ALBANY	12,865,125	(257,302)	12,607,823
TROY	12,530,064	(250,601)	12,279,463
SCHENECTADY	11,434,688	(228,694)	11,205,994
BINGHAMTON	9,438,221	(188,764)	9,249,457
ROME	9,268,714	(185,374)	9,083,340
MOUNT VERNON	7,301,726	(146,035)	7,155,691
NEW ROCHELLE	6,288,701	(125,774)	6,162,927
LACKAWANNA	6,438,593	(128,772)	6,309,821
WHITE PLAINS	5,574,751	(111,495)	5,463,256
AUBURN	5,083,768	(101,675)	4,982,093
WATERTOWN	4,799,192	(95,984)	4,703,208
JAMESTOWN	4,665,592	(93,312)	4,572,280
NEWBURGH	4,555,771	(91,115)	4,464,656
ELMIRA	4,672,246	(93,445)	4,578,801
POUGHKEEPSIE	4,334,715	(86,694)	4,248,021
NORTH TONAWANDA	4,423,583	(88,472)	4,335,111
LONG BEACH	3,217,045	(64,341)	3,152,704
KINGSTON	3,131,787	(62,636)	3,069,151
GLEN COVE	2,895,578	(57,911)	2,837,667
AMSTERDAM	2,925,173	(58,503)	2,866,670
MIDDLETOWN	2,761,047	(55,221)	2,705,826
COHOES	2,798,863	(55,977)	2,742,886
LOCKPORT	2,704,617	(54,092)	2,650,525
PLATTSBURGH	2,702,939	(54,059)	2,648,880
ITHACA	2,663,671	(53,273)	2,610,398
TONAWANDA	2,655,208	(53,104)	2,602,104
OSWEGO	2,501,733	(50,035)	2,451,698
GLOVERSVILLE	2,349,584	(46,992)	2,302,592
PEEKSKILL	2,264,677	(45,293)	2,219,384
OLEAN	2,285,537	(45,711)	2,239,826
ONEONTA	2,277,405	(45,548)	2,231,857
CORTLAND	2,059,520	(41,190)	2,018,330
GENEVA	1,982,258	(39,645)	1,942,613
BATAVIA	1,786,709	(35,734)	1,750,975
OGDENSBURG	1,743,530	(34,871)	1,708,659
SARATOGA SPRINGS	1,683,369	(33,668)	1,649,701
ONEIDA	1,735,589	(34,712)	1,700,877
FULTON	1,660,022	(33,200)	1,626,822
GLENS FALLS	1,639,805	(32,796)	1,607,009
DUNKIRK	1,607,681	(32,154)	1,575,527
BEACON	1,568,855	(31,377)	1,537,478
CORNING	1,530,159	(30,603)	1,499,556
HORNELL	1,528,355	(30,567)	1,497,788
HUDSON	1,486,725	(29,734)	1,456,991
PORT JERVIS	1,434,962	(28,699)	1,406,263
JOHNSTOWN	1,417,255	(28,345)	1,388,910
WATERVLIET	1,234,891	(24,698)	1,210,193
RYE	1,232,677	(24,653)	1,208,024
RENSSELAER	1,160,528	(23,211)	1,137,317
CANANDAIGUA	1,142,147	(22,843)	1,119,304
NORWICH	1,111,509	(22,230)	1,089,279
SALAMANCA	947,072	(18,941)	928,131
LITTLE FALLS	883,708	(17,674)	866,034
MECHANICVILLE	675,910	(13,518)	662,392
SHERILL	380,295	(7,606)	372,689
Cities Total	660,299,616	(13,205,987)	647,093,629
TOWNS	48,679,265	(970,008)	47,709,257
VILLAGES	20,339,170	(410,355)	19,928,815
Total	729,318,051	(14,586,350)	714,731,701

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CAPITAL PROGRAM AND DEBT PLAN

Table 24

Capital Spending by Function 5-Year Plan (\$ in Thousands)						
Spending	2011-12	2012-13	2013-14	2014-15	2015-16	Total 5-Yr
Transportation	\$4,465,715	\$4,196,484	\$4,131,742	\$4,100,109	\$3,891,339	\$20,785,389
Other Higher Education/ Education Programs	1,927,876	1,931,677	1,652,104	1,679,425	1,655,876	\$8,846,958
Economic Development & Gov't. Oversight	952,460	459,518	574,050	518,421	538,421	\$3,042,870
Mental Hygiene	557,764	739,748	661,519	666,370	666,370	\$3,291,771
Parks and Environment	708,428	515,128	478,828	473,435	466,935	\$2,642,754
Health and Social Welfare	768,958	343,040	254,696	139,807	139,233	\$1,645,734
Public Protection	372,803	388,023	362,719	362,910	369,010	\$1,855,465
Education - EXCEL	200,000	111,117	-	-	-	\$311,117
General Government	68,563	120,113	89,809	89,883	71,003	\$439,371
Other	164,000	162,000	119,000	108,280	100,000	\$653,280
Total	\$10,186,567	\$8,966,848	\$8,324,467	\$8,138,640	\$7,898,187	\$43,514,709

The Five-Year Capital Plan

- **The Executive is proposing a \$43.5 billion Five-Year Capital Plan (see Table 24):** New capital initiatives over the plan have been significantly reduced and existing projects have been prioritized in order to contain costs.
 - The \$10.2 billion Capital Plan for 2011-12 has decreased by 1 percent, or \$136.3 million, from 2010-11 and includes “off-budget spending” of \$1.7 billion netted from bond proceeds by public authorities.
 - Spending increases in capital projects for 2011-12 are in Health and Social Welfare by 67 percent or \$307 million, Mental Hygiene by 34 percent or \$143 million, Public Protection by 15 percent or \$50 million and General Government by \$2.6 million or 4 percent.
 - Capital projects spending is proposed to decrease by \$298 million or 24 percent in Economic Development & Government Oversight, \$166 million or 4 percent in Transportation, \$117 million or 6 percent in other Education/Higher Education programs, and \$11 million or 5 percent in education-EXCEL programs.

Financing the Capital Plan for 2011-12

- **The Executive proposes to finance the Five-Year Capital program with a combination of Pay-as-you-go (PAYGO) and bonded resources:** The Capital Program for 2011-12 of \$10.2 billion is proposed to be financed as follows:
 - \$2.63 billion or 25.8 percent in State PAYGO;
 - \$2.0 billion or 19.7 percent in Federal PAYGO;
 - \$0.49 billion or 4.8 percent in General Obligation; and
 - \$5.06 billion or 49.7 percent Public Authority bonding.

State Debt Outstanding

Table 25

Projected Debt Outstanding		
(\$ in Thousands)		
	SFY 2010-11	Projected SFY 2011-12
General Obligation	\$3,558,991	\$3,655,296
LGAC	3,334,038	3,123,588
PA Debt -Other Lease-Purchase & Contractual Obligation (Revenue Bonds)	<u>\$45,501,933</u>	<u>\$47,701,481</u>
Total State-supported Debt	\$52,394,962	\$54,480,365
Other State Obligations:		
Tobacco	\$3,011,900	\$2,718,275
All Other	<u>\$1,030,966</u>	<u>\$942,879</u>
Total State-related Debt	\$56,437,828	\$58,141,519

- **DOB measures its debt burden using two categories: State-supported debt and State-related debt:**
 - State-supported debt includes debt paid by state resources and has a budgetary impact on the state financial plan. State-supported debt includes General Obligation debt, Local Government Assistance Corporation (LGAC), and other lease purchase and contractual obligations to public authorities and municipal governments from state appropriations from the personal income tax, and sales tax and other taxes.
 - State-related debt is in addition to State-supported debt are State-guaranteed debt, moral obligation financings and certain contingent-contractual obligation financings, where debt service is paid from non-State sources in the first instance, but State appropriations are available, to make payments.

State Supported Debt

Table 26

New York State-Supported Debt Outstanding by Function 2011-12 (\$ in Thousands)		
Economic Development & Housing	\$5,767,235	10.59%
Environment	2,720,844	4.99%
Health & Mental Hygiene	4,972,328	9.13%
Transportation	15,924,091	29.23%
State Facilities & Equipment	6,225,128	11.43%
Education	15,747,152	28.90%
LGAC	3,123,588	5.73%
Total State-Supported	\$54,480,366	

- **Total amount of State-supported debt outstanding will total \$54.48 billion an increase of \$2.09 billion over SFY 2010-11.** The amount of debt outstanding by function and change from 2010-11 are:
 - Economic Development and Housing programs of \$5.77 billion, an increase of \$312 million or 5.7 percent;
 - Environment of \$2.7 billion, a decrease of \$34 million;
 - Health and Mental Hygiene of \$4.97 billion, an increase of \$377 million or 8.2 percent;
 - Transportation of \$15.9 billion, an increase of \$292 million or 0.19 percent;
 - State Facilities and Equipment of \$6.2 billion, an increase of \$104 million or 1.7 percent;
 - Education of \$15.75 billion, an increase of \$1.245 billion or 8.6 percent; and
 - LGAC of \$3.1 billion, a decrease of \$210 million or 6.3 percent.

- **Transportation and Education, which make up 30 percent and 28 percent of debt outstanding, are the largest components of the State's obligations:** The remaining obligations by function of debt outstanding are 12 percent in State Facilities and Equipment, six percent in LGAC, nine percent in Health and Mental Hygiene, 5 percent in Environment, 10 percent in Economic Development and Housing, 5 percent in Tobacco and two percent in other areas.

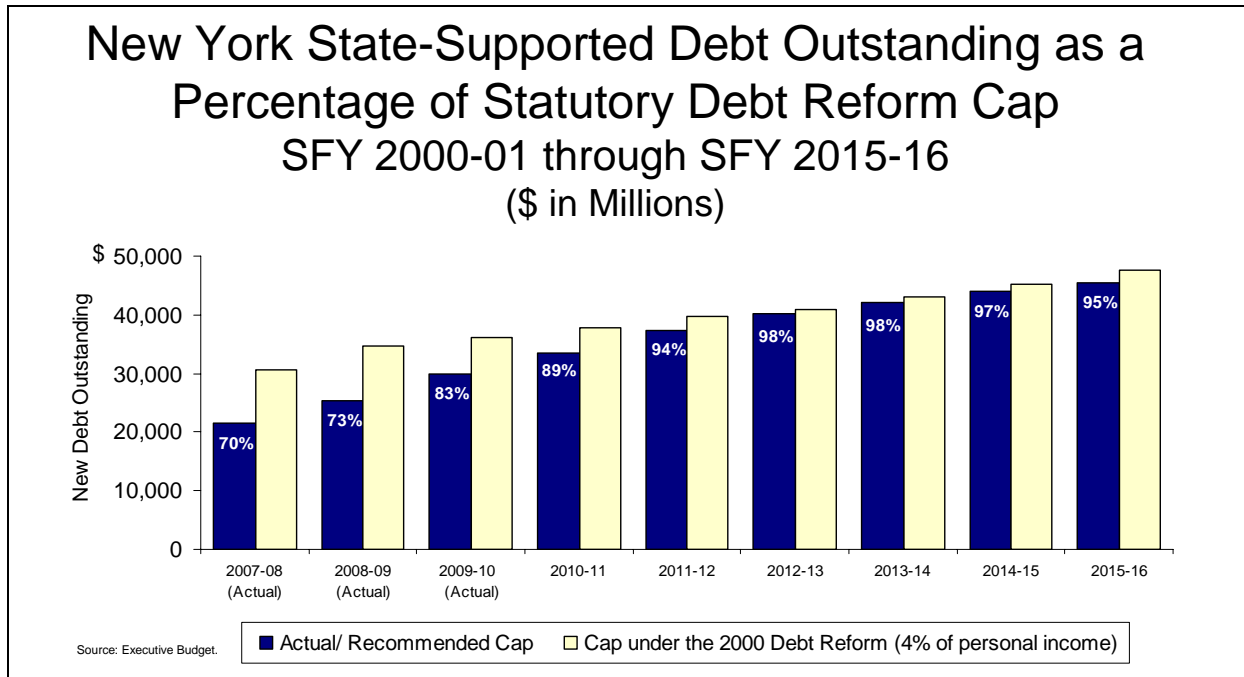


Figure 6

- **The state has a cap on the amount of new debt outstanding limited to four percent of Personal Income:** The amount of debt outstanding projected under the statutory cap for SFY 2011-12 is 97 percent or \$2.3 billion below the statutory cap.
- **The Executive estimates \$734 million of available room under the cap for SFY 2012-13 and \$749 million in 2013-14:** This estimate is the narrowest margin of room under the statutory cap the state projected in recent history.

State-Related Debt

Table 27

State-related Debt Outstanding (Other State Debt Obligations in addition to State-supported) (\$ in Thousands)	
	SFY 2011-12
Contingent Contractual	
DASNY/MCFFA Secured Hospitals Prg.	\$532,630
Tobacco Settlement Financing Corp.	2,718,275
Moral Obligation	
HFA Moral Obligation Bonds	18,364
MCFFA Nursing Homes & Hospitals	2,035
State Guaranteed	
Job Development Authority (JDA)	18,940
State Funded	
MBBA Prior Year School Aid Claims	370,910
Total	\$3,661,154

- **The Executive defines State-related debt to include the following debt obligations in addition to State-supported debt:** Contingent Contractual Obligation (Tobacco Settlement Financing Corporation, DASNY/MCFFA Secured Hospital Program), Moral Obligation (Housing Finance Agency Moral Obligation Bonds, MCFFA Nursing Homes and Hospitals), State Guaranteed Debt (Job Development Authority) and State Funded Debt (MBBA Prior Year School Aid Claims).
 - State-related debt obligation in all areas are estimated to decline to \$3.66 billion or 9.4 percent from 2010-11.
 - Contingent Contractual Obligations are agreements by the State to fund the debt service payments related to a bonded debt issuance only in the case that debt service payments can't be made.
 - Moral Obligation bonds are issued by an authority to finance a revenue-producing project. The debt is secured by project revenues with statutory provisions morally committing the State.
 - State Guaranteed debt is public authority debt that finances or guarantees loans which encourages economic development throughout the State and is limited to only \$750 million outstanding. Currently, State Guaranteed debt outstanding is \$18.9 million.

- State Funded debt was created to enable the State to purchase delinquent tax liens from New York State Municipalities through the Municipal Bond Bank Agency (MBBA). Currently, State funded debt outstanding is \$370 million (see Table 27).

ECONOMIC FORECAST SUMMARY

The National Economy: Coming out of the recent recession, the recovery has been challenged by several shocks and as such the Executive states that growth remains slow and steady. Significant slack still remains in the labor market and problems persist in both the credit and housing markets. Going forward, the Executive forecasts that U.S. GDP will grow 3.0 percent in 2011 as continued support from expansionary monetary and fiscal policies drive the economy forward (see Table 28).

Table 28

EXECUTIVE COMPARED TO MAJOR FORECASTERS			
	Estimate	Forecast	Forecast
	2010	2011	2012
Real Gross Domestic Product (GDP)			
(2005 chained percent change)			
Division of the Budget	2.8	3.0	3.6
Blue Chip Consensus	2.8	3.1	3.2
Moody's Economy.com	2.9	3.9	NA
Global Insight	2.9	3.2	2.9
Macroeconomic Advisers	2.9	3.4	3.8
Consumer Price Index (CPI)			
(percent change)			
Division of the Budget	1.6	1.8	1.9
Blue Chip Consensus	1.6	1.7	1.9
Moody's Economy.com	1.6	1.5	NA
Global Insight	1.7	1.6	1.9
Macroeconomic Advisers	1.6	1.4	1.0
Unemployment Rate			
(percent)			
Division of the Budget	9.6	9.3	8.3
Blue Chip Consensus	9.7	9.4	8.7
Moody's Economy.com	9.6	9.5	NA
Global Insight	9.7	9.3	8.7
Macroeconomic Advisers	9.7	9.5	8.6
Note: Numbers are as reported in the Executive Budget 2011-12 released on February 1, 2011. Legislative forecasts will be released on or before February 28, 2011.			
Sources: <i>New York State Division of the Budget, Executive Budget 2011-12, February 1, 2011; Blue Chip Economic Indicators, January 2011; Moody's Economy.com, Macro Forecast, January 2011; Macroeconomic Advisers, Economic Outlook, January 2011; Global Insight, U.S. Forecast Summary, January 2011.</i>			

- **Consumption:** The Executive estimates that consumption spending rose 1.8 percent in 2010, following an unprecedented decline from the first quarter of 2008 through

the second quarter of 2009. The Executive forecasts that consumption spending will increase 3.6 percent in 2011 due to improved feelings of security among the workforce and continued improvements in consumer credit.

- **Investment:** The Executive estimates that nonresidential investment spending grew by 5.6 percent in 2010 due to a resurgence of spending on equipment and software. Nonresidential investment spending is forecast to grow 8.7 percent in 2011 as credit conditions improve and both domestic and global demand rise, encouraging companies to expand and invest. The Executive forecasts residential investment spending to grow 6.1 percent in 2011.
- **Employment:** Employment is expected to grow by 1.3 percent in 2011, after falling 0.5 percent in 2010. The Executive expects that the unemployment rate will average 9.3 percent in 2011 as labor market conditions improve and the labor force grows.
- **Corporate Profits:** The Executive estimates that corporate profits grew 28.8 percent in 2010, following three consecutive yearly declines. In 2011, the Executive forecasts corporate profit growth to slow to 6.2 percent due to increasing employment costs at nonfinancial firms and changes in the financial regulatory environment that decrease earnings at financial firms.
- **Inflation:** The Executive expects prices, as measured by the Consumer Price Index (CPI), to grow 1.8 percent in 2011, following growth of 1.6 percent in 2010. The Executive indicates that as the labor market improves there is heightened probability that rising energy prices will spill over into other prices.

The New York State Economy: The forecast contained in the Executive Budget indicates that gains in financial market activity, strong tourist activity, and support from federal stimulus programs helped the State come out of the recent recession in early 2010. The Executive forecasts payroll employment and wages in the State to improve in 2011.

- **Employment:** According to the Executive, total State nonfarm employment is estimated to have declined 0.1 percent in 2010, faring 0.4 percentage point better than the nation's 0.5 percent decline. The Executive forecasts that New York State employment will grow 0.7 percent in 2011, slower than the nation's employment growth of 1.3 percent (see Figure 7).

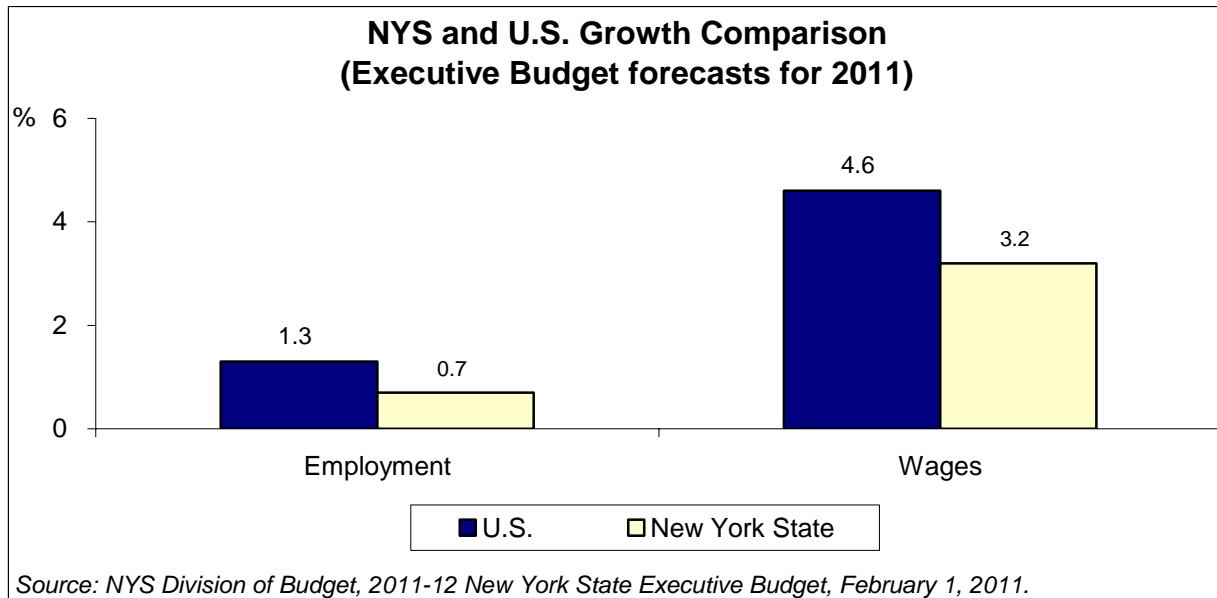


Figure 7

- Wages:** The Executive estimates that New York State wages grew 4.0 percent in 2010, while national wages grew 2.1 percent. The Executive estimates that the growth in State wages for 2010 was helped by bonus growth of over 25 percent in the first quarter of 2010. The Executive states that pressure to restructure bonus payouts and cap cash bonuses, paired with new restrictions from the Dodd-Frank Act on high profit practices, will cause finance and insurance bonuses to decline in 2011. In effect, the Executive forecasts that New York State wage growth will slow to 3.2 percent in 2011.
- Risks:** The Executive acknowledges several risks to the forecasts presented in the budget. The Executive states that uncertainty surrounding the current environment, particularly around the financial market and other volatile components such as capital gains and bonuses, presents particular risk for the New York State outlook.

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EXECUTIVE TAX REVENUE FORECAST

Table 29

REVENUE FORECAST SUMMARY				
(\$ in Millions)				
	2009-10 Actual	2010-11 Mid-Year Executive	2010-11 Executive	Executive Difference from Executive Mid-Year
Personal Income Tax	\$34,751	\$36,568	\$35,869	(\$699)
User Taxes	12,852	14,104	14,183	79
Business Taxes	7,459	7,817	7,673	(144)
Other	2,606	2,966	3,038	72
Total	\$57,668	\$61,455	\$60,763	(\$692)

SFY 2010-11 Estimate

- **The Executive estimates that All Funds tax collections in State Fiscal Year (SFY) 2010-11 will total \$60.763 billion, an increase of 5.4 percent or \$3.095 billion from SFY 2009-10:** The majority of the increase in revenues reflects the rebound in economic activity from the depths of the recession. For the first time since SFY 2007-08, the tax revenue base increased after adjusting for law changes enacted in prior years, albeit by an unimpressive 2.1 percent.
- **The Executive's current estimate is \$692 million lower than their Mid-Year Financial Plan Update released in November 2010:** This decrease in the Executive estimate for SFY 2010-11 is caused by a \$699 million decline in Personal Income Tax revenues, with offsetting increases and decreases in user, business and other taxes.

Table 30

REVENUE FORECAST SUMMARY					
(\$ in Millions)					
	2011-12 Mid-Year	2011-12 Executive	Change From 2010-11	Percent Growth	Executive Difference from Executive Mid-Year
Personal Income Tax	\$39,277	\$38,509	\$2,640	7.4	(\$768)
User Taxes	14,655	14,810	627	4.4	155
Business Taxes	8,571	8,378	705	9.2	(193)
Other	3,013	3,087	49	1.6	74
Total	\$65,516	\$64,784	\$4,021	6.6	(\$732)

SFY 2011-12 Outlook

- **All Funds tax receipts are expected to increase by \$4.021 billion, or 6.6 percent, to \$64.784 billion from SFY 2010-11:** The increase in revenues can be primarily attributed to a rising economy coupled with \$227 million in revenue increases proposed with this budget.

EXECUTIVE TAX REVENUE PROPOSALS

The Executive Budget provides for over \$455 million in tax and fee increases when fully effective. Increases for SFY 2013-14 total \$459 million.

Table 31

REVENUE ACTIONS	
Fees	19.5
Loophole Closing	22.0
Tax Enforcement	205.0
Lottery	154.0
Abandoned Property	<u>55.0</u>
	455.5

Business Taxes

- Would make Tax Shelter reporting provisions permanent preserving \$5 million;
- Would ensure that the Department of Economic Development has the continuing ability to decertify businesses that do not comply with Empire Zone program requirements;
- Would extend the Financial Services Investment Tax Credit for four years, until October 1, 2015;
- Would increase the annual allocation of tax credits by \$4 million for low-income housing from \$28 million to \$32 million;
- Would expand the Excelsior Jobs Program by enhancing credits for new employees, research and development and real property taxes. It would also authorize utilities to offer discounted electricity and gas, while extending the eligibility period from five to ten years for a cost of \$1.2 billion starting in 2016;
- Would limit the amount of premiums that are exempt from taxation by cooperative insurance companies to \$25 million annually increasing revenues by \$22 million;
- Would conform New York State Insurance and Tax Laws to the Federal Dodd-Frank Act provisions to preserve current revenues covering excess lines and authorize New York State to participate in a national compact that collects and remits excess lines taxes to the states;

- Would extend Gramm-Leach Bliley provisions for two years and make the Bank Tax extender permanent; and
- Would modernize certain fuel definitions in conforming to federal definitions and alters the refund process for certain exempt taxpayers.

Other Actions

- Would create a program whereby outstanding tax debts are deducted from any lottery winnings in excess of \$600 increasing revenues by \$5 million in SFY 2011-12 and \$10 million thereafter;
- Would authorize the issuance of “free-play” Video Lottery Terminal credits of up to ten percent of the net machine income increasing revenues by \$38 million;
- Would authorize the Division of Lottery to increase from three to five the number of scratch-off games with payouts that are up to 75 percent of sales increasing revenues by \$4 million;
- Would allow payouts in excess of the current 50 percent limitation on multi-state lottery games in instances where two-thirds of the multi-jurisdictional participants concur increasing revenues by \$3 million;
- Would authorize VLT facilities to participate in multi-jurisdictional VLT games with certain restrictions;
- Would extend certain pari-mutuel tax rates and authorization for account wagering for a period of one year;
- Would eliminate restrictions on the Quick Draw game related to the hours of operation, food sales, and the size of establishments increasing revenues by \$10 million in SFY 2011-12 and \$44 million thereafter;
- Would extend the alternative fuel tax exemptions for one year at a cost of \$1.5 million;
- Would simplify the distribution of Motor Vehicle fees;
- Would reduce dormancy periods from five years to three years on condemnation awards, credit balances in escrow arising from loans, bank accounts, unredeemed gift certificates, and reduce dormancy periods from six years to three years on surplus sales from the sale of pledged property increasing revenues by \$55 million;

- Would authorize Tax and Finance to require electronic filing for sales tax vendors and utilize additional electronic communications and sets dormancy periods for tax refund debit cards; and
- Would require filers (including individuals) that use tax software to e-file.

STAR Program

The Executive proposes several changes to the STAR program, which are contained in the Education, Labor and Family Assistance Budget Article VII Bill. These changes are expected to generate \$125 million in General Fund savings in SFY 2011-12, increasing to \$262 million in SFY 2012-13.

- Would limit growth of STAR within an assessing unit to two percent;
- Would enhance enforcement of STAR eligibility rules; and
- Would create a program whereby ineligible STAR recipients could renounce their exemption in exchange for being subject to lesser penalties than would otherwise be applicable.

Table 32

Total State Funds Tax Collections SFY 2010-11				
(\$ in Millions)				
	2009-10	2010-11		Percent
	Actual	Estimate	Change	Growth
Personal Income Tax	\$34,751	\$35,869	\$1,118	3.2%
Gross Receipts	41,393	43,585	2,192	5.3%
Withholding	29,443	30,776	1,333	4.5%
Estimated Payments	9,028	9,751	723	8.0%
Vouchers	6,938	7,344	406	5.9%
IT 370s	2,090	2,407	317	15.2%
Final Payments	1,822	1,967	145	8.0%
Delinquencies	1,100	1,091	(9)	-0.8%
Total Refunds	6,642	7,686	1,044	15.7%
Collections	34,751	35,899	1,148	3.3%
User Taxes and Fees	12,852	14,182	1,330	10.4%
Sales and Use Tax	10,529	11,512	983	9.3%
Motor Fuel Tax	507	516	9	1.9%
Cigarette Tax	1,364	1,621	257	18.8%
Highway Use	137	129	(8)	-5.8%
Alcoholic Beverage Tax	226	228	2	0.9%
Auto Rental Tax	76	95	19	25.0%
Taxi Surcharge	13	81	68	523.1%
Business Taxes	7,459	7,673	214	2.9%
Corporate Franchise	2,511	3,270	759	30.2%
Utility Tax	954	836	(118)	-12.4%
Insurance Tax	1,491	1,308	(183)	-12.3%
Bank Tax	1,399	1,184	(215)	-15.4%
Petroleum Business Tax	1,104	1,075	(29)	-2.7%
Other	2,606	3,037	432	16.6%
Estate and Gift	866	1,081	215	24.8%
Real Estate Transfer	493	566	73	14.9%
Pari Mutuel	19	17	(2)	-10.5%
Other	1	1	0	29.4%
Payroll Tax	1,228	1,372	144	11.7%
Total All Funds Taxes	57,668	60,761	3,094	5.4%
General Fund Misc Receipts	3,888	3,083	(805)	-20.7%
Lottery	2,645	3,005	361	13.6%
Total w/Misc Receipts and Lottery	\$64,200	\$66,849	\$2,649	4.1%

Table 33

Total State Funds Tax Collections SFY 2011-12				
(\$ in Millions)				
	2010-11	2011-12		Percent
	Estimate	Forecast	Change	Growth
Personal Income Tax	\$35,869	\$38,509	\$2,640	7.4%
Gross Receipts	43,585	46,021	2,436	5.6%
Withholding	30,776	31,802	1,026	3.3%
Estimated Payments	9,751	10,925	1,174	12.0%
Vouchers	7,344	8,180	836	11.4%
IT 370s	2,407	2,745	338	14.0%
Final Payments	1,967	2,190	223	11.3%
Delinquencies	1,091	1,104	13	1.2%
Total Refunds	7,686	7,511	(175)	-2.3%
Collections	35,899	38,510	2,611	7.3%
User Taxes and Fees	14,182	14,810	628	4.4%
Sales and Use Tax	11,512	11,950	438	3.8%
Motor Fuel Tax	516	518	2	0.4%
Cigarette Tax	1,621	1,786	165	10.2%
Highway Use	129	140	11	8.5%
Alcoholic Beverage Tax	228	233	5	2.2%
Auto Rental Tax	95	102	7	7.4%
Taxi Surcharge	81	81	0	0.0%
Business Taxes	7,673	8,378	705	9.2%
Corporate Franchise	3,270	3,636	366	11.2%
Utility Tax	836	892	56	6.7%
Insurance Tax	1,308	1,392	84	6.4%
Bank Tax	1,184	1,342	158	13.3%
Petroleum Business Tax	1,075	1,116	41	3.8%
Other	3,037	3,087	50	1.6%
Estate and Gift	1,081	1,015	(66)	-6.1%
Real Estate Transfer	566	620	54	9.5%
Pari Mutuel	17	14	(3)	-17.6%
Other	1	1	0	0.0%
Payroll Tax	1,372	1,437	65	4.7%
Total All Funds Taxes	60,761	64,784	4,023	6.6%
General Fund Misc Receipts	3,083	3,088	5	0.2%
Lottery	3,005	2,892	(113)	-3.8%
Total w/Misc Receipts and Lottery	\$66,849	\$70,764	\$3,915	5.9%

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APPROPRIATION BUDGET BILLS

A. 4000/S. 2800	State Operations Appropriation Bill
A. 4001/S. 2801	Legislature and Judiciary Appropriation Bill
A. 4002/S. 2802	Debt Service Appropriation Bill
A. 4003/S. 2803	Aid to Localities Appropriation Bill
A. 4004/S. 2804	Capital Projects Appropriation Bill
A. 4005/S. 2805	Deficiency Article VII Bill
A. 4006/S. 2806	Deficiency Appropriation Bill
A. 4007/S. 2807	Public Protection and General Governments Article VII Bill
A. 4008/S. 2808	Education, Labor and Family Assistance Article VII Bill
A. 4009/S. 2809	Health and Mental Hygiene Article VII Bill
A. 4010/S. 2810	Transportation, Economic Development and Environmental Conservation Article VII Bill
A. 4011/S. 2811	Revenue Article VII Bill
A. 4012/S. 2812	Merger State Entities Article VII Bill
A. 4013/S. 2813	Gubernatorial Reorganization Article VII Bill

NON-APPROPRIATION BUDGET BILLS

Section 22 of the State Finance Law requires the Executive Budget to include a list of proposed legislation submitted pursuant to Article VII of the State Constitution. In addition to the major appropriation bills, the following Article VII bills have been submitted that set forth the policy initiatives contained in the Executive Budget.

A. 4007 - PUBLIC PROTECTION AND GENERAL GOVERNMENT

PART	DESCRIPTION	SUMMARY
A	Extend various criminal justice programs	This part would extend various criminal justice programs for three years.
B	Amend the application of the formula for distribution of certain monies recovered by district attorneys in New York City	This part would change the formula under which a district attorney in New York City is authorized to retain a portion of monies recovered before the filing of an accusatory instrument. Specifically, the formula would apply to each recovery rather than the cumulative amount of recoveries received in the State fiscal year. This part would also remove language that prohibits a district attorney's office from using the retained funds to supplant funds for ordinary budgetary costs and would make the statute governing distribution of these funds permanent.
C	Eliminate the prison closure notice and modify the reuse plan requirement	This part would eliminate the requirement that the Commissioner of the Department of Correctional Services provide at least twelve months notice prior to closing a correctional facility and would also eliminate the requirement that the Commissioner of Economic Development issue an adaptive reuse plan for a facility to be closed six months prior to the effective date of such closure. Instead, this part would require the Chairman of the Urban Development Corporation (also known as the Empire State Development Corporation), in consultation with the appropriate regional development council, to submit a plan not later than six months after a closure to include recommendations to minimize the economic impact of the closure on the community.
D	Eliminate transfer of cell surcharge revenue to the	This part would change the required use of cellular surcharge revenue by eliminating the annual transfer of \$1.5 million from the Statewide Public Safety

	Emergency Services Revolving Loan Fund	Communications Account to the Emergency Services Revolving Loan Fund.
E	Modify the compensation structure for commissioners of the State Liquor Authority	This part would eliminate the annual salary of the Commissioners of the State Liquor Authority and replace it with per diem reimbursement; the Chairman of the State Liquor Authority would be exempt from this provision.
F	Eliminate certain Election Law printing and publication requirements	This part would eliminate requirements for pre-and post-election newspaper publication of certain election-related information, such as the text of proposed ballot questions and constitutional amendments and the results of general elections. These amendments, in most instances, substitute a requirement that such information be posted on the website of the appropriate board of elections. This part would also repeal provisions which require the State Board to transmit to each local board of elections a copy of each amendment to the Election Law and to annually transmit a compilation of such to each board of elections.
G	Group Self-Insured Trusts (GSIT)	This part would repeal authorization for GSITs unless narrow specifications are met; allow for the continuance of municipal GSITs; reiterate joint and several liability for GSIT members; and, amend administrative assessment calculation authority affecting recently-closed GSITs.
H	Modify the compensation of State Civil Service commissioners	This part would change the compensation for commissioners of the State Civil Service Commission, other than the President, from an annual salary to per diem.
I	Reduce funding for Aid and Incentives to Municipalities (AIM)	This part would reduce AIM funding by two-percent to all cities, villages, and towns. This part would also permanently eliminate the City of New York from the AIM program.
J	Eliminate video lottery terminal (VLT) Impact Aid	This part would eliminate Video Lottery Terminal (VLT) Impact Aid to all eligible municipalities other than the City of Yonkers.
K	Create the Citizen Empowerment Tax Credit, the Citizens Re-organization Empowerment Grants, and the Local Government Performance and Efficiency Program	This part would create grant programs that support and incentivize local government consolidation, dissolution, efficiencies and shared services.
L	Establish the State's obligation to	This part would establish the State's obligation and ability to make Payment in

	make payments with respect to certain lands	Lieu of Taxes (PILOT) payments for lands in the Hemlock and Canadice lake watersheds through appropriations provided for State-owned Land payments.
M	Require that all reappropriations lapse five years after the fiscal year they were appropriated	This part would ensure that “aged” reappropriations are cashed-out and eliminated within five years after of the date appropriated.
N	Authorize sweeps, transfers and modifications to debt provisions	This part would provide the statutory authorization necessary for the administration of funds and accounts included in the SFY 2011-12 Financial Plan. Specifically, it would (1) authorize temporary loans and the deposits of certain revenues to specific funds and accounts; (2) authorize the transfer and deposits of funds to and across various accounts; (3) extend various provisions of law related to capital projects; and (4) authorize modifications to various debt provisions.
O	Repeal of the Community Projects Fund	This part would repeal the Community Projects Fund and transfer all undisbursed monies to the General Fund/State Purposes account on or after September 16, 2011, the date that the repeal takes effect.

A. 4008 - EDUCATION, LABOR AND FAMILY ASSISTANCE

PART	DESCRIPTION	SUMMARY
A	Amend school aid	This part would: continue the Contract for Excellence program for the 2011-2012 school year; amend state transportation aid to require school districts to demonstrate cost effective transportation management; identify non-instructional items that will no longer qualify as a state aidable BOCES shared service; amend BOCES state aid ratios; amend Building Aid to create a competitive construction fund; hold charter school tuition levels at the 2010-2011 school year level for the next two school years; extend Foundation Aid; High Tax Aid, Academic Enhancement Aid, Supplemental Public Excess Cost, and Universal Pre-Kindergarten funding; create a gap elimination adjustment; limit state aid adjustments; create the local competitive performance grant program; reclassify the state supported Schools for the Blind and Deaf as approved private non-profit schools for the blind and deaf and shift costs of tuition for students attending these schools to school districts; continue the Dormitory Authority of New York (DASNY) financing eligibility for the schools for the blind and deaf, authorize school districts to transfer excess Employee Benefit Accrued Liability Reserve (EBALR) funds to maintain educational programming during the 2011-2012 school year; amend the formula for Summer School Special Education; decrease funding for Aid for Public Libraries, and extend various other provisions of Education Law.
B	Authorize competitive grants for school districts	This part would authorize two competitive grant programs, for a total of \$500 million: (1) for districts that demonstrate the most improvement in student performance; and (2) for districts that develop long-term management efficiencies.
C	Repeal the New York State Theatre Institute and transfer assets	This part would repeal the authorization of the New York State Theatre Institute and would transfer all existing theater assets to the Office of General Services.

D	Enhance flexibility for the state and city universities of New York	This part would: authorize the State University of New York (SUNY) to lease real property and to enter into public/private partnerships subject to the approval of a newly created State University Asset Maximization Review Board; authorize SUNY to sell and lease personal property and accept conditional gifts; authorize the State University Construction Fund (SUCF) to utilize alternative project delivery methods and establish its own procurement guidelines; and, authorize DASNY to finance/construct dorms and other facilities on behalf of campus affiliated not-for-profits and community colleges. This part would further authorize SUNY, SUCF, SUNY health science centers, and City University of New York (CUNY) to purchase goods and services without prior approval of the State Comptroller and Attorney General; authorize SUNY health science centers to create managed care networks and joint/cooperative arrangements and purchase or lease facilities without prior approval of the State Comptroller or Attorney General; and, authorize the City University Construction Fund to enter into contracts without prior approval of the State Comptroller, establish its own procurement guidelines, and utilize alternative project delivery methods.
E	Reduce Tuition Assistant Program (TAP) awards to students attending certain two-year degree programs	This part would reduce the maximum TAP award for students attending two-year degree granting institutions, excluding nursing programs, which do not offer four-year degrees from \$5,000 to \$4,000.
F	Modify the TAP program to include all private pension and annuity income in award calculations	This part would modify TAP award calculations to include the first \$20,000 of private pension and annuity income, of those persons 59 ½ and older.
G	Modify TAP eligibility requirements relating to students in default on student loans	This part would modify TAP eligibility requirements to prohibit students in default on statutory New York State and federal student loans not guaranteed by the Higher Education Services Corporation (HESC) from receiving TAP awards until the student cures the default.
H	Modify the TAP award schedule for married students without children	This part would modify the TAP award schedule and decrease maximum award for married students without children from \$5,000 to \$3,025.

I	Increase academic standards for non-remedial TAP recipients	This part would increase the credit and grade point average requirement for non-remedial students receiving TAP as a measure of determining award eligibility.
J	Eliminate TAP eligibility for graduate students	This part would eliminate TAP eligibility for graduate students.
K	Extend the Regents Physician Loan Forgiveness Program	This part would extend the Regents Physician Loan Forgiveness Program until grants are awarded for the 2015-16 academic year.
L	Extend the Patricia K. McGee Nursing Faculty Scholarship and Nursing Faculty Loan Forgiveness Program	This part would extend the Patricia K. McGee Nursing Faculty Scholarship and Nursing Faculty Loan Forgiveness Program until June 30, 2016.
M	Extend the Social Worker Loan Forgiveness Program	This part would extend the Social Worker Loan Forgiveness Program until June 30, 2016.
N	Establish NYS School Tax Relief Program (STAR) cost containment measures	This part would require taxpayers who improperly receive STAR benefits to repay such benefits with interest; provide a mechanism for taxpayers to repay, with interest and a processing fee, benefits received for erroneous exemptions; cap the total STAR benefits provided to each school district segment to 102 percent of the benefits provided in the prior year; and, allow the Commissioner of Taxation and Finance to create a uniform state-wide system of parcel identification numbers and a uniform state-wide assessment calendar.
O	Eliminate State share of funding for maintenance of handicapped children in residential care	This part would shift the State share for funding of handicapped children in residential care onto the school district, so the cost split would be: 56.8% school district and 43.2 percent local social services district. The Committee on Special Education (CSE) in each school district currently determines the placement of handicapped children in residential schools. Currently, the costs of these placements are: 36.8 percent State, 43.2 percent local social services district, and 20 percent school district.
P	Establish the Primary Prevention Incentive Program	This part would create the Primary Prevention Incentive Program for foster care and juvenile delinquency prevention programs including: Home Visiting, Kinship contract programs, Youth Development and Delinquency Prevention (YDDP), Special Delinquency Prevention Program (SDPP), Runaway and Homeless Youth (RHY), caseworker ratio funding and Settlement Houses. Counties and New York City would receive reimbursement for 62 percent of the

				<p>cost of such programs (up to the locality’s allocation) based on a plan developed by the Office of Children and Family Services (OCFS) and approved by the Director of the Budget. This part would also eliminate Community Optional Preventive Services (COPS) which provides non-mandated prevented services to families not at immediate risk of foster care, and the Hoyt Trust Fund which provides funding for family violence prevention programs.</p>
Q	Establish Reforms	Juvenile	Justice	<p>This part would repeal the requirement that the Office of Children and Family Services (OCFS) provide twelve months notification to employee labor organizations, and other specific groups, prior to closing or downsizing an OCFS operated facility. This part would also create the “Supervision and Treatment Services for Juvenile Program” to reimburse counties and New York City for 62 percent of expenditures, up to the municipality’s allocation, for services to divert youth at risk of, alleged to be, or adjudicated as juvenile delinquents from placement in detention or residential care. Counties would receive allocations based on a plan developed by the Office of Children and Family Services (OCFS) and approved by the Director of the Budget.</p> <p>This part would also eliminate open-ended 49 percent reimbursement to localities for local detention services, and provide for 50 percent reimbursement for local detention expenditures up to the locality’s allocation, as determined by OCFS and approved by the Director of the Budget. Persons in Need of Supervision (PINS) would no longer be eligible for placement in detention facilities, and commencing July 1, 2012, reimbursement would only be available for youth who have been assessed by a risk assessment instrument approved by OCFS, and determined to be high-risk.</p>
R	Increase the Fee for Persons Receiving Clearances through the Statewide Central Register of Child Abuse and Maltreatment (SCR)			<p>This part would increase the fee from \$5 to \$60 for individuals receiving clearances through the SCR and would also impose the fee on child care providers, who currently do not pay a fee.</p>

S	Authorize Supplemental Security Income (SSI) COLA pass-through	This part would allow for a federal cost of living adjustment (COLA) in 2012 for individuals receiving SSI, who reside in residential care, family care or enhanced residential care settings.
T	Modify compliance with Public Assistance (PA) Work Requirements	This part would require social service districts to withhold the entire PA grant and close the PA case after the second and subsequent instances of non-compliance when the head of household does not engage in eligible work requirements, re-implementing the full family sanction. This part would require a report on the effects of the family sanction policy to be issued on December 31, 2012 and would sunset on September 30, 2013.
U	Delay of Public Assistance Grant Increase	This part would delay for one year the scheduled July 1, 2011 ten percent increase to the non-shelter portion of the public assistance grant until July 2012.
V	Consolidate the Neighborhood and Rural Preservation Programs	This part would eliminate the existing statutory authorization for the Neighborhood Preservation Program (NPP) and the Rural Preservation Program (RPP) and would create a new program that would combine the functions of the NPP and RPP. This part would also set forth eligible activities for participating programs and direct that funds be distributed on a competitive basis pursuant to performance criteria established by the Commissioner of the Division of Housing and Community Renewal (DHCR). Additionally, the cap on annual funding for groups would be increased to a maximum of \$500,000. Finally, this part would authorize the Commissioner of DHCR to issue rules and regulations or operational bulletins relating to the application and award of funds under the program.
W	Make Permanent the Unemployment Insurance Interest Assessment	This part would make permanent the authorization for the Commissioner of the Department of Labor to annually assess New York employers for the payment of interest on loans borrowed from the Federal Unemployment Insurance Trust fund for the payment of unemployment insurance when the New York Trust Fund is insolvent.

A. 4009 - HEALTH AND MENTAL HYGIENE

PART	DESCRIPTION	SUMMARY
A	Modify certain aging and public health programs	<p>This part would modify the Elderly Pharmaceutical Insurance Coverage (EPIC) program to create one level of coverage instead of two that is limited to assistance during the Medicare Part D coverage gap; replace the panel that oversees the EPIC program with oversight by the Commissioner of Health; and, eliminate Medicare Part D premium assistance and annual limits on co-payments. This part would also modify the Early Intervention (EI) program to require certain providers to bill Medicaid directly and maximize commercial insurance reimbursement for EI services; eliminate state reimbursement for certain General Public Health Work services; establish local competitive performance grants for certain public health and aging programs; delink Empire State Stem Cell Fund funding from any potential conversion proceeds; make changes to the methodology used to determine fees to support oversight of clinical laboratories and blood banks; eliminate competitive bidding for HEAL NY grants; permanently extend increased penalties for public health law and regulation violations; extend for three years the health occupation development and workplace demonstration program; and, permanently extend the authorization for the purchase of goods and services by hospitals operated by the Department of Health and authorizing the Dormitory Authority to bundle Primary Care Development Corporation projects and refinance them at lower cost.</p>

B	<p>Authorize certain Medicaid payments, modify nursing home reimbursement, extend authorization to collect nursing home assessments and to limit the state share of Medicaid spending</p>	<p>This part would authorize Medicaid payments for certain services provided by hospitals and nursing homes; require hospitals to submit additional data to calculate provider specific disproportionate share caps; suspend implementation of the nursing home rebasing methodology and extend the annual cap on nursing home rate increases; permanently extend authorization to collect nursing home gross receipts assessments; and, prohibit the state from taking statutory or administrative action that would cause an increase in the state share of Medicaid spending to grow at an annual rate that exceeds a ten year rolling average of the medical component of the Consumer Price Index.</p>
C	<p>Extend and reauthorize the Health Care Reform Act (HCRA) for three additional years</p>	<p>This part would extend, until March 31, 2014, HCRA provisions to continue current Medicaid hospital inpatient methodology; allow for the collection and allocation of certain HCRA surcharges; continue collection of the covered lives assessment; extend the Health Care Initiatives and Tobacco Control and Insurance Initiatives Pools; and, extend funding and authorization of certain HCRA programs: the Physician’s Excess Medical Malpractice program until June 30, 2014, state only grant payments for clinic bad debt and charity care, and hospital indigent care payments.</p>
D	<p>Extend Medicaid cost containment provisions</p>	<p>This part would continue authorization for bad debt and charity care allowances for certified home health agencies; remove the reconciliation limit for the certified home health care agency administrative and general cap; extend managed care organization contract requirements; extend authorization for utilization thresholds; and permanently extend: authorizations for certain payments and trend factor provisions relating to nursing homes and hospitals, Medicaid capital cost reimbursement provisions, long term home health care program reimbursement limitations, Child Health Plus and facilitated enrollment income and benefit expansions, authorization for partially capitated managed care plans to provide certain services to Medicaid recipients, Medicaid managed care provisions, and Medicaid co-payments.</p>

E	Amend the Medicaid eligibility status of individuals served in Institutions for Mental Disease (IMD)	This part would permit the Office of Mental Health (OMH) to suspend, rather than terminate, Medicaid eligibility for individuals who are served in a psychiatric hospital, or other facilities classified by the Federal government as Institutions for Mental Disease (IMD).
F	Establish a one-year deferral of the Human Services Cost of Living Adjustment (COLA)	This part would authorize the elimination of the Human Service COLA for SFY 2011-2012, and extend the COLA for an additional year to March 31, 2015.
G	Elimination of notice requirement of OMH operating facilities and the Community Reinvestment Act; and convert Brooklyn Children's Psychiatric Center to a community-based program	This part would eliminate the one-year notification of closures of state-run facilities operated by the OMH and would permit OMH to make service reductions to state run facilities notwithstanding the community reinvestment act for SFY 2011-2012; and, would convert Brooklyn Children's Psychiatric Center from a children's psychiatric hospital to a community-based program for children with serious emotional disturbances.

A. 4010 - TRANSPORTATION, ECONOMIC DEVELOPMENT AND ENVIRONMENTAL CONSERVATION

PART	DESCRIPTION	SUMMARY
A	Provide the annual authorization for the Consolidated Highway Improvement Program (CHIPS) and Marchiselli Programs	This part would authorize \$363.097 million in capital for the CHIPS and \$39.7 million for the Marchiselli Program for State FY 2011-12.
B	Make permanent the Department of Transportation (DOT) Single Audit Program	This part would permanently extend the DOT Single Audit Program, which requires municipalities and public authorities that are subject to a single audit of federal aid to prepare and have audited a schedule of State transportation assistance expended, provided that the total of such assistance exceeds \$100,000 in a fiscal year.
C	Make permanent the suspension of drivers' licenses for certain alcohol-related offenses	This part would make permanent provisions of law requiring courts to suspend drivers' licenses, pending prosecution, for driving while intoxicated (DWI) violations where drivers, at the time of arrest, had a blood alcohol content of .08 percent or higher.
D	Make permanent suspension of drivers' licenses for certain drug-related convictions	This part would make permanent the law mandating a six month driver's license suspension for certain drug-related convictions.
E	Make permanent motor vehicle financial security requirements	This part would permanently extend provisions of law relating to motor vehicle financial security including: issuance of proof of insurance; notices of policy termination; suspension of drivers' licenses and vehicle registrations for non-compliance and fees to terminate such suspension, sanctions for driving with a license suspended, and failure to maintain financial security or knowingly selling or purchasing a stolen, false or fraudulent license, registration certificate or license plate.
F	Modify provisions related to commercial drivers' licenses and commercial vehicles	This part would modify provisions of law related to commercial vehicles and commercial drivers' licenses (CDLs), including provisions regarding application, issuance, suspension and revocation of CDLs, records, filings of convictions and adjournments in contemplation of dismissal.

G	Make permanent the general loan powers of the New York State Urban Development Corporation (UDC)	This part would make permanent the general loan powers of the UDC, which otherwise would expire on July 1, 2011.
H	Increase Linked Deposit Program Cap	This part would modify the Department of Economic Development's Linked Deposit Program by increasing the lifetime maximum per eligible business from \$1 million to \$2 million.
I	Extend the Higher Education Capital Matching Grant Program	This part would extend the Higher Education Capital Matching Grant Program until March 31, 2012.
J	Amend State Government Cost Recovery System	This part would increase the amount that the State may recover from public benefit corporations for costs incurred by the State from \$55 million to \$60 million. In addition, this part would repeal the authorization for the State to recover costs assessed on Industrial Development Agencies (IDAs), and would provide that any liabilities of IDAs incurred on or before March 31, 2011 related to the State recovery of governmental costs would continue as legal liabilities of IDAs.
K	Make permanent the distribution formula for the Community Services Block Grant Program	This part would make permanent the statutory formula for the distribution by the Department of State of funds from the federal Community Services Block Grant Program.
L	Make permanent the authority of the Secretary of State to charge increased fees for expedited handling of documents	This part would make permanent the authority of the Secretary of State to charge increased fees for the expedited handling of documents issued by or requested from the Department's Division of Corporations, and would set timeframes for the handling of such documents.
M	Dissolve the Tug Hill Commission	This part would repeal the Tug Hill Commission.
N	Discontinue the salary of the Chairperson of the State Athletic Commission	This part would remove the Chairperson of the State Athletic Commission from the statutorily directed salary group receiving \$101,600 in the Executive Law.

O	Eliminate statutory references to the Governor's Office of Regulatory Reform	This part would remove all statutory references to the Governor's Office of Regulatory Reform (GORR), an office created by executive order.
P	Authorize and direct the Comptroller to receive payment from New York State Energy Research and Development Authority	This part would direct the State Comptroller to receive from New York State Energy Research and Development Authority a payment of \$913,000 to be deposited into the General Fund.
Q	Authorize New York State Energy Research and Development Authority to receive revenue from the Department of Public Service	This part would extend for an additional year the 18-a assessment on gas and electric corporations at one cent per one thousand cubic feet of gas sold and .010 cent per kilowatt-hour of electricity sold by such utilities in their intrastate utility operations in calendar year 2009. Without this extension, the rate would drop to 0.6 cents per one thousand cubic feet of gas sold and .006 cents per kilowatt hour of electricity sold in the previous calendar year.
R	Extend Department of Health public service education program	This part would extend the appropriation of funds from the cable television account to fund the Department of Health's public service education program.
S	Make permanent the pesticide product fees and registration	This part would make permanent the current pesticide product fees and registration timetable.
T	Establish the Agricultural Competitive Local Grant Program	This part would authorize the Commissioner of Agriculture and Markets to establish a competitive grants program to fund research, marketing, and education initiatives for the benefit of New York's agricultural community.
U	Implement the Share New York Food Initiative	This part would implement provisions of the Share New York Food Initiative by authorizing the Department of Agriculture and Markets to expand access to fresh New York farm products through the expansion of farmers' markets and community supported agriculture.
V	Repeal the authorization for reimbursement to counties related to the boating safety program	This part would repeal the authorization for payments from the "I Love NY Waterways" boating safety account to counties for expenditures related to such county's waterway's boating safety program.

W	Transfer of Tribal State Compact revenue to the General Fund	This part would change the way funds received from the Tribal State Compact are transferred to the General Fund. This part would also limit the amount of funds received by the Niagara Falls Underground Railroad Heritage Commission.
X	Establish a surcharge on purses at harness and thoroughbred racetracks	This part would establish a new 2.75 percent surcharge on purses at harness and thoroughbred tracks to support the Racing and Wagering Board's oversight and regulation of horse racing.
Y	Increase the renewal period of certain licenses issued by the Department of State	This part would increase from two to four years the period covered by renewal licenses for appearance enhancement disciplines and barbers, and double the fee for such licenses.
Z	Create the Tax Modernization Project	This part would authorize the Commissioner of Taxation and Finance to establish standards for electronic real property tax administration and to create an e-government data system; authorize local governments to use a third party via the internet and would authorize OSC to issue guidelines to govern their use; amend electronic filing requirements and increase penalties; clarify, that tax refund debit cards issued on behalf of the State would have a one year dormancy; and, impose additional requirements on certain sales tax vendors to improve compliance.

A. 4011-REVENUE

PT	DESCRIPTION	SUMMARY
A	Reduce the dormancy period of miscellaneous abandoned property	This part would reduce the dormancy period from five years to three years on miscellaneous abandoned property, such as condemnation awards, credit balances arising from loans, bank accounts (demand deposit, savings, time deposit, deposit and suspense), lost cash, money on deposit to secure funds, unredeemed gift certificates, and various other types of funds. This part would also reduce from six years to three years the dormancy period on surplus from the sale of pledged property.
B	Make tax shelter reporting provisions permanent	This part would provide for disclosure and penalty provisions relating to tax shelter transactions for tax avoidance permanent.
C	Provide the Department of Economic Development with continuing authority to monitor Empire Zone Program compliance and to decertify non-complying businesses	This part would clarify that firms decertified by the Department of Economic Development after July 1, 2010 would be denied tax credits, as intended in the changes to General Municipal Law enacted in SFY 2010-2011.
D	Authorize an offset of lottery winnings with outstanding state tax liabilities	This part would authorize the offsetting of lottery prizes exceeding \$600 against tax liabilities of the lottery prize winner.
E	Extend the financial services investment tax credit to certain broker-dealers for four years	This part would extend the investment tax credit for certain financial services taxpayers for an additional four years from October 1, 2011 to October 1, 2015.
F	Authorize additional credits of \$4 million for the low-income housing credit	This part would increase the aggregate amount of low-income housing tax credits that Housing and Community Renewal may allocate annually by \$4 million.
G	Improve the effectiveness of the Excelsior Jobs Program	This part would increase the benefit period from five years to ten years and enhance the existing investment, job development, real property, and research and development tax credits. The part would also authorize discounted utility rates for program participants.
H	Limit the exemption provided for town or county cooperative insurance	This part would disallow the exemption on certain insurance corporations currently exempt as town or county cooperative insurance corporations in order to prevent

	corporations under the insurance franchise tax	unfair competition.
I	Conform the Insurance and Tax laws to the Federal Dodd-Frank Act excess lines tax provisions and authorize New York State to participate in a national compact that collects and remits excess lines taxes to the states	This part would conform to the Federal Dodd-Frank Wall Street Reform and Consumer Protection Act, and would allow New York to treat excess line premium tax and tax on independently procured insurance based on a new sourcing rule.
J	Extend Gramm-Leach Bliley provisions for two years and make Bank Tax Act of 1985 permanent	This part would make certain provisions of the Bank Tax Reform Act of 1985 permanent both for New York State and the city of New York and would extend the transitional provisions based on the federal Gramm-Leach-Bliley Act for additional two years.
K	Modernize certain fuel definitions	This part would conform certain diesel motor fuel definitions to federal definitions and would make otherwise exempt diesel motor fuel exempt from tax at first import into the State, allowing exempt taxpayers to avoid the current refund process.
L	Extend the alternative fuels tax exemptions for one year	This part would amend the definition of E85 and extend the tax exemptions for alternative fuels, including E85, compressed natural gas (CNG), hydrogen, and B20 from September 1, 2011 to September 1, 2012.
M	Simplify the distribution of motor vehicle fees	This part would provide that all monies received pursuant to the Motor Vehicle and Traffic Law, which are not specifically dedicated to another source, are classified as motor vehicle receipts.
N	Eliminate restrictions on the operation of Quick Draw	This part would remove Quick Draw restrictions including: limiting participation to bars and taverns where at least 25% of sales are from food; requiring a minimum of 2,500-square-feet for establishments that do not serve alcohol; and the 21 year-old age requirement in certain locations.
O	Authorize a free play allowance program	This part would authorize the Division of the Lottery to administer a free play allowance credit program at video lottery gaming facilities, capped at ten percent of net machine income.
P	Allow two additional 75 percent instant lottery games	This part would allow the Lottery Division to offer an additional two instant games with a 75 percent prize payout annually from the current limit of three.

Q	Allow for a higher prize pay-out on multi-jurisdictional lottery games	This part would permit the Lottery Division to continue participating in joint, multi-jurisdiction and out-of-state lottery gaming consortiums in the event these entities increase prize payout percentages higher than the amount allowable under existing law.
R	Authorize multi-jurisdictional video lottery gaming	This part would permit the introduction of joint, multi-jurisdiction and out-of-state video lottery gaming with the same prize payout percentages as existing video lottery gaming.
S	Extend for one year lower pari-mutuel tax rates and rules governing simulcasting of out-of-state races	This part would extend, for a period of one year, various provisions of the Racing, Pari-Mutuel Wagering and Breeding Law, which expire during the 2011-12 fiscal year.

A. 4012 - MERGE STATE ENTITIES

PART	DESCRIPTION	SUMMARY
A	Merge the Banking Department, Insurance Departments and certain duties of the Consumer Protection Board (CPB) into a newly established Department of Financial Regulation and transfer certain statutory duties of the CPB to other state agencies	<p>This part would merge the operations of the Banking Department, Insurance Department and the consumer financial protection programs of the CPB into a newly established Department of Financial Regulation (DFR). The DFR would be granted authority over financial products and services and would be charged with enforcing the banking and insurance law, as well as a new prohibition against “financial fraud.” The DFR would be granted broad authority to: conduct investigations, research and analyze financial products and services; receive, mediate, and refer consumer complaints related to financial products and services; assist victims of identity theft; make legislative recommendations; and establish consumer financial education programs.</p> <p>The existing CPB’s implementing statute would be repealed. Certain functions of the CPB would be transferred to other state agencies, including the transfer to the Department of State of the enforcement of the Do Not Call Law and the ability to intervene in Public Service Commission utility rate cases. Several incidental statutory duties of the CPB would be transferred to the DFR.</p>
B	Merge the operations of the Office for the Prevention of Domestic Violence (OPDV), Office of Victim Services(OVS), and the State Commission of Correction (SCOC) into the Division of Criminal Justice Services (DCJS)	This part would consolidate the operations of the OPDV, OVS, and the SCOC into the DCJS. This part would also continue OPDV and OVS as offices within DCJS, the directors of which would report to the DCJS Commissioner.

C	Merge the Department of Correctional Services (DOCS) and the Division of Parole in a new Department of Correction and Community Supervision (DCCS)	This part would merge the Division of Parole and the DOCS into a new DCCS. The existing Commissioner of DOCS would be responsible for the functions of this combined agency. The Board of Parole would continue to be statutorily maintained as an independent agency but would be housed under the new DCCS and be reliant upon it for administrative support. This part would also reduce the number of Parole Board Commissioners from 19 to 13.
D	Transfers the Foundation of Science, Technology and Innovation into the Empire State Development Corporation	This part would eliminate the New York State Foundation for Science, Technology, and Innovation and transfer all powers and functions of the Foundation to the Empire State Development Corporation.

GUBERNATORIAL REORGANIZATION OF GOVERNMENT AGENCIES AND FUNCTION

DESCRIPTION	SUMMARY
Establish the Executive Reorganization Act of 2011	This proposal would direct the Governor to examine the organization of all administrative units of state government, including agencies, bureaus, commissions, departments, divisions, offices, task forces, and state public authorities of which at least one member is appointed by the governor, and excluding entities whose primary function is to serve the legislature, the judiciary, the department of law or the department of audit and control, and to reorganize, eliminate, and/or consolidate such entities or their functions to promote the better execution of the laws and to maximize efficiency; when any reorganization requires the force of law, the governor would submit a reorganization plan to the legislature for approval. The plan would take effect on a designated date if, within 30 days of its submission, both houses of the legislature adopt the plan by concurrent resolution by majority vote.

RECHARGE NEW YORK POWER PROGRAM

DESCRIPTION	SUMMARY
Establish the Recharge New York Power Program	This proposal would replace the Power For Jobs program with a 910 MW economic development program.

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**JOINT FISCAL COMMITTEE HEARINGS ON THE EXECUTIVE BUDGET
FOR STATE FISCAL YEAR 2011-12**

<u>DATE</u>	<u>LOCATION</u>	<u>TIME</u>	<u>TOPIC</u>
February 7	Hearing Room B	10:00 AM	Local Government Officials and General Government
February 8	Hearing Room B	9:30 AM	Environmental Conservation
February 9	Hearing Room B	9:30 AM	Public Protection
February 10	Hearing Room B	9:30 AM	Higher Education
February 14	Hearing Room B	9:30 AM	Economic Development
February 14	Hearing Room B	1:00 PM	Taxes
February 15	Hearing Room B	10:00 AM	Elementary & Secondary Education
February 16	Hearing Room B	9:30 AM	Human Services
February 16	Hearing Room B	1:00 PM	Housing
February 28	Hearing Room B	9:30 AM	Transportation
March 2	Hearing Room B	9:30 AM	Workforce Issues
March 2	Hearing Room B	12:00 PM	Mental Hygiene
March 3	Hearing Room B	10:00 AM	Health/Medicaid

FORECAST OF RECEIPTS

On or before February 28

Release of revenue receipts
by the Fiscal Committees of the
Legislature

All Hearings will be held in the Hamilton Room – Hearing Room B in the Legislative Office Building, Albany.