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STATISTICAL AND NARRATIVE SUMMARY
OF THE
EXECUTIVE BUDGET
FISCAL YEAR APRIL 1, 2011 TO MARCH 31, 2012

February 2011

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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.

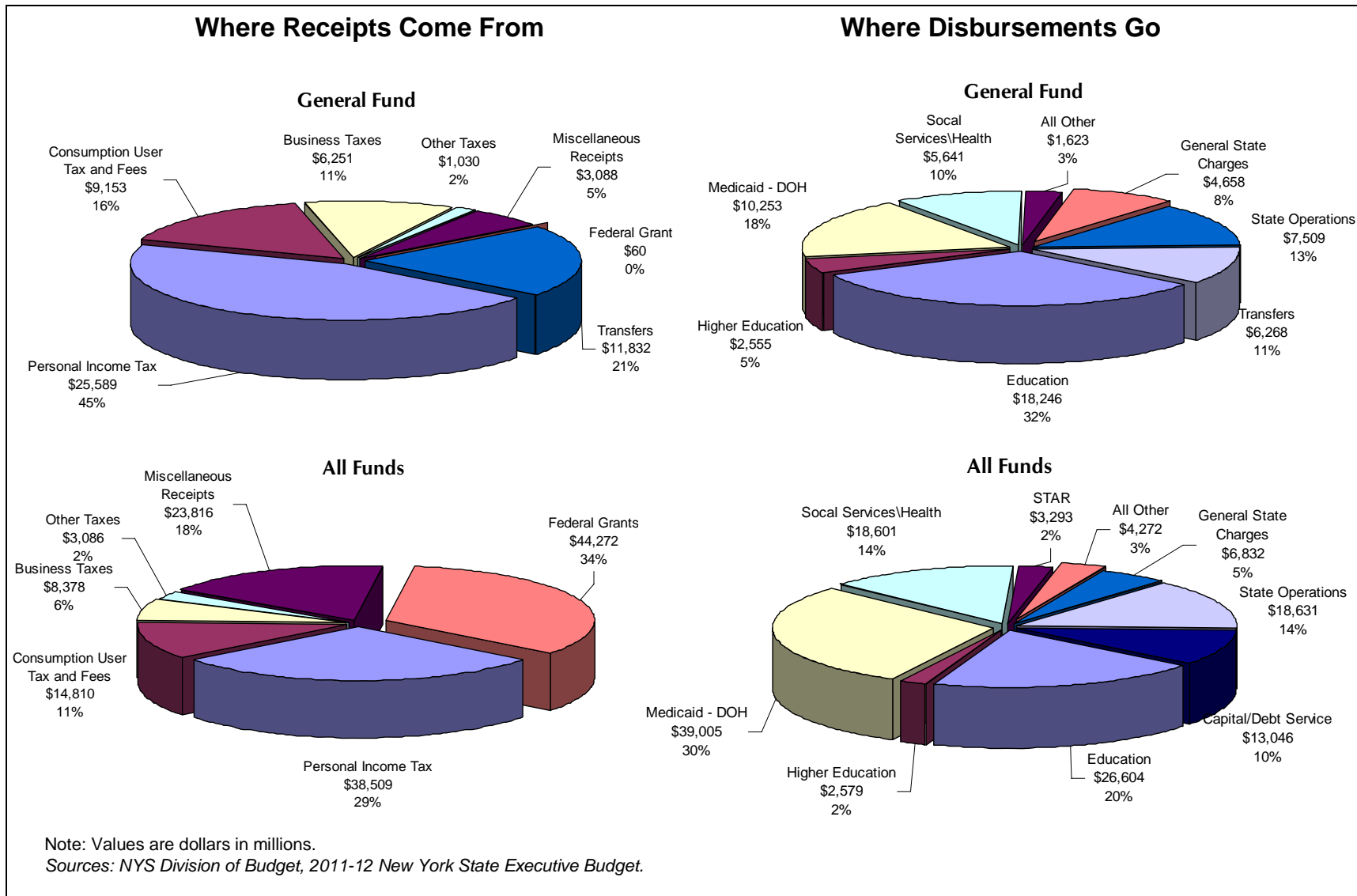


Figure 1

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.

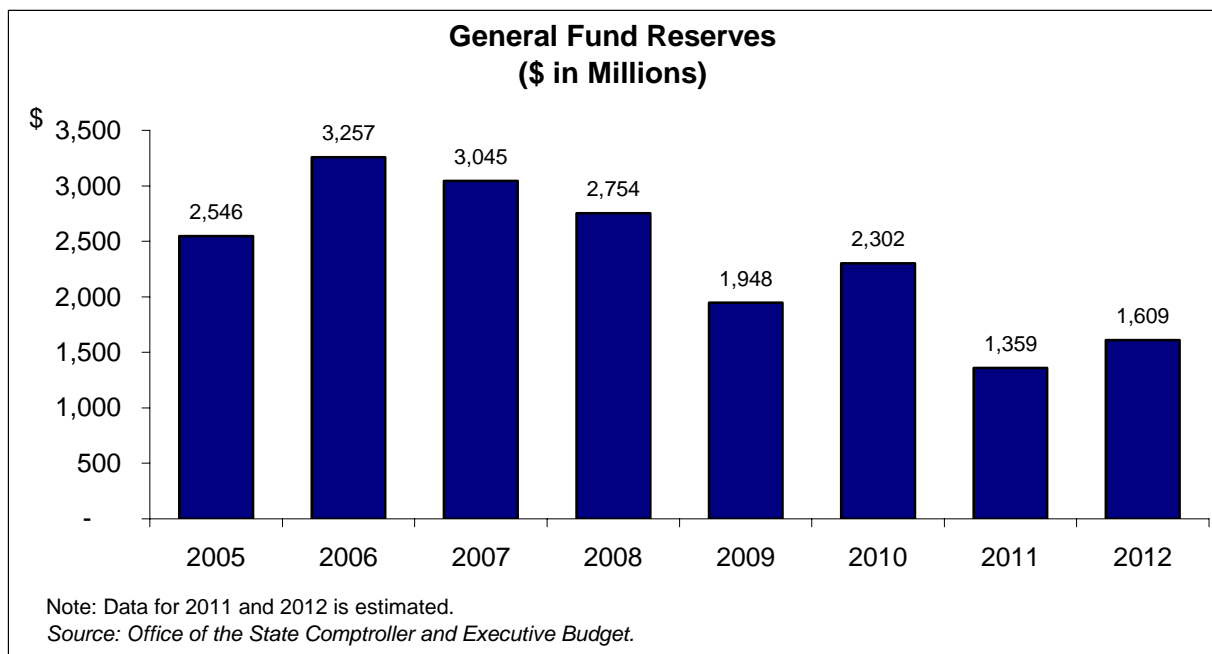


Figure 2

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

- **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).

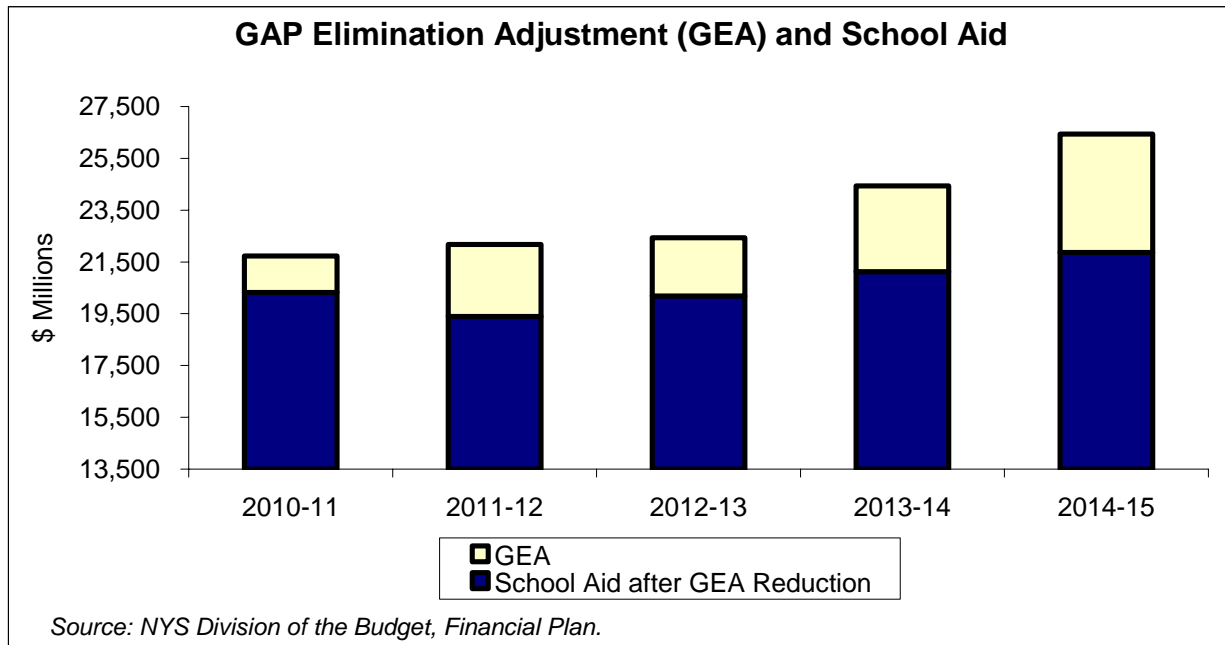


Figure 3

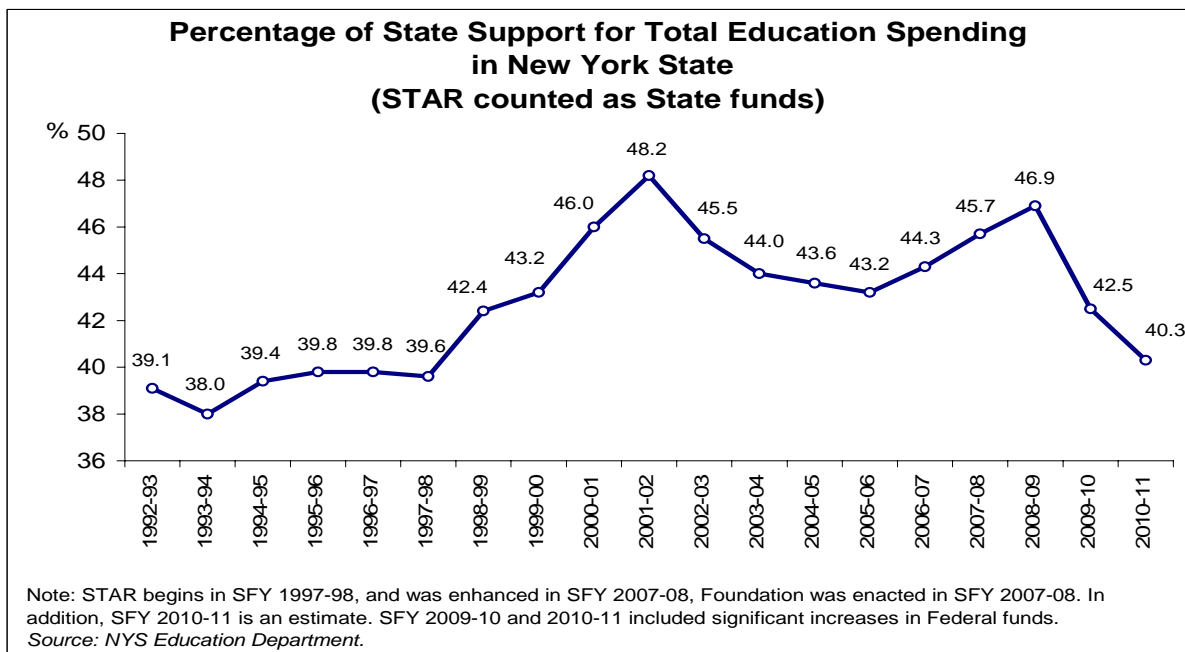


Figure 4

- **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).

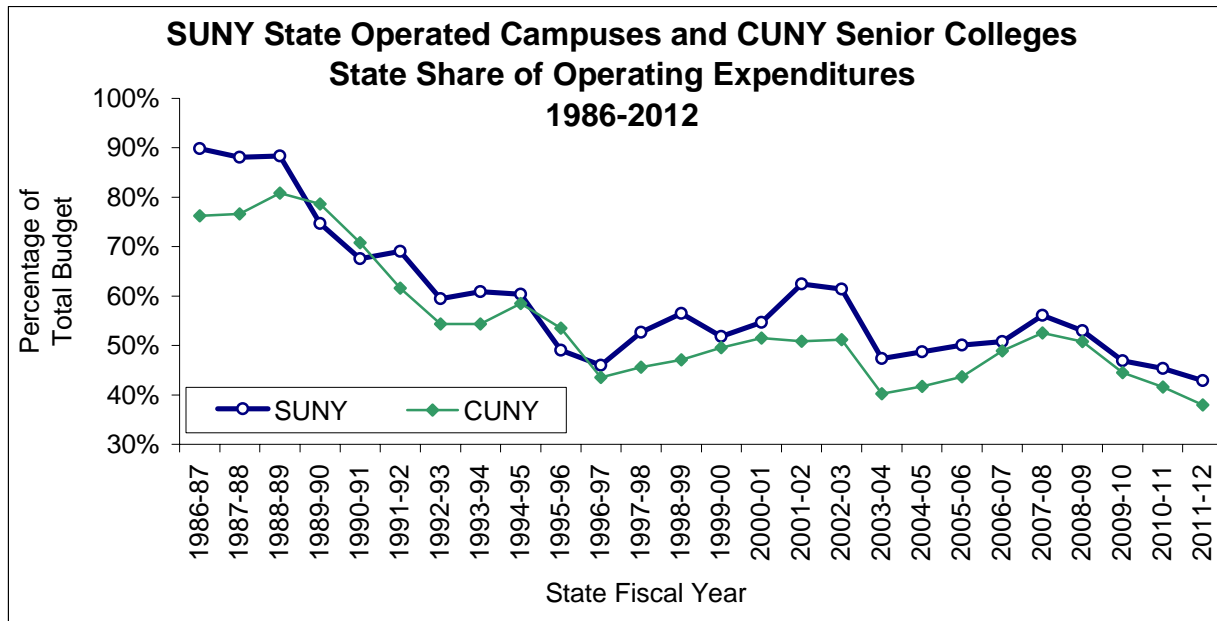


Figure 5

- 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.

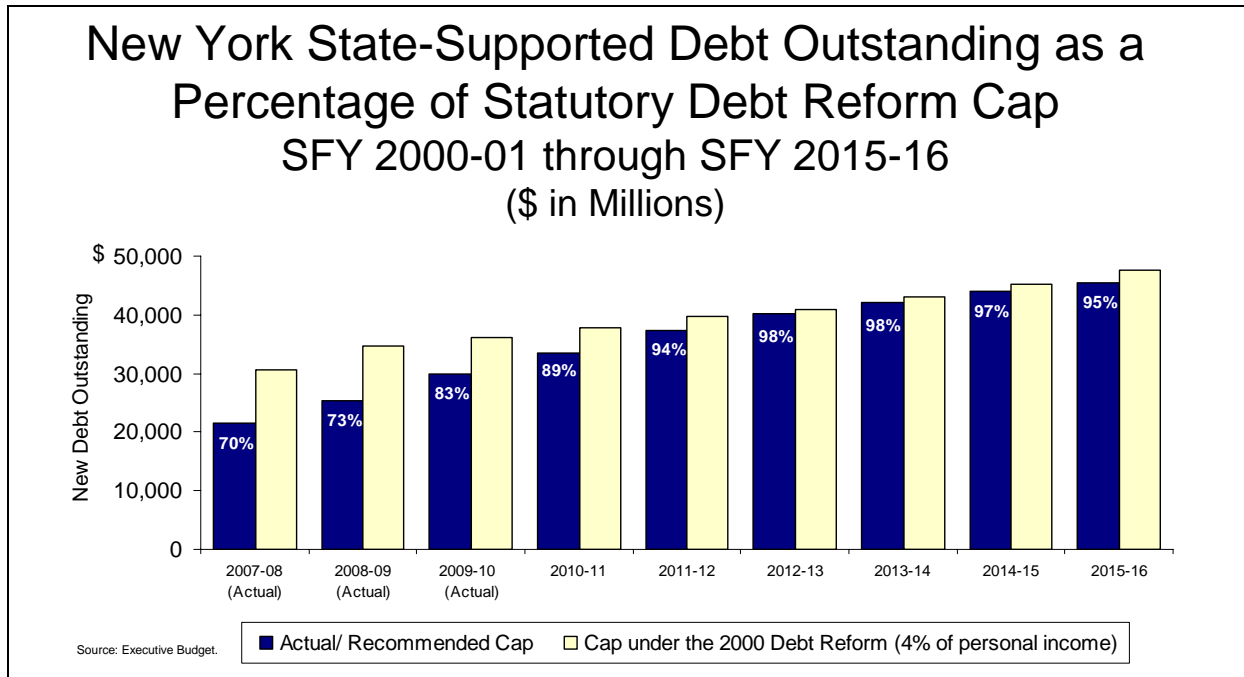


Figure 6

- 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).

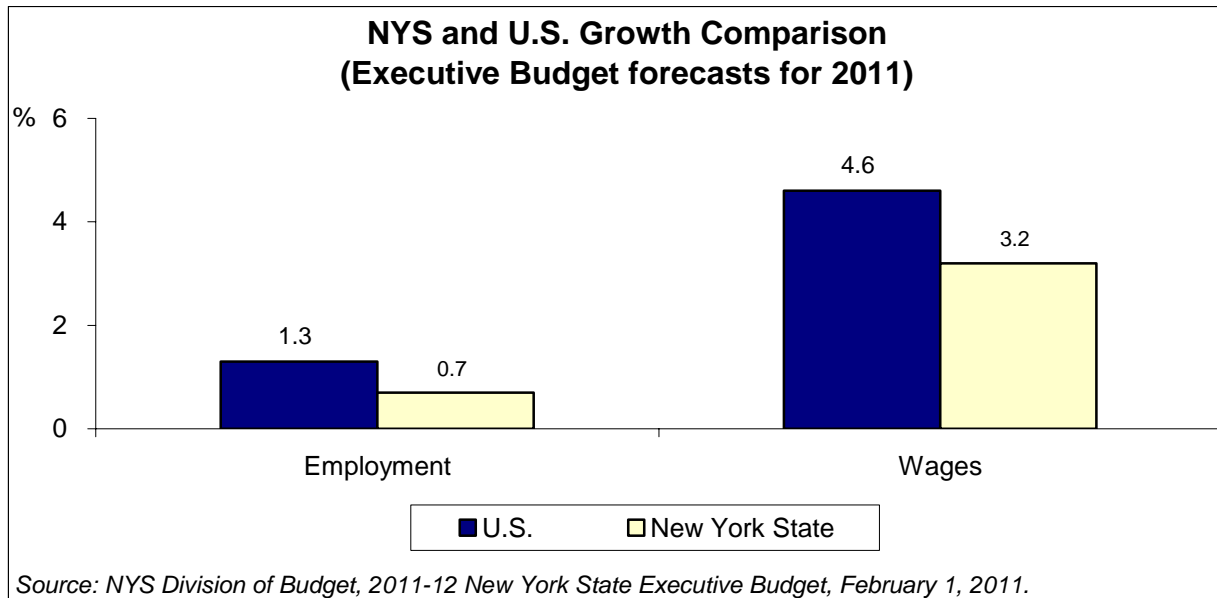


Figure 7

- 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 and 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. |

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| 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. |

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| 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 |

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| | | | | <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> |

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| 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 |
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| 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> |

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| 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> |

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| 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 |
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| 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. |

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| 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. |

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| 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. |

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| 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 |
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| 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 |

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| | 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. |

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| 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 |
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| 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. |

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| 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 |
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| 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 |
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| 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.

SECTION TWO

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PUBLIC PROTECTION & GENERAL GOVERNMENT

**Summary of Recommended Appropriations
By Agency**

DIVISION OF ALCOHOLIC BEVERAGE CONTROL

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 22,335,000 | 16,860,000 | (5,475,000) | -24.5% |
| Total for AGENCY SUMMARY: | 22,335,000 | 16,860,000 | (5,475,000) | -24.5% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| All Other Funds: | 140 | 140 | 0 |
| TOTAL: | 140 | 140 | 0 |

Agency Mission

(Executive Budget: pp. 18-20)

The Division of Alcoholic Beverage Control (ABC) regulates and controls the manufacture, sale and distribution of alcoholic beverages within the state. The Division also issues and renews licenses and permits to manufacturers, distributors, wholesalers and retailers and works with local law enforcement agencies to ensure compliance with the ABC law.

Budget Detail

The Executive proposes an All Funds appropriation of \$16,860,000 reflecting a net decrease of \$5,475,000 or 24.51 percent in State Operations funding from the State Fiscal Year (SFY) 2010-11 funding level.

The Executive recommends a workforce of 140 full-time equivalent (FTE) funded positions reflecting no change from 2010-11 enacted budget.

State Operations

The \$5,475,000 proposed decrease in State Operations funding recommended reflects the following changes:

Proposed Decreases

- a \$491,000 decrease in Special Revenue Funds for the Administration program reflecting a 10 percent reduction from the current funding level;
- a \$4,168,000 decrease in Special Revenue Funds in the Licensing and Wholesaler Services Program reflecting a 44.95 percent reduction from the current funding level. This amount includes a \$3,600,000 decrease associated with a one time special appropriation in the 2010-11 budget for investments to improve the Division's licensing functions; and
- a \$816,000 decrease in Special Revenue Funds for the Compliance program reflecting a 10.01 percent reduction from the current funding level.

Article VII

The Executive proposes to modify the compensation structure for the Commissioners of the New York State Liquor Authority. The proposal 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.

DEPARTMENT OF AUDIT AND CONTROL

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 171,798,000 | 157,826,000 | (13,972,000) | -8.1% |
| Special Revenue-Other | 11,008,000 | 18,508,000 | 7,500,000 | 68.1% |
| Total for Agency: | 182,806,000 | 176,334,000 | (6,472,000) | -3.5% |
| Total Contingency: | 105,648,000 | 107,999,000 | 2,351,000 | 2.2% |
| Total for AGENCY SUMMARY: | 288,454,000 | 284,333,000 | (4,121,000) | -1.4% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|-------------|
| General Fund: | 1,582 | 1,559 | (23) |
| All Other Funds: | 970 | 970 | 0 |
| TOTAL: | 2,552 | 2,529 | (23) |

Agency Mission

(Executive Budget: pp. 26-30)

The Department of Audit and Control (Department) is responsible for paying the state's bills and payrolls, verifying all financial transactions of the state, reviewing the financial and management practices of state agencies, supervising the fiscal affairs of local governments, investing state funds, issuing bonds and notes, and administering the retirement program for the state and most local government employees. The Department has its main office in Albany and regional offices in New York City, Buffalo, Rochester, Syracuse, Binghamton, Glens Falls, Newburgh, and Hauppauge.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- The Executive provides broad authority for interchange among appropriations within the Department regardless of program or fund, with the approval of the Director of the Budget.

Budget Detail

The Executive proposes an All Funds appropriation of \$284,333,000, representing a decrease of \$4,121,000 or 1.4 percent from the State Fiscal Year (SFY) 2010-11 funding level.

The Executive proposal reflects a workforce of 2,529 full-time equivalent (FTE) positions reflecting the transfer of 23 FTE positions to the Statewide Financial Systems project.

State Operations

The Executive recommends an overall State Operations appropriation of \$252,308,000.

General Fund State Operations appropriations total \$125,801,000 and reflect an overall decrease of \$13,972,000 in funding from current year levels and reflect the following actions:

- funding of \$11,315,000 for the Administration Program, reflecting a decrease of \$1,257,000 in funding from current year levels;
- funding of \$17,500,000 for the Chief Information Office Program, which reflects a decrease of \$1,944,000 in funding from current year levels;
- funding of \$39,594,000 for the State and Local Accountability Program, which reflects a decrease of \$4,399,000 in funding from current year levels;
- funding of \$43,140,000 for the State Operations Program, reflecting a decrease of \$4,792,000 in funding from current year levels;
- funding of \$7,885,000 for the Executive Direction Program, reflecting a decrease of \$874,000 in funding from current year levels;
- funding of \$5,677,000 for the Legal Services Program, which reflects a decrease of \$631,000 in funding from current year levels; and
- funding of \$681,000 is recommended to fund the Pension Investment and Public Finance Program, which reflects a decrease of \$75,000 in funding from current year levels.

Special Revenue Fund-Other appropriations in the amount of \$18,508,000 which reflect an increase of \$7,500,000 and reflect the following actions:

- funding of \$12,602,000 for support of the State Operations Program, which reflects an increase of \$7,500,000 in funding in the Abandoned Property Account over the SFY 2010-11 funding level. This additional funding is needed to accommodate additional audits in the Abandoned Property Account;
- funding of \$1,018,000 for Environmental Protection and Spill Compensation, which maintains the SFY 2010-11 funding level;
- funding of \$491,000 for support of State and Local Accountability Program, which maintains the SFY 2010-11 funding level; and
- funding of \$4,397,000 for support of Office of the Special Deputy Comptroller for New York City, which maintains the SFY 2010-11 funding level.

An Internal Service Fund appropriation of \$6,609,000 is proposed and reflects the following actions:

- funding of \$2,351,000 is proposed for a new account called Chief Information Office Information Technology Centralized Services Account for shared Technology services;
- funding of \$2,240,000 for expenses of the Pension Investment and Public Finance Program which maintains the SFY 2010-11 funding level;
- funding of \$150,000 for expenses of State Operations Program which maintains the SFY 2010-11 funding level; and
- funding of \$1,868,000 for the Executive Direction Program, an increase of \$48,000 from the SFY 2010-11 funding level.

The Executive recommends \$101,390,000 to fund the fiduciary activities of the Office of the Comptroller as follows:

- a \$90,102,000 appropriation for the Retirement Services Program, which maintains the SFY 2010-11 funding level; and
- an \$11,288,000 appropriation for the Pension Investment and Public Finance program, which maintains the SFY 2010-11 funding level.

Aid to Localities

The Executive recommends \$32,025,000 in General Fund Aid to Localities funding for state reimbursements to cities, towns, or villages for special accidental benefits and for reimbursement to New York City for payments made for special accidental death benefits to beneficiaries of first responders to the World Trade Center attack.

DIVISION OF THE BUDGET

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 34,477,000 | 29,029,000 | (5,448,000) | -15.8% |
| Special Revenue-Other | 23,431,000 | 22,931,000 | (500,000) | -2.1% |
| Internal Service Fund | 1,650,000 | 1,650,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 59,558,000 | 53,610,000 | (5,948,000) | -10.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 255 | 258 | 3 |
| All Other Funds: | 49 | 49 | 0 |
| TOTAL: | 304 | 307 | 3 |

Agency Mission

(Executive Budget: pp. 32-34)

The Division of the Budget (DOB) prepares the Governor's proposed budget and executes the budget as enacted by the Legislature. The Division also serves as the Governor's primary advisor on such fiscal matters as local government and public authority finances.

Budget Detail

The Executive recommends All Funds appropriations totaling \$53,610,000 reflecting a net reduction in funding of \$5,948,000 or 9.99 percent from State Fiscal Year (SFY) 2010 -11 funding levels.

The Executive recommends 307 full-time equivalent (FTE) funded positions reflecting an increase of three FTE positions transferred from the Governors Office of Regulatory Reform.

State Operations

The Executive continues funding for programs at the following levels:

- an Internal Service Fund/Federal Single Audit Account appropriation of \$1,650,000, for an annual independent audit of federal programs performed by KPMG as required by the Federal Single Audit Act of 1984;
- an appropriation of \$150,000 in Special Revenue Funds-Other for the purpose of making loans to eligible not-for-profit organizations;
- a General Fund appropriation totaling \$754,000 is recommended for services and expenses related to membership dues in various organizations reflecting a decrease of \$84,000 from the current funding level. Membership dues include the Conference of Northeast Governors (\$81,000); the Federal Funds Information for States (\$11,000), the National Governors Association (\$193,000), and the Council of State Governments (\$469,000);
- an appropriation of \$14,150,000 in the Special Revenue Funds-Other Revenue Arrearage Account; and
- an appropriation of \$7,131,000 in the Special Revenue Funds-Other appropriation for the Systems and Technology Account, which funds expenses for the modification of statewide personnel, accounting, financial management, budgeting and related information systems to accommodate the management and information needs of the DOB.

Proposed Decreases

The Executive proposal includes:

- a General Fund appropriation of \$26,775,000 for Personal Service (\$22,332,000) and Non Personal Service (\$4,443,000) costs, reflecting an overall decrease of \$2,864,000 from the current funding level; and
- a General Fund appropriation of \$1,500,000 for the Cash Management Improvement Act Program, reflecting a decrease of \$2,500,000 from the SFY 2010-11 funding

level. This appropriation allows the state to accept and pay any interest liabilities owed to the federal government under the Federal Cash Management Improvement Act. The Executive also recommends \$1,500,000 in Special Revenue-Other funding, reflecting a decrease of \$500,000 from the SFY 2010-11 funding level. This appropriation allows the state to accept and spend any federal interest liabilities owed to the state.

DEPARTMENT OF CIVIL SERVICE

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 18,593,000 | 16,734,000 | (1,859,000) | -10.0% |
| Special Revenue-Other | 2,257,000 | 2,257,000 | 0 | 0.0% |
| Internal Service Fund | 40,704,000 | 40,704,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 61,554,000 | 59,695,000 | (1,859,000) | -3.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 217 | 217 | 0 |
| All Other Funds: | 227 | 227 | 0 |
| TOTAL: | 444 | 444 | 0 |

Agency Mission

(Executive Budget: pp. 40-43)

The Department of Civil Service is charged with providing human resource management services to state and local governments.

Budget Detail

The Executive proposes an All Funds State Operations appropriation of \$59,695,000, a decrease of \$1,859,000 or 3.0 percent below the State Fiscal Year (SFY) 2010-11 level. The Executive recommends funding support of 444 full-time equivalent positions, which is unchanged from SFY 2010-11.

State Operations

Proposed Decreases

The Executive proposes reductions of \$1,859,000 related to a 10 percent across the board reduction in General Fund agency operating budgets.

Article VII

The Executive recommends Article VII legislation that would change the compensation for Commissioners of the State Civil Service Commission, other than the President, from an annual salary of \$90,800 to a \$250 per diem plus reimbursement for actual and necessary expenses.

DEPARTMENT OF CORRECTIONS AND COMMUNITY SUPERVISION

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|---|--------------------------------------|---------------------------------|----------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 2,700,518,000 | 2,424,785,000 | (275,733,000) | -10.2% |
| Special Revenue-Other | 30,755,000 | 30,355,000 | (400,000) | -1.3% |
| Special Revenue-Federal | 38,900,000 | 39,400,000 | 500,000 | 1.3% |
| Enterprise | 43,013,000 | 43,013,000 | 0 | 0.0% |
| Correctional Facilities Capital Improvement Fund | 320,000,000 | 320,000,000 | 0 | 0.0% |
| Internal Service Fund | 84,692,000 | 84,692,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 3,217,878,000 | 2,942,245,000 | (275,633,000) | -8.6% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|--------------|
| General Fund: | 28,893 | 30,191 | 1,298 |
| All Other Funds: | 985 | 985 | 0 |
| TOTAL: | 29,878 | 31,176 | 1,298 |

Agency Mission

(Executive Budget: pp. 44-50)

The Department of Corrections and Community Supervision (DCCS) is responsible for the operation of the state's 67 correctional facilities and the supervision of an under-custody population of approximately 56,200 inmates who have been sentenced to a term of incarceration which is greater than one year. As part of a proposed agency merger, DCCS would also be responsible for the reintegration of inmates into their communities, and the supervision of offenders upon release.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- the Executive proposes the consolidation of the Department of Correctional Services (DOCS) and the Division of Parole (Parole) into a new “Department of Correctional Services and Community Supervision” (DCCS); and
- the closure of state correctional facilities, upon the recommendations of an appointed task force.

Budget Detail

The Executive budget recommends an All Funds appropriation of \$2,942,245,000, a decrease of \$101,633,000 or 3.3 percent from its SFY 2010-11 funding level. The Executive proposes support for a workforce of 31,176 full-time equivalent (FTE) positions, an increase of 1,298 FTE positions. This increase in workforce is attributable to the transfer of employees from the Division of Parole and the filling of necessary health, supervision, and information technology positions.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$2,605,074,000, a decrease of \$270,633,000, or 9.4 percent from SFY 2010-11 funding levels. The General Fund will support a total of \$2,418,614,000 or 93 percent of DCCS’ State Operations non-capital expenditures.

Agency Consolidation

The Executive proposes the consolidation of DOCS and Parole into a single agency charged with both institutional and community-based supervision, which would produce \$5,000,000 in savings. While the Commissioner of DOCS would be responsible for all the functions of the new agency, the Board of Parole would maintain its statutory independence while being administratively hosted by DCCS. Included as part of this consolidation, the number of Parole Board members would be reduced from 19 to 13, yielding a current-year savings of \$1 million.

Prison Closure Proposal

The Executive Budget assumes the closure of state correctional facilities upon the recommendations of an appointed task force. This body, which will ultimately be established by Executive Order, 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 a statutory requirement to provide a minimum of 12 months notice prior to the closing of any correctional facility.
- In concert with the prison closures, the Executive Budget assumes the suspension of all correctional officer training classes, resulting in the attrition of 1,100 correctional officer positions in SFY 2011-12.
- The Executive proposal would also require the elimination of administrative staff positions at the DCCS central offices, producing an additional savings of \$5 million.

Proposed Decreases

The Executive proposal would decrease State Operations support through the following actions:

- a General Fund transfer to Corcraft for the production of New York State license plates would be reduced by \$4,500,000; and
- a \$2,000,000 appropriation for payments to victims and survivors of deceased victims of the 1971 riot at the Attica correctional facility is eliminated as a State obligation to victims was met as of last state fiscal year.

Aid to Localities

The Executive proposes an Aid to Localities appropriation of \$17,171,000, a decrease of \$5,000,000, or 22.5 percent from SFY 2010-11 funding levels.

Proposed Decreases

- The Executive proposal would eliminate a \$5,000,000 appropriation to reimburse counties for the housing of state-ready inmates.

Capital Projects

The Executive proposal includes a capital appropriation of \$320,000,000, unchanged from SFY 2010-11 funding levels.

Article VII

The Executive recommends Article VII legislation that would:

- eliminate the requirement that the Commissioner of DCCS provide at least twelve months notice prior to closing a correctional facility;

- eliminate the requirement that the Commissioner of Economic Development issue an adaptive reuse plan for a facility six months prior to the effective closure date. Instead, the Chairman of the Empire State Development Corporation would be required to, in consultation with the appropriate Regional Economic Development Council, submit a plan within six months of any facilities closure that would make recommendations to minimize the economic impact of such closure; and
- consolidate DOCS and Parole into a new Department of Correctional Services and Community Supervision.

DIVISION OF CRIMINAL JUSTICE SERVICES

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 180,660,000 | 164,594,000 | (16,066,000) | -8.9% |
| Special Revenue-Other | 96,171,000 | 83,302,000 | (12,869,000) | -13.4% |
| Special Revenue-Federal | 137,704,000 | 98,129,000 | (39,575,000) | -28.7% |
| Internal Service Fund | 890,000 | 890,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 415,425,000 | 346,915,000 | (68,510,000) | -16.5% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|------------|
| General Fund: | 550 | 593 | 43 |
| All Other Funds: | 107 | 194 | 87 |
| TOTAL: | 657 | 787 | 130 |

Agency Mission

(Executive Budget: pp. 51-57)

The Division of Criminal Justice Services (DCJS) is the administering agency for both state and federal funds that support programs designed to combat crime, drug abuse, and violence. DCJS maintains criminal history and statistical data for federal, state and local law enforcement agencies, identifies criminals through fingerprints, maintains the sex offender registry and provides training and management services to local law enforcement agencies.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- a broadening of the scope of the DCJS through the consolidation of several state agencies under its auspices, including the Office for the Prevention of Domestic Violence (OPDV), the Office of Victim Services (OVS) and the State Commission of Correction (SCOC); and
- the consolidation of several local assistance appropriations into a single item subject to an allocation plan developed by the Commission.

Budget Detail

The Executive Budget recommends an All Funds appropriation of \$346,915,000, a decrease of \$68,510,000 or 16.5 percent from its State Fiscal Year (SFY) 2010-11 funding level. The Executive proposal includes support for a workforce of 787 full-time equivalent (FTE) positions, an increase of 130 FTE positions. This increase in workforce is attributable to a proposed consolidation.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$114,350,000, a decrease of \$22,528,000, or 16.5 percent from SFY 2010-11 funding levels.

Proposed Increases

The Executive proposal increases support for Edward Byrne/Justice Assistance Grants (JAG) appropriation by \$2,475,000.

Proposed Decreases

The Executive proposal decreases appropriations to reflect the following:

- an Edward Byrne/JAG appropriation that was originally provided under the American Recovery and Reinvestment Act (ARRA) is eliminated (\$12,000,000);
- General Fund support for state operations is reduced by an overall 10 percent: \$6,400,000;
- appropriations for the Fingerprint ID and Technology Account are reduced by \$5,500,000;
- a Federal Juvenile Justice and Delinquency Prevention Formula appropriation is reduced by \$500,000;

- a Violence Against Women Act Formula Grant appropriation is eliminated to reflect the discontinuance of ARRA support (\$500,000);
- savings associated with the merging of OPDV, OVS and SCOC into DCJS: \$477,000; and
- an appropriation for the OVS Conference Fees Account would be eliminated: \$105,000.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$232,565,000, a decrease of \$45,982,000, or 16.5 percent from SFY 2010-11 funding levels.

Proposed Increases

The Executive proposes increases to Federal appropriations for initiative funded under the Juvenile Justice and Delinquency Prevention Act by \$300,000.

Proposed Decreases

The Executive proposal decreases support, reflecting the following:

- an Edward Byrne/JAG appropriation is reduced by \$23,500,000 due to the expiration of ARRA support;
- local assistance programs supported by the General Fund would be reduced by an overall \$9,700,000, or eight percent to reflect the following:
 - the consolidation of a number of local assistance grants into a single appropriation of \$160,122,000, to be awarded at the discretion of the Commissioner;
 - discrete appropriations for the New York State Defenders Association, Aid to Defense, the Special Narcotics Prosecutor, the New York Prosecutors Training Institute, Re-entry Task Forces, Aid to Prosecution, Soft Body Armor, Crime Laboratories, District Attorney's Salaries, Drug Diversion Programs, the Westchester County Policing Program, Witness Protection, and Operation IMPACT would be eliminated; and
 - the Executive proposal would also remove discrete appropriations for a number of probation and correctional alternatives programs and services.

- the elimination of legislatively directed Legal Services Assistance Account allocations : \$6,046,000;
- a reduction in federal appropriations for Violence Against Women Formula Grants: \$3,250,000;
- a reduction in federal Crime Victims Compensation funds due to the discontinuance of ARRA support: \$1,450,000;
- the elimination of legislative allocations made from the Criminal Justice Improvement Account: \$1,218,000;
- a reduction in Special Revenue fund support for Aid to Defense, Aid to Prosecution and District Attorney and Indigent Legal Services Attorney Loan Forgiveness: \$846,000; and
- reduction in other federal grant appropriations : \$600,000.

Article VII

The Executive recommends Article VII legislation that would:

- broaden the scope of the Division of Criminal Justice Services (DCJS) by consolidating several state agencies under its auspice; and
- extend various criminal justice programs for an additional three years.

STATE BOARD OF ELECTIONS

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 6,135,000 | 5,521,000 | (614,000) | -10.0% |
| Special Revenue-Other | 500,000 | 500,000 | 0 | 0.0% |
| Special Revenue-Federal | 7,500,000 | 7,500,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 14,135,000 | 13,521,000 | (614,000) | -4.3% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|---------------|--------------------|----------------------|----------|
| General Fund: | 60 | 60 | 0 |
| TOTAL: | 60 | 60 | 0 |

Agency Mission

(Executive Budget: pp. 84-86)

The State Board of Elections executes and enforces the Election Law and oversees the disclosure of campaign financing practices.

Budget Detail

The Executive recommends an All Funds appropriation of \$13,521,000 reflecting a net decrease of \$614,000 or 10 percent from the General Fund State Fiscal Year (SFY) 2010-11 funding level. This appropriation includes \$5,521,000 in General Fund Support, \$500,000 in Special Revenue Funds-Other, and \$6,500,000 in Special Revenue Funds-Federal to allow the state to continue its work pertaining to the implementation of the Help America Vote Act of 2002 (HAVA) and the Military and Overseas Voter Empowerment Act of 2009.

The Executive recommends funding 60 full-time equivalent (FTE) positions in SFY 2011-12 reflecting no change from the current fiscal year staffing level.

State Operations

Proposed Decreases

- The Executive recommends \$12,521,000 in State Operations funding, reflecting a net decrease of \$614,000 from 2010-11 funding levels. The decrease reflects savings that will be achieved through administrative efficiencies in non-personal service and negotiated workforce savings.

Aid to Localities

The Executive recommends \$1,000,000 in Aid to Localities Special Revenue Funds–Federal reflecting no change from the current funding level. This funding will pay for services and expenses including prior year liabilities related to the alteration of poll sites to provide accessibility for disabled voters.

Re-appropriations

Re-appropriations of \$101,100,000 are recommended in unspent federal and state funds primarily for the purpose of implementing provisions of the Help America Vote Act (HAVA).

Article VII

This proposal eliminates 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. In most instances, the proposal provides that such information be posted on the website of the appropriate board of elections. In addition, the proposal repeals language which requires the State Board to annually compile revised election laws and transmit such compilation to each board of elections.

OFFICE OF EMPLOYEE RELATIONS

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 3,290,000 | 2,961,000 | (329,000) | -10.0% |
| Special Revenue-Other | 121,000 | 121,000 | 0 | 0.0% |
| Internal Service Fund | 3,710,000 | 3,710,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 7,121,000 | 6,792,000 | (329,000) | -4.6% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 31 | 31 | 0 |
| All Other Funds: | 12 | 12 | 0 |
| TOTAL: | 43 | 43 | 0 |

Agency Mission

(Executive Budget: pp. 91-93)

In accordance with the Public Employees' Fair Employment Act (the Taylor Law), the Office of Employee Relations represents the Governor in collective bargaining with public employee unions and directs the state's employee relations policies so that agencies and employees provide high quality, uninterrupted state government services.

Budget Detail

The Executive proposes an All Funds State Operations appropriation of \$6,792,000, a decrease of \$329,000 or 4.6 percent below the SFY 2010-11 level. The Executive recommends funding support of 43 full-time equivalent positions, which is unchanged from SFY 2010-11.

State Operations

Proposed Decreases

The Executive proposes reductions of \$329,000 related to a 10 percent across-the-board reduction in General Fund agency operating budgets.

EXECUTIVE CHAMBER

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 20,538,000 | 18,484,000 | (2,054,000) | -10.0% |
| Special Revenue-Other | 100,000 | 90,000 | (10,000) | -10.0% |
| Total for AGENCY SUMMARY: | 20,638,000 | 18,574,000 | (2,064,000) | -10.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|---------------|--------------------|----------------------|----------|
| General Fund: | 143 | 143 | 0 |
| TOTAL: | 143 | 143 | 0 |

Agency Mission

(Executive Budget: pp. 111-114)

The Executive Chamber is the Office of the Governor and includes the immediate staff that assists the Governor. The Office of the Governor is located in the State Capitol in Albany and also has offices in New York City and Washington, DC.

Budget Detail

The Executive proposes All Funds appropriations totaling \$18,574,000 to support the activities of the Office of the Governor and the Office of the Lieutenant Governor. The requested appropriation reflects a net decrease of \$2,064,000 or 10 percent in State Operations funding from the State Fiscal Year (SFY) 2010-11 funding level.

The Executive's recommendation for the Office of the Governor and the Office of the Lieutenant Governor reflects an overall workforce of 143 full-time equivalent (FTE) positions, representing no change from the current funding level. Recommended FTEs for the Office of the Governor are 136, and a workforce of seven FTE funded positions is recommended for Office of the Lieutenant Governor.

State Operations

Proposed Decreases

- The \$2,064,000 decrease in State Operations funding reflects a decrease of \$1,994,000 to the Office of the Governor and a decrease of \$70,000 in the Office of the Lieutenant Governor. These funding decreases reflect administrative efficiencies in non-personal service and negotiated workforce savings.

DEPARTMENT OF FINANCIAL REGULATION

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 150,000 | 0 | (150,000) | -100.0% |
| Special Revenue-Other | 556,384,555 | 563,996,823 | 7,612,268 | 1.4% |
| Special Revenue-Federal | 1,000,000 | 0 | (1,000,000) | -100.0% |
| Total for AGENCY SUMMARY: | 557,534,555 | 563,996,823 | 6,462,268 | 1.2% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|--------------|
| All Other Funds: | 0 | 1,538 | 1,538 |
| TOTAL: | 0 | 1,538 | 1,538 |

Agency Mission

(Executive Budget: pp. 131-134)

The Department of Financial Regulation (DFR) consolidates the regulatory powers and expertise of the Banking and Insurance departments, as well as the Consumer Protection Board, to make the State's oversight of financial services responsive to the 21st century needs of the industry and its customers. DFR consolidates the functions, operations and staff of the Banking and Insurance departments, along with related segments of the Consumer Protection Board, into a single state agency. The consolidation will afford the state the ability to unify the state's regulation of financial services and to more rapidly respond to changing market practices.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- The Executive budget creates a new Department of Financial Regulation (DFR) which represents the consolidation of the Banking and Insurance departments; the Consumer Protection Board (CPB) is eliminated although certain current functions are transferred to the new entity.

Budget Detail

The Executive recommends an All Funds appropriation of \$563,996,823 reflecting an increase of \$6,462,268 over the State Fiscal Year (SFY) 2010-11 funding levels as a result of the consolidation of the three agencies. This appropriation includes \$338,430,823 in Special Revenue Fund–Other support for state purposes and \$225,566,000 in Special Revenue Fund–Other support for Aid to Localities funding.

The Executive recommends funding 1,538 full-time equivalent (FTE) positions in SFY 2011-12 for staffing the new agency, which is the same level as SFY 2010-11.

State Operations

The Executive proposes an appropriation of \$338,430,823 in State Operations Special Revenue-Other funding reflecting a net increase of \$6,462,268 in funding over the current fiscal year and representing the following actions:

Administration Program

The Administration Program consists of the merger of Insurance Administration Program and the Banking Administration Program, Banking Seized Assets Account and Settlement Account.

The Executive recommends \$42,063,146 in Special Revenue-Other funding for the new DFR Administrative Program. This funding reflects a net increase of \$733,970 over the current fiscal year funding level and will pay for Personal Services (PS) and Non Personal service expenses in the following accounts:

- State Transmitter of Money Insurance Fund Account: \$14,000,000
- Banking Department Account: \$7,741,000
- Banking Department Seized Assets Account : \$50,000

- Banking Department settlement Account: \$50,000
- Insurance Department Account: \$20,222,146

Consumer Services Program

The Executive recommends \$20,840,607 in Special Revenue-Other funding for the new Consumer Services Program. This funding reflects a net increase of \$1,780,623 over the current fiscal year and will pay for Personal Services (PS) and Non-Personal service expenses in the following accounts:

- Consumer Protection Account: \$1,000,000
- Banking Department Account: \$4,820,000
- Insurance Department Account: \$15,020,607

Regulation Program

The new Regulation Program consists of the merger of Insurance Regulation Program and the Banking Regulation Program.

The Executive recommends \$275,527,070 in Special Revenue-Other funding for the new Regulation Program. This funding reflects a net increase of \$5,097,675 over the current fiscal year and will pay for Personal Services (PS) and Non-Personal service expenses in the following accounts:

- Banking Department Account: \$80,387,000
- Sub-allocate to the Inspector General: \$1,165,000
- Insurance Department Account : \$114,351,107
- Various Sub-allocations are included in the Regulation Program as follows:
 - to the Department of State for expenses incurred in the enforcement, development and maintenance of the state building code: \$7,787,513;
 - to the Department of Health for expenses incurred in the development of inpatient hospital rates for insurance payments: \$365,000;
 - to the Department of Health for expenses incurred in the certification of managed care programs: \$300,000;

- to the Department of Health for services and expenses incurred in the approval of managed care implementation plans: \$300,000;
- to the Division of Homeland Security and Emergency Services for expenses related to the urban search and rescue program: \$597,301;
- to the Division of Homeland Security and Emergency Services for expenses related to the fire prevention and control program and the state fire reporting system: \$15,241,739;
- to the Office of Inspector General for services and expenses: \$250,000;
- to the Division of Homeland Security and Emergency Services for services and expenses of developing and promulgating fire safety standards for cigarettes: \$1,094,781;
- to the Division of Homeland Security and Emergency Services for services and expenses related to the repair and rehabilitation of the state fire training academy: \$1,244,765;
- to the Department of Law for services and expenses related associated with the implantation of executive order 109 appointing the attorney general as special prosecutor for no-fault auto insurance fraud: \$5,253,413;
- to the Department of Health for services and expenses of the Center for Community Health program: \$14,600,000;
- to the Department of Law for services and expenses associated with investigating broker/insurance practices in the insurance industry: \$1,789,451;
- to the Division of Criminal Justice Services for services and expenses associated with the traffic and criminal software (TraCS) project: \$2,000,000;
- to the Department of Health for services and expenses incurred for implementation of forge-proof pharmaceutical prescription program: \$16,400,000; and
- to the Department of Health for services and expenses related to the enhanced newborn screening program: \$11,900,000.

Proposed Decreases

- A decrease of \$1,000,000 is reflected for a previous sub-allocation to the Banking Department for the Holocaust Claims Processing Office.

Aid to Localities

The Executive proposes an appropriation of \$225,566,000 in Special Revenue Funds–Other which reflects the following actions:

- \$850,000 is recommended for services and expenses in the Administration Program Banking Department Settlement Account related to the enforcement actions in accordance with the purposes outlined in the settlement under which funding is obtained.
- \$224,716,000 is recommended for services and expenses in the Regulation Program Insurance Department Account related to various services and expenses and sub-allocations to various agencies as follows:
 - to the Division of Homeland Security and Emergency Services for aid to localities payments related to municipalities fighting fires on state property: \$989,000;
 - to the Department of Health for aid to localities payments for services and expenses related to the administration of the cervical cancer vaccine program: \$4,700,000;
 - to the Department of Health for aid to localities payments for services and expenses related to the administration of the lead poisoning prevention program: \$3,760,000;
 - to the Department of Health for aid to localities payments for services and expenses related to the administration of the childhood lead poisoning primary prevention program: \$5,170,000;
 - to the Department of Health for aid to localities payments for services and expenses related to the administration of the lead prevention program: \$677,000;
 - to the Department of Health for aid to localities payments for services and expenses related to the administration of the childhood obesity program: \$660,000;
 - to the Department of Health for aid to localities payments for services and expenses related to the administration of the immunization program: \$7,520,000;
 - for services and expenses related to the Healthy NY program: \$161,040,000;
 - for services and expenses related to the health maintenance organization direct pay market program: \$39,200,000; and

- for services and expenses related to the pilot program for the entertainment industry employees: \$1,000,000.

Re-appropriations

The Executive recommends \$6,462,268 in re-appropriations for the new Department of Financial Regulation.

Article VII

The Executive proposes Article VII legislation that would establish a new Department of Financial Regulation (DFR) that would consolidate the current Banking and Insurance Departments and merge certain duties of the Consumer Protection Board (CPB). The proposal transfers some statutory responsibilities currently performed by the CPB to other State Agencies, including the Department of Health and the Department of State; eliminates the Banking Board within the Banking Department, and maintains the current assessment structure for the coming year and modifies the assessment structure on April 1, 2012.

A Financial Fraud unit is established to investigate any fraud, intentional misrepresentation or deceptive act or practice involving a financial product, service or activity. In addition, the proposal eliminates a significant amount of annual insurance reporting requirements and makes certain technical changes in order to be consistent with various provisions of existing law.

OFFICE OF GENERAL SERVICES

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|---|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 143,172,000 | 128,912,000 | (14,260,000) | -10.0% |
| Special Revenue-Other | 21,591,000 | 21,591,000 | 0 | 0.0% |
| Special Revenue-Federal | 11,340,000 | 8,230,000 | (3,110,000) | -27.4% |
| Enterprise | 2,009,000 | 2,009,000 | 0 | 0.0% |
| Capital Projects Fund | 82,000,000 | 50,900,000 | (31,100,000) | -37.9% |
| Capital Projects Fund - Authority Bonds | 16,000,000 | 33,100,000 | 17,100,000 | 106.9% |
| Internal Service Fund | 300,720,000 | 300,720,000 | 0 | 0.0% |
| Fiduciary | 750,000 | 750,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 577,582,000 | 546,212,000 | (31,370,000) | -5.4% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 821 | 821 | 0 |
| All Other Funds: | 550 | 553 | 3 |
| TOTAL: | 1,371 | 1,374 | 3 |

Agency Mission

(Executive Budget: pp.135-140)

The Office of General Services (OGS) supports the operation of state agencies by providing space planning and leasing; real property management and maintenance; centralized contracting for commodities, printing and equipment maintenance services; employee and visitor parking management; and interagency mail and courier assistance. OGS also provides a number of smaller agencies with various centralized administrative and information processing services.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- in-sourcing of three full time equivalent (FTE) positions pursuant to Chapter 500 of the Laws of 2009; and
- a reduction of \$14,000,000 in capital projects funding in attributed to the deferral of non-critical maintenance and suspension of sustainability projects.

Budget Detail

The Executive proposes an All Funds appropriation of \$546,212,000, a decrease of \$31,370,000 or 5.4 percent from the SFY 2010-11 level. The Executive recommends funding support for 1,374 full time equivalent (FTE) positions, an increase of 3 FTE positions over the 2010-11 level.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$462,212,000, a decrease of \$17,370,000 or 3.6 percent from the SFY 2010-11 level.

Proposed Decreases

The Executive recommends:

- a decrease of \$14,260,000 attributed to a 10 percent State Operations reduction. To achieve this reduction, the Real Property Management and Development Program is reduced by \$11,860,000, the Executive Direction Program is reduced by \$1,189,000, the Procurement Program is reduced by \$1,145,000 and the Curatorial Services Program is reduced by \$66,000; and
- a reduction of \$3,110,000 due to the discontinuation of federal stimulus funding for the Emergency Food Assistance Program.

Capital Projects

The Executive proposes \$84,000,000 for capital projects, a reduction of \$14,000,000 below SFY 2010-11, which is attributable to a deferral of non-critical maintenance and suspension of sustainability projects.

DIVISION OF HOMELAND SECURITY AND EMERGENCY SERVICES

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 15,257,000 | 14,054,000 | (1,203,000) | -7.9% |
| Special Revenue-Other | 99,719,700 | 124,753,000 | 25,033,300 | 25.1% |
| Special Revenue-Federal | 627,474,000 | 627,474,000 | 0 | 0.0% |
| Enterprise | 50,000,000 | 50,000,000 | 0 | 0.0% |
| Capital Projects Fund | 42,000,000 | 0 | (42,000,000) | -100.0% |
| Internal Service Fund | 2,000,000 | 2,000,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 836,450,700 | 818,281,000 | (18,169,700) | -2.2% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|-----------|
| General Fund: | 125 | 125 | 0 |
| All Other Funds: | 279 | 308 | 29 |
| TOTAL: | 404 | 433 | 29 |

Agency Mission

(Executive Budget: pp. 163-169)

The Division of Homeland Security and Emergency Services (DHSES) is responsible for the protection of the state's cyber security infrastructure, counter terrorism efforts, the coordination of emergency management activities, the training of emergency personnel, fire prevention activities, and the interoperability of emergency communications. DHSES is also responsible for developing and coordinating a comprehensive all-hazards strategy for disaster preparedness and response to acts of terrorism and natural disasters. DHSES maintains strong ties with federal security-related agencies including the United States Department of Homeland Security.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- A \$25,000,000 increase in the funding to counties for the development of interoperable communications networks, to provide a total \$45,000,000 in SFY 2011-12.

Budget Detail

The Executive recommends an All Funds appropriation of \$818,281,000, a \$18,169,700, or 2.2 percent decrease over SFY 2010-11 spending levels. The Executive proposes support for a workforce of 433 full-time equivalent (FTE) positions, an increase of 29 FTE's over SFY 2010-11 staffing levels. The additional staff positions will be supported by Federal funds, and will enhance DHSES's regulatory efforts at nuclear power generating facilities.

The State Operations activities of DHSES rely significantly on revenue derived from an existing state surcharge on wireless devices. The Executive proposal includes Public Safety Communications Account appropriations totaling \$105,270,000 to support the following:

- grants for the development of interoperable public safety communications networks: \$45,000,000;
- communications equipment for state agencies: \$30,000,000;
- administrative and other non-personal expenses: \$17,600,000;
- reimbursement of localities for improvements to Public Safety Answering Points (PSAP): \$9,300,000; and
- other personal service expenses: \$3,370,000.

State Operations

The Executive recommends an All Funds State Operations appropriation of \$135,530,000, a decrease of \$1,203,000 from SFY 2010-11 funding levels.

Aid to Localities

The Executive recommends an All Funds Aid to Localities appropriation of \$682,751,000, an increase of \$25,033,300, or 3.8 percent from SFY 2010-11 funding levels.

The Executive proposal continues an appropriation of \$600,000,000 for the Domestic Incident Preparedness Account to accept Federal homeland-security grant funds. This represents no change from SFY 2010-11.

Capital Projects

Capital appropriations are reduced by \$42 million to reflect the elimination of a one-time investment in the State Preparedness Training Center in Oriskany. A reappropriation is provided to allow the Center to access prior-year funds.

Article VII

The Executive recommends Article VII legislation that would:

- eliminate the annual wireless surcharge subsidy to the Emergency Services Revolving Loan Fund.

Deficiency Request

The Executive proposal would seek to increase the SFY 2011-12 transfer from the Statewide Public Safety Communications Account to the General Fund from \$45,000,000 to \$65,000,000.

The Executive proposal would also make a change in an account name to allow cellular surcharge revenue to support local PSAPs.

INDIGENT LEGAL SERVICES, OFFICE OF

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 78,500,000 | 80,000,000 | 1,500,000 | 1.9% |
| Total for AGENCY SUMMARY: | 78,500,000 | 80,000,000 | 1,500,000 | 1.9% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| All Other Funds: | 20 | 20 | 0 |
| TOTAL: | 20 | 20 | 0 |

Agency Mission

(Executive Budget: pp. 185-187)

The Office of Indigent Legal Services (Office) was created as part of the State Fiscal Year (SFY) 2010-11 budget. The Office, and its associated Indigent Legal Services Board, is responsible for the study, oversight, and improvement of the public criminal defense system in New York State. The Indigent Legal Services Board is responsible for the approval or modification of grant distribution proposals, advising the Office with regard to legal defense programs, and for reporting to the Governor, the Legislature and the Judiciary on an annual basis.

Programmatic Highlights

The SFY 2011-12 Executive Budget includes the following:

- An additional \$1,500,000 in State Operations to support the full annualization of Office operations.

Budget Detail

The Executive Budget recommends an All Funds appropriation of \$80,000,000, an increase of \$1,500,000 or 1.9 percent from its SFY 2010-11 funding level. The Executive proposes support for a workforce of 20 full-time equivalent positions, representing no change from SFY 2011-12.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$3,000,000, an increase of \$1,500,000 from SFY 2010-11 funding levels, reflecting the annualization of Office operations.

Aid to Localities

The Executive proposal includes an All Funds Aid to Localities appropriation of \$77,000,000, representing no change from SFY 2010-11 funding levels. As in prior years these funds would support payments to counties and the city of New York for the provision of indigent legal representation.

OFFICE OF THE INSPECTOR GENERAL

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 6,138,000 | 5,524,000 | (614,000) | -10.0% |
| Special Revenue-Other | 100,000 | 100,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 6,238,000 | 5,624,000 | (614,000) | -9.8% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|---------------|--------------------|----------------------|----------|
| General Fund: | 58 | 58 | 0 |
| TOTAL: | 58 | 58 | 0 |

Agency Mission

(Executive Budget: pp. 188-190)

The Office of the Inspector General is responsible for investigating instances of fraud, abuse, criminal activity, and corruption in state agencies. Its mission is designed to ensure that state government maintains the highest standards of integrity and accountability.

Budget Detail

The Executive recommends an All Funds appropriation of \$5,624,000 reflecting a net decrease of \$614,000 or 10 percent in State Operations funding from the State Fiscal Year (SFY) 2010-11 funding level.

A workforce of 58 full-time equivalent funded positions is recommended reflecting no change from SFY 2010-11.

State Operations

An appropriation of \$100,000 is recommended in Special Revenue Funds–Other funding for contractual services for the Inspector General Seized Assets Account and represents no change from current year funding levels.

The Executive also recommends \$5,524,000 in State Operations General Fund spending reflecting:

Proposed Decreases

- a \$614,000 net reduction in General Fund spending for SFY 2011-12. This decrease represents a 10 percent reduction in funding and reflects anticipated savings that the Executive intends to be achieved through administrative efficiencies in non-personal service and negotiated workforce savings.

NEW YORK INTEREST ON LAWYERS ACCOUNT

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|---------------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 46,873,000 | 46,889,000 | 16,000 | 0.03% |
| Total for AGENCY SUMMARY: | 46,873,000 | 46,889,000 | 16,000 | 0.03% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| All Other Funds: | 8 | 8 | 0 |
| TOTAL: | 8 | 8 | 0 |

Agency Mission

(Executive Budget: pp. 191-193)

The Interest on Lawyer Account (IOLA) Fund was established in 1983 to finance civil legal services for low-income New Yorkers. IOLA revenues are derived from the interest accrued on trust accounts in which attorneys hold funds for their clients. This earned interest is pooled and a fifteen-member Board of Trustees allocates the funds to not-for-profit, tax-exempt entities who provide civil legal services to the indigent, elderly, disabled, and others.

Programmatic Highlights

The Judiciary's State Fiscal Year (SFY) 2011-12 budget, as submitted to the Governor, provides for the sub-allocation of \$15,000,000 to IOLA to support grants to civil legal services providers.

Budget Detail

The Executive budget recommends an All Funds appropriation of \$46,889,000, an increase of \$16,000 from its SFY 2010-11 funding level. The Executive proposes support for a workforce of eight full-time equivalent positions, representing no change from SFY 2011-12.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$1,889,000, an increase of \$16,000 from SFY 2010-11 funding levels, attributable to an increase in personal service costs.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$45,000,000, unchanged from SFY 2010-11 funding levels.

JUDICIAL COMMISSIONS

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|-----------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 5,474,000 | 5,452,000 | (22,000) | -0.4% |
| Total for AGENCY SUMMARY: | 5,474,000 | 5,452,000 | (22,000) | -0.4% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|---------------|--------------------|----------------------|----------|
| General Fund: | 48 | 48 | 0 |
| TOTAL: | 48 | 48 | 0 |

Agency Mission

(Executive Budget: pp. 194-196)

New York State's three Judicial Commissions serve to maintain the integrity of the court system. The Commission on Judicial Nomination and the Judicial Screening Committees examine potential nominees for high-level judicial appointments by the Governor. The Commission on Judicial Conduct investigates and acts upon allegations of judicial misconduct.

Budget Detail

The Executive Budget recommends an All Funds appropriation of \$5,452,000, a decrease of \$22,000 from its SFY 2010-11 funding level. The Executive proposal maintains support for a workforce of 48 full-time equivalent positions.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$5,452,000, a decrease of \$22,000 from SFY 2010-11 funding levels.

DEPARTMENT OF LAW

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 112,641,000 | 101,381,000 | (11,260,000) | -10.0% |
| Special Revenue-Other | 61,565,000 | 72,819,000 | 11,254,000 | 18.3% |
| Special Revenue-Federal | 35,820,000 | 34,820,000 | (1,000,000) | -2.8% |
| Total for AGENCY SUMMARY: | 210,026,000 | 209,020,000 | (1,006,000) | -0.5% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 1,151 | 1,151 | 0 |
| All Other Funds: | 596 | 596 | 0 |
| TOTAL: | 1,747 | 1,747 | 0 |

Agency Mission

(Executive Budget: pp. 203-207)

The Department of Law provides legal counsel to the state and represents the state in court proceedings. The Department protects state agencies and citizens through the investigation of organized and white-collar crime as well as Medicaid fraud. It also protects consumers from fraudulent business practices and brings civil and/or criminal actions against violators of anti-trust laws. The Department defends the public interest through protecting charitable donors and beneficiaries, enforcing laws that prohibit discrimination, and pursuing actions against violators of environmental law.

Budget Detail

The Executive Budget recommends an All Funds State Operations appropriation of \$209,020,000, a decrease of \$1,006,000 or 0.48 percent from State Fiscal Year (SFY) 2010-11 funding levels. The Executive proposes support for a workforce of 1,747 full-time equivalent positions, representing no change from SFY 2011-12.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$209,020,000, a decrease of \$1,006,000 or 0.48 percent from its SFY 2010-11 funding level.

Proposed Increases

- Pursuant to the Attorney General's request, the Executive proposes an increase in Special Revenue appropriations by \$11,305,000. This action reflects an increase in Litigation Settlement Account revenue related to recoveries made under the False Claims Act.

Proposed Decreases

- Pursuant to the Attorney General's request, the Executive proposes a reduction in General Fund appropriations by \$11,260,000, or 10 percent.
- The Executive proposes reducing federal appropriations by \$1,000,000 to reflect a reduction in support for the Medicaid Fraud Control Unit.

DIVISION OF MILITARY AND NAVAL AFFAIRS

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|-------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 17,755,000 | 16,044,000 | (1,711,000) | -9.6% |
| Special Revenue-Other | 8,741,000 | 8,741,000 | 0 | 0.0% |
| Special Revenue-Federal | 42,780,000 | 42,780,000 | 0 | 0.0% |
| Capital Projects Fund | 6,100,000 | 14,200,000 | 8,100,000 | 132.8% |
| Federal Capital Projects Fund | 17,600,000 | 25,000,000 | 7,400,000 | 42.0% |
| Total for AGENCY SUMMARY: | 92,976,000 | 106,765,000 | 13,789,000 | 14.8% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|-----------|
| General Fund: | 184 | 184 | 0 |
| All Other Funds: | 233 | 258 | 25 |
| TOTAL: | 417 | 442 | 25 |

Agency Mission

(Executive Budget: pp. 231-234)

The Division of Military and Naval Affairs' (DMNA) primary mission is to maintain a well-trained military force ready to respond to civil emergencies, natural disasters, and threats to national security.

Budget Detail

The Executive Budget recommends an All Funds appropriation of \$106,765,000, an increase of \$6,789,000 or 6.8 percent from its State Fiscal Year (SFY) 2010-11 funding level. The Executive proposes support for a workforce of 442 full-time equivalent (FTE) positions, an increase of 25 FTE's from SFY 2011-12.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$66,915,000, a decrease of \$1,711,000, or 2.5 percent from SFY 2010-11 funding levels.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$650,000, representing no change from SFY 2010-11 funding levels.

Capital Projects

The Executive proposal includes capital appropriations of \$39,200,000, representing an increase of \$8,500,000, or 27.8 percent from SFY 2010-11 funding levels. Federal funds will support \$7,400,000 of the proposed increase, to provide for the maintenance and improvement of DMNA facilities.

PUBLIC EMPLOYEES RELATIONS BOARD

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 3,968,000 | 3,571,000 | (397,000) | -10.0% |
| Special Revenue-Other | 575,000 | 575,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 4,543,000 | 4,146,000 | (397,000) | -8.7% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|---------------|--------------------|----------------------|----------|
| General Fund: | 35 | 35 | 0 |
| TOTAL: | 35 | 35 | 0 |

Agency Mission

(Executive Budget: pp. 263-266)

The Public Employees Relations Board (PERB) resolves major labor disputes between public employers and employees. PERB provides mediation, fact finding, and arbitration in contract disputes for approximately 4,760 negotiating units in New York State. In addition, PERB settles questions of union representation, conducts hearings on charges of improper practices, designates Management/Confidential positions, and acts as a clearinghouse for information on wages, benefits, and employment practices. PERB is also responsible for administering the State Employment Relations Act, and PERB's labor management oversight activities include private sector employers that are not provided services by the National Labor Relations Board, the Federal Mediation and Conciliation Service, or the National Mediation Board.

Budget Detail

The Executive proposes an All Funds State Operations appropriation of \$4,146,000, a decrease of \$397,000 or 8.7 percent below the SFY 2010-11 level. The Executive recommends funding support of 35 full-time equivalent positions, which is unchanged from SFY 2010-11.

State Operations

Proposed Decreases

The Executive proposes reductions of \$397,000 related to a 10 percent across-the-board reduction in General Fund agency operating budgets.

PUBLIC INTEGRITY, COMMISSION ON

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 4,308,000 | 3,878,000 | (430,000) | -10.0% |
| Total for AGENCY SUMMARY: | 4,308,000 | 3,878,000 | (430,000) | -10.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|---------------|--------------------|----------------------|----------|
| General Fund: | 46 | 46 | 0 |
| TOTAL: | 46 | 46 | 0 |

Agency Mission

(Executive Budget: pp. 267-269)

The Commission on Public Integrity Commission was established in 2007 and administers and enforces the state's ethics and lobbying statutes.

Budget Detail

The Executive recommends an All Funds appropriation of \$3,878,000 reflecting a net decrease of \$430,000 or 10 percent in State Operations funding from the State Fiscal Year (SFY) 2010-11 funding level.

A workforce of 46 full-time equivalent funded positions is recommended reflecting no change from SFY 2010-11.

State Operations

The Executive recommends \$3,878,000 in State Operations funding reflecting:

Proposed Decreases

A \$430,000 net decrease in General Fund spending. The decrease represents a 10 percent reduction in funding which is applied uniformly to the General Fund appropriations for this agency and represents anticipated savings that the Executive intends to be achieved through administrative efficiencies in non-personal service and negotiated workforce savings.

DIVISION OF STATE POLICE

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|---|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 469,079,000 | 422,174,000 | (46,905,000) | -10.0% |
| Special Revenue-Other | 236,350,000 | 236,350,000 | 0 | 0.0% |
| Special Revenue-Federal | 6,310,000 | 7,335,000 | 1,025,000 | 16.2% |
| Capital Projects Fund | 5,500,000 | 5,500,000 | 0 | 0.0% |
| Capital Projects Fund - Authority Bonds | 6,000,000 | 6,000,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 723,239,000 | 677,359,000 | (45,880,000) | -6.3% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|--------------|
| General Fund: | 4,952 | 4,822 | (130) |
| All Other Funds: | 487 | 487 | 0 |
| TOTAL: | 5,439 | 5,309 | (130) |

Agency Mission

(Executive Budget: pp. 292-294)

The Division of State Police (DSP) is responsible for protecting the life and property of New Yorkers by patrolling the state's highways and performing specialty and investigative police services throughout the state. DSP is also part of several counter-terrorism initiatives.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- A deferral of State Police training classes, resulting in the decline of member strength by approximately 130 positions.

Budget Detail

The Executive Budget recommends an All Funds appropriation of \$677,359,000, a decrease of \$45,880,000 or 6.3 percent from its SFY 2010-11 funding level. The Executive proposes support for a workforce of 5,309 full-time equivalent (FTE) positions, a decrease of 130 FTE's from SFY 2011-12.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$665,859,000, a decrease of \$45,880,000, or 6.5 percent from SFY 2010-11 funding levels. General Fund appropriations would be reduced by \$46,905,000, or 10 percent. A portion of this General Fund reduction will be achieved by suspending recruit classes in the SYF 2010-11.

Capital Projects

The Executive proposal included a capital appropriation of \$11,500,000, unchanged from SFY 2010-11.

STATEWIDE FINANCIAL SYSTEM

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|-------------------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 1,684,000 | 45,000,000 | 43,316,000 | 2572.2% |
| Total for AGENCY SUMMARY: | 1,684,000 | 45,000,000 | 43,316,000 | 2572.2% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|-----------|
| All Other Funds: | 113 | 136 | 23 |
| TOTAL: | 113 | 136 | 23 |

Agency Mission

(Executive Budget: pp. 304-305)

The first phase of the Statewide Financial System (SFS) project is expected to be launched in 2011 with the cooperative efforts of the Office of the State Comptroller (OSC) and the Executive. Progress towards full implementation of the SFS will continue during 2011 and 2012, with most agencies expected to be fully utilizing the system by 2013.

Budget Detail

The Executive recommends All Funds Appropriations totaling \$45,000,000 for the SFS project, reflecting a net increase 43,316,000 over the current State Fiscal Year (SFY) 2010 -11 funding level of \$1,684,000.

The Executive recommends 136 full-time equivalent (FTE) funded positions reflecting an increase of 23 FTE positions including transfers from the OSC.

State Operations

The Executive recommends \$45,000,000 in Special Revenue–Other appropriations for the SFS project. Overall, \$10,234,000 is provided for personal service costs and \$34,766,00 is provided for non-personal service costs, including \$34,451,000 for contractual services. Actual expenditures are expected to be \$40,498,000 and are expected to enable the SFS project to meet its cash requirements for SFY 2011-12 as follows:

Proposed Increases

- \$9,139,000 is proposed for Personal Service reflecting an increase of \$5,247,000 from current funding levels;
- \$18,604,000 is proposed for Debt Service reflecting an increase of \$5,250,000 from current funding levels;
- \$2,700,000 is proposed for service and expenses related to payments to the OSC Data Center reflecting an increase of \$1,451,000 from current funding levels; and
- \$10,055,000 is proposed for to accommodate all other expenses which reflect an increase of \$1,686,000 from current funding levels.

Capital Projects

The Executive budget proposes \$35 million in bonding for the continued expansion of this statewide financial system.

OFFICE FOR TECHNOLOGY

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 30,558,000 | 27,502,000 | (3,056,000) | -10.0% |
| Special Revenue-Other | 3,445,000 | 3,445,000 | 0 | 0.0% |
| Internal Service Fund | 403,165,000 | 403,165,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 437,168,000 | 434,112,000 | (3,056,000) | -0.7% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|-----------|
| General Fund: | 141 | 141 | 0 |
| All Other Funds: | 510 | 562 | 52 |
| TOTAL: | 651 | 703 | 52 |

Agency Mission

(Executive Budget: pp. 315-318)

The Office for Technology (OFT) is responsible for developing the state's technology resources and policies. The mission of OFT is to provide centralized technology services, shape technology policy and coordinate statewide technology initiatives to improve the efficiency of New York State government.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- in-sourcing of 52 full-time equivalent (FTE) positions pursuant to the Chapter 500 Laws of 2009; and
- a re-appropriation of \$99 million for the proposed public/private partnership, shared services consolidated data center.

Budget Detail

The Executive proposes an All Funds appropriation of \$434,112,000, a decrease of \$3,056,000 or 0.7 percent from the SFY 2010-11 funding level. The Executive recommends funding support for 703 FTE positions, an increase of 52 FTE positions over the 2010–11 level.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$434,112,000, a decrease of \$3,056,000 from the SFY 2010-11 funding level.

Proposed Decreases

The Executive proposes a reduction of \$3,056,000 in General Fund support attributed to a 10 percent State Operations reduction. Of this amount, \$1,207,000 is related to personal service reductions and \$1,849,000 is attributable to decreases in non-personal service.

Capital Projects

The Executive proposal maintains a capital projects reappropriation of \$99,060,000 for the development of a public/private partnership, shared data center and a \$1,100,000 reappropriation for the development of increased broadband services.

DIVISION OF VETERANS' AFFAIRS

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 14,397,000 | 13,832,000 | (565,000) | -3.9% |
| Special Revenue-Federal | 2,466,000 | 2,466,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 16,863,000 | 16,298,000 | (565,000) | -3.4% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 86 | 86 | 0 |
| All Other Funds: | 11 | 12 | 1 |
| TOTAL: | 97 | 98 | 1 |

Agency Mission

(Executive Budget: pp. 328-332)

The Division of Veterans' Affairs (DVA) assists, counsels, and advocates for veterans, military personnel and their families. DVA coordinates with state agencies and the federal government on programs affecting veterans. The DVA serves more than 1,100,000 New Yorkers who are veterans, including their dependents and those on active duty. The DVA's central office is located in Albany, and it has regional offices in New York City and Buffalo.

Budget Detail

The Executive recommends an All Funds appropriation of \$16,298,000 reflecting a net decrease of \$565,000 in funding or 3.6 percent from the State Fiscal Year (SFY) 2010-11 funding level. Of this

amount a decrease of \$645,000 is in State Operations General Fund spending and an \$80,000 increase is recommended in Aid to Localities funding from the SFY 2010-11 funding level.

The Executive recommends a workforce of 98 full-time equivalent (FTE) funded positions reflecting an increase of one FTE position from 2010-11. This additional FTE position will enable the agency to maximize federal resources and ensure contract compliance within the Veterans' Education Program.

State Operations

The Executive continues funding of \$1,966,000 in Special Revenue Funds-Federal, which reflects no change from the current year funding level.

The Executive proposes \$5,806,000 in General Fund appropriations, which reflects a net decrease of \$645,000 or 3.6 percent below 2010-11 funding levels.

Proposed Decreases

The Executive proposal includes a \$645,000 decrease reflecting the following actions:

- a \$54,000 decrease in the Administration program; and
- a \$591,000 decrease in the Veteran Counseling Services program.

Aid to Localities

Proposed Increases

An appropriation of \$5,800,000 is provided to maintain the Blind Veteran annuity program in order to accommodate additional payments of annuities to blind veterans and their eligible surviving spouses. This reflects an increase of \$80,000.

The Executive preserves local funding for veteran services and provides \$8,526,000 for Aid to Localities funding, reflecting a net increase of \$80,000 or 0.95 percent above SFY 2010-11. Funding is maintained for the following programs at the current SFY 2010-11 funding levels:

- \$1,427,000 is provided in funding to maintain payment of aid to county and city veterans' service agencies as well as for services and expenses of the Monroe County Veterans Outreach Center;
- \$500,000 is provided in funding to maintain payments for services and expenses related to Veteran's counseling and outreach; and

- \$799,000 is provided in funding to maintain payments for Gold Star annuity benefits to eligible families of military personnel (\$599,000) and for payment of supplemental burial benefits (\$200,000) to eligible families of military personnel.

Re-appropriations

The Executive recommends re-appropriations totaling \$3,932,000 in Special Revenue Funds-Federal for this agency.

WORKERS' COMPENSATION BOARD

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|----------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 204,749,000 | 204,749,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 204,749,000 | 204,749,000 | 0 | 0.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|-----------|
| All Other Funds: | 1,450 | 1,466 | 16 |
| TOTAL: | 1,450 | 1,466 | 16 |

Agency Mission

(Executive Budget: pp. 336-338)

The Workers' Compensation Board (Board) is responsible for safeguarding the well-being of New York's labor force. The Board reviews claims for workers' compensation benefits, reports of injuries filed and medical reports from physicians and other health care providers. The Board also investigates fraudulent claims and assists in resolving disputed claims.

Budget Detail

The Executive proposes an All Funds State Operations appropriation of \$204,749,000, which is unchanged from SFY 2010-11. The Executive recommends funding to support 1,466 full-time equivalent positions, an increase of 16 positions related to in-sourcing information technology employees.

Article VII

The Executive recommends Article VII legislation that would implement the major recommendations of the Task Force on Group Self-Insurance. Specifically, it would eliminate, except under certain limited circumstances, the provisions of workers' compensation coverage for private employers by group self-insured trusts and would remove group self-insured trusts as a separate category for workers' compensation assessments.

GENERAL STATE CHARGES

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 2,377,665,000 | 2,889,150,000 | 511,485,000 | 21.5% |
| Fiduciary | 101,000,000 | 101,000,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 2,478,665,000 | 2,990,150,000 | 511,485,000 | 20.6% |

Agency Mission

(Executive Budget: pp. 343-346)

General State Charges are primarily the costs of providing fringe benefits to most state employees. These benefits are authorized in collective bargaining agreements and various statutes. The General State Charges budget also includes miscellaneous fixed costs, such as litigation settlements and taxes on state-owned lands.

Programmatic Highlights

The Executive plans to implement workforce actions targeted to save \$550,000,000; such reductions are reflected in the State Fiscal Year (SFY) 2011-12 Financial Plan. The Executive proposes to achieve \$450,000,000 in savings through negotiations with state employees. Proposed mergers, consolidations, and facility closures would produce reductions of the remaining \$100,000,000. These actions would not directly affect General State Charges but impact the state workforce.

Budget Detail

The Executive proposes a SFY 2011-12 appropriation of \$2,990,150,000, an increase of \$511,485,000 or 20.6 percent over the SFY 2010-11 level.

State Operations

Proposed Increases

The Executive recommends the following increases:

- \$298,145,000 related to health insurance, which reflects a 12.4 percent increase in premiums;
- \$184,100,000 for pensions, reflecting a contribution rate of 10.5 percent for the New York State and Local Employees' Retirement System (NYSLERS) and 18.5 percent for the New York State and Local Police and Fire Retirement System (NYSLPFRS);
- \$12,927,000 for Workers' Compensation claims incurred by state employees for on-the-job injuries;
- \$11,250,000 in connection with the resolution of litigation that alleged that the State's battery exams were biased and discriminatory to certain minority groups (Merton Simpson et al. v. New York State Department of Civil Service, et al.); and
- \$5,972,000 in Social Security costs related to increases in the salary base.

Proposed Decreases

The Executive recommends the following:

- fringe benefit offset revenue of \$33,037,000 related to increased fringe benefit rates;
- a reduction of \$11,923,000 for taxes on state-owned lands related to a return to typical spending in SFY 2011-12. In SFY 2010-11, extra payments were made that will not recur in SFY 2011-12; and
- a reduction of \$7,850,000 related to a payment in lieu of taxes (PILOT) made to the City of Albany. Under current law, the Albany PILOT is scheduled to decrease from \$22,850,000 to \$15,000,000.

Article VII

The Executive recommends Article VII legislation that would clarify the state's obligation to make payments on lands that the state recently purchased in the Hemlock and Canadice Lake watersheds.

MISCELLANEOUS: PUBLIC PROTECTION & GENERAL GOVERNMENT

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|----------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 3,456,107,698 | 3,415,201,000 | (40,906,698) | -1.2% |
| Special Revenue-Other | 7,529,000 | 13,529,000 | 6,000,000 | 79.7% |
| Special Revenue-Federal | 1,050,000,000 | 1,050,000,000 | 0 | 0.0% |
| Fiduciary | 222,400,000 | 222,400,000 | 0 | 0.0% |
| All Funds | 187,285,000 | 92,751,000 | (94,534,000) | -50.5% |
| Emergency | 215,000,000 | 210,000,000 | (5,000,000) | -2.3% |
| Total for AGENCY SUMMARY: | 5,138,321,698 | 5,003,881,000 | (134,440,698) | -2.6% |

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- The Executive recommends \$794,000,000 in General Fund appropriations for the Aid and Incentives for Municipalities program. This represents an increase of \$53,179,000 from the SFY 2010-11.

State Operations

Collective Bargaining Agreements

The Executive recommends an appropriation of \$5,800,000, a reduction of \$33,793,000 or 85.35 percent from SFY 2010-11 levels. The decrease reflects the expiration of existing contracts. The proposed funding would cover benefits that will be continued under the Triborough Amendment until a new contract is in place.

Aid to Localities

Proposed Increases

Incentivizing Reoccurring Savings in Local Governments

The Executive recommends \$75,000,000 in General Fund appropriations for the Citizens Empowerment Tax Credits, Citizens Reorganization Empowerment Grants and Local Government Performance and Efficiency Program:

- a \$35 million appropriation for both the Citizen Empowerment Tax Credits and the Citizens Reorganization Empowerment Grants. Under the Citizens Empowerment Tax Credit proposal, municipalities that opt to 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 must be used for direct relief to property tax payers. The Citizens Reorganization Empowerment 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; and
- a \$40 million appropriation for the Local Government Performance and Efficiency Program. This program 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.

Proposed Decreases

Aid and Incentives for Municipalities (AIM) Program

- The Executive proposal dedicates \$714,731,701 in AIM funding to municipalities outside of the City of New York. This reflects a decrease of \$14,580,000 or 2 percent from SFY 2010-11; and
- The Executive proposes a \$4 million appropriation in the AIM program to support the Local Government Efficiency Grant program. This represents a \$1,000,000 decrease from the available grants in SFY 2010-11.

Video Lottery Terminal Aid

The Executive recommends an appropriation of \$19,600,000. This reflects a decrease of \$6,201,000 or 24.03 percent in funding from SFY 2010-11. The Executive proposal would hold the City of Yonkers harmless in SFY 2011-12 but would eliminate funding for all other host municipalities.

Miscellaneous Financial Assistance

The Executive proposal eliminates \$3,920,000 for Miscellaneous Financial Assistance.

Small Government Assistance

The Executive proposal eliminates \$2,088,698 for Small Government Assistance to three counties and twenty-six school districts under this program.

Article VII

The Executive recommends Article VII legislation that would:

- authorize a two percent reduction for AIM funding to all municipalities. Payment to the City of New York would be eliminated; and
- eliminate Video Lottery Terminal aid for eligible host municipalities, excluding the City of Yonkers.

EDUCATION, LABOR & FAMILY ASSISTANCE

**Summary of Recommended Appropriations
By Agency**

COUNCIL ON THE ARTS

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 39,988,000 | 36,209,000 | (3,779,000) | -9.5% |
| Special Revenue-Other | 1,973,000 | 196,000 | (1,777,000) | -90.1% |
| Special Revenue-Federal | 2,513,000 | 2,513,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 44,474,000 | 38,918,000 | (5,556,000) | -12.5% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|---------------|--------------------|----------------------|----------|
| General Fund: | 29 | 29 | 0 |
| TOTAL: | 29 | 29 | 0 |

Agency Mission

(Executive Budget: pp. 21-25)

The New York State Council on the Arts (NYSCA) is responsible for the oversight and administration of the cultural and artistic resources of the Council on the Arts, the Empire State Plaza Performing Arts Center Corporation and the New York State Theatre Institute. NYSCA is also responsible for administering grants to local non-for-profit arts organizations.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- a decrease of \$3,515,000 in funding for NYSCA grants from SFY 2010-11 levels;

- elimination of \$1,532,000 in funding for the New York State Theater Institute (NYSTI), along with Article VII language to eliminate its statutory authorization. NYSTI's Board of Directors suspended its operations in December 2010; and
- a reduction of \$25,000 for the Empire State Plaza Performing Arts Center Corporation.

Budget Detail

The Executive Budget proposal includes an All Funds appropriation of \$38,918,000, a decrease of \$5,556,000 or 12.5 percent below SFY 2010-11 levels. The Executive recommends funding support for 29 full-time equivalent (FTE) positions, which is unchanged from SFY 2010-11.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$4,674,000, a decrease of \$2,041,000 or 30.4 percent from SFY 2010-11 levels.

Proposed Decreases

The Executive recommends the following:

- A reduction of \$484,000 related to a 10 percent across the board reduction in General Fund agency operating budgets;
- Elimination of \$1,532,000 in funding for the New York State Theater Institute (NYSTI), which suspended its operations in December 2010; and
- A reduction of \$25,000 for the Empire State Plaza Performing Arts Center Corporation.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$32,244,000, a decrease of \$3,515,000 or 9.3 percent from SFY 2010-11 levels.

Proposed Decreases

The Executive recommends a decrease of \$3,515,000 related to arts grants.

Article VII

The Executive recommends Article VII legislation that would eliminate the statutory authorization for the New York State Theatre Institute and provide for the transfer of its rights and property to the Office of General Services.

CITY UNIVERSITY OF NEW YORK

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|--|--------------------------------------|---------------------------------|-------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 1,216,362,110 | 1,202,703,000 | (13,659,110) | -1.1% |
| Special Revenue-Other | 145,000,000 | 175,400,000 | 30,400,000 | 21.0% |
| Special Revenue-Federal | 7,554,000 | 0 | (7,554,000) | -100.0% |
| Capital Projects Fund | 0 | 21,000,000 | 21,000,000 | - |
| Fiduciary | 1,860,258,000 | 1,880,890,000 | 20,632,000 | 1.1% |
| Cap Proj Fund - CUNY - Direct Auth Bonds | 318,785,000 | 315,461,000 | (3,324,000) | -1.0% |
| Total for AGENCY SUMMARY: | 3,547,959,110 | 3,595,454,000 | 47,494,890 | 1.3% |

Agency Mission

(Executive Budget: pp. 35-39)

The City University of New York (CUNY) is the third largest public university system in the nation, comprised of 19 campuses, seven community colleges, one technical college, a graduate school and an affiliated medical school. CUNY's mission is to provide affordable higher education with a focus on the urban community of New York City.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- a \$83,217,000 decrease in State Support for CUNY Senior Colleges to \$509,378,000;
- a \$226 per full-time equivalent (FTE) student decrease in CUNY Community College Base Aid, decreasing support from \$2,260 per FTE in SFY 2010-11 to \$2,034 per FTE in SFY 2011-12; and
- a \$40,000,000 increase to the Senior College Revenue Offset Account, which accounts for the five percent tuition increase approved by the CUNY Trustees in November, 2010. CUNY undergraduate tuition is now \$4,830 per year.

Budget Detail

The Executive proposes an All Funds appropriation of \$3,595,454,000, an increase of \$47,494,890, over SFY 2010-11.

State Operations

The Executive proposes a Senior College Academic Year operating budget of \$1,880,890,000, a \$20,632,000 increase from SFY 2010-11 levels. CUNY's total proposed All Funds state operated budget stands at \$2,056,290,000.

Proposed Increases

The Executive proposes:

- a General Fund increase of \$50,192,000 in fringe benefits;
- a General Fund increase of \$11,010,000 due to a returned share of proceeds from the tuition increase of 2009-10;
- a General Fund increase of \$7,218,000 in personal service costs and collective bargaining;
- a General Fund increase of \$3,560,000 due to inflation involving non-personal service costs;
- a General Fund increase of \$4,443,000 due to increased building rental costs;
- a General Fund increase of \$1,676,000 due to increased utility funding; and
- a Special Revenue Fund increase of \$40,000,000 to account for a five percent tuition increase by the CUNY Board of Trustees in 2010-11.

Proposed Decreases

The Executive proposes a General Fund reduction of \$83,317,000 for state operating support at CUNY Senior Colleges.

Aid to Localities

The Executive proposes a total Aid to Localities appropriation of \$1,202,703,000 for SFY 2011-12 representing a \$21,213,110 decrease below adjusted SFY 2010-11 levels. Of this appropriation, \$1,030,205,235 would support the SFY 2011-12 operating costs for CUNY Senior Colleges and \$172,497,765 would support CUNY Community Colleges. Within this appropriation, funding is

maintained for Contract Courses for workforce development (\$1,800,000), CUNY childcare (\$813,100) and the College Discovery program (\$828,390) at enacted SFY 2010-11 levels.

Proposed Increases

The Executive proposes a net General Fund increase of \$18,100,655 due to an increase in rental aid, and an increase in General Fund support to offset the loss of American Recovery and Reinvestment Act funding. Within this appropriation, the Executive proposes a \$13,136,250 reduction in CUNY Community College Base Aid resulting from a \$226 per FTE reduction from \$2,260 in SFY 2010-11 to \$2,034 in SFY 2011-12.

Proposed Decreases

The Executive proposes:

- a General Fund decrease of \$31,759,765 to Institutional Support Services; and
- a Special Revenue Fund-Federal decrease of \$7,554,000 resulting from the loss of American Recovery and Reinvestment Act funding.

Capital Projects

The Executive proposes a capital projects appropriation of \$336,361,000, an increase of \$17,676,000 from SFY 2010-11 levels. This includes an appropriation of \$284,222,000 which is the fourth year of the five year CUNY capital plan for critical maintenance that was enacted in SFY 2008-09. It also includes \$31,239,000 to provide for the State's 50 percent share of projects at CUNY Community Colleges and a \$21,000,000 appropriation to pay the Dormitory Authority for the State's share of projects at CUNY.

Article VII

The Executive recommends Article VII legislation that would:

- allow the City University Construction Fund to utilize alternative construction delivery methods for certain CUNY projects; and
- remove the provisions of law subjecting CUNY to pre-approval of contracts by the Office of the State Comptroller.

EDUCATION DEPARTMENT

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|---|--------------------------------------|---------------------------------|------------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 18,288,416,000 | 18,759,896,000 | 471,480,000 | 2.6% |
| Special Revenue-Other | 6,617,462,000 | 6,389,772,000 | (227,690,000) | -3.4% |
| Special Revenue-Federal | 7,852,021,000 | 4,429,791,000 | (3,422,230,000) | -43.6% |
| Capital Projects Fund | 6,800,000 | 3,400,000 | (3,400,000) | -50.0% |
| Capital Projects Fund - Authority Bonds | 20,400,000 | 0 | (20,400,000) | -100.0% |
| Internal Service Fund | 31,563,000 | 33,563,000 | 2,000,000 | 6.3% |
| Library Aid (Auth Bonds) | 14,000,000 | 14,000,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 32,830,662,000 | 29,630,422,000 | (3,200,240,000) | -9.7% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 253 | 253 | 0 |
| All Other Funds: | 2,553 | 2,553 | 0 |
| TOTAL: | 2,806 | 2,806 | 0 |

Agency Mission

(Executive Budget: pp. 67-83)

The State Education Department (SED) is the administrative agency of the Board of Regents. The Department oversees public elementary and secondary education programs throughout New York and promotes educational excellence, equity and cost effectiveness. The mission of the SED is to raise the knowledge, skill level and opportunity of all the people in New York.

Programmatic Highlights

The State Fiscal Year (SFY) 2010-11 Executive Budget includes the following:

- The Executive proposes funding General Support for Public Schools (GSPS) at \$19,389,680,000 in School Year (SY) 2011-12, which is a decrease of \$929,767,000 or 4.6 percent from the SY 2010-11. In addition, the Executive recommends shifting the costs of three different special education programs from the state to school districts for a cost of \$253,000,000. Taken together, this is a reduction in state support of \$1,182,767,000. Finally, the \$607,000,000 of Federal Education Jobs Fund money is not expected to continue, resulting in a total year to year decrease of \$1,789,767,000.
- The Executive recommends a \$2,785,790,000 reduction to formula based aids through a Gap Elimination Adjustment (GEA). The GEA takes into account school district wealth, student need, administrative efficiency and residential property tax burden. The GEA would be continued in future years at varying amounts 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 estimates that in SY 2012-13 the GEA will be \$2.1 billion, would grow to \$3.3 billion in SY 2013-14, and would be \$4.5 billion in SY 2014-15.
- The Executive recommends freezing Foundation Aid at \$14.9 billion in SY 2011-12. The full phase in of Foundation Aid, subject to a GEA reduction, would now be fully completed over a 10 year period with full implementation in SY 2016-17. This reflects an additional three years over current law.
- Reimbursable aids would continue to grow by \$312 million.
 - The Executive Budget proposes making various changes to reimbursable aids including Building Aid, Transportation Aid, and BOCES that would begin in SY 2012-13.
 - Building Aid would be transformed from a reimbursable aid to a competitive grant program beginning with projects approved by the Commissioner as of February 1, 2011. Reimbursement would be limited to \$2 billion of aidable building projects a year. The fund would consist of six tiers. There is a separate emergency project ceiling of \$30 million.
 - School districts would be penalized for not adopting certain Transportation efficiencies 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.

- Universal Pre-kindergarten would continue to be frozen at \$393 million in SY 2011-12 and SY 2012-13.
- 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 using wealth as a factor when reimbursing school districts for the cost of educating significantly disabled pupils in a Summer School Special Education program which results in a cost shift of approximately \$86 million to school districts.
- The Executive proposes altering State Supported Schools for the Blind and Deaf into approved private schools for students with disabilities. This would change the funding structure for these institutions from being primarily state supported to receiving a combination of funding from the state and school districts. This would shift \$98 million in costs to 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.
- The Executive proposes two new grants totaling \$500 million. The Executive Financial Plan does not provide any funding for these programs in SFY 2011-12. The School District Performance Improvement Awards which is appropriated at \$250 million will be awarded on a competitive basis to school districts that demonstrate significant improvement in student performance. The Executive also proposes School District Management Efficiency Awards which is also appropriated at \$250 million; these will be awarded competitively to school districts that undertake long-term structural changes to reduce costs and improve efficiency.

Budget Detail

State Operations

Proposed Decreases

The Executive recommends a decrease of \$4,255,000 or 10 percent in General Fund support for State Operations in SFY 2011-12. Total State Operations funding is \$566,868,000; of this amount, Federal funding is \$345,703,000, and General Fund dollars account for \$38,309,000. Remaining funding for the Department comes from Internal Service Funds and Special Revenue Other Funds. As a result, General Fund support for the State Education Department is approximately seven percent of their total budget. The Executive maintains 2,806 positions in the State Education Department.

Aid to Localities

FORMULA BASED AIDS: GENERAL SUPPORT FOR PUBLIC SCHOOLS (GSPS)

The Executive Proposes:

- funding Foundation Aid at \$14,893,620,000, which is the same level of funding as in SY 2010-11. Foundation Aid funding would remain level, subject to a GEA reduction through SY 2012-13 and the statutory phase-in for full funding would be extended by three years to SY 2016-17;
- funding Universal Pre-kindergarten at \$393,000,000, which is the same level of funding as in SY 2010-11. UPK funding would remain level through SY 2012-13;
- funding High Tax Aid at \$204,770,000, which is the same level of funding as in SY 2010-11. High Tax Aid would remain level through SY 2012-13;
- funding the Supplemental Educational Improvement Grant for Yonkers at \$17,500,000, which is the same level of funding as in SY 2010-11;
- funding Academic Enhancement Aid at \$8,320,000, which is the same level of funding as in SY 2010-11. Academic Enhancement Aid would remain level through SY 2012-13;
- funding Supplemental Public Excess Cost Aid at \$4,310,000, which is the same level of funding as in SY 2010-11. Supplemental Public Excess Cost Aid would remain level through SY 2012-13;
- funding Reorganization Operating Aid at \$2,860,000, which is the same level of funding as in SY 2010-11; and
- funding the Academic Achievement Grant for New York City at \$1,200,000, which is the same level of funding as in SY 2010-11.

Proposed Increases

The Executive Proposes:

- funding Building Aid at \$2,659,910,000, which is an increase of \$171,330,000 over SY 2010-11. The Executive also proposes creating a competitive Building Aid construction fund beginning with projects approved by the Commissioner as of February 1, 2011. Reimbursement would be limited to \$2,000,000,000 of aidable building projects a year. The fund would consist of six tiers along with an additional

emergency setaside. Within each tier projects would be ranked by the district's need resource index, then by the adjusted age of the building.

- funding Transportation Aid at \$1,654,690,000, which is an increase of \$71,370,000 over SY 2010-11. Beginning in SY 2012-13 the Executive proposes requiring districts to incorporate certain efficiency practices in order to forestall a penalty in their level of reimbursement;
- funding BOCES at \$720,080,000, which is an increase of \$18,390,000 over SY 2010-11. The Executive proposes various modifications to BOCES Aid that would start in the 2012-13 school year including:
 - changing the aid ratio for BOCES;
 - reducing the minimum reimbursement to 10 percent; and
 - removing certain non-instructional items from the list of BOCES services that are eligible for State Aid;
- funding High Cost Excess Cost Aid for special need students at \$482,620,000, which is an increase of \$28,480,000 over SY 2010-11. Private Excess Cost Aid for special need students would be funded at \$342,730,000, which is an increase of \$12,280,000 over SY 2010-11;
- funding Special Services Aid at \$213,890,000, which is an increase of \$2,800,000 over SY 2010-11;
- funding Textbook Aid at \$182,090,000, which is an increase of \$1,060,000 over SY 2010-11;
- funding Computer Software at \$46,370,000, which is an increase of \$1,170,000 over SY 2010-11;
- funding Computer Hardware at \$37,930,000, which is an increase of \$42,000 over SY 2010-11;
- funding Library Materials at \$19,400,000, which is an increase of \$230,000 over SY 2010-11;
- funding Charter School Transition Aid at \$25,110,000, which is an increase of \$1,890,000 over SY 2010-11; and
- funding Full-Day Kindergarten at \$4,670,000, which is an increase of \$3,310,000 over SY 2010-11.

Proposed Decreases

- The Executive proposes a recurring Gap Elimination Adjustment (GEA) which would decrease funding to school districts by \$2,785,790,000 in SY 2011-12. The GEA would be applied to formula based aids excluding Building Aid and Universal Pre-kindergarten. The GEA calculation is based on a per pupil amount, adjusted for wealth, student need, administrative efficiency, and residential tax burden.
- The GEA would be continued in future years and would restrict the growth in school aid to the five year average rate of growth in personal income in the state.

GRANT PROGRAMS AND ADDITIONAL AID CATEGORIES: GENERAL SUPPORT FOR PUBLIC SCHOOLS

The Executive proposes:

- funding Urban-Suburban Transfer at its present law level of \$2,730,000, which is the same level as SY 2010-11;
- funding the Special Academic Improvement Grant for the Roosevelt Union Free School District at \$6,000,000 for the 2011-12 School Year. This program would be restored to \$12,000,000 in SY 2012-2013 and thereafter;
- funding Teachers of Tomorrow at \$25,000,000, which is the same level as SY 2010-11;
- funding the Teacher Mentor Intern program at \$2,000,000, which is the same level as SY 2010-11;
- The Executive also maintains, at SY 2010-11 levels, funding for Employment Preparation Education (EPE) at \$96,000,000; School Health Services at \$13,840,000; Bilingual Education at \$12,500,000; Special Act School Districts at \$2,700,000; BOCES Aid for Special Act Districts at \$700,000; Learning Technology Grants at \$3,285,000; and Bus Driver Safety at \$400,000; and
- funding the EXCEL program at \$181,760,000 for the payment of debt service.

Proposed Increases

The Executive proposes

- funding Native American Building Aid at \$5,000,000, which is an increase of \$1,500,000 over SY 2010-11;

- funding Education of OMH/OMR Pupils at \$76,000,000, which is an increase of \$4,000,000 over SY 2010-11;
- funding Incarcerated Youth at \$19,500,000, which is an increase of \$750,000 over SY 2010-11; and
- funding Homeless Pupils at \$17,225,000, which is an increase of \$1,000,000 over SY 2010-11.

Proposed Decreases

The Executive proposes funding Native American Education at \$32,000,000, which is a decrease of 3,000,000 from SY 2010-11.

OTHER ELEMENTARY AND SECONDARY EDUCATION PROGRAMS

The Executive proposes:

- continuing Fiscal Stabilization Grants of \$30,022,000, which is the same funding level as SY 2010-11;
- maintaining the Extended Day/School Violence Prevention program at \$24,344,000;
- continuing Prior Year Claims at \$15,046,000, which is the same funding level as SY 2010-11;
- continuing Charter School Start-Up Grants at \$4,837,000, which is the same funding level as SYF 2010-11;
- maintaining \$3,049,000 for the Summer Food Program, which is the same funding level as SY 2010-11;
- continue funding for Adult Basic Education at \$1,843,000;
- continuing Math and Science High Schools at \$1,382,000, which is the same funding level as SY 2010-11;
- continuing Targeted Pre-kindergarten at \$1,303,000, which is the same funding level as SY 2010-11;
- continuing the County Vocational Education and Extension Boards at \$932,000, which is the same funding level as SY 2010-11;

- continuing Academic Intervention Services for Nonpublic Schools at \$922,000;
- funding of \$691,000 for the Health Education Program, which is the same funding level as SY 2010-11;
- continuing the Statewide Center for School Safety at \$466,000, which is the same funding level as SY 2010-11;
- maintaining funding for the Syracuse City School District for the Say Yes to Education Program at \$350,000, which is the same funding level as SY 2010-11;
- continuing Education of Children of Migrant Workers at \$89,000, which is the same funding level as SY 2009-10;
- continuing the Consortium for Worker Education (CWE) setaside at \$11,500,000, which is the same level as SY 2010-11;
- continuing Adult Literacy Education at \$4,293,000, which is the same funding level as SY 2010-11;
- continuing federal funds of \$4,000,000 for Salary Enhancements for Teachers in Schools for Students with Special Needs;
- maintaining Summer School of the Arts appropriation level at \$1,481,000, which is funded at the same level as SY 2010-11; and
- continuing funding for the Center for Autism and Related Disabilities at the University at Albany at \$490,000 for SFY 2010-11. In addition, \$500,000 in Federal funds are continued.

Proposed Increases

The Executive proposes new funding for:

- creating the School District Performance Improvement Awards program for \$250,000,000, which will be awarded on a competitive basis to school districts that demonstrate significant improvement in student performance;
- creating the School District Management Efficiency Awards program for \$250,000,000 to be awarded competitively to school districts that undertake long-term structural changes to reduce costs and improve efficiency; and

- creating the Competitive Educational Improvement Performance Grants program for \$1,730,000. This is for programs that have demonstrated success in supporting achievement and enhance professional capacity.

The Executive proposes:

- an increased appropriation for the Summer School Handicapped program (4408) by \$22,100,000 above SY 2010-11 funding levels. This program would be funded at \$234,300,000 for SY 2011-12. However, the Executive also proposes using wealth as a factor when reimbursing school districts for the cost of educating significantly disabled pupils in these programs which results in a cost shift of approximately \$86 million from the state to school districts;
- providing \$70,000,000 to reimburse school districts for costs associated with the payment of the Metropolitan Commuter Transportation Mobility Tax, which is an increase of \$10,000,000 SY over SY 2010-11;
- increasing Preschool Special Education funding to \$869,900,000, which is an increase of \$56,000,000 over SY 2010-11;
- increasing funding for the School Lunch and Breakfast Program to \$33,100,000. This is an \$800,000 increase over SY 2010-11; and
- increasing the appropriation for the administration of GED tests by \$300,000 to \$955,000 in SY 2011-12.

Proposed Decreases

The Executive proposes:

- decreasing funding by \$92,340,000 to Private Schools for the Blind and the Deaf to \$20,000,000 from SY 2010-11. This reduction is reflective of the change in their status from primarily state supported institutions to approved private schools for students with disabilities;
- eliminating Primary Mental Health Project which was funded at \$894,000 in SY 2010-11;
- eliminating Student Mentoring and Tutoring Initiative which was funded at \$490,000 in SY 2010-11;
- eliminating National Board for Professional Teaching Standards Certification which was funded at \$490,000 in SY 2010-11; and

- reducing Nonpublic School Aid by \$8,728,000 to \$100,377,000 in SY 2011-12.

ADULT CAREER AND CONTINUING EDUCATION SERVICES PROGRAM

For SFY 2010-11 the Executive proposes:

- funding Case Services at \$54,000,000, which is the same level of funding as in SFY 2010-11;
- funding Supported Employment at \$15,160,000, which is the same level of funding as in SFY 2010-11;
- funding Independent Living Centers at \$12,361,000, which is the same level of funding as in SFY 2010-11; and
- funding College Readers Aid at \$294,000, which is the same level of funding as in SFY 2010-11.

CULTURAL EDUCATION

The Executive proposes:

- maintaining funding grants to local governments through the Local Government Records Management Improvement Fund at \$8,346,000, which is the same level as SY 2010-11; and
- continuing aid for Documentary Heritage grants at \$461,000, which is the same level of funding as in SY 2010-11 levels.

Proposed Decrease

The Executive proposes:

- funding Aid for Public Libraries at \$76,012,000, which is a reduction of \$8,446,000 from SFY 2010-11 levels;
- funding Educational Television and Radio at \$13,502,000, which is a \$1,500,000 decrease from SY 2010-11; and
- reducing Talking Book and Braille Library to \$542,000, which is \$60,000 below the SFY 2010-11 funding level.

HIGHER EDUCATION AND THE PROFESSIONS

For SFY 2011-12 the Executive proposes:

- maintaining funding for Liberty Partnerships at a SFY 2010-11 funding level of \$10,842,000;
- maintaining funding for the Higher Education Opportunity Program at a SFY 2010-11 funding level of \$20,783,000;
- maintaining funding for the Science and Technology Program (STEP) at a SFY 2010-11 funding level of \$9,774,000;
- maintaining funding for the Collegiate Science and Technology Program (CSTEP) at a SFY 2010-11 funding level of \$7,406,000; and
- moving funding for Postsecondary Aid to Native Americans from the Office of Higher Education and the Professions to the Office of Pre-kindergarten through Grade Twelve Education Program. Funding is maintained at a SFY 2010-11 funding level of \$598,000.

Proposed Decrease

The Executive proposes:

- decreasing funding for Unrestricted Aid to Independent Colleges and Universities by \$3,903,000, or 10 percent, to \$35,129,000;
- eliminating \$941,000 in funding for the High Needs Nursing Program; and
- eliminating \$671,000 in funding for the Teacher Opportunity Corp Program. Funding for this program could become available through the Competitive Educational Improvement Performance Grants program.

Capital Projects

- The Executive continues funding of \$14,000,000 for public library capital projects throughout the state; and
- The Executive funds various minor rehabilitation projects to keep State Education Department facilities in safe operating condition at \$3,400,000.

Article VII

The Executive recommends Article VII legislation that would:

- provide for the continuation of the Contract for Excellence program in the 2011-12 School Year and require all districts that were Contract Districts in 2009-10 to continue in the program unless all schools within the District are reported as being in good standing;
- modify the Contract for Excellence Program by allowing districts to reduce program expenditures by the percentage reduction of the GEA for the SY 2011-12;
- authorize unused SY 2009-10 Contract for Excellence funds to be used in SY 2011-12;
- codify the current library aid distribution and ensure that any library aid reduction would be proportionate;
- reclassify State Supported Schools for the Blind and Deaf into approved private schools for students with disabilities. This would change the funding structure for these institutions from being primarily state supported to receiving a combination of funding from the state and school districts; in addition, the legislation makes conforming changes for DASNY financing and construction and other provisions of law;
- alter the calculation of payments for County Vocational Education and Extension Boards (CVEEBs) and limit the amount of time permitted for these institutions to submit claims to the state;
- modify the ability for school districts to enter into school bus leases for longer than a year;
- remove certain non-instructional items from the list of BOCES services that are eligible for State Aid;
- change the level of reimbursement for BOCES including the minimum reimbursement, starting in the 2012-13 school year;
- freeze the SY 2011-12 and SY 2012-13 per pupil tuition paid by school districts to charter schools at the SY 2010-11 rate;
- modify the method for calculating the effective interest rate for Building Aid in order to better take into account certain federally authorized bonds;
- provide for a recalculation of Building Aid if a school district's building is sold or ownership is transferred;

- remove energy performance contracts from the list of expenses eligible for the 10 percent Building Aid incentive;
- transform Building Aid from a reimbursable aid to a competitive grant program beginning with projects approved as of February 1, 2011. Reimbursement would be limited to \$2,000,000,000 of aidable building projects a year. The fund would consist of six tiers along with an additional emergency setaside. Within each tier projects would be ranked by the district's need resource index, then by the adjusted age of the building.
 - First Tier – for health and safety reasons.
 - Second Tier – to reduce immediate overcrowding.
 - Third Tier – replace or renovate buildings at least forty years old. School districts must not include a capacity increase greater than ten percent of the gross floor area and have a need resource index greater than the state median.
 - Fourth Tier – replace or renovate buildings at least twenty years old. School districts must not include a capacity increase greater than ten percent of the gross floor area and have a need resource index greater than the state median.
 - Fifth Tier – projects to add significant capacity for augmenting basic educational space such as classrooms or laboratories and renovations designed to extend the useful life of a building by at least fifteen years. The school district must have a need resource index greater than the state median.
 - Sixth Tier – all other projects that are eligible for building aid.
 - There is a separate emergency project ceiling of \$30,000,000.
- place certain restrictions for obtaining the reimbursement for the purchases of school buses;
- slightly modify the school aid payment schedule by specifying that some statutory payments be made on or before the end of the month instead of the beginning;
- continue existing provisions for the Teachers of Tomorrow program in the city school district in the city of New York;
- create a new \$1.7 million Competitive Education Improved Performance grant for programs with demonstrated success in supporting achievement and enhance professional capacity;
- extend special education class size waivers for large city school districts;

- clarifies that the Commissioner of Health has responsibility for Medicaid reimbursement for school supportive health services provided to students with disabilities;
- change the current reimbursement to school districts for Summer School Special Education Programs from 70 percent reimbursement by the state, to a wealth adjusted formula which would range from 10 to 80 percent. The current 10 percent county contribution would continue;
- extend the provisions allowing for waivers of maintenance of effort provisions for libraries due to economic hardship;
- extend the authority of school districts to lease school buses and modify their ability to enter into leases for longer than a year;
- extend the provisions of law in regard to conditional appointments of school district, charter school, and BOCES employees;
- extend the provisions of state law that conform to federal No Child Left Behind (NCLB) requirements;
- extend the provisions of law allowing Universal Pre-kindergarten providers to continue current hiring practices;
- provide authorization for school districts to transfer excess funds from their Employee Benefit Accrued Liability Reserve (EBALR) in an amount which is limited to the lesser of funds necessary to offset any Gap Elimination Adjustment during SY 2011-12 or the amount of excess funds as determined by the State Comptroller for the purpose of maintaining educational programming;
- extend the Consortium for Workforce Education (CWE) program;
- continue current provisions for School Bus Driver Training;
- continue the current Chapter 1 Advance provisions;
- continue the existing provisions for a lottery accrual due to a change made by the Government Accounting Standards Board regarding the Teacher Retirement System pension contributions;
- extend the Rochester City School District's ability to purchase health services from BOCES;
- continue the Magnet School, Attendance Improvement and Dropout Prevention, and Teacher Support Aid setasides within Foundation Aid;

- enact the Foundation Aid freeze for 2011-12 and 2012-13 school years and extend the phase in of Foundation Aid through SY 2016-17;
- continue the provision of Universal Pre-kindergarten into the 2011-12 and 2012-13 school years;
- continue Supplemental Public Excess Cost Aid, High Tax Aid, and Academic Enhancement Aid at current levels through SY 2012-13;
- freeze all school aid formulas for both the 2010-11 and 2011-12 school years at the lesser of the SY 2011-12 Executive run or revised data;
- provide for the calculation of the Gap Elimination Adjustment (GEA) as applied to formula based aids, with the exception of Building Aid and Universal Pre-kindergarten;
- provide a multi-year calculation for the continuation of the GEA at varying amounts, commencing in the 2012-13 school year;
- provide School District Performance Improvement Awards totaling \$250 million to 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 districts with the most improved academic gains and student outcomes; and
- provide School District Management Efficiency Awards totaling \$250 million to 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.

OFFICE OF CHILDREN AND FAMILY SERVICES

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|-----------------------------------|--------------------------------------|---------------------------------|----------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 2,173,175,400 | 2,000,019,300 | (173,156,100) | -8.0% |
| Special Revenue-Other | 123,337,000 | 119,881,000 | (3,456,000) | -2.8% |
| Special Revenue-Federal | 1,538,701,000 | 1,547,701,000 | 9,000,000 | 0.6% |
| Enterprise | 475,000 | 475,000 | 0 | 0.0% |
| Capital Projects Fund | 1,825,000 | 1,825,000 | 0 | 0.0% |
| Youth Facilities Improvement Fund | 35,850,000 | 35,850,000 | 0 | 0.0% |
| Internal Service Fund | 100,000 | 100,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 3,873,463,400 | 3,705,851,300 | (167,612,100) | -4.3% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|------------|
| General Fund: | 2,855 | 3,269 | 414 |
| All Other Funds: | 496 | 502 | 6 |
| TOTAL: | 3,351 | 3,771 | 420 |

Agency Mission

(Executive Budget: pp. 115-123)

The Office of Children and Family Services (OCFS) is responsible for coordinating a system of support to help families achieve and maintain self-sufficiency and to provide for the well-being of their children. The Office administers a broad range of child welfare, child care, adult protective and delinquency programs, as well as residential and community-based services for New York State's juvenile justice system. The Office also supervises services to the blind and visually handicapped.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- The downsizing or closure of OCFS facilities that would reduce OCFS staffing by 371 annual salaried positions and reduce youth facility capacity by 376 beds.
- The addition of 414 new youth facility staff to provide improved medical, mental health and direct care services to individuals in youth facilities.
- The establishment of a Supervision and Treatment Services for Juveniles Program that would replace all existing funding for alternatives to detention.
- A capped appropriation to support local detention costs for youth that would replace the current open-ended funding methodology for local secure and non-secure detention.
- The maintenance of open-ended funding for child welfare services. The Executive preserves 62 percent state reimbursement for mandated preventive services and child protective services, but eliminates funding for the child welfare quality program, which supports programs to improve child welfare services.
- A proposal to shift federal Title XX discretionary funds to support child welfare services, which would generate savings for the state and for local districts, but would eliminate all Title XX discretionary funds available to local districts.
- The creation of a Primary Prevention Incentive Program to support statewide prevention services, to be awarded on a competitive basis to local districts which would replace current funding for preventive programs, including Community Optional Preventive Services (COPS), Youth Delinquency and Development Program/Special Delinquency and development program (YDDP/SDDP), runaway and homeless youth funding, the Hoyt children and family trust fund, post placement services, home visiting, kinship care, and settlement houses.
- A reduction in the state share of the adoption subsidy reimbursement percentage from 73.5 percent to 62 percent.
- A proposal to shift the state share of Committee on Special Education (CSE) placements to school districts. The cost shares are currently split between the state (36.8 percent), local districts (43.2 percent) and the school districts (20 percent).
- The maintenance of funding for the Foster Care Block Grant (FCBG) at \$436,002,000.

- Continued support for child care unionization agreements reached in 2009 with the unions that represent home based child care providers.
- The elimination of the 1.2 percent human services cost of living adjustment (COLA) scheduled to take effect in SFY 2011-12.
- An increase in the fee for child abuse and maltreatment background checks through the Statewide Central Registrar (SCR) from \$5 to \$60.

Budget Detail

The Executive proposes an All Funds appropriation of \$3,705,851,300, a decrease of \$167,612,100 or 4.3 percent from the SFY 2010-11 budget level. The Executive recommends funding support of 3,771 full-time equivalent (FTE) positions, an increase of 420 positions from SFY 2010-11.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$529,200,000, a decrease of \$5,163,700, or 0.9 percent, from the SFY 2010-11 level.

Proposed Increases

The Executive proposes:

- an increase of \$13,500,000 related to the hiring of 414 new youth facility staff to provide improved medical, mental health and direct care services to youth;
- an increase of six FTEs supported by an additional \$6,000,000 in Federal Head Start funding;
- an increase of \$3,180,000 related to modernizing and upgrading of the CONNECTIONS system;
- an increase of \$3,000,000 related to federal Title XX elder care justice funding; and
- an increase of \$1,670,000 related to a shift of federal child care funding from Aid to Localities to State Operations.

Proposed Decreases

The Executive proposes:

- a decrease of \$21,670,000 related to the closure and downsizing of youth facilities that would reduce employment at OCFS facilities by a net 371 FTE's and reduce capacity by 376 beds;
- a decrease of \$11,370,000 related to a 10 percent reduction in support for State Operations, to be achieved through administrative efficiencies and negotiated workforce savings; and
- a decrease of \$6,000,000 in federal head start funding as a result of the loss of one-time funding through the American Reinvestment and Recovery Act (ARRA).

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$3,138,976,300, a decrease of \$162,448,400, or 4.9 percent, from the SFY 2010-11 level.

Proposed Increases

The Executive proposes the following General Fund additions:

- an increase of \$35,420,000 to support the creation of a Primary Prevention Incentive Program which would replace current preventive program funding;
- an increase of \$31,380,000 related to a new capped appropriation for state reimbursement to local districts through the supervision and treatment services for juveniles program;
- an increase of \$12,340,000 related to the payment of reconciled detention expenditures to local districts;
- an increase of \$15,000,000 to support a capped state reimbursement to local districts for secure and non-secure detention expenditures;
- an increase of \$5,830,000 for the advantage afterschool program related to the elimination of \$11,200,000 in TANF funding;
- an increase of \$2,000,000 related to unionization agreements made on behalf of home-based child care providers;

- an increase of \$1,940,000 in funding for adult protective/domestic violence (AP/DV) services related to increased claims; and
- an increase of \$500,000 in funding for Medicaid per diems for youth in foster care.

The Executive proposes the following federal appropriation additions:

- an increase of \$12,000,000 related to federal Title XX elder care justice funding.

Proposed Decreases

The Executive proposes the following General Fund reductions:

- a decrease of \$71,130,000 related to the elimination of various preventive service funding streams including YDDP/SDDP, home visiting, COPS, RHYA, caseload reduction, kinship/caretaker relative, Hoyt children and family trust fund, settlement houses, and post-placement services;
- a decrease of \$69,300,000 related to the elimination of state support for the Committee on Special Education program. Local school districts would be required to fund the entire non-local share of these programs;
- a reduction of \$53,000,000 related to the reconciliation of prior year Child Welfare Services claims;
- a decrease of \$34,900,000 related to a reduction in child welfare preventive service caseload;
- a decrease of \$34,000,000 in the adoption subsidy program related to the reduction of the State reimbursement percentage from 73.5 percent to 62 percent;
- a decrease of \$38,000,000 in funding for open-ended state reimbursement of local expenditures on secure and non-secure detention;
- a decrease of \$22,000,000 related to an Executive proposal that would require that Federal Title XX funding be used to offset current state and local expenditures for Child Welfare Services. Currently, this funding primarily supports local discretionary services including housing improvement, homemaker services, and senior centers;
- a decrease of \$13,000,000 related to the elimination of the 1.2 percent human services cost of living adjustment (COLA) scheduled to take effect in SFY 2011-12;
- a decrease of \$3,000,000 related to the elimination of the Safe Harbour program, a proposed long-term safe house for sexually exploited youth;

- a decrease of \$2,200,000 related to the elimination of funding for alternative to detention programs; and
- a decrease of \$1,800,000 related to the elimination of funding for child welfare quality services.

The Executive proposes an increase in the fee for child abuse and maltreatment background checks through the Statewide Central Registrar (SCR), from \$5 to \$60. This fee would generate \$12,000,000 in new revenue. 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 OPWDD and the OMH.

The Executive proposes the following federal appropriation reductions:

- a decrease of \$3,460,000 related to the elimination of federal funding for the Hoyt children and family trust fund; and
- a decrease of \$1,670,000 related to the shift of child care funding from aid to localities to State operations.

Capital Projects

The Executive proposes funding of \$37,675,000 for the Capital Projects Fund and the Youth Facilities Improvement Fund, which is unchanged from SFY 2010-11.

Article VII

The Executive recommends Article VII legislation that would:

- eliminate the State share of funding for maintenance of handicapped children in residential care;
- create the Primary Prevention Incentive Program, with a capped appropriation and 62 percent State reimbursement for primary preventive services;
- repeal the 12 month notification requirement prior to closure of an OCFS facility;
- create a Supervision and Treatment of Juveniles Program to encourage use of community based alternatives to detention;

- create a capped appropriation for local secure and non-secure detention expenditures; and
- increase the fee for persons receiving clearances through the Statewide Central Register of Child Abuse and Maltreatment (SCR) from \$5 to \$60.

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|----------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 1,313,003,700 | 1,361,511,000 | 48,507,300 | 3.7% |
| Special Revenue-Other | 186,518,000 | 169,103,000 | (17,415,000) | -9.3% |
| Special Revenue-Federal | 4,394,029,000 | 3,995,153,000 | (398,876,000) | -9.1% |
| Housing Program Fund | 30,000,000 | 30,000,000 | 0 | 0.0% |
| Internal Service Fund | 1,199,000 | 1,199,000 | 0 | 0.0% |
| Fiduciary | 10,000,000 | 10,000,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 5,934,749,700 | 5,566,966,000 | (367,783,700) | -6.2% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 154 | 154 | 0 |
| All Other Funds: | 2,094 | 2,094 | 0 |
| TOTAL: | 2,248 | 2,248 | 0 |

Agency Mission

(Executive Budget: pp.124-130)

The Office of Temporary and Disability Assistance (OTDA), working with the Office of Children and Family Services and other agencies, helps children and families in need to achieve economic self-sufficiency. The OTDA administers public assistance programs, including Family Assistance, Safety Net Assistance, Supplemental Security Income, the Federal Food Stamp Program, the Home Energy Assistance Program; child support enforcement and services; refugee assistance programs; and homeless shelter and service programs. The OTDA also serves as the host agency for the administration of the federal Temporary Assistance to Needy Families (TANF) block grant which

provides funding for public assistance benefits, as well as for programs and services designed to assist needy children and families as they transition to self-support.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- A proposal to fully finance the state and local shares of Family Assistance benefit payments with federal funding from the TANF block grant and to change the reimbursement structure for Safety Net Assistance (SNA) expenditures so that state reimbursement to local districts would decrease from 50 percent to 30 percent.
- The elimination of \$73,826,000 in TANF funding for various initiatives including: Career Pathways, Alternatives to Detention, SUNY/CUNY Child Care, Advantage Afterschool, Displaced Homemakers, ACCESS – Welfare to Careers, Bridge, Caretaker Relative, Child Care Demonstration Projects, Disability Advocacy Program, Educational Resources, Emergency Homeless Program, Green Jobs, Health Care Jobs, Homeless Prevention Program, Non-Residential Domestic Violence, Nurse Family Partnership, Preventive Services, Refugee Resettlement Program, Rochester-Genesee Regional Transportation Authority, Settlement Houses, Summer Youth Employment Program, Supplemental Homeless Intervention Program, Supportive Housing for Families, Transitional Jobs, and Wheels for Work.
- A one year delay of the final 10 percent Public Assistance grant increase scheduled to take effect on July 1, 2011. This action would maintain current benefit levels and reschedule the implementation of the final grant increase to July 1, 2012.
- A proposal to withhold Public Assistance benefits from families in the second and subsequent instances in which the head of the household does not comply with employment requirements.
- The elimination of state funding for the New York City Work Advantage shelter supplement program, which allows local districts to provide an enhanced shelter allowance for those at-risk for eviction or already residing in homeless shelters.
- A proposal to cap the appropriation for reimbursement for New York City adult shelter expenditures at \$69,000,000, a reduction of \$15,680,000 from the 2010-11 level.
- The continuation of prior year TANF levels funding child care subsidies at \$392,976,000 and the Flexible Fund for Family Services at \$960,000,000.

Budget Detail

The Executive proposes an All Funds appropriation of \$5,566,966,000, a net decrease of \$367,783,700, or 6.2 percent, from the SFY 2010-11 level. The Executive recommends funding support of 2,248 full-time equivalent positions, which is unchanged from SFY 2010-11.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$472,292,000, an increase of \$1,000,000, or 0.2 percent, over the SFY 2010-11 level.

Proposed Increases

The Executive proposes:

- an increase of \$22,500,000 in federal Child Support related to a funding shift from Aid to Localities to State Operations;
- an increase of \$2,500,000 related to federal funding for the Home Energy Assistance Program;
- an increase of \$500,000 in federal funding for Welfare Fraud Prevention;
- an increase of \$200,000 in federal support for the Food Stamp Employment & Training Program;
- an increase of \$60,000 in the Special Revenue–Other funding related to the notices system account;
- an increase of \$30,000 in the Special Revenue–Other funding related to the training, management, and evaluation account.

Proposed Decreases

The Executive proposes:

- a decrease of \$11,700,000 in Special Revenue–Other funding related to the child support revenue account based on historical state share of spending;
- a decrease of \$6,310,000 related to a ten percent reduction in State Operations programs, to be achieved through administrative efficiencies and negotiated workforce savings;

- a decrease of \$3,280,000 in the Special Revenue–Other disability determinations account;
- a decrease of \$1,750,000 in the Special Revenue–Other OTDA income account;
- a decrease of \$900,000 in federal funding for the Disability Determinations Program;
- a decrease of \$83,000 in the Special Revenue-Other OTDA training contract account; and
- a decrease of \$80,000 in federal funding for the Homeless Housing Program.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$5,064,674,000, a decrease of \$368,783,700, or 6.8 percent, from the SFY 2010-11 level. The largest funding source within Aid to Localities is the TANF block grant and related contingency funds totaling \$2,624,567,000, a decrease of \$233,126,000 from last year. A TANF appropriation of \$1,268,600,000 would support an anticipated 252,353 recipients of Family Assistance, a decrease of 3,210 from the current fiscal year. The Executive budget proposes to fully finance Family Assistance benefit payments with TANF funding, thereby eliminating the 25 percent state and 25 percent local shares of Family Assistance expenditures. In other Aid to Localities funding, the Executive proposes to reduce the state reimbursement to local districts for Safety Net Assistance expenditures, from 50 percent to 30 percent, which would increase the local share to 70 percent.

The Executive proposes to make \$960,000,000 available to local districts through the Flexible Fund for Family Services, which is unchanged from SFY 2010-11. However, the Executive proposal would set aside \$10,000,000 from the FFFS to support the establishment of shared services arrangements and the consolidation of local social services district operations.

The Executive would maintain funding for child care subsidies at \$392,967,000. However, \$6,908,000 in TANF funding for SUNY Child Care, CUNY Child Care, and Child Care Demonstration Projects would be eliminated. In addition, the Executive eliminates funding for 24 other programs, totaling \$65,918,000, including: Career Pathways, Alternatives to Detention, Advantage Afterschool, Displaced Homemakers, ACCESS – Welfare to Careers, Bridge, Caretaker Relative, Disability Advocacy Program, Educational Resources, Emergency Homeless Program, Green Jobs, Health Care Jobs, Homeless Prevention Program, Non-Residential Domestic Violence, Nurse Family Partnership, Preventive Services, Refugee Resettlement Program, Rochester-Genesee Regional Transportation Authority, Settlement Houses, Summer Youth Employment Program, Supplemental Homeless Intervention Program, Supportive Housing for Families, Transitional Jobs, and Wheels for Work.

Proposed Increases

The Executive proposes:

- an increase of \$125,600,000 in base General Fund Public Assistance expenditures related to underlying program growth, which would be partially offset by savings associated with the proposal to fully fund Family Assistance with TANF funds and the proposal to reduce state reimbursement for Safety Net Assistance expenditures from 50 percent to 30 percent;
- an increase of \$4,100,000 related to increased Supplemental Security Income (SSI) caseload;
- an increase of \$1,250,000 related to a scheduled increase in NY/NY III Family Units; and
- an increase of \$1,150,000 for the Homelessness Intervention Program (HIP) related to the elimination of supplemental TANF funding for this program and the consolidation of following four housing support programs into one appropriation: single room occupancy program, HIP, Homelessness Prevention Program, and operational support for AIDS housing.

Proposed Decreases

The Executive proposes:

- a decrease of \$154,300,000 related to federal funding for food stamps;
- a decrease of \$61,600,000 in General Fund spending related to a proposal to fully finance family assistance benefit payments with TANF funding, thereby eliminating the 25 percent state and 25 percent local shares of family assistance expenditures and the proposal to reduce state reimbursement for Safety Net Assistance expenditures from 50 percent to 30 percent;
- a decrease of \$36,200,000 in federal child support related to a funding shift from Aid to Localities to State Operations;
- A decrease of \$33,000,000 in General Fund spending related to the elimination of state support for the New York City Work Advantage program, which provides an enhanced shelter allowance for households either at-risk for eviction or already residing in homeless shelters;
- a decrease of \$29,300,000 in General Fund spending and \$26,600,000 in TANF spending related to a one year delay of the final 10 percent public assistance grant

increase that is scheduled to take effect on July 1, 2011. This action would maintain current benefit levels and re-schedule the implementation of the final grant increase to July 1, 2012;

- a decrease of \$15,680,000 in General Fund spending funding for adult homeless shelters in New York City; and
- a reduction of \$7,400,000 in General Fund spending related to a proposal that would withhold public assistance benefits from families in the second and subsequent instances in which the head of the household does not comply with employment requirements.

Capital Projects

The Executive proposes funding of \$30,000,000 for the Supported Housing Program Fund, which is unchanged from SFY 2010-11.

Article VII

The Executive recommends Article VII legislation that would:

- authorize the pass-through of the federal Cost of Living Adjustment (COLA) for Supplemental Security Income;
- require local districts to withhold public assistance benefits from families in the second and subsequent instances in which the head of the household does not comply with employment requirements; and
- delay the scheduled ten percent increase to the non-shelter portion of the public assistance grant schedule from July 2011 until July 2012.

NEW YORK STATE HIGHER EDUCATION SERVICES CORPORATION

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|-------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 843,566,000 | 959,930,000 | 116,364,000 | 13.8% |
| Special Revenue-Other | 122,247,000 | 104,292,000 | (17,955,000) | -14.7% |
| Special Revenue-Federal | 65,800,000 | 12,601,000 | (53,199,000) | -80.8% |
| Total for AGENCY SUMMARY: | 1,031,613,000 | 1,076,823,000 | 45,210,000 | 4.4% |

Agency Mission

(Executive Budget: pp. 157-162)

The Higher Education Services Corporation (HESC) was established in 1974 and administers the State's Tuition Assistance Program (TAP), the Federal Family Education Loan Program, and other state and federal aid programs.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- funding for TAP in the amount of \$893,369,000, which represents a net increase of \$68,321,000 from a SFY 2010-11 funded level of \$825,048,000; and
- funding of \$43,256,000 for various scholarships administered by HESC, which represents a \$4,106,000 increase from SFY 2010-11. There are additional disbursements of \$3,933,000 due to retroactive payments for the Patricia K. McGee Nursing Faculty Scholarship and Nursing Faculty Loan Forgiveness programs from the 2010-11 appropriation.

Budget Detail

The Executive recommends an All Funds appropriation of \$1,076,873,000 for HESC which is an increase of \$45,210,000 from the SFY 2010-11 level. The Executive recommends funding support of 516 full-time equivalent positions which is consistent with SFY 2010-11 levels.

State Operations

The Executive recommends an All Funds State Operations appropriation of \$104,930,000, a decrease of \$15,117,000 from the SFY 2010-11 level.

Proposed Increases

The Executive proposes:

- a Special Revenue Fund increase of \$5,035,000 due to a redistribution of administrative personal service funding within the Division of Guaranteed Loan Programs; and
- an increase in Special Revenue funding for the Student Grant and Award Programs by \$2,601,000. This is due to an increase to the College Access Challenge Grant Account.

Proposed Decreases

The Executive proposes:

- a Special Revenue Fund decrease for the Division of Guaranteed Loan Programs by \$11,540,000 due to administrative funding redistribution with HESC administration;
- a General Fund decrease of \$5,963,000 to the New York Higher Education Loan Program (NYHELPS);
- a Special Revenue Fund decrease of \$5,000,000 to the NYHELPS; and
- an elimination of funding for the Third Party Debt Collection Program. This is a decrease of \$250,000.

Aid to Localities

The Executive proposal maintains SFY 2010-11 funding levels for the Aid to Part-Time Study Program at \$14,357,000, the Patricia K. McGee Nursing Faculty Scholarship and Nursing Faculty Loan Forgiveness programs at \$3,933,000, and the Licensed Social Worker Loan Forgiveness Program at \$978,000. The Executive also proposes a \$893,369,000 appropriation for the TAP program, reflecting a net increase of \$68,321,000 from the 2010-11 level.

Proposed Increases

The Executive proposes:

- an increase of \$118,221,000 in General Fund spending for TAP which includes the phasing out of a \$75 across the board reduction in TAP awards; and
- a General Fund increase for various scholarships administered by HESC of \$4,106,000, from \$39,150,000 in SFY 2010-11 to \$43,256,000 in SFY 2011-12.

Proposed Decreases

The Executive proposal for TAP assumes \$30,856,000 in reductions resulting from the continuation of and making permanent changes to the program enacted in 2010-11 that would:

- reduce the maximum TAP award for students enrolled in a two-year degree granting program from \$5,000 to \$4,000 (\$11,169,000);
- create new TAP award schedules reducing awards for certain married but financially independent students (\$5,438,000);
- increase minimum academic standards and GPA requirements for maintaining TAP eligibility (\$4,424,000);
- include all private pension and annuity income in TAP income determinations (\$4,201,000);
- deny TAP eligibility to students in default of their federal student loans (\$3,625,000); and
- eliminate TAP awards for graduate students (\$1,999,000).

The Executive also proposes:

- a decrease of \$55,800,000 due to the elimination of federal funding from the American Recovery & Reinvestment Act and the Special Leveraging Educational Assistance Partnership Program for TAP; and
- decreased funding of \$6,200,000 due to decrease of TAP funding from the HESC Insurance Premium Payments Account.

Article VII

The Executive recommends Article VII legislation that would:

- increase the minimum academic standards required for non-remedial students to maintain TAP eligibility;
- deny TAP awards to any student who is in default of their federal student loans and loans made or guaranteed by the Corporation;
- eliminate TAP awards for graduate students;
- decrease TAP awards for financially independent students who are married without children;
- reduce the maximum TAP award for students enrolled in two-year degree granting programs from \$5,000 to \$4,000;
- create parity between public and private pensions in TAP award eligibility determinations;
- extend the Patricia K. McGee Nursing Faculty Scholarship and Nursing Faculty Loan Forgiveness programs until June 30, 2016;
- extend the Regents Physician Loan Forgiveness Program until the end of the 2015-16 academic year; and
- extend the Regents Licensed Social Worker Loan Forgiveness Program until June 30, 2016.

DIVISION OF HOUSING AND COMMUNITY RENEWAL

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|----------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 62,341,000 | 52,568,000 | (9,773,000) | -15.7% |
| Special Revenue-Other | 67,163,000 | 64,408,000 | (2,755,000) | -4.1% |
| Special Revenue-Federal | 261,037,000 | 116,641,000 | (144,396,000) | -55.3% |
| Housing Program Fund | 74,200,000 | 74,200,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 464,741,000 | 307,817,000 | (156,924,000) | -33.8% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 138 | 138 | 0 |
| All Other Funds: | 619 | 619 | 0 |
| TOTAL: | 757 | 757 | 0 |

Agency Mission

(Executive Budget: pp. 170-176)

The Division of Housing and Community Renewal (DHCR) supports community efforts to preserve and expand affordable housing, home ownership and economic opportunities. In addition, DHCR provides construction and rehabilitation loans and grants; administers rent control, rent stabilization and rent subsidy programs; and supervises the management of state-assisted housing stock.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget proposal includes the following:

- the Executive recommends consolidating the Neighborhood Preservation Program (NPP) and the Rural Preservation Program (RPP) into a single, competitive performance based program funded at \$6 million;
- the Executive recommends reducing State Operations support for the Rent Administration Program by \$5 million attributed to workforce efficiencies and savings achieved through early retirement incentives; and
- the Executive recommends transferring \$13.1 million in federal funding for the Section 8 New Construction Program from the Division of Housing and Community Renewal to the Housing Trust Fund Corporation. This program will now be administered jointly with the federal Section 8 voucher program.

Budget Detail

The Executive proposes an All Funds appropriation of \$307,817,000 a decrease of \$156,924,000 or 33.8 percent, from the SFY 2010-11 funding level. The Executive recommends funding support for 757 full-time equivalent positions which is unchanged from the SFY 2010-11 level.

State Operations

The Executive proposes All Funds State Operations appropriations of \$91,987,000, a decrease of \$7,316,000 or 7.3 percent from the SFY 2010-11 level.

Proposed Increases

The Executive proposes:

- \$1,356,000 in funding for the Administration Program to support staff and non-personal service costs that were shifted from the General Fund; and
- a net increase of \$2,183,000 in the Community Development and Housing Program to reflect personal service, indirect cost, and fringe adjustments.

Proposed Decreases

The Executive proposes:

- a decrease of \$5,015,000 in state operations funding for the Rent Administration Program attributed to savings incurred from early retirement incentives and workforce efficiencies;
- a net reduction of \$2,393,000 in General Fund support attributed to an across the board 10 percent reduction in State Operations funding attributed to workforce efficiencies and non-personal service reductions;
- a net decrease of \$1,286,000 in federal funding for State Operations attributed to the transfer of the Low Income Weatherization grants from the Community Development Program to the Low Income Weatherization Program;
- a \$1,279,000 reduction to State Operations funding for the Housing Program as a results of transferring personnel tasked with administering the Housing Development Fund Program from the Housing Program to the Community Development Program; and
- a decrease of \$882,000 in federal funding for the Housing Program to reflect an adjustment in federal rates for the Housing and Urban Development Section 8 Program.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$141,630,000, a decrease of \$149,608,000 or 51 percent from the SFY 2010-11 level.

Proposed Decreases

The Executive Proposes:

- the reduction of \$129,128,000 from the discontinuation of federal stimulus funding for the Low Income Weatherization Program. The Executive Budget includes \$1,870,000 to reflect recaptured funds received by DHCR;
- the transfer of \$13,100,000 of federal funding for the Section 8 New Construction program from the Division of Housing and Community Renewal to the Housing Trust Fund Corporation. This program will now be administered jointly with the federal Section 8 voucher program;

- consolidation of NPP program and RPP program into a single competitive, performance based program, which will result in a net decrease of \$6,008,000 in General Fund support; and
- a reduction of \$1,372,000 in General Fund support for to periodic subsidy debt service payments.

Capital Projects

The Executive proposes capital projects funding consistent with the SFY 2010-11 funding level in the amount of \$74,200,000.

Article VII

The Executive recommends Article VII legislation that would:

- restructure the NPP and RPP programs into a single, competitive based program; and
- provide an additional \$4 million to the Low Income Housing Tax Credit program.

DIVISION OF HUMAN RIGHTS

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 14,522,000 | 13,070,000 | (1,452,000) | -10.0% |
| Special Revenue-Federal | 8,223,000 | 8,223,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 22,745,000 | 21,293,000 | (1,452,000) | -6.4% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 141 | 141 | 0 |
| All Other Funds: | 54 | 54 | 0 |
| TOTAL: | 195 | 195 | 0 |

Agency Mission

(Executive Budget: pp. 182-184)

The primary mission of the Division of Human Rights (Division) is to enforce the New York State Human Rights Law and to protect the civil rights of New Yorkers. The Human Rights Law affords protection from discrimination, based on race, sex, age, military status, disability, sexual orientation or membership in other specified classes in the law. The Division prosecutes unlawful discriminatory practices; investigates and resolves individual complaints of illegal discrimination; advances policies and legislation to expand and to protect civil rights; and promotes education and outreach to raise human rights awareness. The agency operates from its main office in New York City, as well as nine regional offices and two satellite offices across the State.

Budget Detail

State Operations

The Executive proposes an All Funds State Operations appropriation of \$21,293,000, a decrease of \$1,452,000 or 6.4 percent, from the State Fiscal Year (SFY) 2010-11 level. The Executive recommends funding support of 195 full-time equivalent positions, which is unchanged from SFY 2010-11.

Proposed Decreases

The Executive proposes a General Fund decrease of \$1,452,000 related to a ten percent reduction in support for State Operations, to be achieved through administrative efficiencies and negotiated workforce savings.

DEPARTMENT OF LABOR

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 75,010,000 | 75,010,000 | 0 | 0.0% |
| Special Revenue-Federal | 771,103,000 | 766,454,000 | (4,649,000) | -0.6% |
| Enterprise | 10,020,000,000 | 8,400,000,000 | (1,620,000,000) | -16.2% |
| Total for AGENCY SUMMARY: | 10,866,113,000 | 9,241,464,000 | (1,624,649,000) | -15.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|-----------|
| All Other Funds: | 3,949 | 3,977 | 28 |
| TOTAL: | 3,949 | 3,977 | 28 |

Agency Mission

(Executive Budget: pp. 197-202)

The Department of Labor (DOL) administers New York's Unemployment Insurance system, labor exchange system and state worker protection programs, including enforcement of safety and health regulations in the public sector; state labor laws and federal statutes related to working conditions, wages and hours; and laws related to public work.

DOL is a primary advocate for job creation and economic growth through workforce development and the State's principal source of labor market information, offering a variety of services designed to help businesses to find workers and people to find jobs.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- A reduction of \$4.6 million associated with repealing reappropriation authority in the General Fund that supports certain employment and training programs added by the Legislature.

Budget Detail

The Executive proposes an All Funds appropriation of \$9,241,464,000, a decrease of \$1,624,649,000 or 15 percent below the SFY 2010-11 level. The decrease is primarily attributable to a reduction in appropriation authority for Unemployment Insurance benefits. The Executive recommends funding support of 3,977 full-time equivalent (FTE) positions, an increase of 28 FTEs related to in-sourcing information technology employees.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$9,048,595,000, a net decrease of \$1,589,953,000 or 14.9 percent below the SFY 2010-11 level.

Proposed Increases

The Executive proposes an increase of \$30,380,000, which is attributable to a shift of Workforce Investment Act funds from Aid to Localities to State Operations to more accurately reflect how the funds are used.

Proposed Decreases

The Executive proposes a decrease of \$1,620,000,000 for Unemployment Insurance. The reduction is attributable to unused appropriation authority from SFY 2010-11 and an anticipated reduction in American Recovery and Reinvestment Act (ARRA) funded benefits.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$192,869,000, a net decrease of \$34,696,000 or 15.2 percent below the SFY 2010-11 level.

Proposed Increases

The Executive recommends an increase of \$24,488,000 related to an anticipated increase in the federal grant for Unemployment Insurance Administration.

Proposed Decreases

The Executive proposes the following:

- a decrease of \$30,380,000, which is attributable to a shift of Workforce Investment Act funds from Aid to Localities to State Operations to more accurately reflect how the funds are used; and
- a reduction of \$26,436,000 related to discontinued ARRA funds for Unemployment Insurance Administration.

Article VII

The Executive recommends Article VII legislation that would permanently extend statutory authorization for DOL to assess a surcharge on employers for payment of interest due on Unemployment Insurance benefit loans from the federal government.

STATE UNIVERSITY OF NEW YORK

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|--|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 2,802,027,636 | 2,621,934,645 | (180,092,991) | -6.4% |
| Special Revenue-Other | 4,937,888,400 | 5,339,889,300 | 402,000,900 | 8.1% |
| Special Revenue-Federal | 377,938,650 | 363,600,000 | (14,338,650) | -3.8% |
| Capital Projects Fund - Advances | 550,000,000 | 550,000,000 | 0 | 0.0% |
| Internal Service Fund | 16,600,000 | 19,100,000 | 2,500,000 | 15.1% |
| Cap Proj Fund - SUNY CC - Direct Auth Bonds | 22,426,000 | 31,571,000 | 9,145,000 | 40.8% |
| SUNY Dorms - Direct Auth Bonds | 0 | 331,000,000 | 331,000,000 | -- |
| State University Residence Hall Rehabilitation Fund | 0 | 90,000,000 | 90,000,000 | -- |
| Total for AGENCY SUMMARY: | 8,706,880,686 | 9,347,094,945 | 640,214,259 | 7.4% |

Agency Mission

(Executive Budget: pp. 296-301)

The State University of New York (SUNY) is the largest public university system in the nation. It consists of 64 campuses including four university centers, thirteen university colleges, two independent health centers, four specialized colleges of technology, five statutory colleges, six colleges of technology and thirty community colleges.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- a \$149,952,000 decrease in state support for operating expenses from an adjusted state support level of \$1,063,063,000 in Academic Year 2010-11 to \$961,624,000 in Academic Year 2011-12.
- a \$226 per full-time equivalent (FTE) student decrease in SUNY Community College Base Aid, decreasing support from \$2,260 per FTE in SFY 2010-11 to \$2,034 per FTE in SFY 2011-12; and
- elimination of the state subsidy to the SUNY Hospitals resulting in a cut of \$134,800,000.

Budget Detail

The Executive Proposal recommends a \$9,347,094,945 All Funds appropriation, an increase of \$640,214,259 from SFY 2010-11.

State Operations

The Executive proposes a State Operations budget of \$7,912,822,600 for State Operated campuses. This represents a \$304,518,300 increase above the SFY 2010-11 level of \$7,608,304,300.

Proposed Increases

The Executive proposes:

- a General Fund increase of \$19,861,000 due to personal service costs increases and collective bargaining;
- a General Fund increase of \$17,814,000 due to increased costs for fringe benefits;
- a General Fund increase of \$16,478,000 due to a returned share of proceeds from the tuition increase of 2009-10;
- a General Fund increase of \$10,297,000 from non personal service cost inflation;
- a General Fund increase of \$1,876,000 due to increased utility expenses;
- a Special Revenue-Other funding increase of \$428,450,400 from an increase in revenue in the Hospital Income Reimbursable Account;
- a Special Revenue-Other funding increase of \$32,686,000 due to an increase in revenue in the Dormitory Income Fund Reimbursable Account;
- a Special Revenue-Other funding increase of \$29,738,000 from an increase in revenue in the General Income Fund Reimbursable Account;
- a Special Revenue-Other funding increase of \$6,123,000 due to an increase in revenue in the Tuition Reimbursable Account;
- a Special Revenue Fund-Federal funding increase of \$5,100,000 for the Federal Department of Education Fund; and
- an Internal Service Fund increase of \$2,500,000 for the Banking Service Fund.

Proposed Decreases

The Executive proposes:

- a General Fund \$149,952,000 decrease to state support for SUNY State Operated and Statutory Colleges;
- a Special Revenue Fund-Other funding decrease of \$85,000,000 due to the elimination of funding for the SUNY Stabilization Account;
- a Special Revenue Fund-Other funding decrease of \$5,000,000 due to the elimination of funding for the Restricted Current Account; and
- a Special Revenue Fund-Other funding decrease of \$3,201,000 from an decrease to spending authority for the Long Island Veterans Home.

Aid to Localities

The Executive proposes a total Aid to Localities appropriation of \$431,701,345 for SFY 2011-12, representing a \$91,540,041 decrease from adjusted SFY 2010-11 levels. Within this appropriation, funding in the amount of \$11,173,000 is maintained for rental aid, \$1,880,000 for contract courses for workforce development, \$1,001,000 for child care, \$1,692,000 in funding for high priority academic programs and \$940,000 for community colleges with low enrollment.

Proposed Increases

The Executive proposes a General Fund increase of \$37,159,959 in spending for Community College Base Aid due to funding enrollment growth, restoring funding from the 2010-11 FMAP Contingency Plan, and increased General Fund Payments due to the expiration of the American Recovery and Reinvestment Act. As proposed by the Executive, within this increase is a proposed \$33,174,201 reduction in SUNY Community College Base Aid resulting from a \$226 per FTE reduction from \$2,260 in SFY 2010-11 to \$2,034 in SFY 2011-12.

Proposed Decreases

The Executive proposes a General Fund decrease of \$128,700,000 from the proposed elimination of the hospital subsidy for SUNY Health Science Centers.

Capital Projects

The Executive proposes a capital projects appropriation of \$1,002,571,000, an increase of \$430,145,000 from SFY 2010-11 levels. This includes an appropriation of \$550,000,000 which is the fourth year of the five year SUNY capital plan for critical maintenance that was enacted in

SFY 2008-09. It also includes \$31,571,000 to provide for the state's 50 percent share of projects at SUNY Community Colleges. There are also new appropriations for SUNY's Residence Hall Rehabilitation Fund totaling \$421,000,000.

Article VII

The Executive recommends Article VII legislation that would:

- authorize the creation of the State University Asset Maximization Review Board to approve the lease of real property and participate in public/private partnerships;
- allow the SUNY Construction Fund to implement capital projects through new construction delivery methods;
- authorize the construction and financing by the Dormitory Authority of New York (DASNY) of the facilities for the benefit of SUNY by affiliated not-for-profit entities;
- allow DASNY to rehabilitate, construct and finance dormitories for community colleges;
- allow SUNY to lease facilities directly through Albany County;
- authorize SUNY affiliated not-for-profit organizations to make purchases through centralized contracts of the Office of General Services;
- allow post-audit review by the Attorney General in regards to leases between SUNY and its alumni associations in support of dormitory projects;
- allow SUNY hospitals to participate in managed health care networks;
- allow the State University Construction Fund to utilize alternative construction delivery methods for SUNY projects; and
- remove the provisions of law subjecting SUNY to pre-approval of contracts by the Office of the State Comptroller.

STATE UNIVERSITY CONSTRUCTION FUND

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|----------------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 25,678,000 | 26,172,000 | 494,000 | 1.9% |
| Total for AGENCY SUMMARY: | 25,678,000 | 26,172,000 | 494,000 | 1.9% |

Agency Mission

(Executive Budget: pp. 302-303)

The State University Construction Fund (SUCF) is a public benefit corporation established in 1962 to serve as the construction agent for academic buildings, dormitories and other facilities at state-operated institutions and statutory colleges under the jurisdiction of the State University of New York (SUNY).

Budget Detail

The Executive proposes an All Funds appropriation of \$26,172,000, an increase of \$494,000 or 1.9 percent, over the State Fiscal Year (SFY) 2010-11 level. The Executive recommends funding support of 172 positions, which is consistent with the SFY 2010-11 levels.

State Operations

Proposed Increases

An increase of \$494,000 in administrative costs to provide SUCF with additional resources to address the design, planning and construction management of SUNY's ongoing multi-year capital plan.

OFFICE OF WELFARE INSPECTOR GENERAL

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|-----------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 420,000 | 378,000 | (42,000) | -10.0% |
| Special Revenue-Other | 1,177,000 | 1,177,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 1,597,000 | 1,555,000 | (42,000) | -2.6% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 4 | 4 | 0 |
| All Other Funds: | 3 | 3 | 0 |
| TOTAL: | 7 | 7 | 0 |

Agency Mission

(Executive Budget: pp. 333-335)

The Office of Welfare Inspector General (Office) is responsible for preventing, investigating and prosecuting public assistance fraud and abuse, and illegal acts involving social services programs at both the state and local levels. The Office responds to allegations that welfare recipients are receiving benefits for which they are not eligible and, where appropriate, prosecutes such behavior. The Office also investigates instances in which Medicaid, day care or other social services providers or administrators of services are alleged to be fraudulently receiving payments from government. The Office is also charged with responsibility for investigating failures by state and local officials to investigate and prosecute such fraud and abuse within their jurisdiction.

The Welfare Inspector General's statewide operations are directed from its main office in New York City and field office in Albany. The Office works closely with the Office of Temporary and

Disability Assistance and is assisted by the Attorney General in the prosecution of those alleged to be involved in fraudulent activity. The Office also works with the Office of Children and Family Services on cases involving community programs, as well as the Department of Health and the Office of the Medicaid Inspector General on cases related to alleged Medicaid fraud.

Budget Detail

State Operations

The Executive proposes an All Funds State Operations appropriation of \$1,555,000, a decrease of \$42,000 or 2.6 percent, from the State Fiscal Year (SFY) 2010-11 level. The Executive recommends funding support of seven full-time equivalent positions, which is unchanged from SFY 2010-11.

Proposed Decreases

The Executive proposes a General Fund decrease of \$42,000 related to a 10 percent reduction in support for State Operations, to be achieved through administrative efficiencies and negotiated workforce savings.

MISCELLANEOUS: EDUCATION, LABOR & FAMILY ASSISTANCE

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 730,000 | 692,000 | (38,000) | -5.2% |
| Special Revenue-Other | 829,800 | 829,800 | 0 | 0.0% |
| Special Revenue-Federal | 36,000,000 | 30,000,000 | (6,000,000) | -16.7% |
| Total for AGENCY SUMMARY: | 37,559,800 | 31,521,800 | (6,038,000) | -16.1% |

Budget Detail

State Operations

The Office of National and Community Service

The Executive proposes All Funds appropriations of \$30,692,000 for The Office of National and Community Service, which provides staff support to the New York State Commission on National and Community Service. This represents a decrease of \$6,038,000, or 16.7 percent, from the SFY 2010-11 level, consisting of a \$38,000 reduction related to a 10 percent decrease in General Fund State Operations appropriations and a \$6,000,000 reduction in Special Revenue-Federal appropriations related to the loss of one-time funding from the American Reinvestment & Recovery Act.

STATE OF NEW YORK MORTGAGE AGENCY

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 174,520,000 | 173,172,000 | (1,348,000) | -0.8% |
| Total for AGENCY SUMMARY: | 174,520,000 | 173,172,000 | (1,348,000) | -0.8% |

Agency Mission

(Executive Budget: pp. 178-180)

The State of New York Mortgage Agency (SONYMA) is a public benefit corporation created to increase the affordability of home ownership for low to moderate income residents of New York State. This is accomplished by the Agency's issuance of taxable and tax exempt bonds and the use of proceeds to purchase low-interest rate mortgage loans. SONYMA receives no direct operating support from the State.

Budget Detail

The Executive proposes All Funds Appropriations of \$173,172,000, a decrease of \$1,348,000 from the State Fiscal Year 2010-11 level. Statute requires the state to guarantee payments made by SONYMA, although no cash disbursements are projected to be made from this appropriation. All of SONYMA's programs and operations are supported by Agency funds, consisting of mortgage income, application fees, insurance premiums and investment proceeds.

The Executive recommends funding support of 103 full-time equivalent positions, a decrease of 18 positions.

State Operations

The Executive proposes a \$61,800,000 appropriation for the SONYMA Homeowners Mortgage Reimbursement Revenue Program and a \$15,000,000 appropriation for the Mortgage Insurance Fund Reimbursement Program, reflecting no change from the 2010-11 budget year.

Aid to Localities

Proposed Decreases

The Executive recommends a General Fund appropriation of \$96,372,000 for the SONMYA Mortgage Insurance Fund, a decrease of \$1,348,000 from the 2010-11 funding level.

HEALTH & MENTAL HYGIENE

**Summary of Recommended Appropriations
By Agency**

OFFICE FOR THE AGING

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 113,911,400 | 111,927,600 | (1,983,800) | -1.7% |
| Special Revenue-Other | 1,230,000 | 1,230,000 | 0 | 0.0% |
| Special Revenue-Federal | 128,237,000 | 124,972,000 | (3,265,000) | -2.5% |
| Enterprise | 100,000 | 100,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 243,478,400 | 238,229,600 | (5,248,800) | -2.2% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 23 | 23 | 0 |
| All Other Funds: | 98 | 98 | 0 |
| TOTAL: | 121 | 121 | 0 |

Agency Mission

(Executive Budget: pp. 8-12)

The New York State Office for the Aging (SOFA) is responsible for promoting, coordinating, and administering the state, federal, and local programs and services for 3.7 million New Yorkers who are 60 years of age or older. SOFA provides leadership and direction to 59 area agencies on aging, as well as to numerous other local programs and providers that comprise the network of services to older adults.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- A proposal to eliminate discrete funding for eleven programs and replace these programs with a local competitive performance grant program.
- A proposal to delay the planned 1.2 percent Human Services cost-of-living adjustment (COLA) for one year, and extend the COLA for an additional out-year through SFY 2014-15.
- A proposed reduction of \$58,400,000 to the Elderly Pharmaceutical Insurance Coverage (EPIC) Program, including proposals that would modify the EPIC program to provide assistance to only those enrollees in the Medicare Part D coverage gap; eliminate EPIC coverage for Medicare Part D premiums and deductibles; require all EPIC enrollees to enroll in a Medicare Part D plan; eliminate the financial hardship exemption for mandatory enrollment in Medicare Part D; and eliminate the EPIC panel and delegate its responsibilities to the Commissioner of Health.

Budget Detail

The Executive proposes an All Funds appropriation of \$238,229,600, a net decrease of \$5,248,800, or 2.2 percent, from the SFY 2010-11 level. The Executive recommends funding support of 121 full-time equivalent positions, no change over the previous year.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$13,810,600, a decrease of \$539,800 or 3.76 percent from the SFY 2010-11 level.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$224,419,000, a decrease of \$4,709,000, or 2.06 percent, from the SFY 2010-11 level.

Proposed Increases

The Executive proposes an increase of \$1,550,000 related to the creation of a new local competitive performance grant program.

Proposed Decreases

The Executive proposes:

- a reduction of \$806,000 related to the elimination of funding for the Congregate Services Initiative;
- a reduction of \$490,000 related to the elimination of funding for the Elderly Abuse Education and Outreach Program;
- a reduction of \$433,000 related to the elimination of funding for Retired and Senior Volunteer Program;
- a reduction of \$245,000 related to the elimination of funding for the Community Empowerment Initiative;
- a reduction of \$245,000 related to the elimination of funding for the Enriched Social Adult Day Centers Program;
- a reduction of \$237,000 related to the elimination of funding for the EAC/Nassau Respite Program;
- a reduction of \$230,000 related to the elimination of funding for the Regional Caregivers Centers for Excellence;
- a reduction of \$196,000 related to the elimination of funding for the Foster Grandparent Program;
- a reduction of \$172,000 related to the elimination of funding for NY Foundation Home Sharing;
- a reduction of \$142,000 related to the elimination of funding for Long Term Care Senior Respite; and
- a reduction of \$63,000 related to the elimination of funding for the Patients' Rights Hotline and Advocacy.

Article VII

The Executive recommends Article VII legislation that would:

- create a local competitive performance grant program administered by SOFA, with criteria for receiving an award determined by the Office; and

- authorize the elimination of the Human Services cost-of-living adjustment (COLA) for SFY 2011-12 and extend the COLA for an additional year additional year through March 31, 2015.

The Executive recommends Article VII legislation related to the EPIC program that would:

- modify the EPIC program to provide assistance to only those enrollees in the Medicare Part D coverage gap;
- eliminate EPIC coverage for Medicare Part D premiums and deductibles;
- require all EPIC enrollees to enroll in a Medicare Part D plan;
- eliminate the financial hardship exemption for mandatory enrollment in Medicare Part D; and
- eliminate the EPIC panel and delegate its responsibilities to the Commissioner of Health.

Deficiency Request

The Executive requests a total of \$3,000,000 in deficiency appropriations for SOFA. This includes \$1,000,000 in federal appropriation authority for health and human services programs, and \$2,000,000 in federal appropriation authority for the senior community service employment program.

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|----------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Federal | 4,750,000 | 4,750,000 | 0 | 0.0% |
| Enterprise | 10,000 | 10,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 4,760,000 | 4,760,000 | 0 | 0.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| All Other Funds: | 18 | 18 | 0 |
| TOTAL: | 18 | 18 | 0 |

Agency Mission

(Executive Budget: pp. 58-60)

The New York State Developmental Disabilities Planning Council (DDPC) is fully funded under the Federal Developmental Disabilities Assistance and Bill of Rights Act. The Act, originally signed into law in 1975, authorizes the DDPC to prepare, implement, and monitor a plan for improving the quality of life for people with developmental disabilities. The DDPC monitors contracts with not-for-profit service providers that work with consumers, helping them achieve community integration.

Budget Detail

State Operations

The Executive proposes an All Funds appropriation of \$4,760,000, which is unchanged from the State Fiscal Year 2010-11 level. The staffing level will remain constant at 18 full-time equivalent positions.

DEPARTMENT OF HEALTH

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 12,839,610,440 | 15,401,572,290 | 2,561,961,850 | 20.0% |
| Special Revenue-Other | 7,161,964,437 | 7,062,431,100 | (99,533,337) | -1.4% |
| Special Revenue-Federal | 38,039,076,200 | 33,665,840,000 | (4,373,236,200) | -11.5% |
| Enterprise | 10,000 | 0 | (10,000) | -100.0% |
| Capital Projects Fund | 232,600,000 | 15,600,000 | (217,000,000) | -93.3% |
| Capital Projects Fund - Advances | 108,000,000 | 0 | (108,000,000) | -100.0% |
| Federal Capital Projects Fund | 157,183,000 | 74,833,000 | (82,350,000) | -52.4% |
| Total for AGENCY SUMMARY: | 58,538,444,077 | 56,220,276,390 | (2,318,167,687) | -4.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|------------|
| General Fund: | 1,777 | 1,914 | 137 |
| All Other Funds: | 3,278 | 3,278 | 0 |
| TOTAL: | 5,055 | 5,192 | 137 |

Agency Mission

(Executive Budget: pp. 141-153)

The Department of Health (DOH) is the designated state agency responsible for promoting and supervising public health activities, ensuring sound and cost-effective medical care, reducing infectious diseases, and directing a variety of emergency preparedness initiatives. DOH has worked towards its goal of ensuring the highest quality, most appropriate, cost-effective health care for all New Yorkers. Since State Fiscal Year (SFY) 1996-97, when authority for the state's Medical Assistance (Medicaid) program was transferred from the former Department of Social Services, DOH has served as the principal state agency responsible for coordinating with federal and local

governments, health care providers and program participants on behalf of the Medicaid program in New York.

Programmatic Highlights

The SFY 2011-12 Executive Budget includes the following:

- A reduction of \$2.85 billion in state share Medicaid spending to be determined by the Governor's Medicaid Redesign Team.
- A three year extension of the Health Care Reform Act.
- A delay in the implementation of nursing home rebasing until July 2011.
- A modification of the Elderly Pharmaceutical Insurance Coverage Program to provide coverage to only enrollees in Medicare coverage gap.
- A proposal to allocate up to \$391 million of uncommitted Health Care Efficiency and Affordability Law of New York funding for capital improvements.
- A competitive grant program for various public health programs.

Budget Detail

The Executive proposes All Funds appropriations of \$56,220,276,390, a net decrease of \$2,318,167,687 or 4.0 percent, below SFY 2010-11 appropriation levels.

The Executive requests the following:

- General Fund appropriations totaling \$15,401,572,290, an increase of \$2,561,961,850 or 20.0 percent over SFY 2010-11 levels;
- Special Revenue Fund-Other appropriations totaling \$7,062,431,100 a decrease of \$99,533,337 or 1.4 percent below SFY 2010-11 levels;
- Special Revenue Fund-Federal appropriations totaling \$33,665,840,000, a decrease of \$4,373,236,200 or 11.5 percent from SFY 2010-11 levels.

The Executive recommends funding support of 5,192 full-time equivalent positions, an increase of 137 positions. The workforce increase is primarily attributable to the in-sourcing of technology projects.

State Operations

The Executive proposes All Funds State Operations appropriations of \$2,244,123,100, an increase of \$84,044,813 or 3.9 percent, over SFY 2010-11 levels.

Proposed Increases

The Executive proposal includes:

- an increase of \$96.8 million in federal funding related to the design, development and replacement of both the Medicaid Management Information System and the Data Warehouse; and
- an increase of \$49.1 million in federal appropriations for the planning and implementation of healthcare and insurance reform initiatives authorized by the Patient Protection and Affordable Care Act.

Proposed Decreases

A reduction of \$48.3 million in General Fund spending to reflect a 10 percent across-the-board reductions in State Operations.

The Executive proposal includes a consolidation of the administrative component of all DOH State Operations within DOH into a single Administration Program. This proposal intends to provide the Commissioner with greater flexibility in administering the following programs:

- AIDS Institute
- Center for Community Health
- Center for Environmental Health
- Health Care Financing Program
- Office of Health Insurance Programs (includes Medicaid)
- Office of Health Systems Management
- Office of Long Term Care
- Wadsworth Center for Laboratories and Research
- Division of Managed Care and Program Evaluation

Aid to Localities

Medical Assistance (Medicaid) Program and Health Care Reform Act (HCRA)

The Executive Budget proposal includes All Funds Medicaid spending of \$52,808,636,000, a decrease of \$982,234,000 from SFY 2010-11. DOH is projected to comprise \$39,051,741,000 of overall Medicaid spending, consisting of \$15,108,665,000 in state share spending and 23,943,085,000 in federal support representing a decrease of \$1,230,144,000, or 3.1 percent in DOH spending from SFY 2010-11.

The Executive proposal includes a single negative appropriation to reduce state share Medicaid spending by an aggregate \$2,850,000,000 in SFY 2011-12. No specific reductions are made to appropriations for Medicaid's individual service categories, such as hospitals or nursing homes. Instead, the Executive proposes language to authorize the Commissioner of Health to implement the recommendations submitted by the Medicaid Redesign Team (MRT), which was established pursuant to Executive Order. The MRT's recommendations must be submitted by March 1, 2011. To the extent the MRT recommendations would not achieve savings \$2,850,000,000, the Commissioner of Health, in consultation, with other state officials, must develop a plan to achieve additional savings needed to meet this target.

Under the Executive's construct, the Commissioner of Health may modify or suspend reimbursement methods, modify or discontinue Medicaid program benefits, seek all necessary Federal approvals and suspend time frames for notice of rate adjustment in order to realize \$2,850,000,000 in state share reductions in the SFY 2011-12.

The Executive Budget's significant increase in state share Medicaid spending is related to the loss of federal support made available through the American Recovery and Reinvestment Act (ARRA) of 2009. Under ARRA, each state's Federal Medical Assistance Percentage (FMAP), which determines the federal share of Medicaid costs, was increased in a manner that corresponds with rates of unemployment. This FMAP increase provided DOH with additional federal Medicaid funds totaling \$1,092,000,000 in SFY 2008-2009, \$3,040,000,000 in SFY 2009-10, \$3,948,000,000 in SFY 2010-11 and only \$353,000,000 in SFY 2011-12. The enhanced FMAP is set to expire at the end of the first quarter of SFY 2011-12.

Authorization for HCRA is scheduled to expire on March 31, 2011. The Executive Budget recommends a three-year extension of HCRA providing a continued offset to General Fund health care costs. HCRA receipts and disbursements are projected to total \$5,375,000,000 in SYF 2011-12, increases of \$360,000,000 and \$334,000,000 respectively. \$1,665,000,000 in projected disbursements would offset General Fund Medicaid spending.

On January 1, 2006, the State implemented a cap on the local share of Medicaid expenditures, and assumed the full local share of Family Health Plus (FHP) expenditures. In calendar year 2006, local Medicaid contributions were capped at 3.5 percent growth over 2005 expenditures. The growth rate dropped to 3.25 percent in 2007 and to 3.0 percent for 2008 and each year thereafter.

The Executive projects the cap will save counties a total of approximately \$1,945,000,000 in SFY 2011-12. FHP savings to counties are projected at \$441,000,000. These two actions are projected to yield \$2,386,000,000 in spending reductions to local governments in SFY 2011-12, with a corresponding increase in costs to the State.

Proposed Decreases

Public Health Program Reductions

The SFY 2011-12 Executive Budget proposes \$112,400,000 in reductions to the Elderly Pharmaceutical Insurance Coverage Program, Early Intervention, General Public Health Works, and various public health programs.

Elderly Pharmaceutical Insurance Coverage (EPIC)

The SFY 2011-12 Executive Budget proposes \$58,400,000 in reductions to the EPIC Program to be achieved by:

- requiring all EPIC enrollees to enroll in a Medicare Part D plan;
- modifying the EPIC program to provide assistance to only those enrollees in the Medicare Part D coverage gap;
- eliminating EPIC coverage for Medicare Part D premiums and deductibles;
- eliminating the financial hardship exemption for mandatory enrollment in Medicare Part D; and
- eliminating the EPIC panel and delegating its responsibilities to the Commissioner of Health.

General Public Health Works (GPHW)

The SFY 2011-12 budget purposes a \$10,500,000 reduction to the GPHW Program attributable to the elimination of state reimbursement for public health services provided at the discretion of municipalities.

Early Intervention (EI)

The SFY 2011-12 Executive Budget proposes reductions to the EI Program of \$9,000,000, resulting in the following actions:

- a 10 percent rate reduction, yielding \$11,100,000 in savings;
- a reduction of \$6,200,000 resulting from the recovery of overpayments to counties for EI transportation costs;
- a reduction of \$1,600,000 from the implementation of a per-visit reimbursement methodology that is based on 15 minute billing intervals;
- a reduction of \$900,000 from incorporating wage and transportation factors into EI rates;
- a reduction of \$500,000 from requiring certain providers to bill Medicaid directly; and
- a reduction of \$300,000 from the implementation of capitated rate methodology for EI service coordination.

In addition, the Executive proposes legislation to maximize commercial reimbursement for EI services. A state savings of \$24,600,000 is associated with this proposal but will not be realized until SFY 2012-13.

Funding Consolidation

The SFY 2011-12 Executive Budget would consolidate State support for a number of public health programs into a single appropriation of \$7,743,000 to be awarded competitively. This reduction would achieve a state savings of \$4,700,000. Discrete appropriations for the following programs would be eliminated:

- Infertility Program \$4,050,000;
- Audit Resident Teaching Programs \$2,200,000;
- Medicaid Collaborative Studies \$1,390,000;
- Cardiac Services \$1,380,000;
- Health Promotion Initiatives \$1,140,000;
- Maternity and Early Childhood Foundation \$600,000;

- Public Health Management Leaders of Tomorrow \$550,000;
- Office of Minority Health \$530,000;
- Brain Trauma Foundation \$490,000;
- Workforce Studies Program \$390,000;
- Quality Improvement \$370,000;
- Falls Prevention Program \$300,000;
- Racial Disparities Study \$300,000;
- Eating Disorders Program \$250,000;
- Public Awareness Campaign for Donor Registry Letter \$250,000;
- Minority Participation in Medical Education Program at CUNY Gateway Institute \$220,000;
- Interim Lead Safe Housing Program \$200,000;
- Tick-Borne Disease Program \$150,000;
- Maternal Mortality Review and Safe Motherhood Initiative \$140,000;
- Cost of Living Adjustment \$120,000;
- Statewide Health Broadcasts \$80,000;
- Latino Outreach Program \$70,000;
- Long-Term Care Community Coalition \$70,000;
- Osteoporosis Prevention \$60,000;
- Minority Male Wellness Program \$50,000;
- Public Health Genomics Program \$50,000;

- Sudden Infant Death Syndrome \$40,000; and
- Minority Participation in Medical Education Program at SUNY Upstate \$40,000.

The Executive proposal would appropriate \$7,743,000 for a competitive grant for public health programs.

Other Public Health/Aging Actions:

The Executive proposal also includes:

- a reduction of \$9,250,000 from the delay of the human service cost of living adjustment;
- a reduction of \$320,000 for cancer services programs that do not provide direct care; and
- a reduction of \$950,000 from the elimination of NY Connects.

Capital Projects

The Executive provides capital appropriations totaling \$90,433,000, reflecting a reduction of \$407,350,000 from SFY 2010-11 levels. The SFY 2011-12 Executive Budget would reduce funding for capital projects by \$82,350,000, to reflect the loss of federal ARRA funds for the Safe Drinking Water program.

The Executive proposal includes a reduction of \$325,000,000 to reflect the fact that multi-year appropriations for the Health Care Efficiency and Affordability Law of New York (HEAL) were enacted in SFY 2010-11 and not required in SFY 2011-12.

The Executive proposal includes Article VII language to allow the Commissioner to allocate unspent Health Care Efficiency and Affordability Law of New York (HEAL NY) funding to support grants to facilitate the closure, merger, and restructuring of hospitals and nursing homes.

Article VII

Part A - Public Health Services

The Executive recommends Article VII legislation that would:

- eliminate Medicare Part D premium assistance payments and deductible credits currently provided by EPIC;

- provide for EPIC coverage only while a participant is in the Medicare Part D coverage gap and eliminate transitional assistance, financial hardship exemptions, the EPIC panel, the EPIC registration fee, and catastrophic drug coverage;
- provide for a 10 percent across-the-board reduction in rates for the EI program;
- require EI providers who receive more than \$500,000 annually from Medicaid to seek reimbursement directly from Medicaid prior to seeking payment from municipalities for these services;
- prohibit insurance companies from denying claims for medical services normally covered under the terms of a policy based on prior authorization requirements, the location where services are provided, the duration of the condition, the likelihood of significant improvement, or the network status of the service provider;
- eliminate the requirement that a child's parents and an EI official agree on the child's initial Individualized Family Service Plan before the EI official can authorize EI services;
- eliminate reimbursement for certain services under the GPHW program;
- establish a Local Competitive Performance Grant program for priority public health initiative;
- establish a Local Competitive Performance Grant program for priority initiatives in aging;
- de-link the funding for the Empire State Stem Cell Fund from any potential health plan conversion proceeds;
- update and clarify the cost components of the methodology used to determine fees that support DOH's oversight system for clinical laboratories and blood banks;
- authorize the Commissioner of Health to distribute funds available under HEAL-NY to general hospitals and nursing homes to facilitate closures, mergers and restructuring of such facilities for the purpose of promoting access to essential health care services;
- make permanent an increase in monetary penalties for violations of the Public Health Law or its associated regulations and the continued dedication of revenue to the support of the Patient Safety Center;
- extend for two years a provision allowing the use of Office of Professional Medical Conduct funds to support patient safety initiatives;
- provide a three year extension of the health occupation development and work place demonstration programs;

- make permanent the statute authorizing a streamlined process for contracts for the purchase of goods and services for state hospitals operated by DOH; and
- make permanent a statute to permit the Dormitory Authority of the State of New York to bundle Primary Care Development Corporation projects and refinance them at lower cost.

Part B – Medicaid Cost Containment

The Executive recommends Article VII legislation that would:

- authorize supplemental Medicaid payments for professional services provided by physicians, nurse practitioners, and physician assistants participating in practice plans affiliated with SUNY hospitals;
- require hospitals to submit additional data to the Department of Health for the purpose of calculating provider-specific disproportionate share hospital caps;
- suspend implementation of the nursing home rebasing methodology until July 1, 2011;
- extend the \$210 million gross annual cap on nursing home rate increases through March 31, 2012;
- authorize Medicaid payments for nursing homes with discrete units for treating patients with Huntington's disease;
- authorize prior year Medicaid payments to adult day health care providers treating patients with AIDS;
- permanently extend authorization to collect nursing home gross receipts assessments; and
- provide that the State shall not take any administrative or statutory action that would cause the state share of Medicaid spending to grow at an annual rate that exceeds the 10-year rolling average of the medical component of the Consumer Price Index.

Part C – Extend the HCRA for three years.

The Executive recommends Article VII legislation that would:

- extend HCRA through March 31, 2014 and amend provisions in order to maximize the use of available revenue sources;
- amend effective dates of HCRA financing components through March 31, 2014;

- provide continued funding for various administrative costs of the Department of Health to assist in the implementation of HCRA programs;
- extend authorization for the collection of the Covered Lives Assessment;
- extend the Health Care Initiatives and Tobacco Control and Insurance Initiatives Pools;
- modify and extend the authority to transfer funds from HCRA to the General Fund to subsidize HEAL-NY capital grants and debt service costs;
- extend an array of miscellaneous provisions historically extended with HCRA;
- extend provisions regarding funding for the Rural Health Network and Access Development Programs;
- extend the Physician's Excess Medical Malpractice Program through June 30, 2014;
- amend various provisions to extend the Primary Care Case Management Program, the Upstate Personal Care and Home Care Workforce Recruitment and Retention Programs, and the Entertainment Industry Worker Insurance Demonstration Program through March 31, 2014;
- extend the authorization for Area Health Education Centers, the Empire Clinical Research Investigator Program and the Doctors Across New York program;
- extend authorization for state-only grant payments for clinic bad debt and charity care;
- extend hospital indigent care payments through December 31, 2014; and
- clarify language to ensure private practice physicians who bill discretely in a hospital or clinic are not required to pay HCRA surcharges.

Part D – Extension of Previously Enacted Medicaid Savings Initiatives

The Executive recommends Article VII legislation that would:

- permanently extend authorization for up to \$300 million in nursing home upper payment limit payments for non-state operated public nursing homes;
- permanently extend unconsolidated law to authorizing intergovernmental transfer payments to non-New York City disproportionate share hospitals;
- extend authorization for bad debt and charity care allowances for certified home health agencies through 2013;

- permanently extend provisions relating to Medicaid capital cost reimbursement and remove references to Medicare that are no longer relevant;
- permanently continue the exclusion of the 1996-97 trend factor from nursing home and inpatient rates;
- permanently continue the 0.25 percent trend factor reduction for hospitals and nursing homes;
- extend the requirement that nursing homes, hospitals, certified home health care and long term home health care providers maximize Medicare revenues through February 1, 2013;
- remove a reconciliation limit for the certified home health care agency administrative and general expense cap;
- extend the requirement that parties to a contract between a hospital and a managed care organization continue to abide by the terms of the contract for two months from the effective date of contract termination or non-renewal, unless certain circumstances are met, through June 30, 2013;
- permanently extend a limitation on the reimbursement of the long term home health care program administrative and general costs to a statewide average;
- permanently extend certain income and benefit expansions relating to Child Health Plus and facilitated enrollment;
- permanently extend authorization for partially capitated managed care plans to provide primary care and preventive services to Medicaid recipients as well as HIV special needs plans;
- extend authorization for the Commissioner of Health to establish utilization thresholds for Medicaid services through July 1, 2014;
- permanently extend authorization for the Medicaid program, subject to the availability of federal financial participation, to cover Medicaid Managed Care (MMC) premiums for the six-month period beginning with enrollment in a MMC plan, even if the enrollee loses eligibility for Medicaid before the end of such period;
- continue the statutory requirement that establishes limited licensed home care service agencies in adult homes or enriched housing programs as providers of personal care and limited medical services;
- extend the managed care pharmacy carve-out through March 31, 2014;

- permanently extend the Medicaid managed care program; and
- permanently extend Medicaid co-payments.

Deficiency Request

The adjusted appropriation would increase the General Public Health Works program appropriations by \$6,250,000 to provide reimbursement to local health departments for medical examiner programs.

An appropriation for the EPIC program would be amended to provide payments to pharmacists to cover drug costs.

MEDICAID INSPECTOR GENERAL, OFFICE OF THE

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 33,274,000 | 29,577,000 | (3,697,000) | -11.1% |
| Special Revenue-Other | 4,083,000 | 3,700,000 | (383,000) | -9.4% |
| Special Revenue-Federal | 50,804,000 | 47,076,000 | (3,728,000) | -7.3% |
| Total for AGENCY SUMMARY: | 88,161,000 | 80,353,000 | (7,808,000) | -8.9% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 330 | 331 | 1 |
| All Other Funds: | 332 | 331 | (1) |
| TOTAL: | 662 | 662 | 0 |

Agency Mission

(Executive Budget: pp. 154-156)

The Office of the Medicaid Inspector General (OMIG) was created as an independent entity within the Department of Health (DOH) by Chapter 442 of the Laws of 2006. OMIG is responsible for improving and preserving the integrity of the Medicaid program by conducting and coordinating fraud/abuse control activities for all state agencies responsible for services funded by Medicaid. In carrying out its mission, OMIG conducts and supervises all prevention, detection, audit and investigation efforts and coordinates such activities with DOH, the Office for Mental Health, the Office for People With Developmental Disabilities and the Office of Alcoholism and Substance Abuse Services. OMIG also works closely with the Medicaid Fraud and Control Unit in the Attorney General's Office and with federal and local law enforcement agencies.

Budget Detail

The Executive request includes an All Funds appropriation of \$80,353,000, a decrease of 7,808,000 or 8.9 percent from the State Fiscal Year (SFY) 2010-11 budget. The Executive provides funding support for 662 full-time equivalent positions, maintaining staffing at SFY 2010-11 levels.

State Operations

The Executive requests an All Funds State Operations appropriation of \$80,353,000, a decrease of 7,808,000 of 8.9 percent from SFY 2010-11 levels. This decrease would be achieved by negotiated workforce savings and other administrative efficiencies.

DEPARTMENT OF MENTAL HYGIENE

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|----------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 600,000,000 | 600,000,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 600,000,000 | 600,000,000 | 0 | 0.0% |

Agency Mission

(Executive Budget: p. 211)

The Department of Mental Hygiene (DMH) operates through three independent agencies – the Office of Mental Health, the Office for People with Developmental Disabilities, and the Office of Alcoholism and Substance Abuse Services. All three agencies, as direct providers of care, are funded in part by Medicaid, Medicare, third-party insurance, and private payments. Patient revenues in the Patient Income Account (PIA) are pledged first to the payment of debt service on outstanding Mental Hygiene bonds. Anticipated PIA revenue is appropriated within the budgets of the mental hygiene agencies. During the course of the fiscal year, however, additional unanticipated revenue may be received or bond refinancing might decrease debt service requirements. Unanticipated revenue is appropriated to the DMH and then allocated in proportion to the appropriate mental hygiene agency.

Budget Detail

State Operations

The Executive proposes a Special Revenue Fund-Other appropriation of \$600,000,000, reflecting no change from State Fiscal Year (SFY) 2010-11.

OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|--|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 39,000,000 | 36,878,500 | (2,121,500) | -5.4% |
| Special Revenue-Other | 422,384,000 | 394,725,900 | (27,658,100) | -6.5% |
| Special Revenue-Federal | 146,560,000 | 141,530,000 | (5,030,000) | -3.4% |
| Capital Projects Fund | 10,888,000 | 9,560,000 | (1,328,000) | -12.2% |
| Mental Hygiene Capital Improvement Fund-389 | 98,046,000 | 88,046,000 | (10,000,000) | -10.2% |
| Total for AGENCY SUMMARY: | 716,878,000 | 670,740,400 | (46,137,600) | -6.4% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|-------------|
| All Other Funds: | 842 | 817 | (25) |
| TOTAL: | 842 | 817 | (25) |

Agency Mission

(Executive Budget: pp. 212-215)

The Office of Alcoholism and Substance Abuse Services (OASAS) is responsible for the development and management of the state system of addiction services for prevention, treatment, and recovery. OASAS exercises these responsibilities directly as a provider of treatment services through a statewide system of Addiction Treatment Centers through the regulation and oversight of over 1,550 chemical dependence and problem gambling prevention, treatment, and recovery service providers and as a conduit for federal and state financial assistance.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- a proposal to limit funding for drug law reform to prior year levels, which would maintain funding for 250 new beds opened in SFY 2010-11, but forgoing additional development in SFY 2011-12;
- a proposal to reduce support for programs that fail to meet established performance indicators established by the agency;
- a proposal to reduce and restructure existing gambling education, assessment, and referral programs;
- a proposal to delay the development of five gambling prevention programs and three recovery community centers; and
- a proposal to delay the planned 1.2 percent Human Services cost-of-living adjustment (COLA) for one year, and extend the COLA, for an additional year, through SFY 2014-15.

Budget Detail

The Executive proposes an All Funds appropriation of \$670,740,400, a net decrease of \$46,137,600, or 6.4 percent, from the SFY 2010-11 levels. The Executive recommends funding support of 817 full-time equivalent positions, a decrease of 25 positions.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$119,013,400, a decrease of \$11,696,600, or 8.95 percent, from the SFY 2010-11 levels.

Proposed Decreases

The Executive proposes the following reductions:

- a decrease of \$11,422,000 related to a 10 percent reduction in non-federally supported State Operations programs, to be achieved through administrative efficiencies and negotiated workforce savings; and
- a decrease of \$275,000 as a result of a reduction in federal grant funds.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$454,121,000, a net decrease of \$23,113,000, or 4.84 percent, from the SFY 2010-11 levels.

Proposed Increases

The Executive proposes an increase of \$35,236,000 over the prior year appropriation level related to service expansions implemented in SFY 2010-11, including the creation of new residential units related to drug law reform and increases related to case management and outpatient treatment slots.

Proposed Decreases

The Executive proposes:

- a decrease of \$27,272,000 related to a reduction in funding for programs that fail to meet established performance indicators; a reduction and restructuring of existing gambling education, assessment, and referral programs; a delay in the development of five gambling prevention programs and three Recovery Community Centers; an elimination of the planned funding for additional re-entry services; and a continuation of the 1.1 percent reduction in local payments enacted in SFY 2010-11;
- a decrease of \$19,818,000 related to a delay in scheduled increases related to the implementation of drug law reform. The Executive would continue funding at the SFY 2010-11 level, including the maintenance of 250 residential beds opened in SFY 2010-11; and
- a decrease of \$5,369,000 related to the deferral of the SFY 2011-12 COLA for human services programs.

Capital Projects

The Executive proposes a Capital appropriation of \$97,606,000, a net decrease of \$11,328,000 or 10.4 percent, below the SFY 2010-11 levels. This includes an additional \$4.0 million to fund necessary alcohol treatment center rehabilitation projects, and a decrease of approximately \$14 million related to the elimination of additional funding for new treatment capacity under drug law reform.

Article VII

The Executive recommends Article VII legislation that would authorize the elimination of the Human Services COLA for SFY 2011-12 and would extend the COLA for an additional year through March 31, 2015.

OFFICE OF MENTAL HEALTH

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|--|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 421,782,000 | 421,782,000 | 0 | 0.0% |
| Special Revenue-Other | 2,949,385,000 | 2,863,210,000 | (86,175,000) | -2.9% |
| Special Revenue-Federal | 48,845,000 | 53,452,000 | 4,607,000 | 9.4% |
| Enterprise | 8,606,000 | 8,606,000 | 0 | 0.0% |
| Capital Projects Fund | 37,600,000 | 37,600,000 | 0 | 0.0% |
| Mental Hygiene Capital Improvement Fund-389 | 196,691,000 | 183,274,000 | (13,417,000) | -6.8% |
| Internal Service Fund | 2,810,000 | 2,610,000 | (200,000) | -7.1% |
| Total for AGENCY SUMMARY: | 3,665,719,000 | 3,570,534,000 | (95,185,000) | -2.6% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|--------------|
| All Other Funds: | 15,760 | 15,660 | (100) |
| TOTAL: | 15,760 | 15,660 | (100) |

Agency Mission

(Executive Budget: pp. 216-221)

The Office of Mental Health (OMH) works to promote the mental health of all New Yorkers, with a particular focus on providing treatment and recovery services for adults and children with serious mental illness or emotional disturbances. The agency oversees all mental health services in New York State by acting as a direct provider of medium and long-term care at state-run psychiatric centers for both adults and children, by providing diagnostic and treatment services to persons involved in the criminal justice system at state-run forensic psychiatric centers, and by providing

funding, oversight, and certification to community programs operated by local governments, not-for-profit providers, and proprietary providers.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- a proposal to eliminate the one-year notification requirement for closures of state run facilities run by OMH; to allow OMH to make service reductions to state run facilities notwithstanding the Community Mental Health Support and Workforce Reinvestment Act in SFY 2011-12; and to convert the Brooklyn Children's Psychiatric Center to a community based program for children with serious emotional disturbances;
- a recommendation to fully fund 1,500 new supported housing units and requisite support services for individuals residing in certain adult homes in New York City as part of a court-ordered remediation plan;
- a proposal to freeze community residential development for one year, to eliminate funding for family-based treatment beds over the next two years, and other savings actions in residential development;
- a proposal to reduce support for non-residential programs and certain community support programs, and to encourage the use of Personalized Recovery Oriented Services (PROS) as an alternative;
- a proposal to maintain existing rates for residential treatment facilities, community residences, and family based treatment programs; and
- a proposal to delay the planned 1.2 percent Human Services cost-of-living adjustment (COLA) for one year, and extend the COLA for an additional out-year through SFY 2014-15.

Budget Detail

The Executive proposes an All Funds appropriation of \$3,570,534,000, a net decrease of \$95,185,000, or 2.6 percent, from the SFY 2010-11 levels. The Executive recommends funding support of 15,660 full-time equivalent (FTE) positions, a decrease of 100 positions.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$2,051,226,000, a net decrease of \$105,019,000, or 4.87 percent, from the SFY 2010-11 levels.

Proposed Increases

The Executive proposes an addition of \$375,000 to support oversight of a court-ordered adult home remediation plan.

Proposed Decreases

The Executive proposes:

- a decrease of \$105,194,000 related to a 10 percent reduction in non-federally supported State Operations programs, to be achieved through administrative efficiencies, negotiated workforce savings and reductions in OMH inpatient capacity. The Executive would eliminate the one-year notification requirement for the closure of state-run facilities operated by OMH and would permit OMH to make service reductions to state run facilities without reinvesting the savings in community based services; and
- a reduction of \$200,000 as a result of the early retirement incentive enacted in SFY 2010-11.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$1,298,434,000, a net increase of \$23,251,000, or 1.82 percent, over the SFY 2010-11 levels.

Proposed Increases

The Executive proposes the following increases:

- an addition of \$40,800,000 related to the first year of a court-ordered adult home remediation plan pertaining to providing supported housing and other support services to certain individuals living in adult homes in New York City;
- an addition of \$29,569,000 related to prior year initiatives, including community residence programs, ambulatory care restructuring, PROS, residential treatment facilities and children's case management services; and
- an addition of \$4,607,000 related to federal grants for employment programs.

Proposed Decreases

The Executive proposes the following decreases:

- a reduction of \$25,457,000 related to a freeze on the development of all new OMH community residential programs for one year; a reduction in aid to providers funded above the regional per-bed models for supported housing; a conversion of residential pipeline units into lower cost alternatives; and a diversion of 250 planned supported housing beds to help meet the requirements of adult home litigation;
- a reduction of \$16,705,000 related to the elimination of planned rate adjustments for community residences, family based treatment programs and residential treatment facilities;
- a reduction of \$13,100,000 related to the deferral of the SFY 2011-12 cost-of-living adjustment (COLA) for human services programs; and
- a reduction of \$9,563,000 related to expanding the use of PROS as an alternative to other non-residential programs, including Continuing Day Treatment; reducing certain community support programs, including children's Clinic-Plus and non-direct training and education; and continuing the 1.1 percent reduction in local aid that was enacted in SFY 2010-11.

Capital Projects

The Executive proposes a Capital Funds appropriation of \$220,874,000, a net decrease of \$13,417,000, or 5.73 percent, from SFY 2010-11. This decrease is related to a planned decline in bonded appropriations.

Article VII

The Executive recommends Article VII legislation that would:

- allow OMH to suspend, rather than terminate, Medicaid eligibility for individuals who enter a psychiatric hospital, or other facilities classified by the federal government as Institutions for Mental Disease (IMD);
- eliminate the one-year notification requirement for closures of state-run facilities operated by OMH;
- permit OMH to make service reductions to state run facilities in SFY 2011-12 notwithstanding the Community Mental Health Support Workforce Reinvestment Act;

- convert Brooklyn Children's Psychiatric Center from a children's psychiatric hospital to a community based program for children with serious emotional disturbances; and
- authorize the elimination of the Human Services cost-of-living adjustment (COLA) for SFY 2011-12 and extend the COLA for an additional year through March 31, 2015.

OFFICE FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|--|--------------------------------------|---------------------------------|----------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 1,472,023,000 | 1,430,364,800 | (41,658,200) | -2.8% |
| Special Revenue-Other | 3,151,793,000 | 3,013,588,400 | (138,204,600) | -4.4% |
| Special Revenue-Federal | 751,000 | 751,000 | 0 | 0.0% |
| Enterprise | 2,668,000 | 2,668,000 | 0 | 0.0% |
| Capital Projects Fund | 57,025,000 | 62,140,000 | 5,115,000 | 9.0% |
| Mental Hygiene Capital Improvement Fund-389 | 82,535,000 | 89,855,000 | 7,320,000 | 8.9% |
| Internal Service Fund | 350,000 | 350,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 4,767,145,000 | 4,599,717,200 | (167,427,800) | -3.5% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|--------------|
| All Other Funds: | 21,349 | 21,174 | (175) |
| TOTAL: | 21,349 | 21,174 | (175) |

Agency Mission

(Executive Budget: pp. 222-227)

The Office for People With Developmental Disabilities (OPWDD) aims to help people with developmental disabilities live richer lives by assisting these individuals in enjoying meaningful relationships with family, friends, and others in their lives; experiencing personal health and growth; and living in homes and fully participating in the communities of their choice. OPWDD currently operates through 13 district offices called Developmental Disabilities Services Offices (DDSOs), which are overseen through the central office. OPWDD also operates the Institute for Basic Research in Developmental Disabilities (IBR) on Staten Island. OPWDD serves

approximately 37,000 individuals with developmental disabilities residing in community settings, an additional 300 individuals living in developmental centers, and 1,000 individuals in special units.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- A proposal to delay additional development of community residential beds and to maintain these beds at the current capacity, while developing 2,300 more cost effective residential and non-residential alternatives.
- A proposal to reduce support for various programs including 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.
- A proposal to delay the planned 1.2 percent Human Services cost-of-living adjustment (COLA) for one year, and extend the COLA for an additional out-year through SFY 2014-15.

Budget Detail

The Executive proposes an All Funds appropriation of \$4,599,717,200, a decrease of \$167,427,000, or 3.5 percent, from the SFY 2010-11 level. The Executive recommends funding support of 21,174 full-time equivalent (FTE) positions, a decrease of 175 positions from SFY 2010-11.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$2,150,820,700, a decrease of \$112,968,300, or 5.0 percent, from the SFY 2010-11 level.

Proposed Decreases

The Executive proposes a decrease of \$112,968,000 related to a ten percent reduction in non-federally supported State Operations programs, to be achieved through administrative efficiencies and negotiated workforce savings.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$2,296,901,500, a decrease of \$66,894,500, or 2.8 percent, from the SFY 2010-11 level.

Proposed Increases

The Executive proposes an increase of \$78,543,000 related to prior year increases to local assistance programs, including residential bed development under the NY/NY III agreement and the development of supported housing units.

Proposed Decreases

The Executive proposes the following reductions:

- a decrease of \$98,073,000 related to reduced 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;
- a reduction of \$40,102,000 related to a delay in the development of new community adult and children's residential beds; an addition of 2,300 lower-cost residential or non-residential alternatives; and a continuation of the 1.1 percent reduction in local aid that was enacted in SFY 2010-11; and
- a reduction of \$3,149,000 related to the deferral of the SFY 2011-12 cost-of-living adjustment (COLA) for human services programs.

Capital Projects

The Executive proposes a Capital Projects appropriation of \$151,995,000, an increase of \$12,435,000 over the SFY 2010-11 level. This increase reflects an increase of \$4,815,000 in hard dollar funding to support critical health and safety related rehabilitation projects; a \$7,030,000 increase in bonded funding to support additional community service capacity; and an increase of \$590,000 in to support priority health and safety maintenance projects for not-for-profit programs.

Article VII

The Executive recommends Article VII legislation that would authorize the elimination of the Human Services cost-of-living adjustment (COLA) for SFY 2011-12 and would extend the COLA for an additional year through March 31, 2015.

COMMISSION ON QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 5,636,000 | 5,092,000 | (544,000) | -9.7% |
| Special Revenue-Other | 4,663,000 | 4,663,000 | 0 | 0.0% |
| Special Revenue-Federal | 8,345,000 | 8,345,000 | 0 | 0.0% |
| Enterprise | 45,000 | 45,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 18,689,000 | 18,145,000 | (544,000) | -2.9% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 33 | 33 | 0 |
| All Other Funds: | 58 | 58 | 0 |
| TOTAL: | 91 | 91 | 0 |

Agency Mission

(Executive Budget: pp. 273-278)

The Commission on Quality of Care and Advocacy for Persons with Disabilities (CQCAPD) provides support and advocacy for individuals with disabilities by working to protect their rights and by promoting the interests and agenda of New Yorkers with disabilities. The Commission provides community outreach, information, referral, and advocacy services, and administers the Surrogate Decision-Making Committee program, which acts on behalf of individuals in the mental hygiene system who are deemed unable to make medical care decisions independently. Additionally, CQCAPD is responsible for exercising independent oversight of the three mental hygiene agencies: the Office of Mental Health (OMH), the Office for People with Developmental

Disabilities (OPWDD), and the Office for Alcoholism and Substance Abuse Services (OASAS). CQCAPD also conducts investigations of allegations of abuse or neglect and any reports of injuries or deaths of persons served within the mental hygiene system.

Budget Detail

The Executive proposes All Funds appropriations of \$18,145,000, a net decrease of \$544,000 from the State Fiscal Year (SFY) 2010-11 level. The Executive recommends funding support of 91 full-time equivalent (FTE) positions, reflecting no change over the previous year.

State Operations

The Executive proposes All Funds State Operations appropriations of \$17,497,000, a decrease of \$544,000 from the SFY 2010-11 level.

Proposed Decreases

The Executive proposes a decrease of \$544,000 related to a 10 percent reduction in General Fund State Operations appropriations, to be achieved through administrative efficiencies and negotiated workforce savings.

Aid to Localities

The Executive proposes All Funds Aid to Localities appropriations of \$648,000, reflecting no change from SFY 2010-11.

**TRANSPORTATION,
ECONOMIC
DEVELOPMENT &
ENVIRONMENTAL
CONSERVATION**

**Summary of Recommended Appropriations
By Agency**

ADIRONDACK PARK AGENCY

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 5,119,000 | 4,607,000 | (512,000) | -10.0% |
| Special Revenue-Federal | 700,000 | 700,000 | 0 | 0.0% |
| Capital Projects Fund | 500,000 | 500,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 6,319,000 | 5,807,000 | (512,000) | -8.1% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|---------------|--------------------|----------------------|----------|
| General Fund: | 56 | 56 | 0 |
| TOTAL: | 56 | 56 | 0 |

Agency Mission

(Executive Budget: pp. 4-7)

The Adirondack Park Agency (APA) is charged with insuring the optimum overall protection, development and use of the unique scenic, aesthetic, wildlife, recreational, open space, ecological and natural resources of the Adirondack Park. The APA is responsible for the administration of the Adirondack Park State Land Master Plan and the Adirondack Park Land Use and Development Plan. The APA administers the State's Wild Scenic and Recreational River System, operates two Visitor Interpretive Centers, helps local governments develop land use plans consistent with the State Land Master Plan.

Budget Detail

The Executive proposes an All Funds appropriation of \$6,319,000, a decrease of \$512,000 or 8.08 percent under the SFY 2010-11 level. The Executive recommends funding support of 56 full-time equivalent positions, reflecting no change over SFY 2010-11 staffing levels.

State Operations

The Executive proposes a State Operations appropriation of \$5,307,000, a decrease of \$512,000 or 8.08 percent from the SFY 2010-11 level.

Proposed Decreases

The Executive proposes a General Fund reduction of \$512,000 due to the Executive's proposed 10 percent State Operations reduction of the agency 2011-12 baseline projection.

Capital Projects

The Executive proposes an overall capital appropriation of \$500,000, reflecting no change from the SFY 2010-11 level. This is a dry appropriation that would allow the APA to utilize gift or grant money.

DEPARTMENT OF AGRICULTURE AND MARKETS

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 48,094,000 | 40,166,000 | (7,928,000) | -16.5% |
| Special Revenue-Other | 47,257,000 | 46,600,000 | (657,000) | -1.4% |
| Special Revenue-Federal | 49,644,000 | 49,644,000 | 0 | 0.0% |
| Enterprise | 21,361,000 | 21,361,000 | 0 | 0.0% |
| Misc. Capital Projects | 2,000,000 | 2,000,000 | 0 | 0.0% |
| Fiduciary | 1,836,000 | 1,836,000 | 0 | 0.0% |
| Capital Projects Fund | 1,750,000 | 1,000,000 | (750,000) | -42.9% |
| Total for AGENCY SUMMARY: | 171,942,000 | 162,607,000 | (9,335,000) | -5.4% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 264 | 264 | 0 |
| All Other Funds: | 247 | 247 | 0 |
| TOTAL: | 511 | 511 | 0 |

Agency Mission

(Executive Budget: pp. 13-17)

The Department of Agriculture and Markets (Department) is charged with fostering a competitive and safe New York food and agriculture industry. Its major responsibilities include: encouraging the growth and prosperity of the State's agriculture and food industry; conducting various inspection and testing programs to enforce laws on food safety, and animal and plant health; and accuracy in labeling. The Department also acts to preserve the use of agriculture resources, to improve soil and water quality, and to operate the annual State Fair.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- Elimination of separate line item funding for Local Assistance Programs to be replaced by a competitive grants program.

Budget Detail

The Executive proposes an All Funds appropriation of \$162,607,000, a decrease of \$9,335,000 for 5.4 percent under the SFY 2010-11 level. The Executive recommends funding support of 511 full-time equivalent positions, the staffing level remains at SFY 2010-11 levels.

State Operations

The Executive proposes a State Operations appropriation of \$125,798,000 a decrease of \$3,586,000 or 2.8 percent from the SFY 2010-11 level. Funding levels are maintained for the New York Federation of growers and processors agribusiness child care (\$6,521,000). Programs administered by the Cornell Diagnostic Lab are consolidated into a single appropriation with funding maintained at \$6,066,000.

Proposed Increases

The Executive proposes a Special Revenue fund increase of \$500,000 in the Miscellaneous Gift Account allowing the Department to accept expected gifts or donations.

Proposed Decreases

The Executive proposes:

- a General Fund decrease of \$2,929,000 due to the Executive's proposed 10 percent State Operations reduction of the agencies 2011-12 baseline projection;
- a Special Revenue Fund-Other decrease of \$75,000 for the Animal Disease Control Account; and
- a Special Revenue Fund-Other decrease of \$1,082,000 from a decrease in the Animal Population Control appropriation which the state no longer administers.

Aid to Localities

The Executive proposes an Aid to Localities appropriation of \$13,809,000, a decrease of \$4,999,000 or 12.9 percent from the SFY 2010-11 level.

Proposed Decreases

The Executive proposes:

- a General Fund elimination of a \$3,000,000 appropriation for Genesee Valley Farmers' Markets which was expected to sunset in SFY 2010-11; and
- a General Fund \$1,999,000 reduction related to the elimination of local assistance programs to be replaced by a new competitive grant program in which the programs must compete with one another for funding.

Capital Projects

The Executive proposes an overall capital appropriation of \$3,000,000 representing a decrease of \$750,000 below the SFY 2010-11 level. These appropriations will be used to maintain and repair the State Fair's 19 major buildings and other structures as well as continue support for the development of private partnerships at the Fair. This decrease represents the reduction of State Fair capital hard dollar appropriations.

Article VII

The Executive recommends Article VII legislation that would:

- authorize the Commissioner of Agriculture and Markets to establish a competitive Local Grants Program to fund education, marketing, and research activities for the benefit of New York's agricultural community; and
- authorize the Department of Agriculture and Markets to expand farmers' markets and community supported agriculture in underserved areas.

DEPARTMENT OF ECONOMIC DEVELOPMENT

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 25,903,000 | 23,562,000 | (2,341,000) | -9.0% |
| Special Revenue-Other | 3,765,000 | 3,765,000 | 0 | 0.0% |
| Special Revenue-Federal | 1,000,000 | 1,000,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 30,668,000 | 28,327,000 | (2,341,000) | -7.6% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 130 | 130 | 0 |
| All Other Funds: | 4 | 4 | 0 |
| TOTAL: | 134 | 134 | 0 |

Agency Mission

(Executive Budget: pp. 61-66)

The mission of the Department of Economic Development (DED) is to provide a network of technical and financial assistance for businesses and to coordinate with other state agencies, authorities, organizations, and local governments to develop successful state economic strategies.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- \$3,815,000 to assist local tourism promotion agencies through the Tourism Matching Grants program;

- \$3,600,000 to promote and advertise state tourism through the I Love NY program; and
- \$1,080,000 for programs and activities to promote international trade.

Budget Detail

The Executive Budget proposes an All Funds appropriation of \$28,327,000, a decrease of \$2,341,000 or eight percent below SFY 2010-11 levels.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$24,512,000, a net decrease of \$2,194,000, or 8 percent below SFY 2010-11 levels.

Proposed Decreases

The Executive proposes:

- a total reduction of \$2,194,000 from the General Fund consisting of a net decreases of \$761,000 for personal service and \$1,433,000 for non-personal service;

The non-personal service reductions include:

- a decrease of \$120,000 to the promotion of International Trade, from \$1,200,000 in SFY 2010-11 to \$1,080,000 in SFY 2011-12 ; and
- a decrease of \$400,000 to the I Love NY Program, from \$4,000,000 in SFY 2010-11 to \$3,600,000 in SFY 2011-12.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$3,815,000, a decrease of \$147,000, or four percent below SFY 2010-11 levels.

Proposed Decreases

The Executive proposes elimination of \$147,000 in funding for the Gateway Information Center at Binghamton.

Article VII

The Executive recommends Article VII legislation that would increase the lifetime limit on the Linked Deposit loan program from \$1,000,000 to \$2,000,000.

NYS ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|---|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 16,230,000 | 16,230,000 | 0 | 0.0% |
| Capital Projects Fund | 0 | 15,310,000 | 15,310,000 | - |
| Capital Projects Fund - Authority Bonds | 19,247,000 | 0 | (19,247,000) | -100.0% |
| Total for AGENCY SUMMARY: | 35,477,000 | 31,540,000 | (3,937,000) | -11.1% |

Agency Mission

(Executive Budget: pp. 94-96)

The New York State Energy Research and Development Authority (NYSERDA) is a public benefit corporation responsible for the management of energy research, development and demonstration programs which are funded by assessments on gas and electric utilities. NYSERDA also administers federal grant programs related to energy efficiency, issues tax-exempt bonds on behalf of private energy supply companies for environmental improvements, and carries out the programmatic and regulatory functions of the former State Energy Office. In addition, NYSERDA administers the System Benefit Charge (SBC) and manages the former nuclear fuel reprocessing plant at West Valley in Cattaraugus County and Saratoga Technology and Energy Park (STEP) in Saratoga County.

Budget Detail

The Executive proposes an All Funds appropriation of \$31,540,000, a decrease of \$3,937,000 or 11.1 percent under the SFY 2010-11 levels.

State Operations

The Executive proposes a State Operations appropriation of \$8,090,000, an increase of \$1,094,000 or 15.6 percent from the SFY 2010-11 levels. This includes authority to sub-allocate up to \$1,000,000 for the services and expenses of the Climate Change Office in the Department of Environmental Conservation.

Proposed Increases

The Executive proposes a Special Revenue Fund increase of \$1,094,000 to the Research, Development and Demonstration Program.

Aid to Localities

The Executive proposes an Aid to Localities appropriation of \$8,140,000, a decrease of \$1,094,000 or 11.9 percent from the SFY 2010-11 levels.

Proposed Decreases

The Executive proposes a Special Revenue Fund decrease of \$1,094,000 to the Research, Development and Demonstration Program.

Capital Projects

The Executive proposes a capital appropriation of \$15,310,000 for ongoing work at the West Valley Nuclear Fuel Reprocessing Facility, a decrease of \$3,937,000 or 20.5 percent from the SFY 2010-11 levels. This reflects a decrease of Federal spending on the West Valley facility, as NYSERDA's costs are matched nine to one by the Federal contribution.

Article VII

The Executive recommends Article VII legislation that would:

- authorize NYSERDA to make \$913,000 available to the General Fund to offset New York State's debt service requirements to the West Valley Nuclear Fuel Reprocessing Facility; and
- authorize NYSERDA to finance its Research, Development and Demonstration Program and its Policy and Planning Program, as well as the DEC's climate change program with revenues from utility assessments collected pursuant to section 18-a of the Public Service Law.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|---|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 122,241,000 | 110,002,000 | (12,239,000) | -10.0% |
| Special Revenue-Other | 266,634,300 | 256,077,000 | (10,557,300) | -4.0% |
| Special Revenue-Federal | 127,419,000 | 76,012,000 | (51,407,000) | -40.3% |
| Capital Projects Fund | 16,834,000 | 16,834,000 | 0 | 0.0% |
| Federal Capital Projects Fund | 156,700,000 | 184,000,000 | 27,300,000 | 17.4% |
| Environmental Protection Fund | 134,000,000 | 134,000,000 | 0 | 0.0% |
| Internal Service Fund | 60,000 | 60,000 | 0 | 0.0% |
| Cap Proj Fund - DEC Regular Auth Bonds | 12,000,000 | 12,000,000 | 0 | 0.0% |
| Cap Proj Fund - State Revolving Fund Auth Bonds | 29,600,000 | 35,000,000 | 5,400,000 | 18.2% |
| Capital Project Fund - Onondaga Lake (Auth. Bonds) | 5,000,000 | 0 | (5,000,000) | -100.0% |
| Capital Projects Fund - EQBA 86 Bondable | 342,000 | 0 | (342,000) | -100.0% |
| Hazardous Waste Remedial Fund - Oversight and Assesment | 12,250,000 | 10,000,000 | (2,250,000) | -18.4% |
| Hazardous Waste Remedial Fund - Cleanup | 120,000,000 | 120,000,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 1,003,080,300 | 953,985,000 | (49,095,300) | -4.9% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 1,096 | 1,096 | 0 |
| All Other Funds: | 1,907 | 1,907 | 0 |
| TOTAL: | 3,003 | 3,003 | 0 |

Agency Mission

(Executive Budget: pp. 97-106)

The Department of Environmental Conservation (DEC) is responsible for conserving and improving the State's natural resources and environment, as well as controlling water, land, and air pollution to enhance the health, safety and general welfare of New York State residents. DEC responsibilities also include the administration of a portion of the State's Environmental Protection Fund (EPF) and the Clean Water/Clean Air Bond Act of 1996.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- a \$134,000,000 appropriation for the EPF maintaining funding levels provided in SYF 2010-11.
- a \$12,046,100 reduction in State Operations funding resulting from the Executive's proposed 10 percent State Operations reduction of the agencies SFY 2011-12 baseline projection.

Budget Detail

The Executive proposes an All Funds appropriation of \$953,985,000 for DEC, which is a \$49,095,300 decrease or five percent below SFY 2010-11 levels. The Executive recommends funding support of 3,003 full-time equivalent positions which is consistent with SFY 2010-11 levels.

State Operations

The Executive proposes a State Operations appropriation of \$440,476,000, a \$74,010,400 decrease below SFY 2010-11 levels.

Proposed Decreases

The Executive proposes:

- a General Fund decrease of \$12,046,100 due to the Executive's proposed 10 percent State Operations reduction of the agencies SYF 2011-12 baseline projection;
- a Special Revenue Fund–Other reduction of \$10,557,300 to the Operating Account, the Environmental Regulatory Account, the Natural Resources Account, and the Recreation Account due to decreased revenues; and
- a Special Revenue Fund–Federal reduction of \$51,407,000 due to the sunset of the Federal Great Lakes Restoration Initiative Funding.

Aid to Localities

The Executive proposes an Aid to Localities appropriation of \$1,675,000, a \$192,900 decrease below SFY 2010-11 levels.

Proposed Decreases

The Executive proposes:

- a net General Fund decrease of \$192,900 from a 25 percent decrease in payments to the Susquehanna River Basin Commission, Delaware River Basin Commission, and the Great Lakes Commission offset by a statutorily required increase of \$28,000 to the Ohio River Basin Commission.

Capital Projects

The Executive proposes an overall capital appropriation of \$511,834,000, an increase of \$25,108,000 over SFY 2010-11 levels.

The Executive proposal includes the following capital projects:

- a federal funding increase of \$27,300,000 for the Clean Water Pollution Revolving Loan Fund to \$175,000,000; and
- a state funding increase of \$5,400,000 for the Clean Water State Revolving Loan Fund to \$35,000,000.

Environmental Protection Fund (EPF)

The Executive proposes \$134,000,000 in appropriations for the EPF, maintaining SFY 2010-11 appropriation levels. These appropriations provide funding for high priority environmental projects including farmland preservation, recycling programs, non-point source pollution control and municipal park and waterfront revitalization projects.

The Executive proposes to support the EPF with \$133,500,000 in cash disbursements for SFY 2011-12. The Executive projects an opening balance of \$17,077,000 and a closing balance of \$17,000,000 for the fund.

The individual SFY 2011-12 appropriations are outlined in the following table.

Article VII

The Executive recommends Article VII legislation that would:

- repeal the Tug Hill Commission and remove all statutory references.
- 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.

| 2011-12 Environmental Protection Fund (000's) | | | | |
|--|--------------------|----------------------|------------------------------|--------------------------------------|
| | 2010-11 Enacted | 2011-12 Executive | Change 10-11 v. Executive | Percent Change 10-11 v. Executive |
| SOLID WASTE | | | | |
| Landfill Closure/Gas Management | 600 | 600 | 0 | 0% |
| Municipal Recycling | 6,639 | 6,435 | -204 | -3% |
| Pollution Prevention Institute | 2,000 | 2,000 | 0 | 0% |
| <i>Green Initiative Institute</i> | 600 | 0 | -600 | -100% |
| <i>Intrste Chemicals Clearinghouse</i> | 0 | 0 | 0 | |
| Secondary Marketing | 1,000 | 1,000 | 0 | 0% |
| Natural Resource Damages | 200 | 200 | 0 | 0% |
| Pesticide Database | 575 | 575 | 0 | 0% |
| Solid Waste | 11,014 | 10,810 | -204 | -2% |
| PARKS & REC | | | | |
| Waterfront Revitalization | 12,000 | 11,500 | -500 | -4% |
| <i>Inner City/Underserved</i> | 6,000 | 5,750 | -250 | -4% |
| <i>Hudson and Champlain Docks</i> | 250 | 0 | -250 | -100% |
| <i>Buffalo Waterfront</i> | 550 | 0 | -550 | -100% |
| <i>Niagara River Greenway</i> | 300 | 0 | -300 | -100% |
| Municipal Parks | 13,432 | 13,000 | -432 | -3% |
| <i>Innercity/Underserved</i> | 5,730 | 6,500 | 770 | 13% |
| <i>Olmsted Park</i> | 225 | 0 | -225 | -100% |
| <i>Hyde Park</i> | 125 | 0 | -125 | -100% |
| <i>Darwin Martin House</i> | 225 | 0 | -225 | -100% |
| <i>Graycliff Manor House</i> | 125 | 0 | -125 | -100% |
| Hudson River Park (HRP) | 3,000 | 3,000 | 0 | 0% |
| Public Access & Stewardship | 16,228 | 16,228 | 0 | 0% |
| DEC | 10,228 | | -10,228 | -100% |
| OPRHP | 6,000 | | -6,000 | -100% |
| State Park Operations | 0 | 0 | 0 | |
| ZBGA | 9,000 | 9,000 | 0 | 0% |
| Parks & Rec | 53,660 | 52,728 | -932 | -2% |
| OPEN SPACE | | | | |
| Land Acquisition | 17,614 | 17,500 | -114 | -1% |
| <i>Land Trust Alliance</i> | 1,575 | 1,575 | 0 | 0% |
| <i>Urban Forestry (UF)</i> | 500 | 500 | 0 | 0% |
| <i>UF to cities pop 65,000 or over</i> | 0 | 250 | 250 | |
| Taxes - Forest Preserve Lands | 0 | 0 | 0 | 0% |
| Smart Growth | 300 | 300 | 0 | 0% |
| Farmland Protection | 10,750 | 12,000 | 1,250 | 12% |
| Agricultural Waste Management | 430 | 430 | 0 | 0% |
| Biodiversity Stewardship | 500 | 500 | 0 | 0% |
| <i>Cayuga Island</i> | 75 | 0 | -75 | -100% |
| Albany Pine Bush Commission | 2,000 | 2,000 | 0 | 0% |
| Invasive Species | 3,800 | 3,800 | 0 | 0% |
| <i>Eradication Grants</i> | 0 | 1,000 | 1,000 | |
| <i>Lake George</i> | 95 | 95 | 0 | 0% |
| LI Pine Barrens Commission | 1,100 | 1,100 | 0 | 0% |
| Oceans & Great Lakes Initiative | 5,000 | 5,000 | 0 | 0% |
| Water Quality Improvement Prog | 2,932 | 2,932 | 0 | 0% |
| LI South Shore Estuary Reserve | 900 | 900 | 0 | 0% |
| Non-Point Source Poll Cont | 17,000 | 17,000 | 0 | 0% |
| <i>Agricultural</i> | 13,297 | 13,297 | 0 | 0% |
| <i>Non-Agricultural</i> | 3,703 | 3,703 | 0 | 0% |
| Soil & Water Conserv. Dist | 3,000 | 3,000 | 0 | 0% |
| Finger Lk-Lk Ontario Watershed | 1,000 | 1,000 | 0 | 0% |
| Hudson River Estuary Plan | 3,000 | 3,000 | 0 | 0% |
| Open Space | 69,326 | 70,462 | 1,136 | 2% |
| TOTAL EPF | 134,000 | 134,000 | 0 | 0% |

ENVIRONMENTAL FACILITIES CORPORATION

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|---|--------------------------------------|---------------------------------|----------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 12,310,000 | 12,310,000 | 0 | 0.0% |
| Clean Water-Clean Air Implementation Fund | 343,000 | 343,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 12,653,000 | 12,653,000 | 0 | 0.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| All Other Funds: | 88 | 88 | 0 |
| TOTAL: | 88 | 88 | 0 |

Agency Mission

(Executive Budget: pp. 107-110)

The Environmental Facilities Corporation (Corporation) is a public benefit corporation responsible for assisting local governments, state agencies and private business in their compliance with state and federal environmental laws and regulations. The Corporation assists in the design, construction, operation, and financing of air pollution control, drinking water and wastewater treatment, and solid and hazardous waste disposal facilities. The Corporation administers the Clean Water State Revolving Loan Fund which provides interest-free, short-term and low-interest rate, long-term financing to assist in the planning, design and construction of water quality protection projects. The Corporation also jointly administers the Safe Drinking Water State Revolving Loan Fund with the New York State Department of Health.

Budget Detail

The Executive proposes an All Funds appropriation of \$12,653,000, reflecting no change to the State Fiscal Year (SFY) 2010-11 levels. The Executive recommends funding support of 88 full-time equivalent positions, thereby maintaining the SFY 2010-11 levels.

State Operations

The Executive proposes a State Operations appropriation of \$12,310,000, reflecting no change to the SFY 2010-11 levels.

Capital Projects

The Executive proposes an overall capital appropriation of \$343,000, reflecting no change to the SFY 2010-11 levels.

HUDSON RIVER PARK TRUST

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|----------|-------------------|
| AGENCY SUMMARY | | | | |
| Total for AGENCY SUMMARY: | 0 | 0 | 0 | 0% |

Agency Mission

(Executive Budget: pp. 181)

The Hudson River Park Trust (the Trust) is a public benefit corporation that was established to design, develop and maintain the 550-acre, five-mile long Hudson River Park along Manhattan's West Side from Battery Park to 59th Street.

Budget Detail

Traditionally, the appropriations for the Trust represent advance payments for New York City's (NYC) share of costs associated with the Park. These advance payments typically serve as a match for previous and/or current year state contributions, which often come from the Environmental Protection Fund. The Executive does not include a NYC advance, maintaining level funding as in State Fiscal Year (SFY) 2010-11, the trust is however funded in the Environmental Protection Fund at \$3,000,000 maintaining the SFY 2010-11 appropriation.

Capital Projects

As was the case in SFY 2010-11, the Executive proposal does not include a capital appropriation for the Trust.

DIVISION OF THE LOTTERY

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 95,310,700 | 89,704,000 | (5,606,700) | -5.9% |
| Total for AGENCY SUMMARY: | 95,310,700 | 89,704,000 | (5,606,700) | -5.9% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|-----------|
| All Other Funds: | 319 | 369 | 50 |
| TOTAL: | 319 | 369 | 50 |

Agency Mission

(Executive Budget: pp. 208-210)

The Division of Lottery (DOL) is an independent unit of the Department of Taxation and Finance. DOL is responsible for the administration and operational logistics of New York State Lottery games and video lottery terminals (VLTs) which operate to raise revenue for the support of education.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- An increase of 50 additional staff members that are needed to implement measures to improve the efficiency of lottery sales to assist in the closing the state's budget gap.

Budget Detail

The Executive recommends an All Funds appropriation of \$89,704,000, a decrease of \$5,606,700 or 5.9 percent over SFY 2010-11. The Executive recommends funding support of 369 full-time equivalent (FTE) positions, an increase of 50 positions; 38 additional FTE's will be for the administration of video lottery, the remaining 12 additional FTE's will be for the administration of Traditional Lottery programs.

State Operations

Proposed Decreases

The Executive proposes the following:

- an appropriation of \$80,052,000 for the administration of the Lottery Program. The appropriation represents a decrease of \$4,424,800 or 5.2 percent from SFY 2010-11. This represents a \$5,526,100 or 8.6 percent reduction in non-personal service and an increase of \$1,101,300 or 5.5% in personal service; and
- an appropriation of \$9,652,000 for the administration of the VLT Program. The appropriation represents a decrease of \$7,737,000 or 22.4 percent reduction in non-personal service and an increase of \$1,750,300 or 24.4 percent in personal service.

Article VII

The Executive recommends Article VII legislation that would:

- eliminate the restrictions related to the game of "Quick Draw" (e.g. bars and taverns must have 25 percent of their sales from food, square footage of 25,000 feet if no alcohol is served, and that persons must be 21 years of age to play Quick Draw in a Bar/Tavern); the Executive estimates this will generate an additional \$10,000,000 in SFY 2010-11 and \$44,000,000 thereafter;
- authorize DOL to issue "free-play" credits of up to 10 percent of the net machine income (income after payout of prizes) and clarifies that "free play credits" are not included in the net machine income; the Executive estimates this will generate an additional \$38,000,000 million annually;
- authorize DOL to increase the number of instant games that pay out up to 75 percent of the sales receipt from three to five; the Executive estimates this will generate an additional \$4,000,000 annually;

- authorize multi-jurisdictional VLT games, provided the payout of prizes remains at no less than 90% of the sales receipts; the Executive estimates this will generate an additional \$2,000,000 in SFY 2011-12 and \$3,000,000 in SFY 2012-13; and
- authorize higher payouts on multi-jurisdictional lottery games provided two-thirds of the multi-jurisdictional participants concur; current law limits multi-state payout to no more than 50% (no revenue expectation was provided).

DEPARTMENT OF MOTOR VEHICLES

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|---|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 90,478,000 | 90,431,000 | (47,000) | -0.1% |
| Special Revenue-Federal | 36,800,000 | 38,001,000 | 1,201,000 | 3.3% |
| Dedicated Highway and Bridge Trust Fund | 217,842,000 | 201,137,000 | (16,705,000) | -7.7% |
| Internal Service Fund | 11,500,000 | 13,500,000 | 2,000,000 | 17.4% |
| Total for AGENCY SUMMARY: | 356,620,000 | 343,069,000 | (13,551,000) | -3.8% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| All Other Funds: | 2,472 | 2,472 | 0 |
| TOTAL: | 2,472 | 2,472 | 0 |

Agency Mission

(Executive Budget: pp. 235-239)

The Department of Motor Vehicles (DMV) is responsible for registering vehicles to identify and authorize use, providing vehicle titles to establish vehicle ownership, licensing and regulating the motor vehicle industry, and licensing drivers to protect consumers and promote traffic safety. The DMV Traffic Violations Bureau also helps to adjudicate traffic infractions. The DMV collects fees and generates non-tax revenues to support these objectives.

Budget Detail

The Governor recommends a total All Funds appropriation of \$343,069,000, which represents a decrease of \$13,551,000 or 3.8 percent from funding levels in the current fiscal year. The

Executive recommends funding to support 2,472 full-time equivalent (FTE) positions, reflecting no change over State Fiscal Year (SFY) 2010-11 staffing levels.

State Operations

The Executive recommends a total State Operations appropriation of \$121,312,000, an increase of \$2,944,000 or 2.49 percent over funding levels in the current fiscal year.

Proposed Increases

The Executive proposes:

- a Special Revenue Funds increase of \$991,000 in federal funds for the Governor's Traffic Safety Committee due to a projected increase in grants; and
- an Internal Service Fund increase of \$2,000,000 to the Banking Service Account.

Proposed Decreases

The Executive proposes a Special Revenue decrease of:

- \$47,000 to the DMV Administration Program.

Aid to Localities

The Executive recommends a total Aid to Localities appropriation of \$20,620,000, an increase of \$210,000 or 1.03 percent from the adjusted SFY 2010-11 Budget.

Proposed Increases

The Executive proposes a Special Revenue increase of:

- \$210,000 in federal funds for the Governor's Traffic Safety Committee due to a projected increase in grants.

Capital Projects

The Executive recommends an appropriation of \$201,137,000 from the Dedicated Highway and Bridge Trust Fund for Capital Projects. This represents a decrease of \$16,705,000 or 7.67 percent from the SFY 2010-11 level. The reduction is a 10 percent decrease of the portion of the DMV's operating expenses that are paid out of the Dedicated Highway and Bridge Trust Fund.

Article VII

The Executive recommends Article VII legislation that would:

- require the suspension of licenses pending prosecution of certain alcohol-related charges;
- require the suspension of licenses pending prosecution of certain drug-related charges;
- permanently extend provisions of law relating to motor vehicle financial security requirements; and
- modify the Vehicle and Traffic Law relating to commercial drivers' licenses.

OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 5,222,000 | 4,700,000 | (522,000) | -10.0% |
| Special Revenue-Other | 354,000 | 354,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 5,576,000 | 5,054,000 | (522,000) | -9.4% |

Agency Mission

(Executive Budget: pp. 240-242)

The Olympic Regional Development Authority (ORDA) administers the post-1980 Winter Olympic program for the facilities in Lake Placid and the surrounding areas. These facilities include: the Olympic Ice Center; the Olympic Speed-Skating Oval; the Whiteface Mountain Ski Area; Veterans' Memorial Highway; the Mt. Van Hoevenberg Complex; the Olympic Ski Jumping Complex; and the U.S. Olympic Training Center. ORDA also manages the Gore Mountain Ski Center in Warren County. ORDA's activities are supported by revenue generated by venue marketing, fees, and ticket sales to athletic and other events, as well as through appropriation in the State Budget.

Budget Detail

The Executive proposes an All Funds appropriation of \$5,054,000, a decrease of \$522,000 or 9.4 percent under the SFY 2010-11 level.

State Operations

The Executive proposes a State Operations appropriation of \$5,054,000, a decrease of \$522,000 or 9.4 percent under the SFY 2010-11 level.

Proposed Decreases

The Executive proposes a General Fund decrease of \$522,000 due to a 10 percent reduction of administrative costs.

OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|---|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 135,654,600 | 119,461,200 | (16,193,400) | -11.9% |
| Special Revenue-Other | 93,788,900 | 93,788,900 | 0 | 0.0% |
| Special Revenue-Federal | 9,820,900 | 9,820,900 | 0 | 0.0% |
| Enterprise | 1,500,000 | 0 | (1,500,000) | -100.0% |
| Misc. Capital Projects | 3,800,000 | 3,800,000 | 0 | 0.0% |
| State Parks Infrastructure Fund | 29,001,000 | 29,001,000 | 0 | 0.0% |
| Federal Capital Projects Fund | 4,000,000 | 4,000,000 | 0 | 0.0% |
| Fiduciary Funds - Misc Combined Expendable Trust Fund | 10,000,000 | 10,000,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 287,565,400 | 269,872,000 | (17,693,400) | -6.2% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 1,449 | 1,449 | 0 |
| All Other Funds: | 336 | 336 | 0 |
| TOTAL: | 1,785 | 1,785 | 0 |

Agency Mission

(Executive Budget: pp. 243-248)

The Office of Parks, Recreation and Historic Preservation (OPRHP) provides recreational and interpretive opportunities for New York State residents and visitors at 178 parks and 35 historic sites across the state. OPRHP also hosts cultural and educational programs and provide a variety of recreational programs. The state parks and historic sites serve over 60 million visitors annually.

Budget Detail

The Executive proposes an All Funds appropriation of \$269,872,000 decreasing funding by \$17,693,400 or 6.2 percent below State Fiscal Year (SFY) 2010-11 levels. The Executive recommends funding support of 1,785 full-time equivalent positions maintaining SYF 2010-11 employment levels.

State Operations

The Executive proposes a State Operations appropriation of \$214,266,000 decreasing funding by \$13,823,400 below SFY 2010-11 levels.

Proposed Increases

The Executive proposes an increase of \$950,000 in Special Revenue Fund-Federal for anticipated increases in Federal grant allocations.

Proposed Decreases

The Executive proposes:

- a General Fund decrease of \$13,273,400 due to the Executive's proposed 10 percent State Operations reduction of the agencies 2011-12 baseline projection; and
- an Enterprise Fund reduction of \$1,500,000 due to the elimination of athletic fees as a result of the state no longer being involved in the Empire State games.

Aid to Localities

The Executive proposes an Aid to Localities appropriation of \$8,805,000 decreasing funding by \$3,870,000 below SFY 2010-11 levels.

The Executive proposes:

- a General Fund decrease of \$2,920,000 due to the elimination of reimbursements to localities for their enforcement of certain sections of the Navigation Law; and
- a Special Revenue Fund–Federal decrease of \$950,000 based on an ability to accept a large Federal grant within the State Operations budget.

Capital Projects

The Executive proposes an overall capital appropriation of \$46,801,000 maintaining SFY 2010-11 funding levels.

Article VII

The Executive recommends Article VII legislation that would repeal Article 4-A of the Navigation Law regarding reimbursements paid to certain local governmental entities.

DEPARTMENT OF PUBLIC SERVICE

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|----------------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 76,392,000 | 76,892,000 | 500,000 | 0.7% |
| Special Revenue-Federal | 3,750,000 | 3,500,000 | (250,000) | -6.7% |
| Total for AGENCY SUMMARY: | 80,142,000 | 80,392,000 | 250,000 | 0.3% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| All Other Funds: | 531 | 534 | 3 |
| TOTAL: | 531 | 534 | 3 |

Agency Mission

(Executive Budget: pp. 270-272)

The Department of Public Service (DPS) is the staff arm of the Public Service Commission (PSC) and has the mandate of ensuring New Yorkers' access to reliable and low cost utility services. The PSC is responsible for regulating the rates and services of the State's public utilities, overseeing the siting of major electric and gas transmission lines and facilities, and ensuring the safety of natural gas and liquid petroleum pipelines. The Department is also responsible for the oversight and regulation of the cable television industry.

Budget Detail

The Executive proposes an All Funds appropriation of \$80,392,000, an increase of \$250,000 or .31 percent over State Fiscal Year (SFY) 2010-11 levels. The Executive recommends funding support of 534 full-time equivalent (FTE) positions, an increase of three positions.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$78,892,000, a decrease of \$250,000 or .32 percent from SFY 2010-11 levels.

Proposed Increases

The Executive Budget proposes a Special Revenue Fund-Federal increase of \$1,000,000 to the Pipeline Safety Grant Account, which will fund the three additional FTE positions.

Proposed Decreases

The Executive Budget proposes a Special Revenue Fund-Federal decrease of \$1,250,000 to the Federal Operating Grants Fund due to the absence of American Recovery and Reinvestment Act.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$1,500,000, reflecting an increase of \$500,000 or 50 percent the SFY 2010-11 levels.

Proposed Increases

The Executive Budget proposes a Special Revenue Fund-Other increase of a \$500,000 to the Intervenor Account in anticipation of fees attributable to companies seeking to site major utility lines.

Article VII

The Executive recommends Article VII legislation that would require all expenses of the Department of Health Public Service Education Program incurred from the Cable Television Account be deemed expenses of the Department of Public Safety.

STATE RACING AND WAGERING BOARD

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| Special Revenue-Other | 22,470,000 | 24,750,000 | 2,280,000 | 10.1% |
| Total for AGENCY SUMMARY: | 22,470,000 | 24,750,000 | 2,280,000 | 10.1% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| All Other Funds: | 105 | 105 | 0 |
| TOTAL: | 105 | 105 | 0 |

Agency Mission

(Executive Budget: pp. 279-281)

The State Racing and Wagering Board (Board) regulates all legalized gambling activities in New York State with the exception of the State Lottery. The Board also has shared responsibility for the oversight of bingo and other permitted games of chance conducted by not-for-profit and religious organizations.

Budget Detail

The Executive recommends All Funds appropriations of \$24,750,000 for State Fiscal Year (SFY) 2011-12, reflecting an increase of \$2,280,000 or 10.1 percent above SFY 2010-11 levels. The Executive recommends funding support of 105 full-time equivalent positions, which is unchanged from SFY 2010-11.

State Operations

Proposed Increases

The Executive proposes the following:

- an increase of \$1,800,300 related to equine drug testing; and
- an increases of \$479,700 associated with fringe and indirect costs including inconvenience pay and telecom expenses.

Article VII

The Executive recommends Article VII legislation that would:

- establish a 2.75 percent surcharge on purses at harness and thoroughbred racetracks, which would generate \$7,600,000 in the first year and \$8,400,000 annually; and
- extend for one year the current Pari-Mutuel tax rates and rules governing simulcasting of out-of-state racing.

GOVERNOR'S OFFICE OF REGULATORY REFORM

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 2,350,000 | 0 | (2,350,000) | -100.0% |
| Total for AGENCY SUMMARY: | 2,350,000 | 0 | (2,350,000) | -100.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|---------------|--------------------|----------------------|-------------|
| General Fund: | 14 | 0 | (14) |
| TOTAL: | 14 | 0 | (14) |

Agency Mission

(Executive Budget: pp. 282-283)

The Governor's Office of Regulatory Reform (GORR) was created in 1995 and focuses on the oversight, review and streamlining of state regulations, providing information on regulatory requirements, and expediting regulatory approval.

Budget Detail

State Operations

Proposed Decreases

- The Executive recommends an All Funds appropriation of zero reflecting the complete elimination in funding (\$2,350,000) of GORR as an agency in order to achieve \$1.5 million in financial plan savings.

Article VII

The Executive Budget proposal also provides for the statutory elimination of all references to the Governor's Office of Regulatory Reform.

DEPARTMENT OF STATE

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|--|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 23,415,000 | 20,249,700 | (3,165,300) | -13.5% |
| Special Revenue-Other | 41,325,000 | 38,907,839 | (2,417,161) | -5.8% |
| Special Revenue-Federal | 118,286,940 | 74,656,000 | (43,630,940) | -36.9% |
| Hazardous Waste Remedial Fund - Oversight and Assesment | 2,750,000 | 0 | (2,750,000) | -100.0% |
| Total for AGENCY SUMMARY: | 185,776,940 | 133,813,539 | (51,963,401) | -28.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|------------|
| General Fund: | 125 | 124 | (1) |
| All Other Funds: | 471 | 470 | (1) |
| TOTAL: | 596 | 594 | (2) |

Agency Mission

(Executive Budget: pp. 287-292)

The Department of State (Department) is the State's oldest agency and is responsible for programs relating to services to local governments and community based organizations. In addition, the Department administers programs for community development and local government service activities and supports businesses through various licensing and registration activities.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- transfer of the Do Not Call Registry and related 16 full-time equivalents (FTEs) from the Consumer Protection Board to the Department of State;
- elimination of the Tug Hill Commission and associated 17 FTEs in the amount of \$1.2 million;
- elimination of the Watershed Partnership in the amount of \$479,000; and
- elimination of capital funding for the Brownfield Opportunity Areas Program in the amount of \$2.75 million.

Budget Detail

The Executive proposes an All Funds appropriation of \$133,813,539, a decrease of \$51,963,401 or 28 percent, from the SFY 2010-11 funding level. The Executive recommends funding support for 594 positions, a net decrease of two FTE positions from the SFY 2010-11 level.

State Operations

The Executive proposes an All Funds State Operations appropriation of \$66,568,539, a decrease of \$8,816,770 or 11.6 percent from the SFY 2010-11 funding level.

Proposed Increases

An increase of \$2,508,000 in State Operation's funding for the Administration Program attributed to the transfer of the Do Not Call Registry service from the Consumer Protection Board to the Department of State.

Proposed Decreases

The Executive proposes:

- a decrease of \$1,971,300 in General Fund support as a result of a 10 percent reduction in state operation's spending;
- a decrease of \$5,306,000 related to the transfer of the Great Lakes Initiative from State Operations to Aid to Localities;

- a decrease of \$1,871,161 in funding in the Business and Licensing Services Program attributed to early retirement savings and the elimination of funding for the State Athletic Commission Chair position;
- elimination of the Tug Hill Commission and associated 17 FTEs in the amount of \$1,227,000;
- elimination of the Watershed Partnership in the amount of \$479,000; and
- elimination of \$430,000 attributed to the discontinuation of the Station Operations portion of federal stimulus funding for the Community Services Block Grant program.

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$67,245,000, a net decrease of \$37,888,631 or 36 percent from the SFY 2010-11 level.

Proposed Increases

The Executive proposes an increase of \$5,306,000 related to transfer of the Great Lakes Initiative from State Operations to Aid to Localities.

Proposed Decreases

The Executive eliminates \$43,194,631 attributed to the discontinuation of the Aid to Localities portion of federal stimulus funding for the Community Services Block Grant program.

Capital Projects

The Executive recommends the elimination of the Brownfield Opportunity Areas Program in the amount of \$2,750,000.

Article VII

The Executive recommends Article VII legislation that would:

- make permanent the authority of the Secretary of State to charge increased fees for the expedited handling of documents;
- make permanent the funding distribution formula for the Community Services Block Grant program;

- eliminate the statutorily mandated salary of the State Athletic Commission Chair;
- increase the renewal term for the appearance enhancement disciplines and barbers from two to four years and double the associated fee; and
- eliminate the Tug Hill Commission.

DEPARTMENT OF TAXATION AND FINANCE

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 388,691,000 | 311,432,000 | (77,259,000) | -19.9% |
| Special Revenue-Other | 107,297,000 | 108,042,000 | 745,000 | 0.7% |
| Special Revenue-Federal | 2,500,000 | 2,500,000 | 0 | 0.0% |
| Internal Service Fund | 41,806,000 | 31,131,000 | (10,675,000) | -25.5% |
| Total for AGENCY SUMMARY: | 540,294,000 | 453,105,000 | (87,189,000) | -16.1% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| General Fund: | 4,214 | 4,214 | 0 |
| All Other Funds: | 794 | 794 | 0 |
| TOTAL: | 5,008 | 5,008 | 0 |

Agency Mission

(Executive Budget: pp. 309-311)

The Department of Taxation and Finance (Department) is responsible for the administration and collection of various state taxes as well as numerous local taxes. In addition, the Department also manages the State Treasury and provides investment and cash management services to various state agencies.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- a proposal to implement a “Tax Modernization Program”; this program will utilize the electronic technology to streamline correspondence and tax reporting (to include sales tax reporting) as a means of reducing administrative cost and increasing revenue collection while simultaneously promoting environmentally friendly administrative services.

Budget Detail

State Operations

Proposed Decreases

An All Funds decrease of \$75,614,000 or 14.3 percent over the SYF 2010-11 level as follows:

- General fund reductions of \$28,074,900 for Audit, Collections and Enforcement, \$7,208,600 reduction in Centralized Operations Support;
- \$320,000 for Office of Conciliation and Mediation;
- \$2,178,000 for Management, Administration and Counsel;
- \$6,988,000 for Real Property Tax Services;
- \$11,389,700 for Revenue Processing and Reconciliation;
- \$1,386,700 for Tax Policy, Revenue Accounting and Taxpayer Guidance;
- \$8,138,100 for Technology and Information Services; and
- Special Revenue Fund reductions of \$48,000 for Real Property Tax Services with offsetting increases in Special funds of \$760,000 for Revenue Processing and Reconciliation and \$33,000 for Treasury Management.

Aid to Localities

Proposed Decreases

- In the Executive’s Aid to Localities Appropriation bill, the Executive proposes to reduce the aid to localities by \$11,575,000 or 93.91 percent from SFY 2010-11. The appropriation eliminates the prior year appropriation of \$5,075,000 paid to local

governments pursuant to the Rail Infrastructure Investment Act of 2002, eliminates the prior year appropriation of \$350,000 for assessor training, and reduces the local aid payment for real property tax administration by \$6,150,000.

Article VII

The Executive recommends Article VII legislation that would:

- implement a “Tax Modernization Program” to utilize computer technology to reduce cost and modernize real property tax communications, make tax collections (to include sales tax) more effective and efficient, to streamline the administration related to tax preparers, and implement measures to ensure the efficiency of debit cards issued by the Department. The Executive estimates this provision will generate an additional \$200,000,000 in revenue and provide a savings to the state of \$25,000,000.

DIVISION OF TAX APPEALS

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 3,154,000 | 3,021,000 | (133,000) | -4.2% |
| Total for AGENCY SUMMARY: | 3,154,000 | 3,021,000 | (133,000) | -4.2% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|---------------|--------------------|----------------------|----------|
| General Fund: | 24 | 24 | 0 |
| TOTAL: | 24 | 24 | 0 |

Agency Mission

(Executive Budget: pp. 312-314)

The Division of Tax Appeals provides taxpayers with a system of due process for resolving disputes with the Department of Taxation and Finance. The separation of tax administration from tax adjudication promotes impartial and timely hearing of taxpayers' disputes.

Budget Detail

The Executive proposes an All Funds appropriation of \$3,021,000, a decrease of \$133,000 or 4.22 percent. The Executive recommends the support of 24 full-time equivalent positions; the staffing level remains at the 2010-11 State Fiscal Year (SFY) level.

State Operations

Proposed Decreases

- The Executive proposes a decrease of \$133,000 or 4.2 percent in personal services from SFY 2010-11.

NEW YORK STATE THRUWAY AUTHORITY

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|-----------------------------------|--------------------------------------|---------------------------------|----------|-------------------|
| AGENCY SUMMARY | | | | |
| NYS Canal System Development Fund | 2,000,000 | 2,000,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 2,000,000 | 2,000,000 | 0 | 0.0% |

Agency Mission

(Executive Budget: pp. 318)

The New York State Thruway Authority (TA) is responsible for operating a 570-mile toll highway system, along with the New York State Canal System. Through its subsidiary, the New York State Canal Corporation, TA maintains, operates, develops, and makes capital improvements to the 524-mile canal system which includes 57 locks, 16 lift bridges, and numerous dams, reservoirs, and water control structures.

The Canal Development Program is the only TA program reflected in the Executive Budget. All other Thruway and Canal System programs are supported by TA revenues and are not included in the Executive Budget.

Budget Detail

The Executive recommends an appropriation of \$2,000,000 for the Canal Development Program, unchanged from the State Fiscal Year (SFY) 2010-11 funding level. The revenues deposited into the Canal System Development Fund (CSDF) are generated by canal tolls and other user fees. CSDF re-appropriations of \$11,653,000 are also requested. Revenues from the CSDF are available strictly for the development, promotion, maintenance, and construction of the canals.

DEPARTMENT OF TRANSPORTATION

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|--|--------------------------------------|---------------------------------|----------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 97,550,900 | 97,550,900 | 0 | 0.0% |
| Special Revenue-Other | 4,239,187,000 | 4,113,073,000 | (126,114,000) | -3.0% |
| Special Revenue-Federal | 71,093,000 | 69,377,000 | (1,716,000) | -2.4% |
| Federal Capital Projects Fund | 2,316,000,000 | 2,006,000,000 | (310,000,000) | -13.4% |
| Dedicated Mass Transportation Trust Fund | 66,471,000 | 66,471,000 | 0 | 0.0% |
| Dedicated Highway and Bridge Trust Fund | 1,933,144,000 | 1,845,958,000 | (87,186,000) | -4.5% |
| NY Metro Transportation Account | 19,300,000 | 18,148,000 | (1,152,000) | -6.0% |
| Miscellaneous New York State Agency Fund | 50,000,000 | 50,000,000 | 0 | 0.0% |
| Total for AGENCY SUMMARY: | 8,792,745,900 | 8,266,577,900 | (526,168,000) | -6.0% |

ALL FUNDS PERSONNEL BUDGETED FILL LEVELS

| Fund | Current 2010-11 | Requested 2011-12 | Change |
|------------------|--------------------|----------------------|----------|
| All Other Funds: | 8,708 | 8,708 | 0 |
| TOTAL: | 8,708 | 8,708 | 0 |

Agency Mission

(Executive Budget: pp. 319-327)

The Department of Transportation (DOT) maintains and improves the state's more than 40,000 highway lane miles and 7,500 bridges. In addition, DOT partially funds locally operated transit systems, local government highway and bridge construction, as well as rail and aviation programs. DOT closely coordinated with other state transportation agencies and authorities with the goal of creating an interconnected statewide transportation system that addresses environmental and community concerns and efficiently moves people and goods throughout the state.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- a proposal to reduce Metropolitan Transportation Authority (MTA) operating aid by \$200,000,000 from the Mass Transportation Operating Assistance Fund;
- a proposal to increase MTA Capital funding by \$100,000,000 using re-directed Economic Development State bonded capital;
- a proposal to restore funding levels for all non-MTA transit systems to SFY 2010-11 levels before mid-year reductions took place; and
- continues the second year of the two-year Road and Bridge Capital Plan with expected expenditures of \$1,807,000,000.

Budget Detail

The Executive recommends a total All Funds appropriation of \$8,266,577,900, which represents a decrease of \$526,168,000 or 5.98 percent from funding levels in the current fiscal year. The Executive also recommends funding to support 8,708 full-time equivalent (FTE) positions, reflecting no change over SFY 2010-11 staffing levels.

State Operations

The Executive recommends total State Operations appropriations of \$47,404,000, a decrease of \$2,936,000 or 5.83 percent from funding levels in the current fiscal year.

Proposed Increases

The Executive proposes a Special Revenue increase of \$500,000 to the Accident Damage Recovery Account due to anticipated increases in dedicated revenues.

Proposed Decreases

The Executive proposes:

- a Special Revenue Federal fund decrease of \$1,716,000 in Federal funds to the Passenger and Freight Transportation Program; and
- a Special Revenue fund decrease of \$1,720,000 in funds to the Passenger and Freight Transportation Program.

Aid to Localities

The Executive recommends total Aid to Localities appropriations of \$4,232,596,900, a decrease of \$124,894,000 or 2.87 percent from funding levels in the current fiscal year. The Executive proposal maintains capital support to local governments for highway and bridge projects at SFY 2010-11 levels, with \$363,097,000 provided for the Consolidated Highway Improvement Program (CHIPS) and \$39,700,000 for the Marchiselli program.

Proposed Increases

The Executive proposes a Special Revenue fund increase of 2,800,000 in dedicated taxes to the Dedicated Mass Transportation Trust Fund.

Proposed Decreases

The Executive proposes Special Revenue fund decreases of:

- \$75,600,000 to the Metropolitan Transportation Authority Support Program due to re-estimates in dedicated tax revenues; and
- \$52,094,000 to the MTA from the Mass Transportation Operating Assistance Fund.

Capital Projects

The Executive recommends capital appropriations of \$3,990,577,000, a decrease of \$398,338,000 or 9.08 percent from the SFY 2010-11 level. The reduction includes a \$63,972,000 or a 10 percent decrease of the portion of the DOT's operating expenses that are paid out of the Dedicated Highway and Bridge Trust Fund, which includes a \$54,000,000 reduction for snow and ice control and state forces preventative maintenance.

Article VII

The Executive recommends Article VII legislation that would:

- provide the annual authorization for the CHIPS and Marchiselli programs; and
- permanently extend the Department of Transportation's Single Audit program.

URBAN DEVELOPMENT CORPORATION

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|---|--------------------------------------|---------------------------------|--------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 45,896,000 | 55,239,000 | 9,343,000 | 20.4% |
| Capital Projects Fund - Authority Bonds | 25,000,000 | 255,550,000 | 230,550,000 | 922.2% |
| Total for AGENCY SUMMARY: | 70,896,000 | 310,789,000 | 239,893,000 | 338.4% |

Agency Mission

(Executive Budget: pp. 87-90)

The Empire State Development Corporation (ESDC) – formerly the Urban Development Corporation (UDC) – is a New York State public benefit corporation. The mission of ESDC is to promote economic and real estate development by providing financial assistance to local governments, businesses and not-for-profit corporations engaged in economic development activities. In addition, ESDC is engaged in housing portfolio maintenance as well as other special projects.

The Executive proposes consolidating The New York State Foundation for Science, Technology, and Innovation (NYSTAR) into ESDC.

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- the consolidation of NYSTAR into ESDC, which is estimated to provide administrative savings of \$1,900,000;
- funding of \$130,000,000 for the newly created Regional Economic Development Councils;
- funding of \$100,000,000 for the new Economic Transformation Program;
- funding of \$100,000,000 to support the Metropolitan Transportation Authority capital plan; and

- redirects \$340,000,000 in existing capital resources to support new and existing Executive programs.

Budget Detail

Aid to Localities

The Executive proposes an All Funds Aid to Localities appropriation of \$55,239,000, a net decrease of \$56,018,000 or 50.4 percent below the combined SFY 2010-11 levels for ESDC and NYSTAR. This decrease is due to the proposed merger of the two entities, as well as the discontinuation of one-time appropriations for the Small Business Revolving Loan Fund and the Innovation Economy Matching Grants program.

The Executive proposal maintains funding for the following programs at the same level as SFY 2010-11:

- funding of \$6,180,000 for the Empire State Economic Development Fund;
- funding of \$3,404,000 for the Urban and Community Development program in economically distressed areas;
- funding of \$2,940,000 for the retention of football in Western New York;
- funding of \$980,000 for the University at Buffalo's Krabbe Disease Research Institute;
- funding of \$980,000 for the University at Albany's Institute for Nanoelectronics Discovery and Exploration (INDEX); and
- funding of \$490,000 for the Entrepreneurial Assistance Program.

Proposed Increases

The Executive proposes an increase of \$2,769,000 for the Minority and Women-owned Business Development and Lending program, from \$635,000 in SFY 2010-11 to \$3,404,000 in SFY 2011-12.

Proposed Decreases

The Executive proposes:

- a decrease of \$29,500,000 by discontinuing the appropriation for the Innovation Economy Matching Grants Program;

- a decrease of \$25,000,000 by discontinuing the appropriation for the Small Business Revolving Loan Fund;
- a decrease of \$1,518,000 in operation and administration funding for ESDC, from \$2,518,000 in SFY 2010-11 to \$1,000,000 in SFY 2011-12;
- a decrease of \$1,495,000 by eliminating the Federal Community Development Financial Institutions program; and
- a decrease of \$1,274,000 by eliminating additional support for the Entrepreneurial Assistance Program (EAP).

The Executive proposal maintains funding for the following programs transferred from NYSTAR at the same level as SFY 2010-11:

- \$13,818,000 for the Centers for Advanced Technology;
- \$5,234,000 for the Centers of Excellence (\$872,333 per Center);
- \$4,606,000 for the High Technology Matching Grants Program;
- \$3,006,000 for the Focus Centers;
- \$1,470,000 for the Training and Business Assistance Program;
- \$1,382,000 for the Technology Development Organization Matching Grants Program;
- \$921,000 for the Industrial Technology Extension Service;
- \$750,000 for University at Albany Institute for Nanoelectronics Discovery and Exploration (INDEX);
- \$690,000 for SUNY Albany Semiconductor Research Corporation Center for Advanced Interconnect System Technologies (CAIST);
- \$500,000 for Rensselaer Polytechnic Institute (RPI) Smart Lighting Systems Engineering Research Center;
- \$490,000 for Columbia University/NSF Nanoscale Science and Engineering Center;
- \$490,000 for Cornell University/NSF Nanoscale Science and Engineering Center;
- \$490,000 for Cornell University/NSF National Nanotechnology Infrastructure Network;

- \$490,000 for RPI/NSF Nanoscale Science and Engineering Center;
- \$392,000 for Cornell University/NSF Materials Research Science and Engineering Center;
- \$343,000 for the Science and Technology Law Center;
- \$294,000 for Cornell University/NSF Nanobiotechnology Center;
- \$250,000 for Stony Brook University Semiconductor High-energy Radiation project; and
- \$245,000 for Columbia University/NSF Materials Research Science and Engineering Center.

Capital Projects

The Executive recommends \$255,550,000 in total appropriations for new Capital projects reflecting an increase of \$230,550,000 from the SFY 2010-11 Budget. The Executive proposal maintains funding for the Economic Development Fund at \$25,000,000, the same level as SFY 2010-11.

In order to fund new initiatives, the Executive is repurposing \$340,000,000 in existing capital resources. The funds will be redirected to the following programs:

- \$130,000,000 for the proposed Regional Economic Development Councils;
- \$100,000,000 for the Economic Transformation Program;
- \$100,000,000 to support the Metropolitan Transportation Authority capital plan; and
- \$10,000,000 for the New York City Empowerment Zone.

Article VII

The Executive recommends Article VII legislation that would:

- merge NYSTAR into ESDC;
- make permanent the loan powers of ESDC;
- make technical amendments to the Empire Zone Program to ensure that firms that are decertified by DED after July 1, 2010 shall be denied tax credits; and

- enhance the Excelsior Jobs Program tax credits, to provide the following:
 - would expand the length of time that a business may claim benefits from five to ten years;
 - would double the cost of the program over a 10 year period from \$1,250,000,000 to \$2,500,000,000;
 - would alter the existing job credit to authorize that it be equal to the product of the gross wages paid and 6.85 percent;
 - increases the Excelsior Research and Development credit from 10 percent to 50 percent of the Federal Research and Development Tax Credit, up to a maximum amount of 3 percent of Research and Development expenditures;
 - makes the Real Property tax credit based upon post-investment property value; and
 - authorizes utility companies to offer discounted rates to companies participating in the Excelsior programs.

MISCELLANEOUS: TRANSPORTATION, ECONOMIC DEVELOPMENT & ENVIRONMENTAL CONSERVATION

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|---------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 3,354,000 | 3,318,000 | (36,000) | -1.1% |
| Special Revenue-Other | 2,292,400,000 | 2,195,300,000 | (97,100,000) | -4.2% |
| Total for AGENCY SUMMARY: | 2,295,754,000 | 2,198,618,000 | (97,136,000) | -4.2% |

Budget Detail

State Operations

Green Thumb

The Executive proposes an appropriation of \$2,831,000 for the Green Thumb Program, which provides income-eligible seniors with part-time employment in state agencies. In State Fiscal Year (SFY) 2011-12, the Department of Environmental Conservation's participation in the program will remain consistent with that of SFY 2010-11.

Proposed Decreases

Greenway Heritage Conservancy of the Hudson River Valley

The Executive Budget includes an appropriation of \$166,000, a decrease of \$18,000 or 9.78 percent due to the Executive's proposed State Operations reductions.

Hudson River Valley Greenway Communities Council (Greenway Council)

The Executive proposes an appropriation of \$185,000 in State Operations funding for the Greenway Council, a reduction of \$18,000 or 5.31 percent from the SFY 2010-11 levels due to the Executive's proposed State Operations reductions.

Aid to Localities

Hudson River Valley Greenway Communities Council (Greenway Council)

The Executive proposes an appropriation of \$136,000 in Aid to Localities funding for the Greenway Council, reflecting no change from the SFY 2010-11 levels.

Proposed Increases

Metropolitan Transportation Authority

The Executive proposes a contingency appropriation for the Metropolitan Transportation Authority (MTA) in the amount of \$2,151,000,000, a decrease of \$102,300,000 or 4.54 percent from the SFY 2010-11 budget. This includes appropriation of \$630,000,000, an increase of \$8,700,000 or 1.4 percent from the Dedicated Mass Transportation Trust Fund and an appropriation of \$1,632,000,000, a decrease of \$111,000,000 or 6.8 percent from the Metropolitan Transportation Authority Support Program. This contingency appropriation can be used to support operating costs as well as debt service payments for the MTA in SFY 2012-13 in the event that the state budget for that fiscal year is not enacted by April 1, 2012.

Tribal State Compact Revenue

The Executive proposes a Special Revenue Funds - Other appropriation of \$44,300,000 for the Tribal State Compact identified in Section 99-h of the State Finance Law. This represents an increase of \$5,200,000 from the SFY 2010-11 appropriation.

Article VII

The Executive recommends Article VII legislation that would:

- facilitate a more efficient transfer of the State's share of the Native American Casino revenue to the General Fund;
- repeal section 2975-a of the Public Authorities Law that was enacted in SFY 2010-11, which authorized a recovery of state governmental costs from Industrial Development Agencies (IDAs);
- make liabilities of IDAs related to the State's recovery of governmental costs, incurred on or before March 31, 2011 to continue as legal liabilities of the IDAs; and
- authorize local governments to use a third-party vendor for collection of fines, civil penalties, rents, rates, taxes, fees, charges and other payments via the internet and

authorizes the Office of the State Comptroller to issue guidelines governing the use of third party vendors for these internet payments.

LEGISLATURE & JUDICIARY

**Summary of Recommended Appropriations
By Agency**

LEGISLATURE

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|-----------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 217,844,801 | 218,444,801 | 600,000 | 0.3% |
| Special Revenue-Other | 2,100,000 | 1,500,000 | (600,000) | -28.6% |
| Total for AGENCY SUMMARY: | 219,944,801 | 219,944,801 | 0 | 0.0% |

JUDICIARY

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|-------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 2,400,401,718 | 2,436,288,672 | 35,886,954 | 1.5% |
| Special Revenue-Other | 261,799,922 | 259,234,498 | (2,565,424) | -1.0% |
| Special Revenue-Federal | 9,100,000 | 10,500,000 | 1,400,000 | 15.4% |
| Total for AGENCY SUMMARY: | 2,671,301,640 | 2,706,023,170 | 34,721,530 | 1.3% |

Agency Mission

(Executive Budget: pp. 376-391)

The New York state courts are established and administered as an independent branch of government pursuant to Article VI of the State Constitution. The cost of operating the courts (excluding town and village courts) is borne by the state pursuant to the Unified Court Budget Act. The mission of the Unified Court System is to promote the rule of law and to serve the public by providing just and timely resolutions of all matters before the courts. The New York State Judiciary (Judiciary) carries out its mission through 11 different trial courts (courts of original jurisdiction), its intermediate appellate courts and its highest court, the Court of Appeals.

Budget Detail

The Judiciary's budget request, as submitted to the Governor, recommends an All Funds appropriation of \$2,706,023,170, an increase of \$34,721,530 or 1.3 percent over State Fiscal Year (SFY) 2010-11 funding levels.

The Judiciary's budget includes a new \$25 million appropriation to support the recommendations of the Chief Judge's task force to expand civil legal services. In addition, the request continues a \$15,000,000 sub-allocation to the Interest on Lawyers Account (IOLA) fund in support of civil legal service programs.

DEBT SERVICE

Summary of Recommended Appropriations By Agency

DEBT SERVICE

| | Adjusted Appropriation 2010-11 | Executive Request 2011-12 | Change | Percent Change |
|----------------------------------|--------------------------------------|---------------------------------|----------------------|-------------------|
| AGENCY SUMMARY | | | | |
| General Fund | 245,000,000 | 245,000,000 | 0 | 0.0% |
| Fiduciary | 30,500,000 | 30,500,000 | 0 | 0.0% |
| Debt Service Fund | 5,992,575,000 | 6,143,925,000 | 151,350,000 | 2.5% |
| Capital Projects Fund - Other | 920,200,000 | 960,250,000 | 40,050,000 | 4.4% |
| Emergency | 2,100,000,000 | 1,500,000,000 | (600,000,000) | -28.6% |
| Total for AGENCY SUMMARY: | 9,288,275,000 | 8,879,675,000 | (408,600,000) | -4.4% |

Agency Mission

(Executive Budget: pp. 369-375)

Programmatic Highlights

The State Fiscal Year (SFY) 2011-12 Executive Budget includes the following:

- \$9.29 billion in Debt Service Appropriations with \$6.098 billion in cash behind the appropriations.

Budget Detail

State Operations

Proposed Increases

- \$15.0 million from the General Debt Service Fund for General Obligation Bonds;
- \$314.6 million from the General Debt Service Fund for Revenue Bond Payments;
- \$1.1 million from the Department of Health Income for Financing Agreements;
- \$14.3 million from the State University Dormitory Income Fund for Financing Agreements; and

- \$40.05 million from the Dedicated Highway and Bridge Trust Fund for Financing Agreements.

Proposed Decreases

- \$22 million for the Mental Health Services Fund for Financing Agreements;
- \$127.7 million for the General Debt Service Fund for Financing Agreements;
- \$36.95 million for the General Debt Service Fund for Lease Purchase Payments;
- \$1.0 million for the Housing Debt Fund for General Obligation Bonds;
- \$6.0 million for the Local Government Assistance Tax Fund for Financing Agreements; and
- \$600.0 million for the All Funds for Contingent Appropriation.

Article VII

The Executive recommends Article VII legislation that would:

- enable the Mental Health Services Fund to make arbitrage rebate payments to the federal government, if necessary;
- authorize the Comptroller to make required certifications in relation to the 1986 Environmental Quality Bond Act to assure the continuation of the tax-exempt status of the bonds;
- make permanent provision in law giving the ability of the Dormitory Authority of the State of New York (DASNY) and the Empire State Development Corporation (ESDC) to issue Personal Income Tax (PIT) Revenue Bonds for any authorized purposes;
- extend the authorization to issue mental health bonds under the PIT credit structure until 2012;
- make permanent provisions in existing law relating to the treatment of refundings with variable rate obligations of swaps;
- recommend certain bond cap increases;

- amend provisions in law relating to the governance of the Board of the Local Government Assistance Corporation and the timing of certain provisions related to the competitive sale of bonds;
- increase the bond cap for library facilities from \$70 million to \$84 million;
- amend various economic development bond caps for the purpose of reallocating \$231 million of existing bond authorization into a new bond cap; authorizing the financing of project costs for the regional economic development council initiative, the economic transformation program and other associated state costs; and
- amend language relating to the effective date of the Cultural Education Facilities bond cap.