New York State Senate Finance

DEMOCRATIC CONFERENCE

Staff Analysis of the 2013-14 Executive Budget

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HIGHER EDUCATION
HOUSING, CONSTRUCTION & COMMUNITY DEVELOPMENT
JUDICIARY
RULES

January 23, 2013

Dear Colleagues:

On Tuesday, January 22nd, Governor Cuomo proposed his Executive Budget for the 2013-14 Fiscal Year. The Executive Budget presents the Governor's plan for closing an anticipated gap of $1.35 billion. The budget proposal closes this gap primarily through cost control measures saving $1 billion and $330 million in additional revenues achieved through extensions of expiring taxes and fees.

The overall proposed budget is $142.6 billion. This represents a 5.3 percent increase over last year's budget, with most of the increase coming from $6 billion in Federal funds for Hurricane Sandy recovery and implementation of the Affordable Care Act.

This year's budget gap is much more modest and manageable than the gaps the state faced in previous years. The Senate will still face extremely difficult choices in achieving a balanced budget for the coming year that meets the needs of New Yorkers, particularly in the challenging economic times we are still facing.

In addition to closing the budget gap, the Governor has proposed a number of significant policy changes that the Senate will need to evaluate. These proposed changes include an increase in the minimum wage, allowing localities to implement a pension stabilization option that would reduce current pension costs while raising future costs, expansion of prekindergarten and new certification requirements and incentives for teachers.

The data and analyses prepared by Finance Committee staff and included in this document will provide insights into these and other proposals in the Executive Budget which can inform the difficult decisions the Senate faces. I look forward to working with all of you as we consider the Governor's proposals in our shared effort to develop a final budget that addresses existing budget gaps, protects the most vulnerable New Yorkers, and continues to reform and improve state government operations.

Sincerely,

Liz Krueger

Liz Krueger
Ranking Minority Member
Senate Finance Committee

STAFF ANALYSIS OF THE
SFY 2013 EXECUTIVE BUDGET
As prepared by the
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Schedule of Legislative Public Budget Hearings for
SFY 2013-14
Executive Budget Proposal

Date	Location	Time	Topic
January 28th	Hearing Room B	9:30 AM	Local Government Officials/General Government
January 29th	Hearing Room B	10:00 AM	Elementary & Secondary Education
January 30th	Hearing Room B	10:00 AM	Health/Medicaid
January 31st	Hearing Room B	10:00 AM	Transportation
February 4th	Hearing Room B	9:30 AM	Environmental Conservation
February 5th	Hearing Room B	9:30 AM	Housing
February 5th	Hearing Room B	1:00 PM	Human Services
February 6th	Hearing Room B	10:00 AM	Public Protection
February 11th	Hearing Room B	9:30 AM	Higher Education
February 12th	Hearing Room B	9:30 AM	Taxes
February 12th	Hearing Room B	1:00 PM	Economic Development
February 27th	Hearing Room B	9:30 AM	Mental Hygiene
February 27th	Hearing Room B	1:00 PM	Workforce Development

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FINANCIAL PLAN OVERVIEW

STATE RECEIPTS (billions of dollars)				
			Annual Change	
	SFY 2012-13	SFY 2013-14	Amount	Percent
General Fund	$58.841	$61.173	$2.332	4.0%
State Funds	$90.654	$93.006	$2.352	2.6%
All Funds	$134.826	$142.463	$7.637	5.7%

- Total All Funds receipts are projected to reach $142.5 billion, an increase of $7.6 billion, or 5.7 percent from FY 2013 estimates. All Funds tax receipts are projected to grow by $3.5 billion or 5.4 percent. This increase is mainly attributable to improving state economic outlook.
- Total State Funds receipts are projected to be $93.0 billion, an increase of $2.4 billion, or 2.6 percent from the FY 2013 estimate.
- Total General Fund receipts are projected to be $61.2 billion, an increase of $2.3 billion, or 4.0 percent from FY 2013 estimates. General Fund tax receipts are projected to grow by 5.6 percent, while General Fund miscellaneous receipts are projected to decline by $623 million (16.7 percent). Federal grants revenues are projected to decline by $58 million.
- After controlling for the impact of policy changes, base tax revenue growth is estimated to increase by 5.1 percent for FY 2014.

State Revenue Base Growth

Base growth, adjusted for law changes, in tax receipts for both fiscal years 2012-13 and 2013-14 is estimated to grow 5.1 percent according to DOB. Base receipts are not the same as actual State receipts; overall base revenue growth in tax receipts essentially reflects underlying economic activity independent of law changes.

The estimated base receipts growth in 2012-13 results from:

- A strong corporate profits growth;
- Moderate insurance premium growth; and
- Increased consumption resulting from improved wage and employment growth.

Projected base growth in 2013-14 results from:

- The impact of accelerating wage growth on PIT receipts;
- Moderate corporate profits growth; and
- Improved consumer spending growth resulting from a faster wage and employment growth.

DISBURSEMENTS

DISBURSEMENTS (billions of dollars)				
			Annual Change	
	SFY 2012-13	SFY 2013-14	Amount	Percentage
All Funds	$133.952	$136.452	$2.500	1.9%
State Funds*	$95.601	$97.198	$1.597	1.7%
State Operating Funds	$89.431	$90.841	$1.410	1.6%
General Fund**	$59.154	$61.006	$1.852	3.1%

* Includes Capital Funds

**Includes transfers

DOB estimates that State Operating Funds spending will total $90.8 billion in SFY 2013-14, an increase of $1.4 billion (1.6%) from the estimate for 2012-13. All Governmental Funds spending, which includes capital projects and Federal operating Funds, would total $136.5 billion, an increase of $2.5 billion (1.9%) from the current year.

The All Funds spending number excludes all Federal disaster aid for Superstorm Sandy estimated at $1.5 billion in SFY 2012-13 and $5.1 billion in SFY 2013-14 along with the additional $1.0 billion in Federal aid under the Affordable Care Act during SFY 2013-14.

State Operating Funds **local assistance** spending is expected to increase by a net amount of $1.3 billion, or 2.3 percent, over SFY 2012-13. In SFY 2013-14, State funding for School Aid (on a school year basis) increases by 2.5 percent from 2012-13. Medicaid spending, including Medicaid operational spending that supports contracts related to the management of Medicaid and the costs of administrative takeover, increases by 3.2 percent from 2012-13 (not shown on table). Other local assistance increases include transportation, reflecting disbursements of dedicated tax receipts; special education, resulting from actions that temporarily reduced spending in FY 2013; and child welfare, due to a reduction in available Federal funding and lower growth in claims-based programs. These increases are partly offset by annual reductions in mental hygiene programs reflecting the impact of ongoing cost-containment efforts, continued programmatic and costs reviews, and lower public health spending due to the phase-down of Federal-State Health Reform Partnership (F-SHRP) program and declines in the EPIC program resulting from prior year cost containment actions.

Agency Operations include salaries, wages, fringe benefits, and non-personal service costs (e.g., utilities). State Operating Funds spending for agency operations is estimated at $24.8 billion in SFY 2013-14, which is essentially the same spending level from the current year. By keeping agency operating costs flat, DOB expect to allocate some $974 million to the General Fund gap-closing plan. Except for the General Fund, all growth rates in the proposed budget are below the level of inflation estimated at 2.2% during SFY 2013-14.

GENERAL FUND FINANCIAL PLAN GAPS

As shown in the following table, the projected General Fund budget gaps, absent any changes, would total approximately $16.1 billion over the next four years. The proposed Executive Budget would eliminate the projected $1.35 billion budget gap in SFY 2013-14 and reduce the projected out-year budget gaps by an additional $5.0 billion. Over the four year period, the budget gaps would be reduced by a total of approximately $6.2 billion, or 38%.

GENERAL FUND FINANCIAL PLAN GAPS (billions of dollars)			
	Before Budget Actions	**After Budget Actions**	**Percentage Decrease**
SFY 2013-14	$1.352	$0	100%
SFY 2014-15	$3.979	$1.953	51%
SFY 2015-16	$5.201	$3.559	32%
SFY 2016-17	$5.663	$4.464	21%
Four Year Total	**$16.195**	**$9.976**	**38%**

The proposed budget does not include any one-shots or new borrowing for operating expenses.

Risks to budget balance remain in the current fiscal year. They include the potential that actual tax receipts may fall below the revised estimates; year-end transactions, such as the transfer of excess balances from other funds or payments from non-State entities, may occur at lower levels than assumed in the Financial Plan; and disbursements in certain programs, especially economically-sensitive programs such as Medicaid may exceed budgeted amounts.

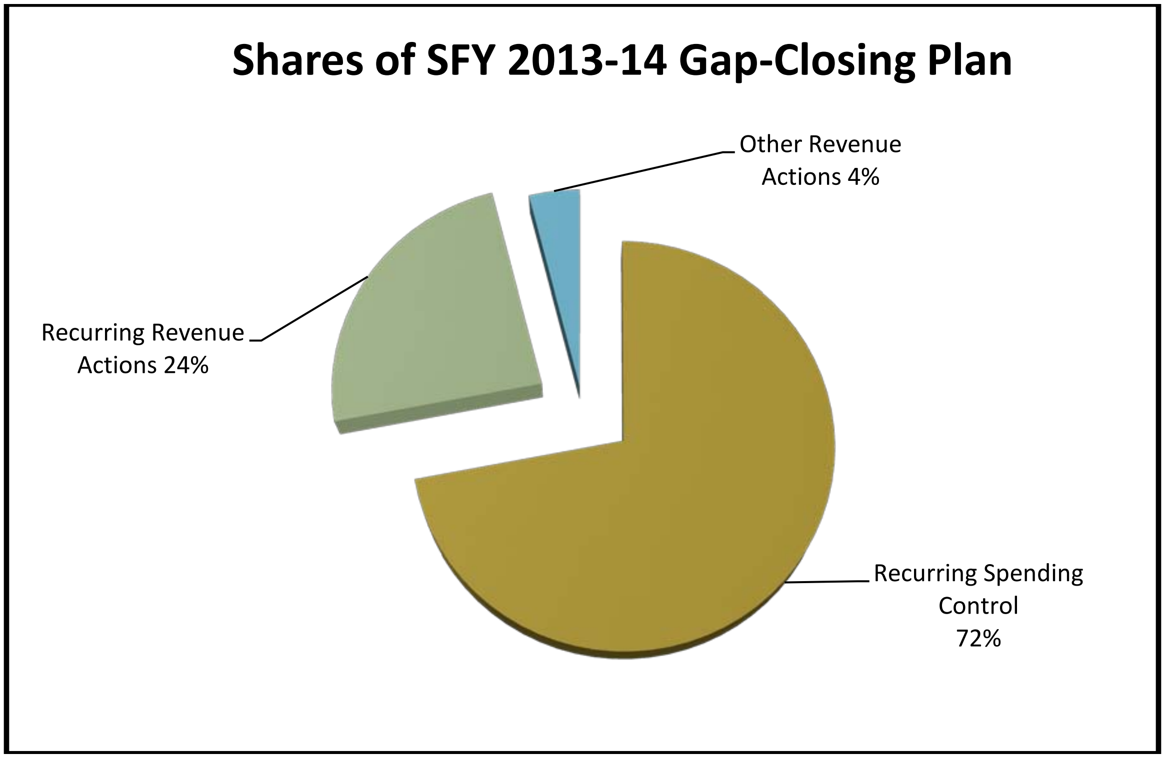
SFY 2013-14 GAP CLOSING PLAN

The Executive Budget closes an estimated General Fund gap of $1.3 billion. The table below summarizes the budget gaps estimated prior to any actions proposed in the SFY 2013-14 Executive budget and the gaps remaining after those actions.

Actions to close the gap fall into categories as outlined in the table below.

GAP CLOSING PLAN (billions of dollars)		
	Amount	**Percentage**
Recurring Spending Actions/Debt	$974	72%
Recurring Revenue Actions	$331	24%
Other Revenue Actions	$47	4%
Total	**$1.352**	**100%**

Fully 100% of actions taken to close the gap in the SFY 2013-14 Executive Budget proposal are recurring. There are no non-recurring "one shots" actions proposed in this budget.


Shares of SFY 2013-14 Gap-Closing Plan
Other Revenue Actions 4%
Recurring Revenue Actions 24%
Recurring Spending Control 72%

General Fund Gap –Closing Plan for SFY 2013-14 Amounts in Millions	
	SFY 2013-14 EXECUTIVE
CURRENT SERVICES GAP	**(1,352)**
SPENDING CONTROLS	**974**
AGENCY OPERATIONS	**434**
Agencies	214
Independent Officials/University System	51
Health Insurance Rate Renewal	89
Fringe Benefits/Fixed Costs	80
LOCAL ASSISTANCE	**412**
Public Health/HCRA/Aging	161
Social Services/Housing	104
COLA's/Trends	71
Education	61
All Others (Delays associated with Mental Health bed development & other construction projects, fraud protection related to STAR and elimination of certain legislative grants)	15
DEBT MANAGEMENT	**128**
EXTENDERS	**331**
18-A Utility Assessment	255
Limit on High Income Charitable Contributions	70
Film Credit	0
Historic Properties Rehabilitation Credit	0
Tax Modernization	6
OTHER RESOURCES	**566**
Workers' Compensation Reform	250
Annual Professional Performance Review	240
Wage Garnishment/Driver License Suspension Program	35
All Other (General Fund transfers from Public Auth., EPF bonds proceeds, Speeding tickets surcharges, and increase penalty for possession of unstamped cigarettes)	41
NEW INITIATIVES/INVESTMENTS	**(519)**
Debt Reduction Reserve Fund (DRRF) Deposit	(250)
Fiscal Stabilization Aid	(143)
Thruway Authority	(84)
Capital Commitment Plan (Debt Service Impact)	(5)
Empire State Development (compensation of ESDC for lost of HUD subsidy associated with Mitchell-Lama housing portfolio to be transferred to HCR)	0
All Other	(37)
SFY 2013-14 EXECUTIVE BUDGET GAP (after actions)	**0**

FEDERAL AND NEW YORK STATE ACTIONS AFTER SUPERSTORM SANDY

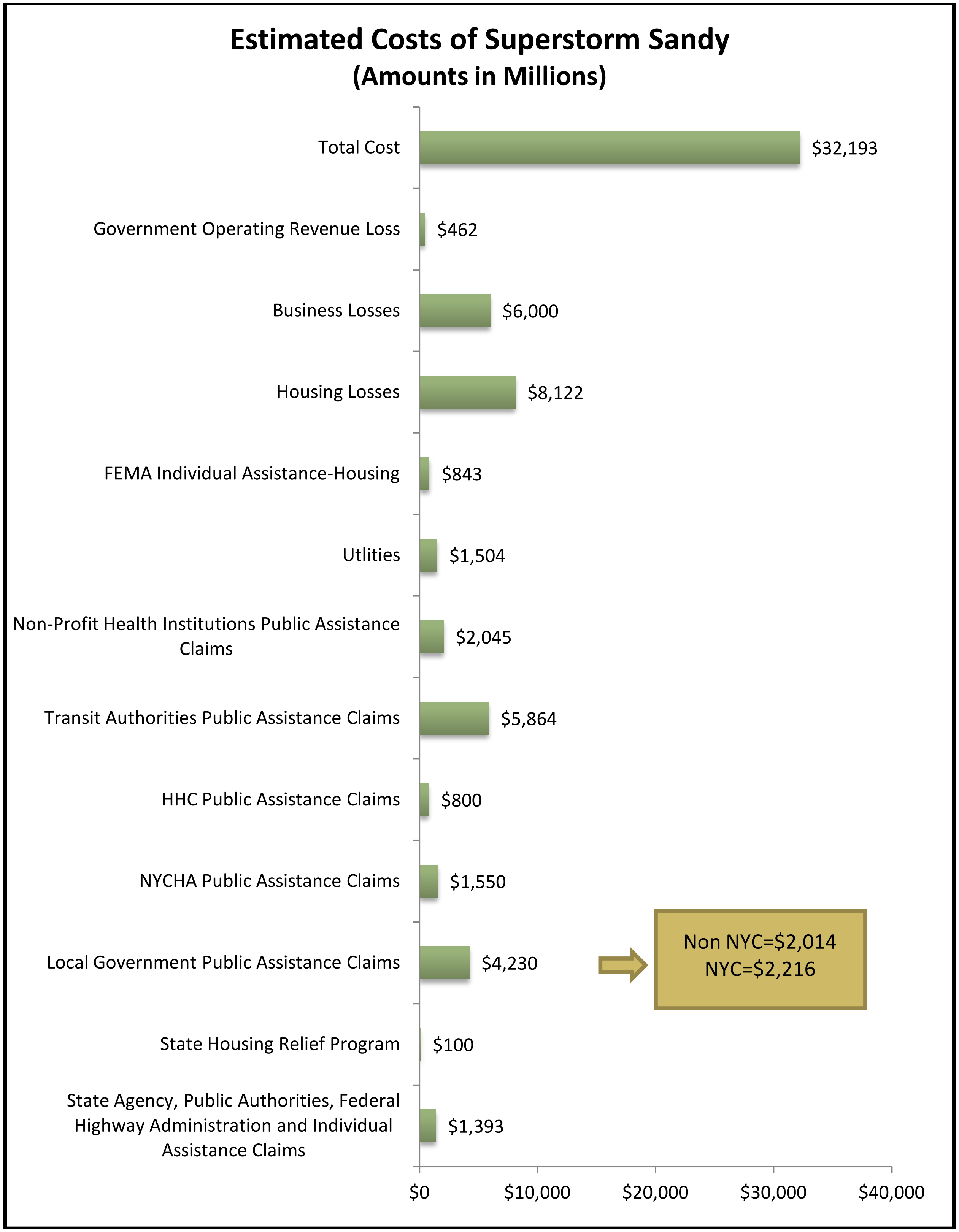
Superstorm Sandy wreaked havoc on parts of the U.S. East Coast after tearing through the Caribbean. In the weeks since, the storm's scope has come into sharper focus. Sandy killed at least 125 people in the United States. That includes 60 in New York — 48 of them in New York City — 34 in New Jersey and 16 in Pennsylvania. In preparation for the impact of Superstorm Sandy, Governor Cuomo declared a state of emergency on October 26, 2013. Two days later, President Obama granted such a request. The president requested $60 billion from Congress in supplemental appropriations for disaster assistance in response to Superstorm Sandy.

The Federal Emergency Management Administration (FEMA) has already received about 55,800 claims from New York through Jan. 3, and more than $956 million had been paid out in settlements. The private-sector insurance claims from Sandy are projected at around $20 billion, making Super-storm Sandy the third-costliest storm since 1980. Hurricane Katrina in 2005 cost insurers nearly $48.7 billion in 2012 dollars, while Hurricane Andrew in 1992 cost an inflation-adjusted $25.6 billion. The figures exclude flood damage covered by the federal programs. The estimated total cost of response and recovery for Superstorm Sandy including the costs of public authorities, local governments, not-for-profits, homeowners and businesses in New York is over $32 billion (see next page).

The Executive Budget recommendation for SFY 2013-14 includes several appropriations intended to capture Federal funds. The State includes appropriation for Aid to Localities and State Operations in the amount of $20.6 billion. The available appropriations for disaster support are as follows:

- $12.65 billion for payment of the federal government's share of costs resulting from natural or man-made disasters, including liabilities incurred prior to April 1, 2013. This reflects the expectation that the federal government will reimburse New York State 90% for hazard mitigation;

- $8 billion for services and expenses to recover from the impact of Superstorm Sandy and to mitigate the impact of future natural or man-made disasters including making payments to local governments, public authorities, not-for-profit corporations, businesses, and individuals.


Estimated Costs of Superstorm Sandy
(Amounts in Millions)
Total Cost
$32,193
Government Operating Revenue Loss
$462
Business Losses
$6,000
Housing Losses
$8,122
FEMA Individual Assistance-Housing
$843
Utlities
$1,504
Non-Profit Health Institutions Public Assistance Claims
$2,045
Transit Authorities Public Assistance Claims
$5,864
HHC Public Assistance Claims
$800
NYCHA Public Assistance Claims
$1,550
Local Government Public Assistance Claims
$4,230
Non NYC=$2,014
NYC=$2,216
State Housing Relief Program
$100
State Agency, Public Authorities, Federal Highway Administration and Individual Assistance Claims
$1,393
$0
$10,000
$20,000
$30,000
$40,000

In addition, the Executive included $450 million for the cost of restoring State properties damaged as a result of Superstorm Sandy including liabilities incurred prior to April 1, 2013 (see below for a breakdown by State agency).

State Agency Capital Project Costs Related to Superstorm Sandy (thousands)						
Agency	**13-14**	**14-15**	**15-16**	**16-17**	**17-18**	**Total**
CUNY	$7,900	$13,100	$400	$0	$0	$21,400
DOCCS	$3,029	$0	$0	$0	$0	$3,029
DOT (FEMA)	$50,509	$0	$0	$0	$0	$50,509
Parks	$69,814	$34,907	$20,944	$13,962	$0	$139,627
OMH	$9,450	$16,875	$33,750	$67,500	$41,175	$168,750
OPWDD	$520	$900	$300	$0	$0	$1,720
SUNY	$6,864	$1,000	$0	$0	$0	$7,864
Total	**$148,086**	**$66,782**	**$55,394**	**$81,462**	**$41,175**	**$392,899**
State Share (10%)	$14,809	$6,678	$5,539	$8,146	$4,118	$39,290
Federal Share (90%)	$133,277	$60,104	$49,855	$73,316	$37,058	$353,609
Overall Breakdown of State/Federal Shares						**$392,899**
DOT Federal Highway Administration	$23,369	$0	$0	$0	$0	$23,369
Grand Total						**$416,268**

EDUCATION: NEW NY EDUCATION COMMISSION

Executive Order No. 44 created the New NY Education Reform Commission. The commission held 10 regional meetings from July to October 2012 to gather input regarding such issues as teacher recruitment and performance, including the teacher evaluation system; student achievement, education funding, distribution, and costs; parent and family engagement; the problems of high need districts/low wealth communities, the best use of technology; and, the structure of New York's education system. The preliminary report of the Education Commission divided its recommendations in two different areas: Part I which focuses on the strengthening of the academic pipeline from pre-kindergarten through college; and Part 2, which makes recommendations for improving the selection, preparation and development of teachers.

The Commission's report emphasizes the need to better coordinate the services provided to students in high need school districts. It points to the lack of collaboration and alignment of many educational programs which stifle progress towards preparing New York State students for college and career. At the same time, the Commission makes recommendations based on several successful models that have proven effective both in New York State and throughout the United States. It highlights the importance of early childhood education, extended student learning and the bridge between high school and college. Most of the recommendations made by the Commission regarding teachers are interconnected and intersect each other. Most of these recommendations are based on the educational pipeline, from early teacher selection to improving training and teacher development. The Commission's report argues that New York State needs to use data and other reporting measures in order to hold teachers and principals accountable. At the same time, this information will help policymakers understand how the State can provide critical feedback to strengthen teacher and principal preparation programs.

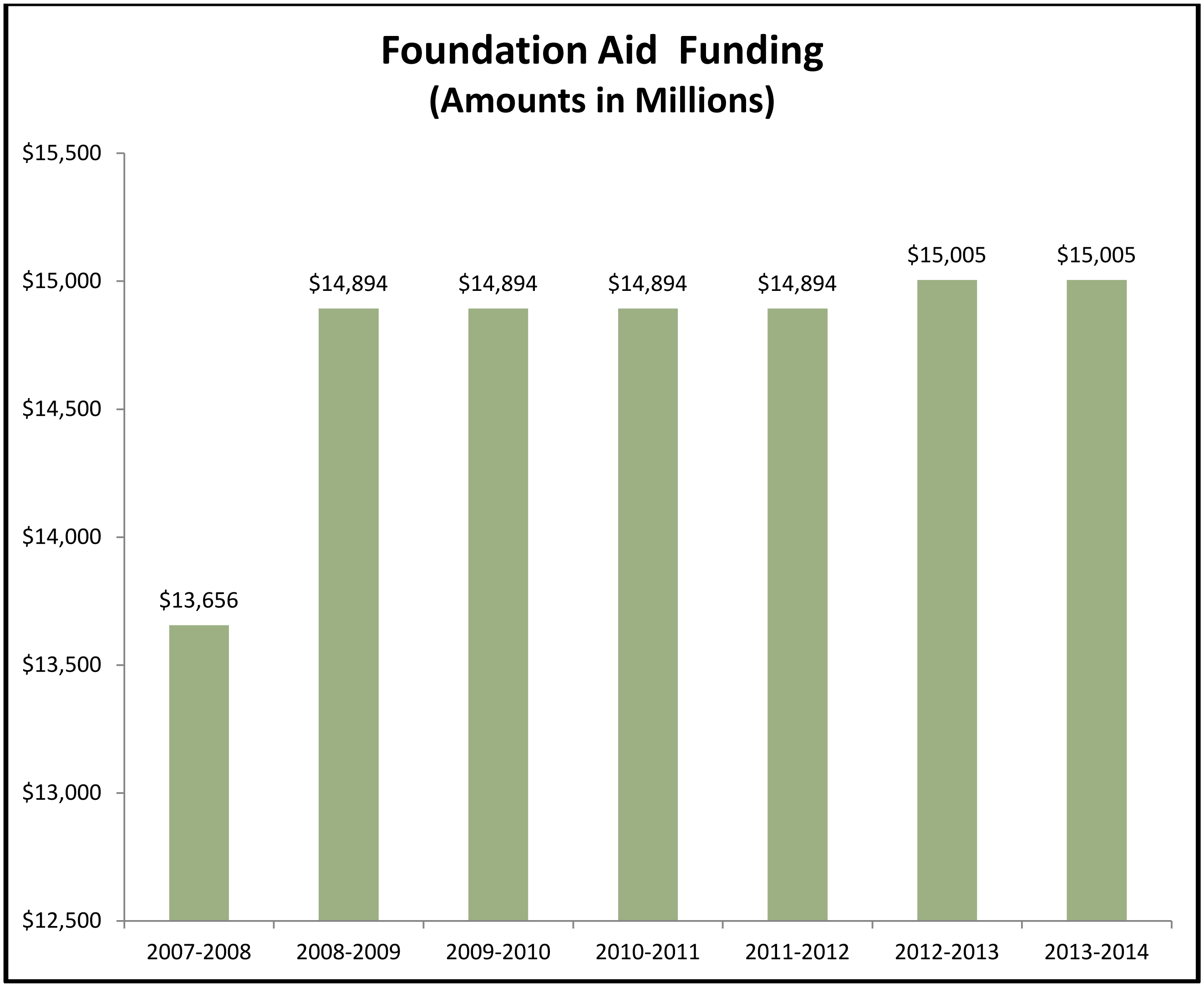
New NY Education Commission Recommendations

Governor's Proposal	Fiscal Impact
Full-day Prekindergarten Program	**$25 million**
Extended Learning Grants program	**$20 million**
Community Schools	**$15 million**
High Performing Teachers	**$11 million**
Early College High Schools	**$4 million**
Increase Standards for Teacher Certification	**Regulatory**
Require Passage of a Bar Exam	**Regulatory**
Longer and More Intensive Student-teaching Experience	**Regulatory**
Develop a School Performance Management System	**Current resources**

SCHOOL AID

Foundation Aid:

Foundation Aid accounts for over 73.4 % of the computerized aids total. The enacted budget for School Year 2012-2013 provided for an increase of Foundation Aid in the amount of $111.6 million or 0.7% over School Year 2011-2012. The Foundation Aid formula drives funds to schools districts with the greatest needs. The formula was the result of the 13-year court battle between the Campaign for Fiscal Equity and the State of New York. In the Executive Budget recommendation for School Year (SY) 2013-2014, the Executive included last year's Foundation Aid increase to the school aid base.



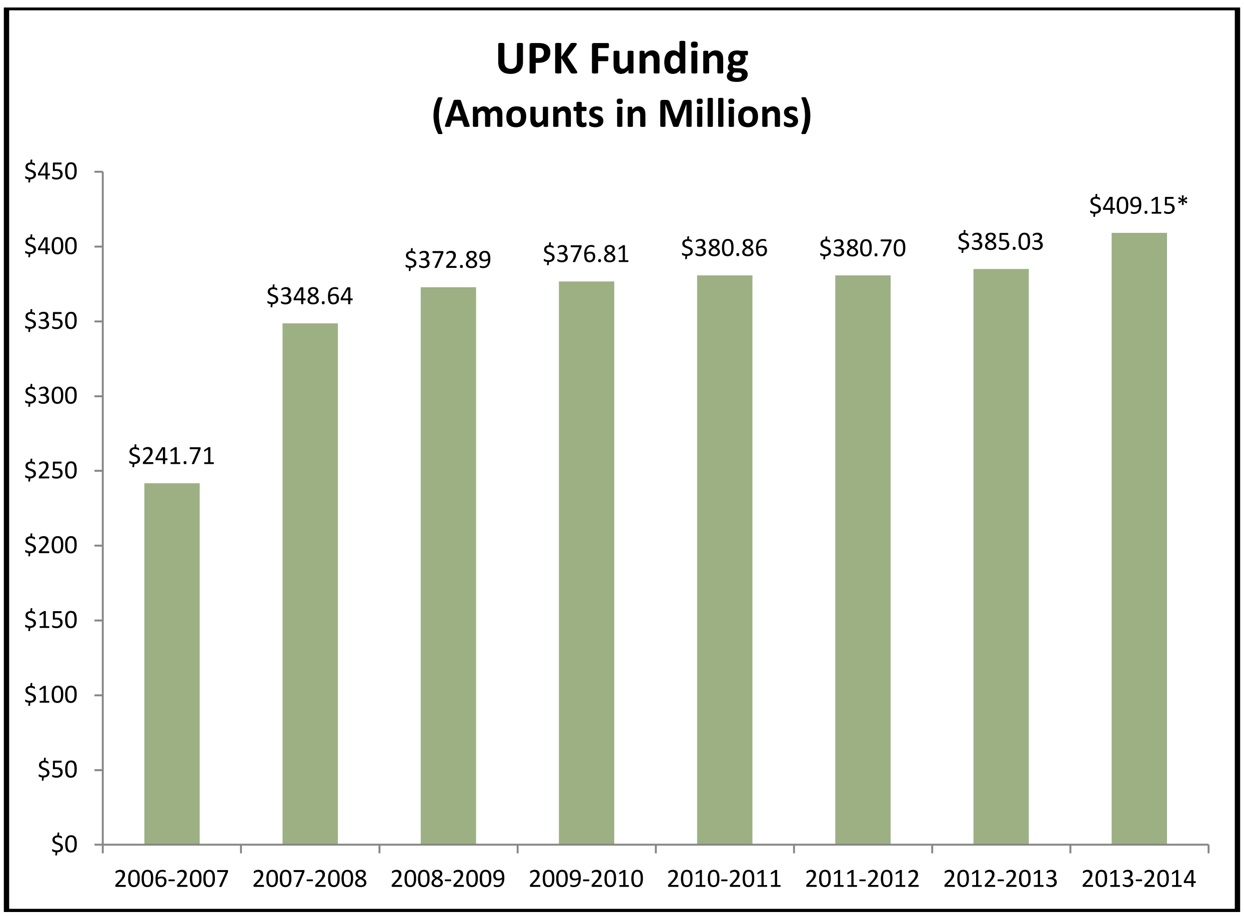
* Source: State Education Department Local Assistance Tables.

Universal Pre-K:

The New York State Universal Pre-kindergarten (UPK) program was established under Chapter 436 of the Laws of 1997. During the 2004-05 school year, 192 districts (224 eligible) served approximately 57,000 students. In School Year 2013-2014, this number has increased considerably from 192 to 450 school districts and the number of 4-year olds has increased from 57,000 to almost 103,600.

The Executive recommends funding for Universal Pre-kindergarten maintained at $384 million, an increase of $1 million from the prior year. Full-Day Kindergarten Conversion Aid statutory provisions are continued in the Executive proposal and Aid is increased by $1.7 million to $6.7 million in SY 2012-13.

According to the National Institute for Early Education Research (NIEER), approximately more than 1.32 million children participate in State-funded pre-kindergarten programs, about 40% of all 3 and 4-year-olds in the nation. State spending on pre-kindergarten programs totals more than $5.49 billion across the Nation, a decrease of $60 million.



*Reflects $25 million proposed by the Executive for a separate full-day prekindergarten program. It was included to show additional State efforts to support the overall UPK program.

Building Aid and Building Reorganization Aid: Building Aid allows school districts to receive aid for approved building projects. Building Aid accounts for 14% of the computerized aids total The Executive proposes a 2.55% increase in Building Aid and Reorganization Aid from $2.71 billion to $2.78 billion.

Transportation Aid: The Executive recommends a $60.8 million increase in transportation aid to $1.72 billion. Transportation Aid accounts for 8% of the computerized aids total.

Boards of Cooperative Educational Services (BOCES): BOCES services are created when two or more school districts recognize they have similar needs that can be met by a shared program. BOCES helps school districts save money by providing opportunities to pool resources and share costs. BOCES services are often customized offering districts the flexibility to meet their individual needs. The Governor's Budget fully funds the $19.4 million increase in present law for BOCES Aid. This is an increase of 2.14% from SY 2012-13. BOCES and Special Services Aid account for 5% of the computerized aids total.

Private Excess Cost Aid provides reimbursement for public school children with more severe disabilities who are placed in private school settings or in the State-operated schools in Rome and Batavia. The Executive Budget proposal includes present law funding in the amount of $358.9 million, an increase of $38.8 million or 12.1% over the prior school year. Private Excess Cost Aid accounts for 2% of the computerized aids total.

Public Excess Cost-High Cost is reimbursement for the additional costs associated with providing resource-intensive special education program for students with disabilities. The Executive recommendation for SY 2013-2014 provides resent law funding in the amount of $532 million, an increase of $79.5 million or 17.6% over prior school year funding levels. Public Excess Cost-High Cost accounts for 3% of the computerized aids total.

HIGHER EDUCATION

The Executive Budget recommendation provides appropriation funding in the amount $13.2 billion for CUNY and SUNY. These funding reflects an overall appropriation of $3.27 billion for CUNY and $9.55 billion for SUNY. The greatest decrease in funding is associated with capital projects as last year was the end of the CUNY and SUNY 5-year capital plan. This is reflected in the capital project reductions $302 million and $849.4 million for CUNY and SUNY, respectively.

CUNY and SUNY All Funds Comparison for AY 2012-2013 and AY 2013-2014				
CUNY	**All Funds Appropriation 12-13**	**All Funds Appropriation 13-14**	**$ Change**	**% Change**
State Operations	$2,231,909,900	$2,327,486,900	$95,577,000	4.28%
Aid to Localities	$1,306,393,490	$1,357,154,990	$50,761,500	3.89%
Capital Projects	$347,909,000	$45,083,000	($302,826,000)	-87.04%
Total	**$3,886,212,390**	**$3,729,724,890**	**($156,487,500)**	**-4.03%**
SUNY	**All Funds Appropriation 12-13**	**All Funds Appropriation 13-14**	**$ Change**	**% Change**
State Operations	$8,683,589,400	$8,844,731,200	$161,141,800	1.86%
Aid to Localities	$461,218,900	$452,115,400	($9,103,500)	-1.97%
Capital Projects	$1,106,067,000	$256,597,000	($849,470,000)	-76.80%
Total	**$10,250,875,300**	**$9,553,443,600**	**($697,431,700)**	**-6.80%**

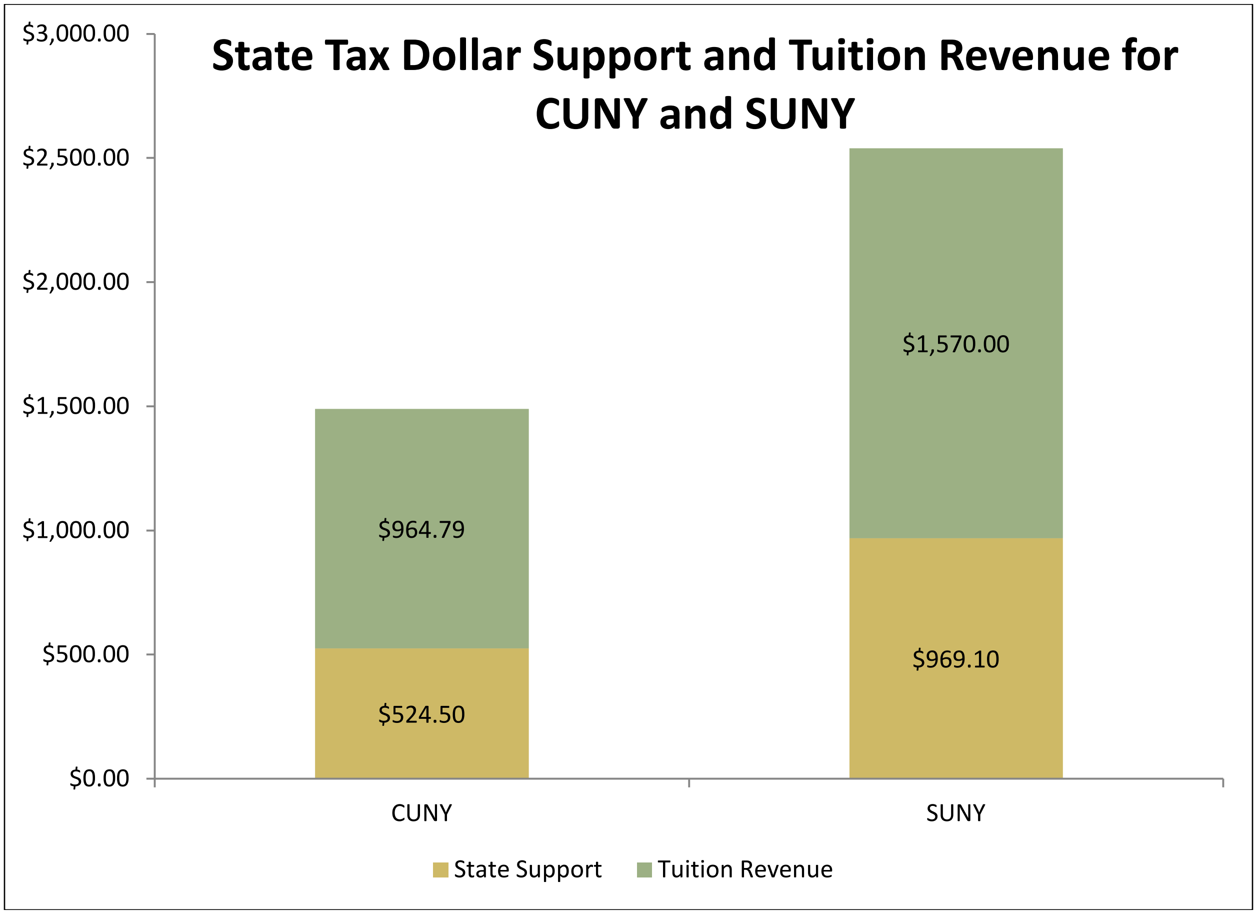
Operating Aid

Operating support for CUNY Senior Colleges and SUNY State-operated campuses are a combination of State Tax Dollars and Tuition Revenue. The Executive provides $524.4 million in General Fund support CUNY Senior Colleges. CUNY's tuition revenue of $964.79 million is an increase of $60 million from last year's level, reflecting a scheduled $300 tuition increase for Academic Year 2013-2014. SUNY Operating support is funded at $969.05 million, the same level as last year. Tuition revenue for SUNY's state-operated campuses increases by $106 million to $1.57 billion. This increase is associated with a $300 tuition increase for SUNY state-operated campuses. (See chart on next page for further analysis.)

Community College Base Aid

The Executive recommendation maintains base aid for CUNY and SUNY community colleges at $2,272 per Full-Time Equivalent (FTE) student. Funding for CUNY Community Colleges and SUNY community colleges will be funded at $191.2 million and $431.1 million respectively. In his Executive recommendation, the Governor includes $5 million ($3 million for SUNY and $2 million for CUNY) for a performance-based funding grant program.

In addition, the Executive recommends a Next Generation Linkage Program which require community colleges to partner with employers and the Regional Development Councils to address the workforce and vocational needs of employers in order to remain eligible for base aid.



Higher Education Services Corporation

The Executive provides $950.4 million for the Tuition Assistance Program (TAP). This is an increase of $16.3 million from the enacted budget last year. The projected growth stems from the continued tuition increases at SUNY and CUNY community colleges, as well as full implementation of TAP for certain schools not under the supervision of the State Education Department. The projected growth stems from the continued tuition increases at SUNY and CUNY community colleges, as well as full implementation of TAP for certain schools not under the supervision of the State Education Department.

MEDICAID REDESIGN TEAM

Under Executive Order # 5 of 2011, the Governor established the Medicaid Redesign Team, which is charged with reform New York State's Medicaid program. The goal of this team is to restore quality and integrity to the program, while developing programs and initiatives that provides health in a cost effective, efficient and coordinated manner.

The Medicaid Redesign Team performed its task in two phases. The first phase, completed on March 1, 2011**,** required the team to identify $2.85 billion in reductions to the Medicaid program, which were included as part of the SFY 2011-12 Enacted Budget. The SFY 2011-12 Executive Budget also included language that capped Medicaid spending at $15.3 billion SFY 2011-12, and $15.9 billion for SFY 2012-13. The language in this proposal permanently capped state fiscal year to year growth in Medicaid to a rolling consumer price index, which is currently projected at 4 percent.

The second of the team's task was to develop a comprehensive long term plan for reforming the entire Medicaid program with programs and initiatives that make it more cost effective, efficient, and coordinated. Known as Phase II of Medicaid Redesign, nine workgroups were established with additional expertise to help develop recommendations in complex issue areas, including supportive housing, behavioral health reforms, managed long-term care implementation, payment reforms, quality measurement and streamlining State and local responsibilities. The nine workgroups voted on and issued a final official report with their recommendations to the Governor in early December 2011. The Governor selected a number of the recommendations to include in the SFY 2012-13 budget, which later became law. It is estimated that Phase I and II actions will save the State approximately $17.1 billion over the next five years.

The SFY 2013-14 Executive Budget is authorized $16.6 billion in State share spending for Medicaid, which is approximately $700 million higher than SFY 2012-13 authorized spending levels, and extends the authority of DOH to impose Medicaid spending controls**,** beyond the state fiscal year period ending March 31, 2014. The SFY 2013-14 Executive Budget also provides continued support the implementation of MRT phase I (SFY 2011-12) and phase II (SFY 2012-12) actions. For SFY 2013-14 the Executive has proposed MRT Phase III which includes a number of new proposals to facilitate State compliance with Federal laws under the ACA, the State takeover of local Medicaid administration, and other core investments/adjustments to the Medicaid program.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

New York State receives a $2.4 billion Federal TANF block grant annually as a result of the 1997 Welfare Reform Act. The State utilizes the block grant to fund the State share of public assistance caseload expenditures and the remaining amount to fund a variety of services to support eligible TANF families.

The SFY 2013-14 Executive Budget projects a public assistance caseload of 554,011 a 12,177 or 2.2% decrease from current year estimates of 566,188. The decrease of 7,038 for TANF Families is a 2.7% reduction from current year levels. The monthly average payment for New York City (NYC) is $426.99 and $283.49 for the Rest of the State.

Safety Net Families caseload decrease by 3,662 or 3% from current year levels. The monthly average payment for Safety Net Families is $303.52 and $215.90 for New York City and the Rest of the State respectively.

The Executive Budget proposal estimates that the number of Safety Net Single individuals will decrease by 1,477 or less than one percent from the current year. The current Monthly Average payment for Safety Net Singles would remain at $513.79 for NYC and $369.92 for the Rest of the State.

It should be noted that the SFY 2013-2014 Executive Budget proposes to allocate $1.36 billion for TANF initiatives, an increase of $80 million over SFY 2012-2013 (see next page). Of the $1.36 billion amount, the greatest changes are associated with a shift of $70.4 million in child care subsidies from the General Fund to TANF. In addition, the Executive funds the Summer Youth Employment with TANF to maintain funding at last year’s level. The Flexible Fund for Family Services is funded at last year’s level of $964 million.

The Executive includes a new TANF program in the amount of $2 million. The Food Bank program would be sub-allocated to the Department of Health to complement current efforts. These funds would be allocated on a competitive basis.

TANF Initiatives Funding				
SFY 2013-14				
(amounts in thousands)				
Program	**2012-13 Enacted**	**2013-14 Executive**	**$ Change**	**% Change**
ACCESS Welfare to Careers	$800	$0	-$800	-100%
Advantage Afterschool	$500	$0	-$500	-100%
ATTAIN	$3,000	$0	-$3,000	-100%
Bridge	$102	$0	-$102	-100%
Centro of Oneida	$25	$0	-$25	-100%
Career Pathways	$750	$0	-$750	-100%
Caretaker Relative-Kinship	$51	$0	-$51	-100%
Child Care Subsidies	**$324,276**	**$394,967**	**$70,691**	**22%**
Child Care SUNY/CUNY	$334	$0	-$334	-100%
Disability Advocacy Program (DAP)	$250	$0	-$250	-100%
Displaced Homemakers	$546	$0	-$546	-100%
Educational Resources	$250	$0	-$250	-100%
Emergency Homeless	$500	$0	-$500	-100%
Facilitated Enrollment	$1,265	$0	-$1,265	-100%
Fatherhood Initiative	$200	$0	-$200	-100%
Flexible Fund for Family Services	**$964,000**	**$964,000**	**$0**	**0%**
Food Banks NYS*	**$0**	**$2,000**	**$2,000**	**100%**
Food Pantry Initiative	$250	$0	-$250	-100%
Homeless Intervention (SHIP)	$1,500	$0	-$1,500	-100%
Non-Residential Domestic Violence	$1,210	$0	-$1,210	-100%
Nurse Family Partnership	$2,000	$0	-$2,000	-100%
Preventive Services	$610	$0	-$610	-100%
Refugee Resettlement	$102	$0	-$102	-100%
Rochester-Genesse Regional Transp. Authority	$82	$0	-$82	-100%
Settlement Houses	$1,000	$0	-$1,000	-100%
Summer Youth Employment	**$0**	**$25,000**	**$25,000**	**100%**
Supportive Housing for Families	$1,500	$0	-$1,500	-100%
Transportation	$112	$0	-$112	-100%
Wage Subsidy	$950	$0	-$950	-100%
Wheels for Work	$144	$0	-$144	-100%
Total	**$1,306,309**	**$1,385,967**	**$79,658**	**6%**

Juvenile Justice Facilities:

The Executive Budget proposal includes several proposals that would lead to:

- Expansion of the Close to Home Initiative. The 2013-14 Executive Budget builds upon the 2012-13 Close to Home initiative for youth from New York City to include youth from additional counties who would otherwise be placed in OCFS non-secure settings. Under the Executive's proposal, such youth would be placed in facilities administered by voluntary agency providers that can offer more appropriate and cost-effective care closer to their home communities. Consistent with these changes, the Executive Budget proposes to reduce capacity in OCFS operated youth facilities; and,
- Reduce the number of OCFS non-secure youth facilities. Specifically, the Executive's proposal calls for the closing of Red Hook (Dutchess County), Lansing (Tompkins County), Middletown (Orange County) and Brentwood (Suffolk County).

Pay for Success Program:

The Executive Budget proposal calls for the development of a Pay for Success Program in New York State. This multi-year program would attract private funding for preventative programming with a promise to investors of a return on investment based on savings the programming achieves. The targeted result payments are measured by an independent monitor who determines if the terms of the agreement are met by both parties. The initiative will offer the opportunity to invest in programs in the areas of health, education, economic development, juvenile justice, and public safety.

MERGERS, TRANSFERS, AND CONSOLIDATIONS

The Executive Budget proposal for SFY 2013-2014 recommends several mergers, transfers and consolidations of State programs and Agencies. In addition, the Executive recommendation includes the annualization of several actions taken in the enacted budget for SFY 2012-13 and their future impact associated with the development of a Business Services Center.

Transfers

12-13 Actions: transfers of finance and /or human resources activities of 100 State agencies will be consolidated into the Business Services Center within the Office of General Services.

12-13 Actions: 3,300 Information Technology professionals from their respective agencies to the Office of Information Technology.

13-14 Actions: Operations of the Commission of Quality Care and Advocacy for Persons with Disabilities would be shifted to the Justice Center for the Protection of People with Special Needs.

13-14 Actions: Homeless Housing Assistance program from the Office of Temporary Disability Assitance to the Division of Homes and Community Renewal.

The Executive Budget recommendation also includes the mergers of several State agencies and several Agency functions, including:

- the Office of the Welfare Inspector General (OWIG) with the Office of the Inspector General (OIG) reflecting a comparability transfer in the amount of $1.3 million from the OWIG to the OIG;
- the Governor's Office of Employee Relations (GOER) with the Department of Civil Service to create a single state Employee Workforce Development Center. This new agency will be funded at $12.9 million for SFY 2013-14; and finally,
- the consolidation of 29 agency print shops into four agencies.

The Executive budget proposal also includes several strategies that according to the Governor will help to better coordinate and consolidate government services. This would require the State to consolidate State lab and State warehouse functions. In addition, the Executive would restructure State Medicaid administration under the Department of Health and coordinate health insurance purchasing between the Department of Health and the Employee Workforce Development Center.

ECONOMIC DEVELOPMENT

Combined State Operations funding will total $30.74 million, an increase of $3.7 million for the Department of Economic Development (DED). The Executive Budget for State Fiscal Year 2013-2014 provides overall funding in the amount of $647.7 million in Aid to Localities and Capital Projects for the Department of Economic Development and the Empire State Development Corporation. This is a decrease of $195.2 million over State Fiscal Year 2012-2013. In addition, the Executive reappropriates $2.56 billion in Aid to Localities and Capital Project funding. Of this amount, 80% or $2.02 billion is associated with capital project funding from prior years.

General Fund-Aid to Localities funding is provided for the following programs at the Department of Economic Development and the Empire State Development Corporation in the amount of:

- $31.8 million for the Empire State Economic Development Fund;
- $13.8 million for the Centers for Advanced Technology Matching grants;
- $5.23 million for the Center of Excellence program;
- $5 million for marketing and advertising to promote regional attractions in the State of New York;
- $4.6 million for the High Technology Matching Grants program including the Security Through Advanced Research and Technology (START) program;
- $4.4 million in contractual payments for the retention of a professional football team in Western New York;
- $3.81 million for local tourism promotion matching grants;
- $3.4 million for the Urban and Community Development Program in economically distressed areas;
- $3 million for the Focus Center;
- $1.38 million for several programs at Cornell University and Rensselaer Polytechnic Institute;
- $1.76 million for entrepreneurial assistance;
- $1.49 million for community development financial institutions program. Of this amount up to $1 million would be use for community development financial institutions in economically distressed and highly distressed areas;
- $1.47 million for State matching grants for the Federal Manufacturing Extension Partnership program;
- $1.25 million for the operation of innovation hot spots;
- $1.38 million for Technology Development Organization Matching grants;
- $921,000 for the Industrial Technology Extension Services; and,
- $635,000 for the Minority and Women Owned Business Development and Lending Program.

The Executive Budget recommendation proposes the following initiatives associated with economic development efforts throughout the State (see below).

WORKFORCE & LABOR

The Executive is estimating a total net decrease in the State workforce of 127 Full Time Equivalents (FTEs). This increase is achieved through (8,256) attritions, 608 other placements, and 8,737 new fills for total estimated FTEs fill level of 180,438. See breakout of the net change in FTEs below. For a State Agency detailed breakdown see the following pages.

Size of the Executive Branch Workforce

Category	3/31/13 Est.	Other Placements*	Attritions/New Fills	3/31/14 Est.	Change Number	Change %
Workforce Subject to Direct Executive Control	119,728	-608	481	119,601	(127)	-0.11
University Systems	56,425	0	0	56,425	0	0
Independently Elected Agencies	4,412	0	0	4,412	0	0
Grand Total	**180,565**	**-608**	**481**	**180,438**	**(127)**	**-0.07**

*Other Placements includes 224 FTE's due to facility closures at the Office of Children and Family Services, and 384 FTE's at the Office of Mental Health.

The greatest changes in State Agencies' workforce are associated with the following actions, including:

- A net decrease of 1,249 FTE positions at the Office of People with Developmental Disabilities related with the closure of the Taconic and Finger Lakes inpatient facilities, attrition and the transfer of the print shop from OPWDD to the Office of General Services;
- A net decrease of 575 FTE positions at the at the Office of Children and Family Services related with the closure of limited-secure facilities in NYC, non-secure facilities closures in the Rest of the State, the expansion of the Close to Home initiative, the transfer of the staffing to the Justice Center and an increase in FTEs for youth facilities improvements and the Statewide Register;
- A net decrease of 61 positions in the State Police associated with several adjustments made between the FTE target and Pay Period 26 to reflect the Thruway Authorities' transfer of State Troopers, communication specialists, forensic scientists, motor equipment mechanics, security screen techs from a Special Revenue-Other account to the General Fund, and the increase in FTEs associated with the NY Safe Act;
- A net increase of 385 FTE positions in the Department of Health related associated with the second year of the phased takeover of local government administration of the Medicaid program and the implementation of the Federal Health Care Reform Exchange;
- A net increase of 204 FTE positions at the Department of Taxation and Finance related with audit collection and enforcement associated with additional revenue generating initiatives;

- A net increase of 134 FTE positions in the Department of Corrections and Community Supervision associated with the closure of the Beacon and Bayview Correctional facilities for women, the transfer of IT staff to the Office of Information Technology Services (OITS), the reinvestment of staffing associated with facility closures, and the authorization of critical health and safety positions to be filled by the Commissioner;

Facility Closures

Facility	Agency	FTE's	Operating Savings	Capital Savings	Total Savings
Bayview	DOCCS	-164	$12,080	$0	$12,080
Beacon	DOCCS	-109	$6,123	$0	$6,123
NYC Limited Secure- Facilities (12-13)*	OCFS	-282	$8,410	$0	$8,410
Rest of State Facilities (13-14)**	OCFS	-168	$2,820	$0	$2,820
Taconic and Finger Lakes DDSO Closures	OPWDD	-625	$26,926	$0	$26,926
All Agencies		**-1348**	**$56,359**	**$0**	**$56,359**

*NYC facilities reflect the full annualization for the closures approved in SFY 12-13.

** The Executive Budget proposal for SFY 13-14 proposed the closure of four OCFS non-secure facilities: the Red Hook (Dutchess County), Lansing (Tompkins County), Middletown (Orange County) and Brentwood (Suffolk County).

Notice and Re-Use Plan for Correctional Facilities

Under current law, the Commissioner of DOCCS is required to give notice one year before closing a correctional facility, and to prepare an adaptive and re-use plan six months before closure. The Executive Budget proposal includes Articles VII legislation that would allow the Executive to provide at least 60 day's notice to the Temporary President of the Senate and the Speaker of the Assembly.

Notice for Office of Children and Families Services Facilities

Section 501 of the Executive Law requires the State to provide a mechanism which may reasonably be expected to provide notice to local governments, community organizations, employee labor organizations, managerial and confidential employees, consumer and advocacy groups of the potential for significant service reductions, public staffing reductions and/or the transfer of operations to a private or not-for-profit entity at such state-operated facilities at least 12 months prior to commencing such service reduction. The Executive Budget recommendation includes Article VII legislation that would bypass this provision under current law. In addition, the legislation would allow the Commissioner of the Office of Children and Family Services to close all of its non secure facilities. At least 60 days before any closures, the Commissioner would provide notice of such closures to the Temporary President of the Senate and the Speaker of the Assembly.

Workforce Impact Summary

Major Agencies	Starting Estimate (03/31/13)	Ending Estimate (03/31/14)	Net Change
Children and Family Services, Office of	3,263	2,688	(575)
Corrections and Community Supervision, Department of	29,337	29,471	134
Education Department, State	2,664	2,765	101
Environmental Conservation, Department of	2,916	2,916	0
Financial Services, Department of	1,243	1,337	94
General Services, Office of	1,352	1,439	87
Health, Department of	4,635	5,020	385
Information Technology Services, Office of	3,835	3,890	55
Labor, Department of	3,621	3,612	(9)
Mental Health, Office of	14,453	14,580	127
Motor Vehicles, Department of	2,219	2,215	(4)
Parks, Recreation and Historic Preservation, Office of	1,719	1,719	0
People with Developmental Disabilities, Office for	19,834	18,585	(1,249)
State Police, Division of	5,232	5,408	176
Taxation and Finance, Department of	4,175	4,379	204
Temporary and Disability Assistance, Office of	1,860	1,890	30
Transportation, Department of	8,359	8,337	(22)
Workers' Compensation Board	1,195	1,220	25
Subtotal - Major Agencies	**111,912**	**111,471**	**(441)**
***Minor Agencies (see next page)**	**7,816**	**8,130**	**314**
Subtotal - Subject to Direct Executive Control	**119,728**	**119,601**	**(127)**

University Systems	Starting Estimate (03/31/13)	Ending Estimate (03/31/14)	Net Change
City University of New York	13,024	13,024	0
State University Construction Fund	152	152	0
State University of New York	43,249	43,249	0
Subtotal - University Systems	**56,425**	**56,425**	**0**
Independently Elected Agencies			
Audit and Control, Department of	2,614	2,614	0
Law, Department of	1,798	1,798	0
Subtotal - Independently Elected Agencies	**4,412**	**4,412**	**0**
Grand Total	**180,565**	**180,438**	**(127)**

Minor Agencies	Starting Estimate (03/31/13)	Ending Estimate (03/31/14)	Net Change
Adirondack Park Agency	54	54	0
Aging, Office for the	100	100	0
Agriculture and Markets, Department of	471	471	0
Alcoholic Beverage Control, Division of	127	127	0
Alcoholism and Substance Abuse Services, Office of	764	764	0
Arts, Council on the	28	28	0
Budget, Division of the	290	290	0
Civil Service, Department of	324	350	26
Correction, Commission of	29	29	0
Criminal Justice Services, Division of	423	443	20
Deferred Compensation Board	4	4	0
Economic Development, Department of	152	151	(1)
Elections, State Board of	58	58	0
Employee Relations, Office of	50	50	0
Environmental Facilities Corporation	0	0	0
Executive Chamber	136	136	0
Financial Control Board, New York State	14	14	0
Gaming Commission, New York State	434	434	0
Higher Education Services Corporation, New York State	460	447	(13)
Homeland Security and Emergency Services	388	387	(1)
Housing and Community Renewal, Division of	688	692	4
Hudson River Valley Greenway Communities Council	1	1	0
Human Rights, Division of	168	164	(4)
Indigent Legal Services, Office of	10	10	0
Inspector General, Office of the	68	72	4
Interest on Lawyer Account	8	8	0
Judicial Commissions	0	0	0
Judicial Conduct, Commission on	49	50	1
Justice Center for the Protection of People with Special Needs	0	280	280
Labor Management Committees	77	77	0
Lieutenant Governor, Office of the	7	7	0
Lottery, Division of the	0	0	0
Medicaid Inspector General, Office of the	476	486	10
Military and Naval Affairs, Division of	426	426	0
Prevention of Domestic Violence, Office for	27	27	0
Public Employment Relations Board	33	33	0
Public Ethics, Joint Commission on	45	53	8
Public Service Department	496	496	0
Quality of Care and Advocacy for Persons With Disabilities, Commission on	80	0	(80)
Racing and Wagering Board, State	0	0	0
State, Department of	537	567	30
Statewide Financial System	115	145	30
Tax Appeals, Division of	27	27	0
Veterans' Affairs, Division of	98	98	0
Victim Services, Office of	70	74	4
Welfare Inspector General, Office of	4	0	(4)
Subtotal - Minor Agencies	**7,816**	**8,130**	**314**

LOCAL GOVERNMENT ASSISTANCE

All Funds Summary of Spending
(Dollars in millions)(SFY)

Category	2012-13	2013-14	Change (in millions)	Change Percent
AIM – New York City	$0.0	$0.0	$0	0%
AIM – Towns and Villages	67.6	67.6	0	0
AIM – Cities Outside NYC	647.1	647.1	0	0
Total AIM	714.7	714.7	$0	0%
Citizen Empowerment Tax Credits and Grants	1.2	1.7	0.5	42
Local Government Performance and Efficiency Program	4.3	12.6	8.3	193
Local Government Efficiency Grants	8.0	5.2	(2.8)	-35
VLT Impact Aid	25.9	25.9	0	0
Miscellaneous Financial Assistance	2.0	2.0	0	0
Small Government Assistance	0.2	0.2	0	0
Buffalo/Erie Efficiency Grants	7.0	4.5	(2.5)	-36

Funding for the following local government programs would be maintained at current year levels:

- AIM for Cities, Towns and Villages - Consistent with SFY 2012-13, the Executive Budget would maintain $715 million in unrestricted AIM funding to cities, towns and villages.

- Citizen Empowerment Tax Credits - Funding to incentivize local government consolidation or dissolution under Governor's Empowerment Tax Credits is continued at existing levels, providing a bonus equal to 15 percent of the newly combined local government's tax levy, of which at least 70 percent of such amount must be used for direct relief to property taxpayers.

- Citizens Reorganization Empowerment Grants - Funding is maintained for grants up to $100,000 for local governments to cover costs associated with studies, plans and implementation efforts related to local government reorganization activities. To improve the effectiveness of this grant program, the local match for planning or study grants initiated by the local government would be increased from 10 percent to 50 percent. Upon approval of the local government reorganization, this 40 percentage point increase in local match would be refunded. This change would encourage the implementation of local government re-organization activities. There would be no change in the 10 percent local match for planning or study grants in response to a citizen petition, or for implementation grants. These grants share a $35 million appropriation with the Citizen Empowerment Tax Credits.

- Local Government Performance and Efficiency Program - A $40 million appropriation is continued for competitive one-time awards of up to $25 per capita, capped at $5 million, which recognize local governments that have achieved efficiencies and performance improvements.

- Local Government Efficiency Grants - Funding of $4 million would continue to be provided to help cover costs associated with local government efficiency projects, such as planning for and/or implementation of a functional consolidation, shared or cooperative services, and regionalized delivery of services. To improve the effectiveness of this grant program, the local match for planning or study grants would be increased from 10 percent to 50 percent. As with the current grant program, if a local government implements a previously completed planning project, the local match from the planning project would be refunded (up to the local share for implementation). In addition, the maximum award for planning grants would be reduced from $25,000 per municipality to $12,500 per municipality and from $200,000 to $100,000 per grant. These changes would focus funding on implementation and further incentivize local government efficiency improvements.

- Other Local Government Programs - Other programs will be maintained at existing levels, including Video Lottery Terminal (VLT) Impact Aid, Miscellaneous Financial Assistance for Madison and Oneida counties, Small Government Assistance Grants for Essex, Franklin and Hamilton counties, and Efficiency Incentive Grants for Erie County and the City of Buffalo.

AIM Funding for Selected Cities in the SFY 2013-14 Executive Budget

Municipality	Executive Budget SFY 2013-14 AIM Funding	Proposed Dollar Change from SFY 2012-13	Proposed Percentage Change from SFY 2012-13
Albany	$12,607,823	$0	0.0%
Buffalo	$161,285,233	$0	0.0%
Mount Vernon	$7,155,691	$0	0.0%
Rochester	$88,234,464	$0	0.0%
Syracuse	$71,758,584	$0	0.0%
Yonkers	$108,215,479	$0	0.0%

Source: NYS DOB

MANDATE RELIEF

The Executive proposes the following mandate relief for local governments to address financial strain.

- Stable Rate Pension Contribution Option – Local governments and school districts would be given the option to "lock in" long-term, stable rate pension contributions for a period of years determined by the Comptroller and the Teachers' Retirement System (TRS) in order to achieve full funding in each system. The proposed stable rates would be 12 percent for the New York State Employees' Retirement System (ERS), 12.5 percent for TRS, and 18.5 percent for the Police and Fire Retirement System (PFRS). Absent this option, the system average 2013-14 rates (inclusive of Group Life Insurance) would be 20.9 percent for ERS, 16.5 percent for TRS, and 28.9 percent for PFRS.

  These stable rate pension contributions will dramatically reduce near-term payments for employers, but will require higher than normal contributions in the latter years. This proposal is fiscally neutral to the retirement funds over the full length of the period. These immediate and significant savings, combined with the stability offered through this proposal, will provide immediate access to the savings of Tier VI and offer local governments and school districts needed relief, improving their ability to maintain necessary services to their residents and students. Local governments who opt in would avoid significant volatility in contribution rates and be better able to plan for the future.

- Local Sales Tax Rate Renewals - Counties would no longer be required to petition the State every two years to renew their current sales tax authority. This current process creates unpredictability that makes it difficult for local officials to manage their budgets. The Executive proposes making this solely a local responsibility. Renewal of current sales tax rates would only require a majority vote of the county legislature, every two years. Any increase in the local sales tax or change to an existing statutory sharing arrangement would continue to require State Legislative approval.

- Unnecessary Reporting Requirements – The Executive proposes that all local government and school district reporting requirements would be eliminated on April 1, 2014 unless the Mandate Relief Council approves continuing them. This will place the burden of proof on State agencies and authorities to justify continuing a report rather than maintaining the status quo of local governments and school districts being required to regularly report.

- Reform Early Intervention Program - The Early Intervention (EI) program provides a comprehensive array of therapeutic and support services to children under the age of three with confirmed disabilities (e.g., autism, cerebral palsy) or developmental delays. The Executive recommends a series of program modifications to expand insurance coverage and streamline eligibility determinations, without impacting services, that provide significant fiscal and administrative mandate relief to counties and generate cumulative local savings totaling more than $60 million over five years.

- Enhance General Public Health Work Program - The General Public Health Work (GPHW) program provides State aid reimbursement to Local Health Departments (LHDs) for a core set of public health services. Reforms associated with the first major overhaul of this program since its enactment will promote State health priorities, incentivize performance, and provide administrative relief to counties. The Executive proposes $3.5 million in savings in SFY 2014-15 and provide mandate relief for local governments of more than $16 million over five years.

- Reforms to Preschool Special Education - To increase the incentive for local governments to find and recover fraudulent and inappropriate spending by providers, counties and New York City would be allowed to keep 75 percent of all recoveries from local audits – this is nearly double the 40.5 percent that they are currently allowed to retain. New York City will be given the authority to competitively negotiate rates with Preschool Special Education providers. These reforms will help local governments contain the cost of this program.

- School District Mandate Relief - As recommended by the Mandate Relief Council, the Executive proposes to create a new waiver process which will allow school districts to petition the State Education Department for flexibility from special education requirements. In addition, the burdensome requirement of maintaining an internal auditor for school districts with fewer than 1,000 students will be eliminated.

- Reform Workers' Compensation - The Executive proposes a series of reforms to reduce the cost of purchasing workers' compensation insurance without affecting the rights or benefits of workers. This will provide financial relief for all insured government entities.

- Reform Unemployment Insurance - The Executive proposes substantial reforms that will decrease costs to employers, including local governments.

ECONOMIC OUTLOOK

National Economy

UNITED STATES ECONOMIC INDICATORS					
Calendar Year Percent Change					
	Actual	Estimate	Forecast		
	2011	2012	2013	2014	2015
Real GDP	4.0	4.1	3.7	4.8	5.3
Personal Income	5.1	3.5	3.0	6.2	6.1
Wages	4.0	3.2	4.5	6.2	6.4
Consumption	2.5	1.9	1.9	2.5	3.0
Corporate Profits	7.3	6.3	4.7	5.0	5.7
S&P 500 Price Index	11.4	8.8	7.8	5.2	5.1
Consumer Price Index	3.1	2.1	2.1	2.2	2.4
Non-Agricultural Employment	1.2	1.4	1.4	1.9	2.2
Unemployment Rate (%)	8.9	8.1	7.6	7.1	6.4
Source: NYS Division of Budget					

Overview

In the SFY 2013-14 Executive Budget presentation, DOB highlights that fourteen quarters into the recovery from the Great Recession, the national economy continues to struggle for momentum. The current recovery registers as the slowest of the postwar era. Despite a strong start to 2012, buttressed by unusually warm weather, growth was stymied by a contagion triggered by the debt crisis and ensuing recession in the euro-zone, leading to a slowdown in the large emerging economies and ultimately the U.S., where growth slowed from 4.1 percent in 2011Q4 to 1.3 percent in 2012Q2. In addition to the global slowdown, national economic growth has been dampened by the worst drought since the late 1980's, energy price volatility, Superstorm Sandy, and finally the approach of the "fiscal cliff."

According to the NYS Division of the Budget (DOB), the US economy will experience substantial contraction in 2013 from the American Taxpayer Relief Act of 2012 (ATRA) that is expected to subtract 0.5 percent from annual average growth. But a solid housing market recovery, the unwinding of the effects of the drought and Sandy, the ongoing expansion of energy production, and a continued renaissance in U.S. manufacturing, led by strong demand for autos, should lead to gradually improving growth going forward. And while only modest improvement is expected in global growth for 2013, the nation's foreign sector is expected to make a greater contribution to growth this year than it did in 2012. Consequently, real U.S. GDP is now projected to grow 2.0 percent for 2013, following growth of 2.3 percent for 2012 according to DOB.

In the Executive's presentation, DOB asserts that with fiscal policy putting downward pressure on the national economy, monetary policy support will continue to be important in 2013. The progress projected for demand for both housing and autos depends on continued low borrowing rates and the ongoing repair of the nation's credit markets, which in turn depends upon the central bank's expansive policy actions. However, monetary policy alone cannot sustain the current expansion without a simultaneous recovery in the U.S. labor market. U.S. nonagricultural employment is projected to continue to grow at a sluggish pace of 1.4 percent in 2013, virtually unchanged from 2012, with the unemployment rate falling to 7.6 percent in 2013 from 8.1 percent in 2012. A continued high rate of unemployment, combined with the drag from fiscal policy, will restrain income growth and inflation as well. A 2.1 percent rate of inflation, as measured by growth in the Consumer Price Index, is projected for 2013, almost unchanged from 2012, while personal income is forecast to grow 3.0 percent for 2013.

In its presentation, DOB asserts that the recession in Europe and the slowdown in emerging markets took a significant toll on the U.S. economy in 2012. As a result, the nation's export sector, which had been a leading sector during the early phase of the recovery, grew a meager 1.9 percent in the third quarter of 2012; a decline of 3.4 percent is estimated for the fourth. In addition to the global slowdown, drought conditions reduced the nation's agricultural exports and resulted in a severe drawdown of farm inventories over the course of last year.

Uncertainty pertaining to the "fiscal cliff" likely augmented weak demand from abroad, with the result that real business investment in plant and equipment fell 1.8 percent in the third quarter of 2012. Overall real U.S. GDP grew 3.1 percent in the third quarter, a substantial improvement from the first two quarters of the year, but two of the major contributors to that growth – nonfarm inventories and government spending – are likely to have weakened considerably in the final quarter of the year. Moreover, Superstorm Sandy is estimated to have taken a significant bite out of fourth quarter growth. Real U.S. GDP growth of 1.5 percent is estimated for the final quarter of 2012

New York Economy

NEW YORK ECONOMIC INDICATORS					
Calendar Year Percent Change					
	Actual 2011	Estimate 2012	Forecast 2013	2014	2015
Personal Income	4.4	2.8	2.9	6.2	5.7
Wages (Total)	3.7	2.0	4.6	4.9	5.2
Nonfarm Employment (Total)	1.2	1.3	1.3	1.4	1.3
Unemployment Rate	8.2	8.6	8.2	7.7	7.0
Source: NYS Division of Budget					

Overview

DOB asserts that, at the start of 2012, the New York State economy had been enjoying a broad-based recovery that encompassed the State's tourism, retail, high-tech, and the professional and business services sectors. Even the manufacturing sector's secular decline was interrupted by strong emerging market growth combined with a weak dollar that spurred foreign demand for the State's exports. However, a dismal 2011-12 bonus season, the global downturn, equity market volatility, and the destruction wrought by Superstorm Sandy, all took their toll on the State's economic momentum over the course of the year. Private sector job growth is projected to decelerate from 1.8 percent in 2012 to 1.5 percent in 2013. Total State wages are projected to rise 4.6 percent for the 2013 calendar year, up from 3.0 percent in 2012, while personal income growth is projected to be to be 2.9 percent for 2013, virtually flat from 2012 due to the impact of ATRA.

According to DOB, the New York State labor market entered 2012 – the third year of recovery from the Great Recession – with solid momentum. On a year-ago basis, the State saw private sector job growth of 2.3 percent in the first quarter of last year, the strongest pace of growth since the third quarter of 2000, just before the State entered the 2001 downturn. Because of the ongoing public sector contraction, total employment grew a slower, but still impressive 1.6 percent. However, wage trends tell a different story. The first quarter of 2012 posted total wage growth of only 0.9 percent, an improvement from the fourth quarter decline of 0.6 percent, but still weak by historical standards. Private sector wages grew an even weaker 0.6 percent, but excluding the finance and insurance sector, remaining private wages grew 7.0 percent. These data hint at the magnitude of the impact that the transformation of the State's finance sector is having on employment and wage trends. The Budget Division estimates that State wage growth fell from 3.7 percent in 2011 to only 2.0 percent in 2012, but is expected to rebound to 4.6 percent in 2013.

The Budget Division uses the State coincident economic index to determine the State's business cycle turning points. Based on the index, the State economy is estimated to have experienced a business cycle peak in August 2008, fully eight months after the nation peaked as a whole. The index also indicates that the State recession ended in December 2009, implying a six-month lag, and that the State recession was just a bit shorter than the national downturn. Between January and October, 2012, the index accelerated 1.9 percent from the same period in 2011, and down only slightly from the 2.1 percent growth observed for all of 2011. However, based on the leading index, growth in State economic activity is projected to slow to 0.7 percent in 2013. The Budget Division estimates that private sector State employment growth will decelerate from 1.8 percent in 2012 to 1.5 percent in 2013.

According to the Federal Reserve's Beige Book, published on January 12, 2013, economic activity in the New York area (Second District) has shown signs of rebounding since the last report, as widespread disruptions from Superstorm Sandy largely dissipated. On balance, the labor market firmed, with manufacturers reporting flat employment but non-manufacturing contacts indicating some pickup in hiring. Manufacturers and other firms report more widespread price hikes than in recent months, while retail prices were steady to up moderately. Retailers report that holiday-season sales were steady to somewhat higher than this time last year but slightly below plan. Auto sales in upstate New York were mixed but generally strong in November and December. Tourism activity slumped in November, in the aftermath of Sandy, but rebounded somewhat in New York City in December. Both residential and commercial real estate markets were generally steady since the last report. Finally, bankers report a pickup in demand for commercial mortgages but steady demand on other types of loans; they also report no change in credit standards, narrowing loan spreads, and widespread decreases in delinquency rates.

Consumer Spending

Holiday season sales were up modestly from last year but came in slightly below plan according to the Beige Book. A trade association survey of retailers across New York State indicates that sales were disappointing in the days leading up to Christmas as well as in the days after. A major retail chain indicates that sales were below plan in November and December but picked up fairly dramatically in early January. Retail contacts in upstate New York report that sales were flat to up compared to a year earlier. Retailers attribute the weaker than expected holiday sales to a combination of online shopping, mild weather, fiscal cliff concerns, and, in some parts of the region, slow insurance payouts to those affected by Sandy. Retail prices were reported to be steady or up moderately.

Buffalo-area auto dealers indicate that vehicle sales picked up in November but were expected to be flat to slightly lower than a year earlier in December. However, Rochester-area dealers report strong sales for both months to end 2012. Tourism activity slumped in the immediate aftermath of Sandy. Even hotels in the Albany area were reportedly affected by the storm, as widespread meeting and conference cancellations pushed down hotel occupancy rates in November. In New York City, Broadway theaters report that attendance and revenues rebounded after a deep post-Sandy slump in the first half of November. Still, December attendance was down 5 to 10 percent from a year earlier, while revenues were little changed. Finally, consumer confidence in the region weakened at year end. The Conference Board's survey of residents of the Middle Atlantic states (NY, NJ, PA) showed confidence falling to its lowest level in more than a year, while Siena College's survey of New York State residents indicated a modest decline.

Construction and Real Estate

According to the Federal Reserve's Beige Book, residential real estate markets in the District were generally steady since the last report, with the storm having little discernible effect on the overall market. New York City's rental market appears to have lost some momentum during the final two months of 2012, as rents in Manhattan and Brooklyn retreated and was up only slightly from a year earlier. The inventory of available rental apartments, however, remained low in late 2012. Apartment sales activity in New York City was robust in the fourth quarter--particularly in Manhattan. A major appraisal firm attributes some of the high sales volume to looming tax changes and notes that there has been a flood of appraisal requests for tax-related financial planning. Prices are reported to be flat to up slightly. In contrast, an overhang of inventory has kept prices from rising in northern New Jersey and Long Island. Sandy disrupted construction activity in late 2012, though a contact in the homebuilding industry notes that construction sub-contractors are getting a great deal of work from storm-related repairs and reconstruction during a typically slow season.

Office markets were relatively stable in the final months of 2012. A commercial real estate contact reports that the recovery from Sandy in Lower Manhattan has been slow, as a number of buildings in the flood zone remained out of service at year end. More broadly, leasing and sales activity across Manhattan were sluggish in November but picked up in December. Vacancy rates have been steady, while asking rents have edged up, led by brisk gains in Midtown South. Strong demand from the new media and advertising sectors and some pickup from legal services have offset weak demand from the financial sector. Elsewhere in the region, vacancy rates were little changed in the fourth quarter, though asking rents fell noticeably in northern New Jersey.

Other Business Activity

The Beige Book finds that contacts in the manufacturing sector continue to report little or no growth in activity though they remain mildly optimistic about the near-term outlook. Non-manufacturing contacts report some improvement in business conditions and have grown increasingly optimistic about prospects for 2013. New York City area firms--both manufacturing firms and non-manufacturing firms--say that Sandy adversely affected revenues in November but that business was seen to be back on track in December.

The Beige Book reports that, on balance, labor market conditions firmed in late 2012. While business contacts in the manufacturing sector report little or no change in employment, contacts in other sectors note some pickup in hiring. A major New York City employment agency specializing in office jobs said that while it is difficult to assess the labor market during the holiday season some continued softness in labor market conditions is apparent. In particular, financial sector hiring has remained sluggish, but year-end bonuses are expected to be up moderately from a year ago. Much of the bonus pay typically distributed in January was reportedly paid out in December in advance of higher tax rates.

Financial Developments

Finally, small to medium-sized banks report no change in demand for all loan types except commercial mortgages, where loan demand increased according to the Beige Book. Bankers report little change in demand for refinancing. The vast majority of respondents continue to report that credit standards were unchanged across all categories. Respondents indicate a decrease in spreads of loan rates over the costs of funds for all loan categories--particularly in residential mortgages, where nearly three in five bankers report lower spreads. Respondents also indicate a decrease in average deposit rates, on balance. Finally, bankers note declining delinquency rates in all loan categories--most notably in commercial mortgages, where well over half of those surveyed report lower delinquencies.

GENERAL FUND RECEIPTS

General Fund Receipts				
(Millions of Dollars)				
	Estimated SFY 2012-13	**Forecast SFY 13-14**	**Change**	**Percent Change**
Personal Income Tax				
Withholding	31,928	33,666	1,738	5.4%
Estimated Payments	11,862	12,708	846	7.1%
Final Returns	2,153	2,266	113	5.2%
Other Payments	1,174	1,208	34	2.9%
Gross Collections	**47,117**	**49,848**	**2,731**	**5.8%**
STAR Special Revenue Fund	(3,276)	(3,419)	(143)	0.9%
Refunds/Offsets	(7,216)	(7,328)	(112)	8.0%
Revenue Bond Tax Fund	(9,976)	(10,630)	(654)	4.3%
Net Collections	**26,649**	**28,471**	**1,822**	**6.8%**
User Taxes and Fees				
Sales and Use	8,430	8,802	372	4.4%
Cigarette/Tobacco	448	441	(7)	-1.6%
Alcoholic Beverage	249	249	0	0.0%
Total	**9,127**	**9,492**	**365**	**4.0%**
Business Taxes				
Corporation Franchise	2,615	2,881	266	0.7%
Corporation and Utilities	655	633	(22)	8.9%
Insurance	1,291	1,364	73	3.8%
Bank	1,522	1,366	(156)	-10.2%
Total	**6,083**	**6,244**	**161**	**2.6%**
Other Taxes				
Estate and Gift	1,075	1,135	60	5.6%
Pari-Mutuel	18	18	0	0.0%
Other	1	1	0	0.0%
Total	**1,094**	**1,154**	**60**	**5.6%**
Total Tax Collections				
Miscellaneous Receipts	3,724	3,101	623	-16.7%
Federal Grants	60	2	(58)	-97.0%
Total Receipts	**46,737**	**48,464**	**1,727**	**3.7%**
Source: New York State Division of the Budget.				

ALL FUNDS RECEIPTS

All Funds Receipts				
(Millions of Dollars)				
	Estimated 2012-13	Forecast 2013-14	Change	Percent Change
Personal Income Tax	**39,900**	**42,520**	**2,619**	**6.6%**
User Taxes and Fees				
Sales and Use	11,994	12,533	539	4.5%
Cigarette/Tobacco	1,561	1,535	(26)	-1.7%
Motor Fuel Tax	490	500	10	2.0%
Alcoholic Beverage	249	249	0	0.0%
Highway Use Tax	141	140	(1)	-0.7%
Auto Rental Tax	109	114	5	4.6%
Taxicab Surcharge	86	96	10	11.6%
Total	**14,630**	**15,167**	**537**	**3.7%**
Business Taxes				
Corporation Franchise	2,991	3,310	319	10.7%
Corporation and Utilities	839	811	(28)	-3.3%
Insurance	1,448	1,531	83	5.7%
Bank	1,823	1,618	(205)	-11.2%
Petroleum Business Tax	1,125	1,190	65	5.8%
Total	**8,226**	**8,460**	**234**	**2.8%**
Other Taxes				
Estate and Gift	1,075	1,135	60	5.6%
Real Estate Transfer Tax	685	705	20	2.9%
Pari-Mutuel	18	18	0	0.0%
Other	1	1	0	0.0%
Total	**1,779**	**1,859**	**80**	**4.5%**
Payroll Tax	1,160	1,219	59	5.1%
Total Tax Collections	**65,695**	**69,225**	**3,530**	**5.4%**
Miscellaneous Receipts	25,000	23,880	(1,120)	-4.5%
Total Receipts	**90,695**	**93,105**	**2,410**	**2.7%**
Source: New York State Division of the Budget				

PERSONAL INCOME TAX

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	25,843	26,949	28,470	1,821	6.8
All Funds	38,768	39,901	42,520	2,619	6.6

Summary:

General Fund

The personal income tax, New York's largest source of revenue, accounts for almost 60% of General Fund receipts. The tax is imposed at a graduated rate (from 4% to 8.82%) on a taxpayer's taxable income: adjusted gross income less deductions. Following closely to the Federal definitions of adjusted gross income, New York's adjusted gross income is comprised of five major components: wages, capital gains, interest and dividends, taxable pensions, and business and partnership income. Similar to the Federal income tax, taxpayers are allowed to either itemize their deductions which are also closely aligned with Federal deductions or to take the standard deduction which ranges from $3,000 to $15,400 depending on the type of filer.

Special Revenue Funds

As part of the STAR program enacted in 1998, a portion of personal income tax receipts is dedicated to a special revenue fund, the School Tax Relief (STAR) Fund, in order to reimburse localities for lost school tax revenues resulting from the program as well as to pay the Middle Class STAR rebates.

In addition, 25% of personal income tax revenues, net of refunds, are deposited into a debt service fund, the Revenue Bond Tax Fund, to pay the debt service on the State's personal income tax revenue bonds. Deposits in this fund in excess of the required debt service are then transferred back to the General Fund.

<u>Proposed Legislation:</u>

Legislation proposed with this Budget would:

- Extend the high income charitable contribution deduction limitation for three years;
- Make tax modernization provisions permanent;
- Suspend delinquent taxpayers' driver's licenses;
- Allow warrantless wage garnishment;
- Extend and enhance the historic commercial properties rehabilitation tax credit;

- New York Film Production tax credit - extend for five years, enhance, and improve transparency;
- Close royalty income loophole;
- Establish the New York Innovation Hot Spots program; and
- Establish the Charge NY electric vehicle recharging equipment credit.

Receipts:

In addition, to the components of adjusted gross income that make up the base of personal income tax, actual tax collections are comprised of a number of components: withholding, estimated payments, final returns, and delinquent collections which are subsequently reduced by refunds. Of these components, the most significant is withholding. Withholding accounts for approximately 60% of personal income tax collections.

All Funds receipts through December are $27,792 million, an increase of $475 million (1.7 percent) from the comparable period in the prior fiscal year.

All Funds 2012-13 receipts are estimated to be $ 39.9 billion, an increase of $1.1 billion (2.9 percent) from 2011-12. This primarily reflects modest increases in withholding, current estimated payments for tax year 2012, higher delinquent collections and a decrease in total refunds, partially offset by a decrease in extension (i.e., prior year estimated) payments for tax year 2011.

Withholding in 2012-13 is projected to be $729 million (2.3 percent) higher compared to the prior year. This reflects the net impact of modest wage growth and additional withholding generated by the December 2011 reform, offset by lower withholding due to the expiration of the temporary high income surcharge in place for 2009 to 2011. Total estimated payments are expected to increase $234 million (2 percent). Estimated payments for tax year 2012 are projected to be $572 million (7.1 percent) higher. However, as noted above, extension payments (i.e., prior year estimated) for tax year 2011 are estimated to fall 9.6 percent ($338 million) compared to the inflated base of extensions for tax year 2010, which reflected the one-time realization of capital gains caused by uncertainty surrounding the late extension of the lower Federal tax rates on capital gains and high-income taxpayers in December of 2010. Delinquent collections and final return payments are projected to be $88 million (8.1 percent) and $35 million (1.7 percent) higher, respectively.

The decrease in total refunds of $48 million mostly reflects a $98 million (26.8 percent) decrease in the State-city offset and a $92 million (2 percent) decrease in prior year refunds related to tax year 2011 partly reduced by a $143 million (31.5 percent) increase in previous years refunds related to tax years prior to 2011.

All Funds 2013-14 receipts are projected to be $42.5 billion, an increase of $ 2.6 billion (6.6 percent) from 2012-13.

REVENUE

This increase primarily reflects increases of $1.7 billion (5.4 percent) in withholding and $845 million (7.1 percent) in total estimated payments. The increase in total estimated payments includes $498 million (5.7 percent) in estimated payments related to tax year 2013, partially reflecting $70 million in revenue from the three year extension of the 25 percent itemized deduction limitation on the charitable contributions of high income taxpayers. Likewise, a $347 million (10.9 percent) increase in extension (i.e., prior year estimated) payments for tax year 2012 reflect a taxpayer response related to Federal law changes. The strong projection for extension payments for tax year 2012 reflects early realization of capital gains due to sunset of lower Federal tax marginal rates on capital gains and the scheduled increase in Federal tax rates on investment income starting with tax year 2013 as a part of the Federal Affordable Care Act.

Payments from final returns are expected to increase $113 million (5.3 percent). Likewise, delinquent collections are projected to increase by $35 million (3 percent) compared to the prior year with most of the increase ($25 million) coming from proposals to allow warrantless wage garnishment and the suspension of driver's licenses of taxpayers with past-due tax debts. The increase in total refunds of $112 million primarily reflects a $278 million (6 percent) increase in prior year refunds for tax year 2012 partially offset by $121 million (20.3 percent) drop in previous years refunds related to tax years prior to 2012 and a $45 million decrease in the state-city-offset.

ALCOHOLIC BEVERAGE CONTROL LICENSE FEES

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	59.1	56.0	54.0	(2.0)	(3.6)
All Funds	59.1	56.0	54.0	(2.0)	(3.6)

Summary:

General Fund

New York State distillers, brewers, wholesalers, retailers, and others who sell alcoholic beverages are required by law to be licensed by the State Liquor Authority. License fees vary depending on type of business, location, purpose, and type of alcoholic beverage sold.

Special Revenue Funds

Collections from these fees are not deposited into any special revenue funds.

Proposed Legislation:

The Executive has not proposed any new legislation in the SFY 2013-14 budget.

Receipts: In SFY 2012-13, receipts from alcoholic beverage control license fees are estimated to total $56 million, a decrease of $3.1 million from SFY 2011-12. In SFY 2013-14, receipts from alcoholic beverage control license fees are estimated to total $54 million, a decrease of $2 million from SFY 2012-13.

ALCOHOLIC BEVERAGE TAXES

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	59.1	56.0	54.0	(2.0)	(3.6)
All Funds	59.1	56.0	54.0	(2.0)	(3.6)

Summary:

General Fund

New York State imposes an excise tax on liquor, beer, wine and specialty alcoholic beverages. The current tax rates are as follows:

Beer	$0.14 per gallon
Cider	$.0379 per gallon
Wine	$.30 per gallon
Liquor (Less than 24% alcohol per volume)	$2.54 per gallon
Liquor (More than 24% alcohol per volume)	$6.44 per gallon

Special Revenue Funds

Collections from this tax are not deposited into any special revenue funds.

Proposed Legislation:

The Executive has not proposed any new legislation in the SFY 2013-14 budget.

Receipts:

Receipts from the alcoholic beverage tax for SFY 2012-13 are projected to total $248.7 million, an increase of $10.4 million from SFY 2011-12. Estimated growth is primarily based on the removal of the small brewer's exemption in June 2012 and the continuation of recent wine and liquor trends. Receipts for SFY 2013-14 are projected to be $249 million, virtually no change from the current year. The total amount is comprised of: $180.7 million derived from liquor, $48.5 million derived from beer, and $19.8 million from wine and other specialty beverages.

AUTO RENTAL TAX

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	0	0	0	0	0
All Funds	104.0	109.0	114.0	5.0	4.6

Summary:

General Fund

Collections from this tax are not deposited into the General Fund.

Special Revenue Funds

Starting in 1990, the State imposed a 5% tax on charges for the rental or use of a passenger car weighing 9,000 pounds or less. The rate was increased to 6% in 2009. A supplemental tax of 5% was imposed on the receipts from the rental of a passenger car that is rented or used within the Metropolitan Commuter Transportation District (MCTD). The tax does not apply to a car lease covering a period of one year or more.

Receipts from the 6% statewide tax are deposited to the Dedicated Highway and Bridge Trust Fund. Receipts from the supplemental tax are deposited into the Metropolitan Transportation Authority's Aid Trust Account of the MTA Financial Assistance Fund.

Proposed Legislation:

The Executive has not proposed any new legislation in the SFY 2013-14 budget.

Receipts:

For SFY 2012-13, receipts are estimated to total $109 million, an increase of $5 million from SFY 2011-12. The $109 million includes an estimated $41 million from the supplemental tax on passenger car rentals in the MCTD. Receipts for the auto rental tax are projected to total $114 million for SFY 2013-14, an increase of $5 million above SFY 2012-13. This reflects projected growth in the national consumption of motor vehicle rental services and recovery in tourism.

CIGARETTE AND TOBACCO TAXES

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	%Change
General Fund	471.4	448.0	441.0	(7.0)	(1.6)
Other Funds	1,162.1	1,113.0	1,094	(19.0)	(1.7)
All Funds	1,633.5	1,561	1,535	(26.0)	(1.7)

Summary:

General Fund

New York imposes an excise tax on cigarette and tobacco products sold and/or used within the State. Currently New York State imposes a $4.35 per pack excise tax on cigarettes. The Federal government imposes an excise tax rate of $1.01 per pack on cigarettes. NYC also imposes a separate $1.50 per pack excise tax on cigarettes. New York State currently has the highest cigarette tax rate in the country.

The State also imposes separate tax rates on other tobacco products. The levels are as follows: 75% of the wholesale price on tobacco products and cigars, and a tax of $2.00 per ounce on snuff. Cigars with a weight of less than 4 pounds per 1,000 (little cigars) are taxed at the state rate equivalent to cigarettes.

Currently 29.37% of cigarette tax receipts collected are deposited in the General Fund. Additionally, the General Fund receives 100% of the receipts from the taxes collected on non-cigarette tobacco products.

Special Revenue Funds

Beginning in SFY 2005-06, spending related to the Health Care Reform Act (HCRA) was included in the State's financial plan. As a result, a portion of the cigarette tax collections are deposited to the HCRA fund. Following legislation passed in the 2010-11 budget, the percentage of cigarette tax being deposited to the HCRA Special Revenue Fund is now 76%.

<u>Proposed Legislation:</u>

In the SFY 2013-14 the Executive has proposed increasing the civil penalty for possessing unstamped cigarettes; and, expanding the cigarette and tobacco retailer registration process.

<u>Receipts:</u>

All Funds receipts from cigarette and tobacco taxes are eliminated to total $1,561 million in SFY 2012-13, a decrease of $72 million from SFY 2011-12 reflecting declines in consumption. On a General Fund basis, receipts are estimated to total $448.0 million, a decrease of $23.4 million.

For SFY 2013-14, All Funds receipts are projected to be $1,535 million, a decrease of $26 million from SFY 2012-13. On a General Fund basis, receipts are estimated to total $441 million, an increase of $7 million. The tax decrease reflects trend declines in consumption, partially offset by proposed legislation increase civil penalties for possessing unstamped or unlawfully stamped products that would increase receipts.

HIGHWAY USE TAX

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	0	0	0	0	0
All Funds	132.1	141.0	140.0	(1.0)	(0.7)

Summary:

General Fund

Collections from the highway use tax are not deposited into the General Fund.

Special Revenue Funds

Articles 21 and 21-A of the Tax Law imposes a tax on commercial vehicles using the public highways of the State. Highway use tax revenues are derived from three sources: the truck mileage tax, fuel use tax and registration fees. The truck mileage tax is determined by multiplying the weight of the truck and its miles of laden or unladen miles traveled on public highways. The fuel use tax is levied upon fuel that is purchased from out of state, but consumed in state on public highways. The tax rate is the sum of the motor fuel tax component (eight cents per gallon), the State sales tax rate, and the lowest county sales tax rate. Registrations are required for vehicles subject to the highway use tax, and are imposed at $15 for a three year registration.

Proposed Legislation:

The Executive has not proposed any new legislation in the SFY 2013-14 budget.

Receipts:

Receipts from the highway use tax are estimated to total $141 million in SFY 2012-13, an increase of $9 million from SFY 2011-12. For SFY 2013-14, receipts are projected to be $140 million, virtually no change from the current State Fiscal Year.

MOTOR FUEL TAX

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	0	0	0	0	0
All Funds	501.6	490.0	500.0	10.0	2.0

Summary:

General Fund

No collections from the motor fuel tax are deposited into the General Fund.

Special Revenue Funds

Article 12-A of the Tax Law imposes a tax on the sale of motor and diesel motor fuel. The current tax rate is eight cents per gallon. Motor fuel tax revenues are deposited into two funds, the Dedicated Highway and Bridge Trust Fund and the Dedicated Mass Transportation Fund, with 79% and 21% going to each respectively.

Although the motor fuel tax is imposed on the consumer, the tax is remitted upon importation into New York. This tax-on-first-import system is designed to reduce gasoline tax evasion, which has involved bootlegging from other states and successions of tax-free sales among “dummy” corporations masked by erroneous record keeping and reporting.

Since 1988, taxes on diesel motor fuel have been collected upon the first non-exempt sale in the State. Prior to that time, the diesel motor fuel tax was collected at the time of retail sale or use by a bulk user.

The tax is generally remitted monthly, although vendors whose average monthly tax is less than $200 may remit quarterly. Chapter 55 of the Laws of 1992 required accelerated remittance of the tax by taxpayers with annual liability of more than $5 million for motor fuel and petroleum business tax (PBT) combined. These taxpayers are required to remit taxes electronically or by certified check by the third business day following the first 22 days of each month. Taxpayers can choose to make either a minimum payment of three-fourths of the comparable month’s tax liability for the preceding year, or 90 percent of actual liability for the first 22 days. Taxes for the balance of the month are remitted by the twentieth of the following month.

Motor fuel tax collections are a function of the number of gallons of fuel imported into the State by distributors. Gallonage is determined in large part by fuel prices, the amount of fuel held in inventories, the fuel efficiency of motor vehicles and overall state economic performance.
For a more detailed discussion of the methods and models used to develop

Proposed Legislation:

No new legislation is proposed.

Receipts:

In SFY 2012-13, receipts are estimated to total $490 million, a decrease of $11.6 million from SFY 2011-12. In SFY 2012-13, receipts are estimated to be $387 million for the Dedicated Highway and Bridge Trust Fund and $103 million for the Dedicated Mass Transportation Trust Fund.

For SFY 2013-14, receipts are projected to be $500 million, an increase of $20 million from SFY 2012-13. In SFY 2013-14, receipts are estimated to be $395 million for the Dedicated Highway and Bridge Trust Fund and $105 million for the Dedicated Mass Transportation Trust Fund.

MOTOR VEHICLE FEES

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	%Change
General Fund	110.8	99.0	26.3	(72.7)	(73.4)
Other Funds	1,307.9	1,281.0	1,292.0	(7.0)	(0.5)
All Funds	1,418.7	1,380.0	1,318.3	(67.7)	(4.5)

Summary:

General Fund

Motor vehicle fees are imposed under the Vehicle and Traffic Law. These fees are generally based on the weight and purpose of vehicle.

In 2006, the Vehicle and Traffic Law was amended to require the deposit of $169.4 million in motor vehicle fees to transportation dedicated funds. Any shortfall or surplus from these fees would be paid by or deposited to the General Fund.

Motor vehicle fees are imposed by the Vehicle and Traffic Law. In general, motor vehicles, motorcycles, trailers, semi-trailers, buses, and other types of vehicles operating in New York are required to be registered with the Department of Motor Vehicles. In 2011, 10.7 million vehicles were registered in New York State, including 808,806 commercial vehicles. The Vehicle and Traffic Law also requires drivers to be licensed by the Department of Motor Vehicles. The current license renewal period is eight years. In 2011, New York State had 11.2 million licensed drivers. Numerous other fees, related to the processes of registration or licensing, are also components of motor vehicle fees. Examples are: fees for inspection and emission stickers; repair shop certificates; and insurance civil penalties.

Special Revenue Funds

Revenues from motor vehicle fees are deposited to the Dedicated Highway and Bridge Trust Fund and the Dedicated Mass Transportation Trust Fund. In 2009, supplemental registration and license fees were imposed within the Metropolitan Commuter Transportation District (MCTD). Revenues generated from these supplemental fees will go to support the MTA Aid Trust Account of the MTA Special Assistance Fund.

Proposed Legislation:

The Executive has not proposed any new legislation in the SFY 2013-14 budget.

Receipts:

All funds receipts for Motor Vehicle fees are estimated to be $1,380 million for SFY 2012-13, a decrease of $38.7 million from SFY 2011-12. This decrease reflects a decline due to lower license renewals after the peak cycle in SFY 2011-12. General Fund receipts for Motor Vehicle Fees are projected to be $99.0 million for SFY 2012-13, a $11.8 million decrease from SFY 2011-12. This decrease mainly reflects a decrease due to the peak in the license renewal cycle.

For SFY 2013-14, All Funds receipts for Motor Vehicle fees are projected to be $1,318 million, a decrease of $67.7 million from SFY 2012-13. On a General Fund basis, receipts are estimated to be $26.3 million, representing a decrease of $73 million from SFY 2012-13.

SALES AND USE TAX

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	%Change
General Fund	8,345.5	8,430.0	8,801.8	371.8	4.4
LGAC*	2,779.5	2,809.0	2,934.2	125.2	4.5
MTOAF**	749.5	755.0	797.0	42.0	5.6
All Funds	11,874.6	11,994.0	12,533.0	539.0	4.5

*Local Government Assistance Corporation
**Mass Transportation Operating Assistance Fund

Summary:

The sales and compensating use tax was enacted in 1965 at the rate of 2 percent. The tax rate was increased to 3 percent in 1969, to 4 percent in 1971 and to 4.25 percent in 2003. The rate reverted to 4 percent on June 1, 2005. Please see the "Comparison of New York State Tax Structure with Other States" section for further information on the tax rate.

Effective June 1, 2006, the State sales tax rate on motor fuel and diesel motor fuel was capped at 8 cents per gallon.

An additional 5 percent sales tax is imposed on the receipts from the sale of telephone entertainment services that are exclusively delivered aurally.

Counties and cities are authorized to impose general sales tax rates up to 3 percent. Of the 57 counties and the 20 cities (including New York City) that impose the general sales tax, 51 counties and 3 cities received legislative authority to impose additional rates of tax above the statutory 3 percent general sales tax rate. Over 90 percent of the State's population resides in an area where the tax rate equals or exceeds 8 percent. Since almost all counties have an additional rate, an Executive Budget proposal would require localities, not the State, to renew this rate every two years by a majority vote of the county legislative body.

General Fund

Retail sales of tangible personal property are taxed under Article 28 of the Tax Law unless specifically exempted. Services are only taxable if they are enumerated in the Tax Law. The current State sales tax rate is 4%. The sales and use tax, account for approximately 18% of state revenues. The General Fund receives approximately 70% of all sales tax collections.

Special Revenue Funds

Of the State portion of the Sales Tax, a quarter of it is deposited to the Local Government Assistance Tax Fund (LGAC). These deposits are used to pay the debt service on bonds issued by the Local Government Assistance Corporation. Any receipts in excess of debt service is transferred back to the General Fund. An additional 0.375% tax is imposed on purchases made in the Metropolitan Commuter Transportation District (MCTD). The Mass Transportation Operating Assistance Fund was created to help finance State public transportation. The receipts from the supplemental MCTD sales and use tax are earmarked for this dedicated fund.

Proposed Legislation:

Legislation proposed with the SFY 2013-14 Executive Budget would:

- Expand the cigarette and tobacco retailer registration clearance process;
- Make technical amendments to the tax classification of uncompressed natural gas;
- Reform the IDA State sales tax exemption;
- Establish the New York Innovation Hot Spot program;
- Make tax modernization provisions permanent;
- Expand the sales tax registration clearance process;
- Suspend delinquent taxpayers' driver's licenses;
- Provide local autonomy for sales tax rates;
- Establish Taste-NY facilities; and
- Dedicate one quarter of the four percent State sales tax to a new sales tax revenue bond tax fund.

Receipts:

All Funds sales tax receipts are estimated to be $11,994 million for SFY 2012-13, an increase of $120 million from SFY 2011-12. Relatively strong base growth accounts for the increase. On a General Fund basis, receipts for SFY 2012-13 are estimated to be $8,430 million, an increase of $95 million from SFY 2011-12.

All Funds sales tax collections for SFY 2013-14 are projected to total $12,533 million, an increase of $539 million from SFY 2012-13 General Fund sales tax collections for SFY 2013-14 are projected to be $8,801 million, an increase of $371.8 million from SFY 2012-13.

BANK TAX

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	%Change
General Fund	$1,162.7	1,522.0	1,366.0	(156.0)	(10.2)
Other Funds	229.0	301.0	252.0	(49.0)	(16.3)
All Funds	1,391.7	1,823.0	1,618.0	(205.0)	(11.2)

Summary:

General Fund

Under Article 32 of the Tax Law, New York State imposes a tax on banking corporations doing business within the State. The bank tax is calculated on four bases: (1) 7.1% of allocated net income; (2) 3% of alternative minimum income; (3) a tax on asset value; or (4) a fixed dollar minimum tax of $250. The amount of the tax remitted is the greatest of the bases.

Special Revenue Funds

Banks doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund.

Receipts:

All Funds receipts through December are $1,289 million, an increase of $323.3 million (33.5 percent) from the comparable period in the prior fiscal year. The majority of the year-to-date increase is attributable to strong collections for commercial bank estimated payments on 2012 liability and a large audit received in December 2012.

All Funds 2012-13 receipts are estimated to be $1,823 million, an increase of $431.3 million (31 percent) from 2011-12. This increase is mainly attributable to strong collections in commercial bank 2012 liability and an increase in audit receipts. Audit receipts are estimated to increase by $257 million (205.6 percent) from 2011-12, driven by one large case received in December 2012.

All Funds 2013-14 receipts are projected to be $1,618 million, a decrease of $205 million (11.2 percent) from 2012-13. Audit receipts are projected to significantly decline from the prior fiscal year and the large growth in commercial bank payments seen in 2012-13 is not expected to be repeated in 2013-14.

General Fund 2012-13 receipts are expected to be $1,522 million, an increase of $359.3 million (30.9 percent) from 2011-12. General Fund collections reflect the same trends impacting 2012-13 All Funds receipts.

For 2013-14, General Fund receipts are projected to be $1,366 million, a decrease of $156 million (10.2 percent) from 2012-13. General Fund collections reflect the trends described above for 2013-14 All Funds receipts.

Bank tax receipts from surcharges deposited to MTOAF generally reflect the All Funds trends described above. MTOAF bank tax receipts for 2012-13 reflect year-to-date trends and are estimated at $301 million. Surcharge receipts for 2013-14 are projected to be $252 million.

Proposed Legislation:

Legislation proposed with the SFY 2013-14 Executive Budget would:

- Extend the MTA business tax surcharge for an additional five years; and
- Extend and enhance the historic commercial properties rehabilitation tax credit.

CORPORATION FRANCHISE TAX

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	2,723.8	2,615.0	2,881.0	19.0	0.7
All Funds	3,176.2	2,991.0	3,310.0	68.0	2.1

Summary:

General Fund

Under Article 9-A of the Tax Law, New York State levies a tax on corporations doing business within the State. The Corporate Franchise Tax is calculated on four calculation bases: (1) 7.1% of net income apportioned to New York using a single sales factor (small businesses, manufacturers, and high-tech firms are subject to a lower rate of 6.5%); (2) 1.5% of alternative minimum income; (3) 0.15% of allocated business and investment capital with a cap of $350,000 for manufacturers and $10 million for all others; and (4) a fixed dollar minimum tax ranging between $25 and $5,000 based on New York sourced gross income. The base that yields the greatest tax liability is remitted to the State.

Special Revenue Funds

Corporations doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund.

Proposed Legislation:

Legislation proposed with this SFY 2013-14 Executive Budget would:

- Extend the MTA business tax surcharge for an additional five years;
- Extend and enhance the Empire State Film Production tax credit;
- Establish the electric vehicle recharging equipment credit;
- Close royalty income loophole;
- Establish the New York Innovation Hot Spot Program; and
- Extend and enhance the historic commercial properties rehabilitation tax credit.

Receipts:

The Executive estimates All Funds corporate franchise tax receipts of $2.991 billion in SFY 2012-13, a decrease of $185.2 million from SFY 2011-12. This decrease is primarily attributed to lower audit collections. The Executive projects All Funds corporate franchise tax receipts to increase $319 million to $3.310 billion in SFY 2013-14. A projected rebound in audit receipts accounts for the majority of this growth.

On a General Fund basis, the Executive estimates SFY 2012-13 receipts of $2.615 billion, a decrease of $108.8 million. On a General Fund basis the Executive projects receipts to increase by $266 million from SFY 2012-13 to $2.881 billion in SFY 2013-14.

CORPORATION AND UTILITIES TAXES

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 toSFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	616.7	655.0	633.0	(22.0)	(3.4)
All Funds	796.5	839.0	811.0	(28.0)	(3.3)

Summary:

General Fund

Under Article 9 of the Tax Law, New York levies taxes and fees on a number of specialized industries including public utilities, newly organized or reorganized corporations, out-of-state corporations doing business in New York State, transportation and transmission companies, and agricultural cooperatives. Each section of the article levies a tax on a different industry:

- Section 180 imposes a tax on newly incorporated or reincorporated domestic businesses.
- Section 181 imposes a license fee on foreign corporations for the privilege of exercising a corporate franchise or conducting business in a corporate or organized capacity in New York State.
- Section 183 imposes a franchise tax on the capital stock of transportation and transmission companies, including telecommunications, trucking, railroad, and other transportation companies.
- Section 184 imposes an additional franchise tax of 0.375% on the gross receipts of transportation and transmission companies.
- Section 185 imposes a franchise tax on farmers, fruit-growers and other agricultural cooperatives.
- Section 186-a imposes a 2% gross receipts tax on charges for the transportation, transmission, distribution, or delivery of electric and gas utility services.
- Section 186-e imposes a 2.5% gross receipts tax on charges for telecommunications services.

Special Revenue Funds

Corporations and utilities doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund (MTOAF). Collections from the taxes imposed under sections 183 and 184 are deposited into the MTOAF and the Dedicated Highway and Bridge Trust Fund (DHBTF).

Proposed Legislation:

Legislation proposed with this SFY 2013-14 Budget would:

- Permanently redistribute the statewide collected transmission tax between the upstate and downstate transit accounts; and

- Extend the MTA business tax surcharge for an additional five years.

Receipts:

The Executive estimates All Funds Corporation and utilities taxes receipts of $839 million in SFY 2012-13, an increase of $42.5 million from SFY 2011-12. This increase primarily results from a large audit payment received in April 2012. The Executive projects All Funds receipts of $811 million in SFY 2013-14, a decrease of $28 million from SFY 2012-13.

On a General Fund basis, the Executive estimates receipts of $655 million in SFY 2012-13, an increase of $38.3 million from SFY 2011-12. Also on a General Fund basis, the Executive projects All Funds receipts of $633 million in SFY 2013-14, a decrease of $22 million from SFY 2012-13.

INSURANCE TAXES

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	%Change
General Fund	1,256	1,291	1,364	73	5.7
Other Funds	157	157	167	10	6.4
All Funds	1,413	1,448	1,531	83	5.7

Summary:

General Fund

Under Article 33 of the Tax Law and the Insurance Law, the State imposes taxes on insurance corporations, insurance brokers and certain insured for the privilege of conducting business or otherwise exercising a corporate franchise in New York. Life a d non-life insurers are taxed as follows:

- Non-life insurers are subject to a premiums-based tax. Accident and health premiums received by non-life insurers are taxed at the rate of 1.75% and all other premiums received by non-life insurers are taxed at the rate of 2%. A $250 minimum tax applies to all non-life insurers.

- The franchise tax on life insurers has two components. The first component is a franchise tax computed under four alternative bases, with tax due based on the highest tax calculated under the four alternative bases. In addition, a 0.8 of one mill tax rate applies to each dollar of subsidiary capital allocated to New York. The second component is an additional franchise tax on gross premiums, less returned premiums. The tax rate on premiums is 0.7% and applies to premiums written on risks located or resident in New York. This tax is added to the tax due under the first component.

Under Article 33-A of the Tax Law and the Insurance Law, the State imposes a tax rate of 3.6% of premiums on independently procured insurance. This tax is imposed on any individual, corporation or other entity purchasing or renewing an insurance contract covering certain property and casualty risks located in New York from an unauthorized insurer.

Special Revenue Funds

Insurers doing business within the Metropolitan Commuter Transportation District (MCTD) are subject to a 17% surcharge on the portion of their total tax liability allocable to the MCTD. These funds are deposited into the Mass Transportation Operating Assistance Fund.

Proposed Legislation:

Legislation proposed with this SFY 2013-14 Budget would:

- Extend the MTA business tax surcharge for an additional five years; and
- Extend and enhance the historic commercial properties rehabilitation tax credit.

Receipts:

The Executive estimates All Funds insurance taxes receipts of $1,448 million in SFY 2012-13, an increase of $34.9 million (2.5%) from SFY 2011-12. The Executive projects All Funds insurance taxes receipts to be $1,531 million in SFY 2013-14, an increase of $83 million (5.7%).

On a General Fund basis, the Executive estimates receipts of $1,291 million in SFY 2012-13, an increase of $34.5 million from SFY 2011-12. For SFY 2013-14, on a General Fund basis, the Executive estimates $1,364 million, an increase of $73 million from SFY 2012-13.

The Executive estimates that tax receipts from the MCTD surcharge is $157 million for SFY 2012-13 and $167 million for SFY 2013-14.

PETROLEUM BUSINESS TAXES

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-12to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	%Change
General Funds	0	0	0	0	0
All Funds	1,100.4	1,125.0	1,190.0	65.0	5.8

Summary:

General Fund

As of April 1, 2001, all Petroleum Business Tax receipts previously deposited in the General Fund are redistributed to the Mass Transportation Operating Assistance Fund and to the Dedicated Funds Pool.

Special Revenue Funds

Petroleum Business Taxes (PBT) are imposed on petroleum related businesses based upon the quantity of various petroleum products imported for sale or use in the State. PBT rates are annually indexed on January 1 of each year to reflect the twelve month change in the Petroleum Producers Price Index ending the previous August 31. Rates are limited to a maximum 5% increase or decrease per year.

Of the base PBT collections; 12% are deposited in the Mass Transportation Operating Assistance Fund; 55% are deposited in the Highway and Bridge Trust Fund; 33% are deposited in the Dedicated Mass Transportation Trust Fund.

Proposed Legislation:

Legislation proposed with this SFY 2013-14 Executive Budget would:

- Equalize fuel tax treatment for volunteer ambulance services, fire companies, fire departments and rescue squads.

Receipts:

Petroleum Business Tax receipts are estimated to total $1,125 million in SFY 2012-13, an increase decrease of $25 million from SFY 2011-12.

Petroleum Business Tax receipts are projected to total $1,190 million in SFY 2013-14, a $65 million increase from SFY 2012-13.

Projected additional receipt collections stem from the increase in the PBT index.

ESTATE TAX

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	1,078	1,075	1,135	60	5.6
All Funds	1,078	1,075	1,135	60	5.6

Summary:

General Fund

As of February 1, 2000, New York's estate tax rate is equal to the maximum value of the Federal estate tax credit a person can take for state estate taxes paid. In addition, the amount of the State exemption was set to equal the amount of the Federal exemption; capped at $1 million. As such, New York estates with a value of $1 million or less owe no estate taxes. For those estates that exceed $1 million, the tax rate increases from 0.8% to 16.0% depending upon the value of the estate.

Special Revenue Funds

Collections from this tax are not deposited into any special revenue funds.

Proposed Legislation:

None

Receipts:

The amount of estate taxes collected in any fiscal year depends not only upon the state of the economy (i.e. stock market performance and housing market) but, the quantity of taxable estates which are classified by the amount of tax imposed. Small estates are those whose tax liability is less than $250,000; large estates incur tax liabilities between $250,000 and $4 million; extra-large estates incur tax liabilities from $4 million to $25 million; and super-large estates incur tax liabilities over $25 million.

Receipts from the Estate Tax are estimated to decrease by $3 to $1,075 million this year and are projected to increase $60 million in SFY 2013-14.

Small estate (less than $0.5 million in payments) collections through December are $375.1 million, an increase of $19.2 million above the comparable period in the prior fiscal year. Small estate 2012-13 receipts are estimated to be $485 million, an increase of $10.6 million (2.2 percent) from 2011-12.

Large estate (payments between $0.5 and $4 million) payments through December are $231.2 million, a decrease of $57 million (19.8 percent) above the comparable period in the prior fiscal year. Large estate 2012-13 receipts are estimated to be $320 million, a decrease of $51.9 million (14 percent) from 2011-12, reflecting substantial declines during the first half of the year.

Extra-large (payments between $4 million and $25 million) and super-large (payments greater than $25 million) estate collections through December are $160.6 million, a decrease of $50 million (23.7 percent) from the same period in the prior fiscal year. Extra-large estate and super-large estate 2012-13 payments are estimated to be $270 million, an increase of $37.9 million (16.3 percent) from 2011-12.

All Funds 2013-14 receipts are projected to be $1,135 million, an increase of $60 million (5.6 percent) from 2012-13. This increase is a result of expected growth in household net worth.

Large estate 2013-14 receipts are projected to be $335 million, an increase of $15 million (4.7 percent), and collections from small estate payments are projected to increase by $10 million (2.1 percent) to $495 million.

Super-large and extra-large estate 2013-14 receipts are projected to be $305 million, an increase of $35 million (13 percent) from 2012-13.

REAL ESTATE TRANSFER TAX

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	0	0	0	0	0
Other Funds	$610	$685	$705	$20	2.9
All Funds	$610	$685	$705	$20	2.9

DESCRIPTION

Tax Base and Rate

The New York State Real Estate Transfer Tax (RETT) is imposed by Article 31 of the Tax Law on each conveyance of real property or interest therein, when the consideration exceeds $500, at a rate of $4 per $1,000 of consideration (price). The tax became effective August 1, 1968. Prior to May 1983, the rate was $1.10 per $1,000 of consideration. Effective July 1, 1989, an additional 1 percent tax was imposed on residential conveyances for which the consideration is $1 million or more.

Administration

Typically, the party conveying the property (grantor) is responsible for payment of the tax, either through the purchase of adhesive documentary stamps, by the use of a metering machine, or through other approaches provided by the Commissioner of Taxation and Finance.

2012-13 Estimates

All Funds receipts through December are $555.9 million, an increase of $67.3 million (13.8 percent) from the comparable period in the prior fiscal year.

All Funds 2012-13 receipts are estimated to be $685 million, an increase of $75 million (12.3 percent) from 2011-12.

New York’s recent real estate market experience has generally followed national trends. Home sales, both existing and new, have grown year-over-year through December. Building permits and housing starts have also experienced increases compared to the prior year.

The number of both pending and closed sales are up year-to-date in 2012 compared to the prior year. While prices have risen in many areas, increases for the most part have been relatively modest. New York City has in fact seen its housing prices decline year-over-year as of October. Mortgage rates are acting as a stimulator as they sit at historically low levels. However, strict credit standards are serving as an offset. Housing inventory is continuing to shrink and the number of foreclosures is also declining. Most measures currently seem to point toward the long-awaited recovery of the real estate market.

State RETT collections for New York City residential properties have increased approximately 2 percent, year-over-year through October, as the number of transactions has increased, more than offsetting decreases in average conveyance values.

The mansion tax has played an important role in the receipts growth that has characterized recent fiscal years. In 2007-08, the mansion tax share was 31 percent, with total receipts reaching $316 million. In 2011-12, the mansion tax share was 34 percent, but totaled only $209 million, well below its peak. Mansion tax receipts are expected to total $233 million (34 percent share) in 2012-13.

2013-14 Projections

All Funds 2013-14 receipts are projected to be $705 million, an increase of $20 million (2.9 percent) from 2012-13.

The short term outlook for the housing market is based upon a number of factors, including low interest rates, continued tight credit standards, and health of the financial sector. Average existing home prices are expected to increase modestly in 2013.

An increase in REITs and commercial activity is expected to occur in 2013-14 as investor optimism in New York City real estate increases and prices remain low. The diversifying of industry in NYC is expected to positively impact the commercial market and demand for office space in the coming years.

General Fund

The General Fund will receive no direct deposit of Real Estate Transfer Tax receipts.

Proposed Legislation

No new legislation is proposed with this Budget

PARI-MUTUEL TAX

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 201213to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	17.2	18.2	18.2	0	0
All Funds	17..2	18.2	18.2	0	0

Summary:

The State has levied taxes on pari-mutuel wagering activity conducted at horse racetracks since 1940. Off-track betting (OTB) parlors were first authorized in 1970 and simulcasting was first authorized in 1984. Each racing association or corporation and Off-Track Betting Corporation pays the State a portion of the commission (the "takeout") withheld from wagering pools (the "handle") as a tax for the privilege of conducting pari-mutuel wagering on horse races. There are numerous tax rates imposed on wagering on horse races. The rates vary depending upon the type of racing (thoroughbred or harness), the type of wager (regular, multiple, or exotic) and location at which it is placed (at the track, or off-track through simulcasting or at an Off-Track Betting Corporation). The average effective pari-mutuel tax rate was 0.92% of the handle in 2009. In an effort to support the New York agricultural and breeding industries, a portion of the takeout is allocated to the State's thoroughbred and standard bred (harness) horse breeding and development funds.

With the increase in OTB activity and simulcasting over the last 20 years, off-track bets now account for 75% of the statewide handle. The expansion of OTBs has contributed, in part, to the corresponding decline in handle and attendance at racetracks. To promote growth of the industry, the State has authorized higher takeouts to support capital improvements at non-New York Racing Association (NYRA) tracks and, more importantly, reduced its on-track tax rates by as much as 90% at thoroughbred and harness tracks, authorized the expansion of simulcasting at racetracks and OTB facilities, allowed in-home simulcasting experiments and telephone betting, lowered the tax rates on simulcast wagering, redirected the State franchise fee on nonprofit racing associations to repay loans from the New York State Thoroughbred Capital Investment Fund, and reduced tax rates on NYRA bets. In 2001, the State authorized the operation of video lottery terminals, at authorized racetracks, and directed a portion of VLT receipts to be used for purse enhancements and for the breeder's funds.

In 2008, the State awarded a 25 year license to operate the Aqueduct, Belmont, and Saratoga Racetracks to the New York Racing Association. Also, in 2008, the State took over operation of the New York City Off-Track Betting Corporation.

In December of 2010, the New York City Off-track Betting Corporation ceased pari-mutuel wagering operations after the failure to reach an agreement on a restructuring plan to bring the corporation out of bankruptcy.

General Funds

Pari-Mutuel receipts have declined steadily over the years due to competition from nearby casinos and the growth of other gaming venues such as Video Lottery Terminals (VLTs), resulting in a reduction of handle and attendance at on and off track betting locations (OTB's).

Special Revenue Funds

Collections from this tax are not deposited into any special revenue funds.

Proposed Legislation:

Legislation proposed with this SFY 2013-14 Executive Budget would:

- . Make certain tax rates and the authorization for account wagering permanent.

Receipts:

For SFY 2012-13, All Fund receipts for Pari-Mutuel taxes are estimated to be $18.2 million, a decrease of $1.0 million from SFY 2011-12. For SFY 2013-14, receipts are projected to be $18.2 million, keeping revenue level compared to SFY 2012-13.

RACING ADMISSION/BOXING AND WRESTLING EXHIBITIONS TAX

(thousands of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	800	800	800	0	0
Other Funds	800	800	800	0	0
All Funds	800	800	800	0	0

Summary:

General Fund

This category includes the 4% admissions tax placed on racetracks and simulcast theaters and the 3% tax imposed on gross receipts of boxing and wrestling events and exhibitions held in New York State. Year to year revenue collections have historically shown great fluctuations due to one or two high-profile boxing events that generate large incomes. Additionally, some racing facilities have eliminated admission charges due to increased competition from video lottery terminals.

Special Revenue Funds

None of the collections from these taxes are deposited to special revenue funds.

Proposed legislation:

None

Receipts:

For SFY 2012-13, All Funds receipts are estimated to be $800,000. For SFY 2013-14, receipts are projected at $800,000.

METROPOLITAN TRANSPORTATION AUTHORITY RECEIPTS

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 toSFY2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	0	0	0	0	0
All Funds	1,687	1,468	1,539	71	4.8

Summary:

General Fund

All of the MTA receipts are deposited into dedicated funds.

Special Revenue Funds

In order to provide financial relief to the MTA, the (Mobility) payroll tax was established in 2009. This tax was imposed at a rate of 0.34% of a business' payroll. Along with this tax, a sales tax of 50 cents per taxi ride, additional motor vehicle license and registration fees, and the aforementioned auto rental tax were imposed. The collections from these taxes are deposited to the Metropolitan Transportation Authority Financial Assistance Fund.

Effective June 1, 2009, a supplemental tax of 5% was imposed on the rental of a passenger vehicle in the MCTD. The tax base and administration of this tax are the same as the State Auto Rental Tax.

Effective September 1, 2009, there is a supplemental motor vehicle license fee of one dollar per six month interval and a supplemental registration fee of $25 in the MCTD. The timing and administration of these fees are the same as the State fee.

Effective November 1, 2009, a tax of 50 cents was imposed on taxicab rides that originate in NYC and end within the MCTD. On July 1, 2010, the incidence of the tax was statutorily shifted to medallion owners from taxicab vehicle owners.

Proposed Legislation:

None

Receipts:

The following table shows the projected receipts from the taxes that are imposed within the MCTD.

PROJECTED RECEIPTS FROM DEDICATED TAXES (millions of $)		
	SFY 2012-13	**SFY 2013-14**
MTA Payroll Tax (Mobility)	1,160.0	1,219.0
Motor Vehicle Fees	181.0	181.0
Auto Rental Tax	41.0	43.0
Taxicab Surcharge	86.0	96.0
Total	1,468	1,539

MISCELLANEOUS RECEIPTS

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13 to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	3,164	3,724	3,102	(623)	(16.7)
All Funds	25,943	27,910	26,096	(1,814)	(6.5)

Summary:

General Fund

Revenues from miscellaneous receipts are received from a variety of sources, both recurring and non-recurring. The revenues include fees imposed by various State agencies, abandoned property, and income from the investment of the balances of the State's funds, reimbursements from the State's public authorities and municipalities, and transfers from other State entities. Revenues from miscellaneous receipts fluctuate year to year as a result of the amount of "one-shots" in any given fiscal year as opposed to economic conditions.

Special Revenue Funds

Miscellaneous receipts that are deposited to the State's various special revenue funds include: lottery receipts for the support of education, SUNY tuition, health care surcharges and assessments, state park fees, as well as bond proceeds. These receipts are dedicated to specific spending programs, capital projects, or the payment of debt service.

Proposed Legislation:

Legislation proposed with this Budget would:

- extend the temporary utility assessment; and
- amend surcharges associated with vehicle and traffic ticket pleas.

Receipts:

In SFY 2012-13, General Fund miscellaneous receipts are estimated to total $3,724 million, an increase of $560 million. For SFY 2013-14, General Fund miscellaneous receipts are projected to total $3,102 million, a decrease of $623 million from SFY 2012-13.

All Funds miscellaneous receipts (includes the General Fund, special revenue funds, debt service funds, and capital projects funds) are projected to be $27.9 billion this year and $26.1 billion next year.

LOTTERY

(millions of dollars)					
	Actual	Estimated	Forecast	SFY 2012-13to SFY 2013-14	
	SFY 2011-12	SFY 2012-13	SFY 2013-14	Change	% Change
General Fund	0	0	0	0	0
Other Funds	2,892.1	3,074.0	3,122.8	44.8	1.6
All Funds	2,892.1	3,074.0	3,122.8	44.8	1.6

Summary:

General Fund

Collections from lottery sales are not deposited into the General Fund.

Special Revenue Funds

The New York State Lottery is an independent division of the Department of Taxation and Finance. It was established in 1966 as a result of a voter referendum. The purpose of the Lottery is to raise revenues for education in the State of New York through the sale of Lottery products.

The basic game types include:

- Instant scratch-off games;
- Daily numbers games; twice daily fixed payout games ("Numbers" and Win-4")- which are fixed-odds;
- Nightly "Pick 10" which allows patrons to choose ten numbers from a field of eighty and "Quick Draw" consisting of an on-line game drawn every four minutes;
- Video lottery games, which are lottery games played on video gaming devices. Video Lottery Terminals (VLTs) are authorized only at selected thoroughbred and harness tracks; and
- Lotto games are pick-your-own-numbers games offering large top prizes. These games are comprised of Take-5, Lotto, Sweet Millions, Mega Millions, and Powerball.

<u>Proposed Legislation:</u>

Legislation proposed with this Budget would:

- Eliminate the remaining Quick Draw restriction; and
- Extend Monticello VLT rates for one year.

<u>Receipts:</u>
For SFY 2012-13 All Funds receipts are estimated to be $3,074 million, an increase of $182 million from SFY 2011-12. All Funds receipts are projected to be $3,123 million in SFY 2013-14, an increase of $44.8 million.

FINANCIAL SUMMARY TABLE OF TAX/REVENUE ACTIONS

Revenue actions totaling a net $142 million (All Funds) are recommended to help close the SFY 2013-14 gap as outlined below:

ALL FUNDS REVENUE ACTIONS
($ in Millions)

	2012-13	2013-14	2014-15	2015-16
Revenue Enhancements	**142**	**260**	**260**	**190**
Personal Income Tax	**100**	**167**	**167**	**97**
Make Tax Modernization Provisions Permanent	4	16	16	16
Suspend Delinquent Taxpayers Drivers Licenses	15	0	0	0
Allow Warrantless Wage Garnishment	10	10	10	10
Extend the High income Charitable Contribution Deduction Limitation for Three Years	70	140	140	70
Establish a Statewide STAR Anti-Fraud Protection Program	1	1	1	1
User Taxes and Fees	**31**	**39**	**39**	**39**
Reform the IDA State sales Tax Exemption	18	24	24	24
Expand the Cigarette and Tobacco Retailer Registration on Clearance Process	1	1	1	1
Update Criteria for Refusal and Revocation of a Sales Tax Certificate of Authority	1	1	1	1
Increase the Civil Penalty for Possessing Unstamped Cigarettes	9	9	9	12
Suspend Delinquent Taxpayer’s Driver’s Licenses	11	6	6	6
Make Tax Modernization Provisions Permanent	2	6	6	6
Provide Local Autonomy for Sales Tax Rates	0	0	0	0
Business Taxes	**0**	**28**	**28**	**28**
Close Royalty Income Loophole	0	28	28	28
Extend the MTA Business Tax Surcharge for Five Years	0	0	0	0
Other Actions	**11**	**26**	**26**	**26**
Eliminate Remaining Square Footage Quick Draw Restriction	12	24	24	24
Make Certain Tax Rates and Authorizations for Account wagering Permanent	0	0	0	0
Adjust the Percentage of Racing Purse Money Generated by VLT’s	2	2	2	2
Extend Monticello VLT Rates	(3)	0	0	0

Tax Reductions	**0**	**(1)**	**(1)**	**(196)**
Extend and Enhance the Historic Commercial Rehabilitation Properties Tax Credit Program	0	0	0	(20)
Establish the New York Innovation Hot Spots Program	0	0	0	0
Make Technical Amendments to the Tax Classification of Uncompressed Natural Gas	0	0	0	0
Establish Tax-Free Sales at Taste NY Facilities	0	0	(4)	(4)
New York Film production Tax Credit - Extend	0	0	0	173
Establish the Charge-NY Electric vehicle Recharging Equipment Credit	0	(1)	(1)	(1)
Total All Funds Legislation Net Change	**142**	**259**	**259**	**(6)**

EXECUTIVE SFY 2013-14 ARTICLE VII REVENUE BILL:

S. 2069/A. 3009

Part A – Extend the MTA business tax surcharge for five years.

This bill would provide a five year extension of the temporary metropolitan transportation business tax surcharge.

This bill would provide a five year extension of the temporary metropolitan transportation business tax surcharge under Tax Law sections 183-a, 184-a, 186-c, 209-B, 1455-B and 1505-a. Under current law the temporary metropolitan transportation business tax surcharges are set to expire for taxable years ending before December 31, 2013. This provision has been repeatedly extended since the 1980's and this bill would extend the surcharges for an additional five years to taxable years ending before December 31, 2018.

Fiscal Impact: Enactment of this bill is necessary to implement the 2013-2014 Executive Budget because it would preserve revenue dedicated to support the operations of the Metropolitan Transportation Authority.

Part B – New York Film Production tax credit-extend for five years, enhance, and improve transparency.

This bill would extend funding through 2019 for the empire state film production credit and empire state film post production credit, make changes to the definition of a qualified film and make changes to the post production tax credit. The empire state film production tax credit was initially enacted in 2004, and it has been amended numerous times since then. The proposed changes will provide certainty to the industry that is necessary to support long term investments in the state, increase the opportunity for additional activity in the state in the area of post production, and increase the reporting requirements, disclosure requirements, and oversight of the film credit programs.

This bill would provide an additional $420 million in funds for the film tax credit and post production credit through calendar year 2019 and increase the amount allocated from the total funds available to the post production credit from $7 million to $25 million per calendar year beginning in 2015. The extension through 2019 will allow the state to attract more long-term investments, and the increase in allocation to post production is necessary to accommodate the rise in spending on post production, visual effects and animation as a portion of overall budgets.
The amendments would allow a taxpayer to claim a post production credit for visual effects or animation: 1) where the taxpayer's post production costs relating to visual effects or animation at a New York post production facility equal or exceed the lesser of $3 million or 20 percent or more of a taxpayer's post production costs related to visual effects or animation at post production facilities within and without New York; or 2) where the taxpayer's post production costs excluding visual effects and animation at a New York post production facility equal or exceed 75 percent or more of a taxpayer's post production costs excluding visual effects and

animation at post production facilities everywhere. This will help proactively expand New York's presence in visual effects and animation.

Fiscal Impact: Enactment of this bill is necessary to implement the 2013-2014 Executive Budget. The revenue foregone with enactment of this legislation is $173 million in 2016-17, $316 million in 2017-18 $420 million in each of 2018-19 and 2019-20, $417 million in 2020-21, $248 million in 2021-22 and $106 million in 2022-23.

Part C – Establish the New York Innovation Hot Spots Program.

This bill would provide for the establishment of an Innovation Hot Spots Program affiliated with private or public universities and colleges and non-profit organizations associated with universities and colleges and provide tax benefits for new businesses located in the “innovation hot spots”.

This bill would create a new program to promote economic growth in New York State by creating “innovation hot spots” - tax free zones affiliated with higher education incubators or non-profit incubators associated with universities or colleges. These incubators will help to foster innovation by offering inventors and entrepreneurs a low-cost and supportive environment in which to establish themselves and grow. Winning hot spots will provide start-ups with growth support and assistance by providing a one-stop shop for services, office space, networking and other technical assistance. The companies locating in the incubators will be able to grow without paying taxes in New York for their first five years.

The bill amends the Economic Development Law by adding a new section 361 to create innovation hot spots that will be tax-free zones in New York college, university and non-profit incubators. Five “innovation hot spots” will be designated by the Department of Economic Development with the recommendations of the Regional Economic Development Councils in fiscal year 2013-2014, and five more will be designated the next fiscal year. The applicants that are approved as “innovation hot spots” are expected to foster innovation, house entrepreneurial businesses on their campuses, and offer growth support.

Fiscal Impact: This bill would have no fiscal impact in 2013-14, result in minimal sales tax receipts reductions in every year of the Financial Plan, and result in a $5 million All Funds total revenue loss in the corporate franchise tax in 2017-18.

Part D – Extend the high income charitable contribution deduction limitation for three years.

This bill would extend for three years the limitation on charitable contributions deductions for New York State and New York City taxpayers.

This bill would amend section 615(g) of the Tax Law to retain for three additional years the current New York limitation on the itemized charitable contributions deduction for individuals whose New York adjusted gross income is over $10 million in the amount of 25 percent of any charitable contributions deduction allowed under the Internal Revenue Code. Without an amendment to the Tax Law, the deduction for individuals whose New York adjusted gross income is over ten million dollars would rise for taxable years beginning on or after January 1, 2013 to 50 percent of any charitable contributions deduction allowed under the Internal Revenue Code. The bill would also make conforming amendments to the New York City Administrative Code.

Fiscal Impact: Enactment of this bill is necessary to implement the 2013-2014 Executive Budget because it would increase All Funds tax receipts by $70 million in SFY 2013-14, $140 million in each of SFYs 2014-15 and 2015-16, and $70 million in SFY 2016-17.

Part E – Close the royalty income loophole.

This bill would amend the royalty expense add-back requirements in the Tax Law by eliminating the income exclusion provisions in these requirements, thereby closing a loophole that allowed taxpayers to avoid any significant expense add-back yet qualify for a substantial income exclusion.

The current add-back and exclusion system under the Tax Law and the NYC Administrative Code has been subject to exploitation by taxpayers. Under the current system, the recipient of royalty payments can exclude these payments as long as the payer is also a New York taxpayer. This creates an incentive for taxpayers to take advantage of the income exclusion provision by allowing the income exclusion for a payment received from a related member with a small New York presence (i.e. a very low business allocation percentage [BAP]), even if the recipient has a large BAP and large royalty income, resulting in significant tax savings.

The provisions of the current statute have also been interpreted by some taxpayers in ways that are inconsistent with the intent of the statute and the Department's interpretation. For example, issues have been raised regarding eligibility for the income exclusion provision, as well as the scope of the "related members" definition.

The bill would eliminate those inconsistent readings with clear language on the applicability of the required add-back, and the exceptions thereto, in order to prevent tax avoidance while allowing for fair and equitable administration. The bill, which is based upon a Multistate Tax Commission model statute, would modify the royalty income add-back and exclusion provisions of the Tax Law, and in corresponding sections of the NYC Administrative Code, by eliminating the exclusion of royalty income received if the related member who made the royalty payment was required to add back the payment to its income. Instead, the bill would create several new exceptions to the add-back requirement. One exception would allow taxpayers to demonstrate that the expense add-back should not apply if the taxpayer's related member paid significant taxes on the royalty payment in other jurisdictions. Another would apply if the related member paid all or part of the royalty payment it received to a third party for a valid business purpose. There would be an additional exception when the related member is organized under the laws of a foreign country that has a tax treaty with the United States. Finally, the bill would allow the commissioner to exempt any taxpayer from the add-back requirement if adding back the expense would not properly reflect the taxpayer's income.

Fiscal Impact: Enactment of this bill will increase All Funds revenue by $28 million annually beginning in 2014-15.

Part F – Extend and enhance the historic commercial properties rehabilitation tax credit.

Extend the enhanced tax credit available for rehabilitation of historic properties through tax years beginning before January 1, 2020, and to make necessary technical corrections to the method of determining eligible census tracts.

The tax credit for rehabilitation of historic properties is now available for general business corporations subject to tax under Article 9-A of the Tax Law and personal income taxpayers subject to tax under Article 22, as well as to banking corporations subject to tax under Article 32 and insurance corporations subject to tax under Article 33.

The New York State credit is based on the federal credit allowed for the qualified rehabilitation expenditures, as defined by section 47(c)(2) of the Internal Revenue Code (IRC), related to the rehabilitation of the same certified historic structure. The tax credit is allowed in the tax year that the qualified rehabilitation is placed in service under section 167 (relating to depreciation) of the IRC.

While the credit is not currently refundable, the bill would make the credit refundable commencing in tax year 2015. Currently, for tax years beginning on or after January 1, 2010 and before January 1, 2015, the amount of the credit is equal to 100% of the federal credit allowed under section 47 of the IRC for the same tax year for the same certified historic structure located in New York State. However, the total amount of New York State credit allowed cannot exceed $5 million per structure.

This bill would amend each of the Tax Law articles allowing the historic rehabilitation tax credit, to allow the enhanced tax credit of $5,000,000 per structure through tax years 2019 and allow it to revert to the pre-2010 value of $100,000 for subsequent taxable years.

This extension would provide greater certainty to developers who want to commit to historic rehabilitation projects, and the refundability would improve developer financing opportunities.
Sections one through four of the bill would also make needed technical corrections by substituting the 2006-2011 American Community Survey data for the decennial federal census data in calculating the state median family income and removing obsolete references to federal targeted area residences under Section 143(j) of the Internal Revenue Code.

Fiscal Impact: Enactment of this bill, while reducing tax revenues by $20 million in SFY 2016-2017 and $30 million annually in each of the next four fiscal years, is a necessary adjunct to economic development and developing a robust economy in New York.

Part G – Establish the Charge NY electric vehicle recharging equipment tax credit.

This bill would provide a tax credit for electric vehicle recharging property.

This bill would create a nonrefundable tax credit under the corporation tax, corporate franchise tax and the personal income tax for the purchase of electric vehicle recharging property, which consists of all the equipment needed to convey electric power from the electric grid or another power source to an onboard vehicle charger. The credit equals, for each installation, the lesser of five thousand dollars or fifty percent of the cost of such property. Recharging property that has been funded with grants, including grants from the New York State Energy and Research Development Authority or the New York Power Authority, will not qualify for the credit.
This bill would continue to stimulate the developing market for electric vehicles by offering tax credits for the installation of property to be used for recharging electric vehicles until December 31, 2017. The bill offers a comprehensive effort to encourage investment in energy efficient transportation technologies that displace petroleum consumption and reduce emissions of harmful pollutants.

Fiscal Impact: Enactment of this bill would have no fiscal impact in 2013-14 and result in All Funds revenue losses of $1 million in each of FY 2014-15 and 2015-16 and $3 million in each of FY 2016-17, 2017-18, and 2018-19.

Part H – Make tax modernization provisions permanent.

To make permanent tax modernization provisions related to improving electronic filing and payment mandates and sales tax segregated accounts program.

Part U of Chapter 61, Laws of 2011 improved the administration of the Tax Department's electronic filing and payment mandates by consolidating all preparer and self-filer requirements into one section of the Tax Law (§29), extending the e-filing requirements to PIT self-filers who use tax software to prepare their PIT returns, and repealing unnecessary provisions of the Tax Law and the Administrative Code of the City of New York. These beneficial provisions are set to expire on December 31, 2013, at which time, the law would revert to disparate sections setting forth e-file mandate requirements at different threshold requirements than those which would be in place during the 2013 tax filing season.

This bill would make permanent the very important e-file improvement provisions enacted in 2011. The 2011 amendments consolidating the e-file and e-pay requirements into one section of the Tax Law made the requirements more readily understandable and eliminated confusion among self-filers and practitioners that existed when there were two different sets of requirements. To produce further efficiencies and cost savings to the State, the threshold trigger for the preparer e-file requirement was reduced from preparation of 100 tax documents to preparation of 5 tax documents. In 2012, these requirements were changed for those who first become subject to the e-filing requirements after January 1, 2012 and before January 1, 2014 to a tax preparer that prepares authorized tax documents for more than ten different taxpayers. This bill would also keep consistent the terminology used in connection with these requirements. Extending these provisions will prevent the State from reverting back to the previous thresholds of 100, which would result in a decline of e-filed returns in the 2014 tax filing season and would also maintain the requirement for tax filing seasons beyond tax year 2013 that PIT self-filers using tax software to prepare their returns must e-file them.

Overall, this bill would maintain for future years the cost savings realized by the State by increasing e-filing. E-file and e-pay of taxes create cost and tax administration efficiencies beneficial to both the State and taxpayers. A taxpayer's use of e-file and e-pay reduces the number of errors that may be associated with the filing of a paper return, because an error can be immediately detected and the taxpayer prompted to correct and resubmit the return.

Fiscal Impact: Enactment of this bill is necessary to implement the 2013-2014 Executive Budget because it would increase All Funds receipts by $6 million in SFY 2013-14, and $22 million annually thereafter.

Part I – Establish Tax-Free Sales and the Sale of Alcoholic Beverages at Taste-NY Facilities.

To support the promotion of New York's local-grown and produced products, this bill would exempt from sales and use taxes receipts from sales of tangible personal property and food and drink where the sale is made at a Taste-NY facility and make changes to the Alcoholic Beverage Control Law to allow the sale of alcoholic beverages at these facilities.

This bill would implement a component of a comprehensive strategy including the expansion of markets for our growers and producers, and improving rural economies, by creating a sales tax exemption for sales made at Taste-NY facilities and allows the sale of all types of alcoholic beverages at these facilities. Tangible goods and food and beverages sold at these facilities would be predominantly New York-made products.

Section 1 states the Legislative intent of the bill to encourage economic development and job creation by the establishment of Taste-NY facilities. These facilities would showcase New York-made products, but would also sell products made outside the State.

Section 2 of the bill would define a Taste-NY facility for sales tax purposes as a facility operated by a person designated by and pursuant to an agreement with a state agency (such OGS), public authority (such as the Thruway Authority or the MTA) or an interstate agency or public corporation created by a compact or agreement with another state or Canada (such as the Port Authority), from which sales are made of tangible personal property or food and drink, whether or not for on premises consumption.

Section 3 of the bill would exempt from sales and use taxes sales made at a Taste-NY facility of tangible personal property.

Section 4 of the bill would exempt from sales and use tax sales made at a Taste-NY facility of food and drink for on-premises consumption and other types of prepared food that would otherwise be subject to sales tax (e.g., food sold in a heated state, sandwiches, food not commonly sold in grocery stores).

Section 5 of the bill would amend the Alcoholic Beverage Control Law by adding a new section 63-b that creates the "special license to sell alcoholic beverages at retail for consumption off the licenses premises." This license will be available only to persons who have been designated to operate a Taste-NY facility pursuant to an agreement with a state agency, public authority, or an interstate agency or public corporation created pursuant to an agreement or compact with another state or the Dominion of Canada. Unlike other retail off-premises licenses, establishments licensed under section 63-b will be able to sell all alcoholic beverages. The new statute also provides that licenses issued under section 63-b would not be subject to certain provisions that govern establishments with off-premises liquor and wine licenses. Specifically, the establishments would not be subject to the "200-Foot Law" (regarding proximity to schools and places of worship) and restrictions on the store's location with respect to public thoroughfares and the number of entrances to the store. The licensees would also be exempt from the "tied house laws" that prohibit retail licensees from having an interest in an entity that manufactures or wholesales alcoholic beverages. Businesses operating under section 63-b would also be able to conduct tastings of the alcoholic beverages that they sell.

Section 6 of the bill would amend section 66 of the Alcoholic Beverage Control Law to provide a $500 annual license fee for a license issued under section 63-b.

Section 7 of the bill would amend section 67 of the Alcoholic Beverage Control Law, which states the duration of licenses to sell liquor, to provide a three-year term for a license issued under section 63-b.

Section 8 of the bill would amend section 56-a of the Alcoholic Beverage Control Law, which sets the fees for filing applications for licenses, to provide for a $200 initial license application fee and a $90 renewal application fee for a license issued under section 63-b.

Fiscal Impact: Enactment of this bill is necessary to implement the Taste-NY initiative. It has a minimal impact on sales and use tax receipts and alcohol beverage license fee receipts in SFY 2013-14 and annually thereafter.

Part J – IDA reform for State sales tax exemption benefits.

This bill would reform current Industrial Development Authority (IDA) practices of providing financial assistance with respect to State sales and use tax benefits by requiring State approval of such benefits, providing greater oversight of the use of such benefits, and promoting consistency with State and regional economic development goals.

The bill would make needed changes to the IDA provisions to reform how IDAs provide State sales and use tax benefits to projects and how those projects claim those benefits. The bill would provide that an IDA cannot grant State sales and use tax exemption benefits for any project or to any agent or project operator unless the agent or project operator has been certified as a participant in the Excelsior Jobs Program, or is a business that would be eligible to participate in such Program. Before an IDA could award state sales and use tax benefits to an IDA project, the Commissioner of Economic Development would need to determine, in consultation with the Regional Economic Development Council, that the benefit plan for that project is consistent with regional economic development strategies. An IDA could not provide State tax benefits greater than those approved by the Commissioner of Economic Development for the project. If the IDA does so, those benefits would be void from the inception, and an agent, project operator, or other person or entity that obtained such benefits would be required to pay such tax benefits to the Tax Commissioner. Currently, IDAs can provide State sales and use tax benefits to projects without State approval.

The bill would also provide that State sales tax benefits could not be taken as up-front benefits but would have to be claimed ager the transactions occur.

The bill would also provide that if an IDA sets up a payment in lieu of taxes (PILOT) agreement for State sales and use taxes, the IDA must remit those payments to the State. If an IDA recaptures State sales and use tax monies from its agent or project operator, it would be required to turn such monies over to the Tax Commissioner as State sales or use taxes. Currently, IDAs are not required to turn over to the State payments in lieu of State sales or use taxes, and an IDA that recovers State tax monies may retain them for itself.

The bill would require an IDA to send a notice to the Tax Department when the IDA's appointment of an agent/project operator has expired or been revoked. Currently, the IDA must send a statement to the Tax Department that it has appointed the agent/project operator but is not required to give notice that the appointment has expired or was revoked before the original appointment said it would terminate. This provision would help to ensure that IDA agents/project operators cannot make purchases exempt from State or local sales and use taxes after their authority is revoked or expired.

Fiscal Impact: Enactment of this bill would increase All Funds sales and use tax receipts by $7 million in SFY 2013-14 and $13 million annually thereafter.

Part K – Make technical amendments to the tax classification of uncompressed natural gas.

This bill would create a sales and use tax exemption, under Article 28 of the Tax Law, for natural gas that is purchased and converted into compressed natural gas (CNG) for use or consumption in the engine of a motor vehicle.

Presently, CNG is exempt from motor fuel excise, petroleum business, and State and local sales taxes when sold for consumption or use exclusively in the engine of a motor vehicle. However, under current law, when natural gas is purchased from a supplier in an uncompressed state, the purchaser must pay applicable State and local sales taxes on the purchase of the natural gas from its commodity supplier, even if the purchaser will subsequently convert the natural gas to CNG for use in the engine of a motor vehicle. The legislative intent of the CNG fuel tax exemption is to encourage the development of a non-petroleum fuel market in the state. This bill would remove the unintended sales tax imposition on purchases of uncompressed natural gas intended for conversion into CNG for subsequent self use in the engine of a motor vehicle or sale for use in the engines of motor vehicles.

Fiscal Impact: This bill would decrease All Funds tax receipts by a minimal amount.

Part L – Equalize fuel tax treatment for volunteer ambulance services, fire companies, fire departments and rescue squads.

This bill would allow volunteer ambulance services, volunteer fire companies, volunteer fire departments and volunteer rescue squads to claim a reimbursement of the Article 13-A petroleum business tax for fuel used in their vehicles.

Presently, volunteer ambulance services, volunteer fire companies, volunteer fire departments, and volunteer rescue squads are allowed to claim a reimbursement of the Article 12-a excise tax and the Article 28 and 29 sales and compensating use taxes for fuel used in their vehicles. This bill would extend the reimbursement to cover the Article 13-A petroleum business tax.
Section 1 would provide the new reimbursement in a new subdivision (p) of Tax Law section 301-c. To qualify, the entity must be the purchaser, user or consumer of the motor fuel or diesel motor fuel and use it in a vehicle owned and operated by it exclusively for its purposes.

Fiscal Impact: This would decrease All Fund tax receipts by a minimal amount and have no significant impact on the fiscal plan.

Part M – Update Criteria for Refusal and Revocation of a Sales Tax Certificate of Authority.

This proposal would amend the Tax Law to create consistency between the grounds for refusal and revocation of a sales tax Certificate of Authority (COA) and clarify the consequences for operating without a valid COA.

Under current law, the grounds for refusal of a COA and the grounds for revoking an existing COA are inconsistent. Certain vendors with large tax liabilities have learned to exploit these loopholes to avoid paying these liabilities and complying with the Tax Law.
Additionally, the Tax Law currently allows the Department to refuse to issue a COA if the business entity (or a sole proprietor) has an unpaid fixed and final liability for any type of tax. However, for “responsible persons” (including officers, directors, partners, members of LLCs, and others responsible for the operation of the business) the Department can only consider unpaid fixed and final sales and use tax liabilities. This allows a business to apply for a COA without naming a responsible person with other tax debts, but add later that person to the business’ tax account.

Existing law also makes it difficult to stop abuses by some of the most egregious repeat tax offenders. A COA can be revoked or denied if the applicant committed a crime under the Tax Law, but not for convictions for tax-related crimes under the Penal Law, federal tax crimes, or tax crimes in other states, and only within 1 year of the conviction. The civil penalties for operating a business without a valid COA have not been increased since they were first enacted in 1985, which greatly reduces their deterrent effect. Moreover, the civil and criminal penalties for operating without a COA make no distinction between willful and negligent violations of this requirement.

The bill would also authorize the Commissioner to refuse or revoke a COA within 5 years of the date the applicant was convicted of a crime under New York Tax or Penal Laws, or the tax or penal laws of the United States or any other state, where the crime of which the applicant was convicted would be a crime under the Tax Law if it were committed in New York.

The bill would update Tax Law section 1145(a)(3)(i) so that persons who willfully operate a business without a COA would be subject to stiffer penalties than those who do so for reasons other than willful failure. A business that willfully continues to operate after its application for a COA was denied or revoked would face civil financial penalties of up to $50,000.00. Moreover, Tax Law §1817 would be amended so that the willful operation of a business required to collect tax where the COA was revoked, suspended, or refused, or where the applicant was notified of the deemed expiration of the COA would be increased from a misdemeanor to a criminal tax fraud act in the fourth degree.

Fiscal Impact: Enactment of this bill would increase All Funds receipts by $1 million in SFY 2013-14 and annually thereafter.

Part N – Expand the cigarette and tobacco retailer registration clearance process.

This bill would amend the Tax Law to allow the Department of Taxation and Finance to refuse a Certificate of Registration to retail dealers of cigarettes and tobacco products if they have certain tax liabilities or have been convicted of a tax crime within one year of applying for or renewing a Certificate of Registration.

Retail dealers of cigarettes and tobacco products are required to obtain and annually renew a Certificate of Registration under Article 20 of the Tax Law, and are also required to obtain a sales tax Certificate of Authority. However, current law does not allow the Department to refuse to issue a Certificate of Registration, as it does for a sales tax Certificate of Authority, if any tax finally determined to be due from the applicant (i.e., the business entity) under the Tax Law has not been paid in full; or sales or use taxes due from persons required to collect tax on behalf of this entity, or another entity for which the person was also required to collect tax, has not been paid in full; or the applicant or persons required to collect tax on behalf of this entity have been convicted of a crime under the Tax Law within a year of submitting their application. This bill would allow the Department to refuse to issue a Certificate of Registration in these instances. Making the grounds for refusal of a Certificate of Registration consistent with the grounds for refusing to issue a sales tax Certificate of Authority would prevent persons recently convicted of tax crimes from obtaining a Certificate of Registration, enable the Department to efficiently collect on additional past due tax liabilities, and would allow integration of the registration clearance processes.

Fiscal Impact: Enactment of this bill is necessary to implement the 2013-2014 Executive Budget because it would increase All Funds receipts by $1 million in SFY 2013-14 and annually thereafter.

Part O – Increase the civil penalty for possessing unstamped cigarettes.

This bill would increase the penalty for possessing or controlling unstamped or unlawfully stamped cigarettes from a maximum of $150 to $600.

The maximum penalty for possessing or controlling unstamped or unlawfully stamped cigarettes under Tax Law section 481(1)(b)(i) has been $150 per carton in excess of five cartoons (or fraction thereof) since 2000. This penalty has not been increased since that time, even though the current cigarette excise tax is almost four times the rate that was imposed in 2000. With the cost of cigarettes reaching $100 per carton in New York, the market for unstamped and, thus, untaxed cigarettes continues to draw people willing to make these sales, even though they are risking civil and criminal penalties for the possibility of making quick, easy money. This bill would increase the penalty to reflect the increase in the excise tax on cigarettes and to strengthen its deterrent effect in the current environment.
Section 1 would increase the maximum penalty for possessing or controlling unstamped or unlawfully stamped cigarettes under Tax Law section 481(1)(b)(i) from $150 per carton in excess of five cartoons (or fraction thereof) to $600.

Fiscal Impact: Enactment of this bill is necessary to implement the 2013-14 Executive Budget because it would increase All Funds tax receipts by $9 million in SFY 2013-14 and $12 million annually thereafter.

Part P – Suspend delinquent taxpayers' driver's licenses.

This bill would create a new program to aid in the enforcement of past-due tax liabilities by suspending the New York State driver's licenses of taxpayers who owe certain past-due tax liabilities.
This bill would authorize the Commissioner of Taxation and Finance and the Commissioner of Motor Vehicles to establish a new program to aid in the enforcement of delinquent tax liabilities by suspending a taxpayer's driver's license when that taxpayer owes more than $10,000 in tax liabilities.

This bill is not intended to deny taxpayers the ability to work, pursue educational opportunities or seek medical treatment for themselves or the members of their household. For this reason, a person whose license is suspended as a part of this program may apply for a restricted use license pursuant to the provisions of the Vehicle and Traffic Law. If the only issue leading to the

suspension is the taxpayer's unpaid tax liabilities, the Department of Motor Vehicles will be required to issue a restricted use license. Moreover, the license suspension would be lifted once the taxpayer pays their past-due tax liabilities or enters into an installment payment agreement or otherwise makes payment arrangements satisfactory to the Commissioner of Taxation and Finance. Due to certain federal preemption issues, a restricted license is not available to drive a commercial motor vehicle. To protect the ability of taxpayers holding such licenses to earn a living, it is necessary to exclude commercial driving licenses from the scope of the bill.
Protections are added to the Insurance Law to prohibit insurers from using the fact that a taxpayer's license is suspended pursuant to this program from either (a) increasing policy premiums, or (b) using such suspension as a ground to cancel, decline or refuse to issue a motor vehicle insurance policy.

The provisions of this bill are largely based upon a successful motor vehicle license suspension program created by Chapter 81 of the Laws of 1995 to assist in the collection of delinquent child support obligations.

Fiscal Impact: Enactment of this bill would increase All Funds tax receipts by $26 million in SFY 2013-14 and $6 million annually thereafter.

Part Q – Amend wage garnishment.

This bill would authorize the Commissioner of Taxation and Finance to serve income executions (wage garnishments) on individual tax debtors and, if necessary, on their employers without the necessity of filing a warrant.

This bill would authorize the Commissioner of Taxation and Finance to serve income executions (wage garnishments) on individual tax debtors and, if necessary, on their employers, without having to publicly file a warrant in the appropriate county clerk's office and in the Department of State as is required now. The IRS and the New York State Higher Education Services Corporation have authority to issue wage garnishments without public filing. The Department of Taxation and Finance (the Department) would continue to publicly file warrants if it chooses to pursue other collection methods permitted for the enforcement of money judgments under the Civil Practice Law and Rules (CPLR).

Historically, a negative credit report only compromised an individual's ability to secure credit. In a current trend, however, credit reports may also be relied upon by insurance carriers to establish premium rates and by employers to assess if a job applicant is worthy of employment. Consequently, a publicly filed tax warrant, which is required by law in order for the Department to undertake any collection method, may be unnecessarily harsh on a taxpayer from whom collection may be made by wage garnishment.

Providing the Department with the authority to garnish wages without filing a warrant will enable the Department to act more quickly to collect taxpayers' debts. The Department would continue to follow the two-step process for income executions spelled out in the CPLR. Service would first be made solely on the taxpayer and the employer would only be served if the taxpayer does not voluntarily pay over the required percentage (not to exceed ten percent) of his or her wages.

Fiscal Impact: Enactment of this bill is necessary to implement the 2013-2014 Executive Budget by increasing tax revenues by $10 million annually beginning in SFY 2013-14

Part R – Allow local governments to extend existing sales tax rates without State legislative approval.

This bill would amend the Tax Law to make permanent the authority for counties to impose their current additional rates of sale and compensating use taxes for two-year periods and require counties to adopt those additional rates by a majority vote of the county legislative body. The bill would also conform numerous related Tax Law provisions.

This bill would amend Article 29 of the Tax Law to make permanent the authority for counties to impose their existing additional rates of sales and use taxes and would obviate the need for counties to obtain approval through the State legislative process every two years. Nonetheless, a county would still have to adopt a local enactment by a majority vote of its governing body every two years to impose its additional rate above 3%, just as it must now.

Currently, nearly all counties have authority to impose an additional rate of sales and use taxes, for a two-year period that expires November 30, 2013. Most of these additional county rates are 1%, though some are lower and five are higher. The bill would not extend or change the additional rate authority of cities, though it recodifies the provisions relating to the five cities that are authorized to impose an additional rate. Additionally, this bill would not change current laws that require counties to adopt home a rule message and obtain approval through the State legislative process before they may increase sales and compensating use taxes above their current additional tax rate.

The bill also amends and recodifies other related provisions of Article 29 of the Tax Law to conform them to the above described provisions.

Fiscal Impact: Enactment of this bill is necessary to implement the 2013-2014 Executive Budget. Local sales tax rates should be considered in the context of statewide tax policy, which is part of the State Budget process.

Part S – Eliminate remaining Quick Draw restriction.

This bill would eliminate the restrictions on the sale of Quick Draw tickets in order to increase revenue earned for aid to education in the State.

This bill would increase Quick Draw earnings by eliminating limitations on the locations where Quick Draw may be offered. The restrictions imposed on Quick Draw by the 1995 authorizing legislation were experimental. In practice, the restrictions have proved cumbersome and unnecessary, and have substantially reduced the amount of earnings that would otherwise be generated by the game. New York is the only State with these limitations on Quick Draw style-games.

Revenue from Quick Draw ticket sales increased after the 25% food sales requirement was removed as part of the 2012-13 Enacted Budget. As with the food sales restriction, the 2,500 square foot limitation has the effect of arbitrarily limiting Quick Draw sales. Additionally, the age that a person may play Quick Draw in any establishment that serves alcoholic beverages should conform to the age restriction for all other Lottery games. Eliminating these restrictions will strengthen the game's ability to produce additional sales and earnings.

The Quick Draw restrictions were intended to protect against the possibility that Quick Draw would be abused by players. However, after more than 15 years' experience, Quick Draw has proved to be no more likely to be abused than other Lottery games. Following the authorization of Quick Draw in 1995, the State authorized video lottery gaming, which offers a much faster paced form of gaming. In this environment, the limitations on Quick Draw are an unnecessary impediment to the further expansion of the game.

Section 1 of the bill would amend Section 1612(a)(1) of the Tax Law to eliminate: (i) the restriction limiting sales of Quick Draw tickets to premises larger than 2,500 square feet, (ii) the restriction requiring that a person must be 21 years of age to play Quick Draw on premises where alcoholic beverages are served, and (iii) an obsolete authorization of emergency rulemaking power.

Fiscal Impact: Enactment of this bill is necessary to implement the 2013-14 Executive Budget because it would increase All Funds revenue by $12 million in SFY 2013-14 and $24 million annually thereafter.

Part T – Extend Monticello Casino and Raceway video lottery terminal venue distribution rates.

This bill would extend for one year the current distribution of video lottery gaming revenue at Monticello Casino and Raceway (Monticello).

This bill would extend for one year the current commission rate paid to Monticello as a video lottery agent. In 2008, Monticello was given a higher commission rate for a five-year period in exchange for opting out of participation in the vendor's capital award program; thus, the five-year rate sunset was applied to coincide with the five year period other facilities were provided for approval of capital expenditures eligible for reimbursement through the program. Chapter 454 of the Laws of 2012 extended the approval period for the vendor's capital award program by one year, and did not anticipate inclusion of Monticello in the program. Since the expiration of Monticello's rate would result in loss of the enhanced commission, but would not provide for participation in the capital award program, this bill would extend Monticello's rate for an additional year to maintain the original framework of Monticello's rate structure.

Fiscal Impact: Enactment of this bill is necessary to implement the 2013-14 Executive Budget because it would decrease All Funds revenue by $3 million in SFY 2013-14.

Part U – Make certain tax rates and authorization for account wagering permanent.

This bill would make permanent various provisions of the Racing, Pari-Mutuel Wagering and Breeding (Racing) Law which expire during the 2013-14 fiscal year.

Section 1 would amend Racing Law § 1003(a) to remove the June 30, 2013 expiration date for in-home simulcasting.

Section 2 would amend Racing Law §1007(3)(d) to make permanent the current percentage of total pools allocated to purses that a track located in Westchester County receives from a franchised corporation, which currently are scheduled to expire on June 30, 2013.

Section 3 would repeal Racing Law § 1014, which is rendered superfluous by the making of Racing Law § 1018 permanent.

Section 4 would amend Racing Law § 1015(1) to make permanent the provisions governing the simulcasting of races conducted at out-of-state harness tracks, which currently are scheduled to expire on June 30, 2013.

Section 5 would amend the opening paragraph of Racing Law §1016(1) to make permanent the provisions governing the simulcasting of out-of-state thoroughbred races on any day the Saratoga thoroughbred track is closed, which currently are scheduled to expire on June 30, 2013.

Section 6 would amend the opening paragraph of section 1018 of the racing, pari-mutuel wagering and breeding law to make permanent the current distribution of revenue from out-of-state simulcasting during the Saratoga meet, which expired on September 8, 2012.

Section 7 would amend § 32 of chapter 281 of the Laws of 1994 to make permanent the current amount of off-track betting wagers on New York Racing Association, Inc. (NYRA) pools dedicated to purse enhancement, which currently expire on June 30, 2013.

Section 8 would amend § 54 of chapter 346 of the Laws of 1990 to make permanent binding arbitration for disagreements. These provisions currently expire on June 30, 2013.
Section 9 would amend Racing Law § 238(1)(a) to make permanent the current distribution of revenue from on-track wagering on NYRA races, which currently is scheduled to expire on December 31, 2013.

Section 10 would repeal Racing Law § 1012(5) to make permanent the authorization for account wagering, which is currently scheduled to expire on June 30, 2013.

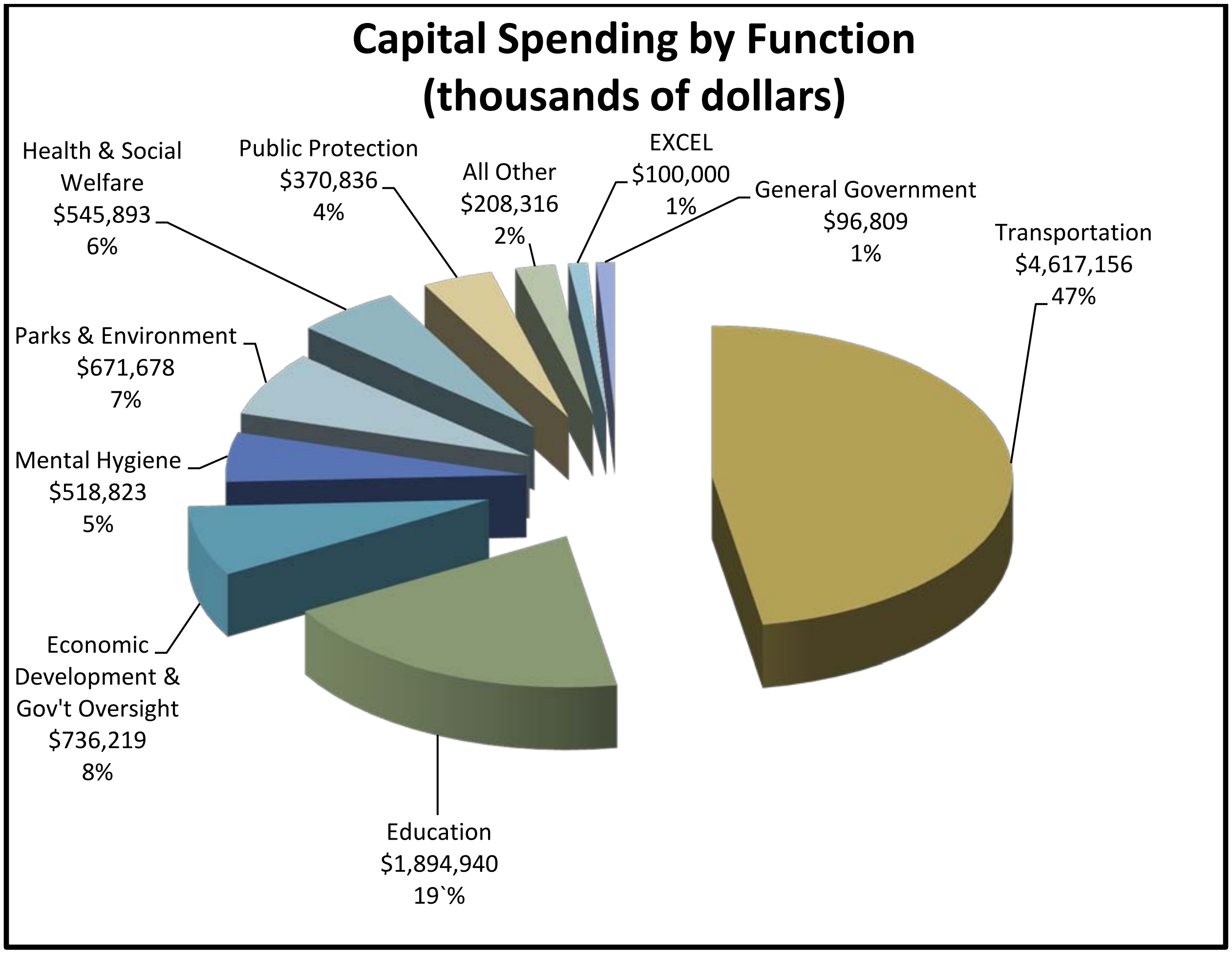
Making these provisions permanent would maintain the pari-mutuel betting and simulcasting structure that is currently in place in New York State. The provisions made permanent by sections one through six of this bill were first enacted in 1994 and section seven was enacted in 1990. These provisions were extended numerous times since their original enactment, and most recently in 2012.

Fiscal Impact: Enactment of this bill is necessary to implement the 2013-2014 Executive Budget because it maintains the current pari-mutuel betting structure in New York State.

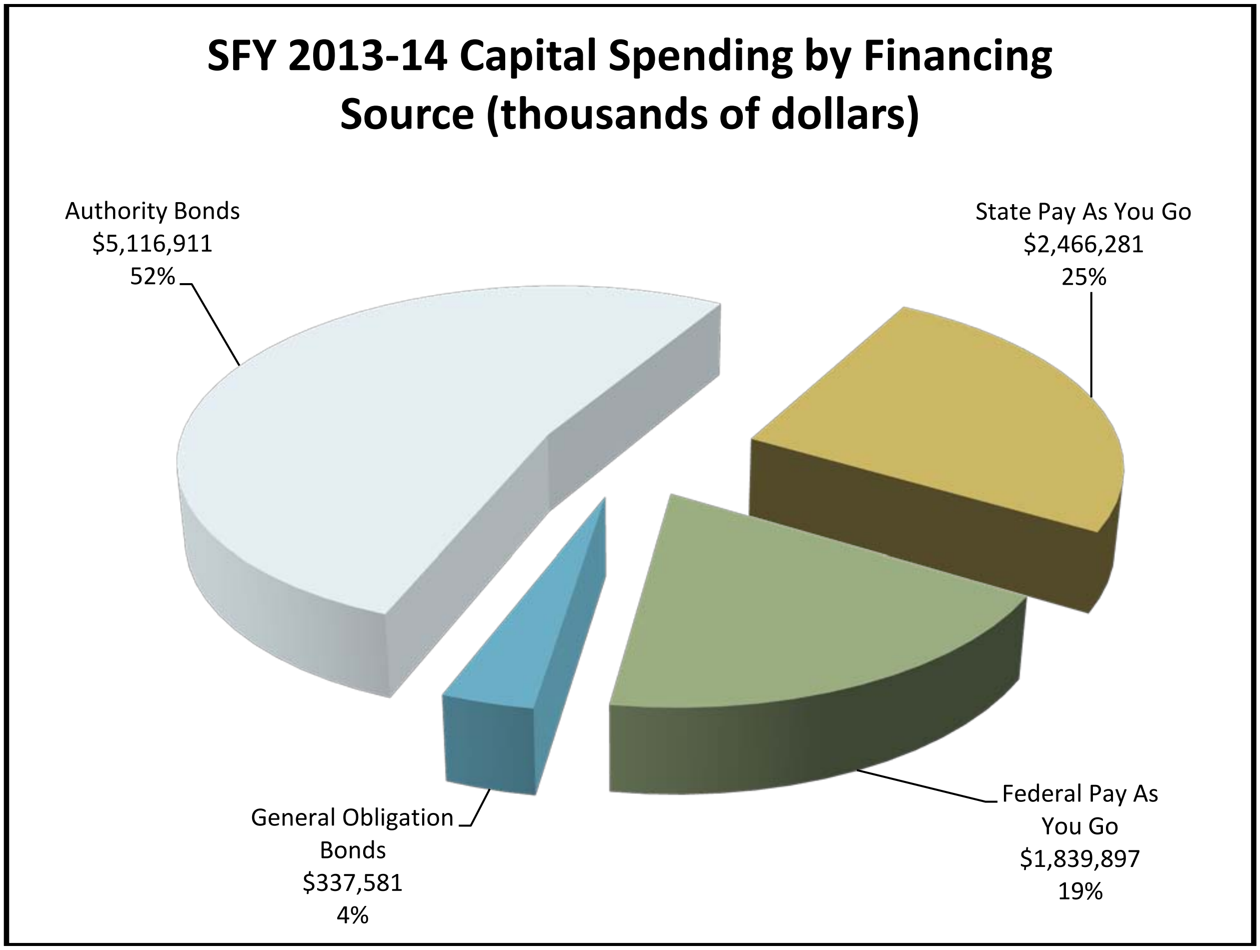
CAPITAL SPENDING AND FINANCING

Capital Spending

Each year, a five-year Capital Program and Financing Plan is required to be submitted with the Executive Budget. As part of the SFY 2013-14 Executive Budget, the Governor proposes $47.4 billion in capital spending over the life of the plan, an average of $9.5 billion annually. In SFY 2013-14, capital spending is projected to remain flat with a small increase of $78.2 million (0.8%) from $9.68 billion to $9.76 billion. As in previous years, transportation spending constitutes the largest share of all capital spending, as shown below.



Capital spending is financed through a combination of four funding sources: state-pay as-you-go, federal-pay-as-you-go, general obligation bonds, and authority bonds. Pay-as-you-go financing is cash financing of the capital project. General obligation bonds are those whose debt issuance is specifically approved by the voters. Authority bonds are those issued by various public authorities of the State and for which debt service is appropriated by the State. As shown below, authority bonds represent the largest funding source for the State's proposed capital spending.

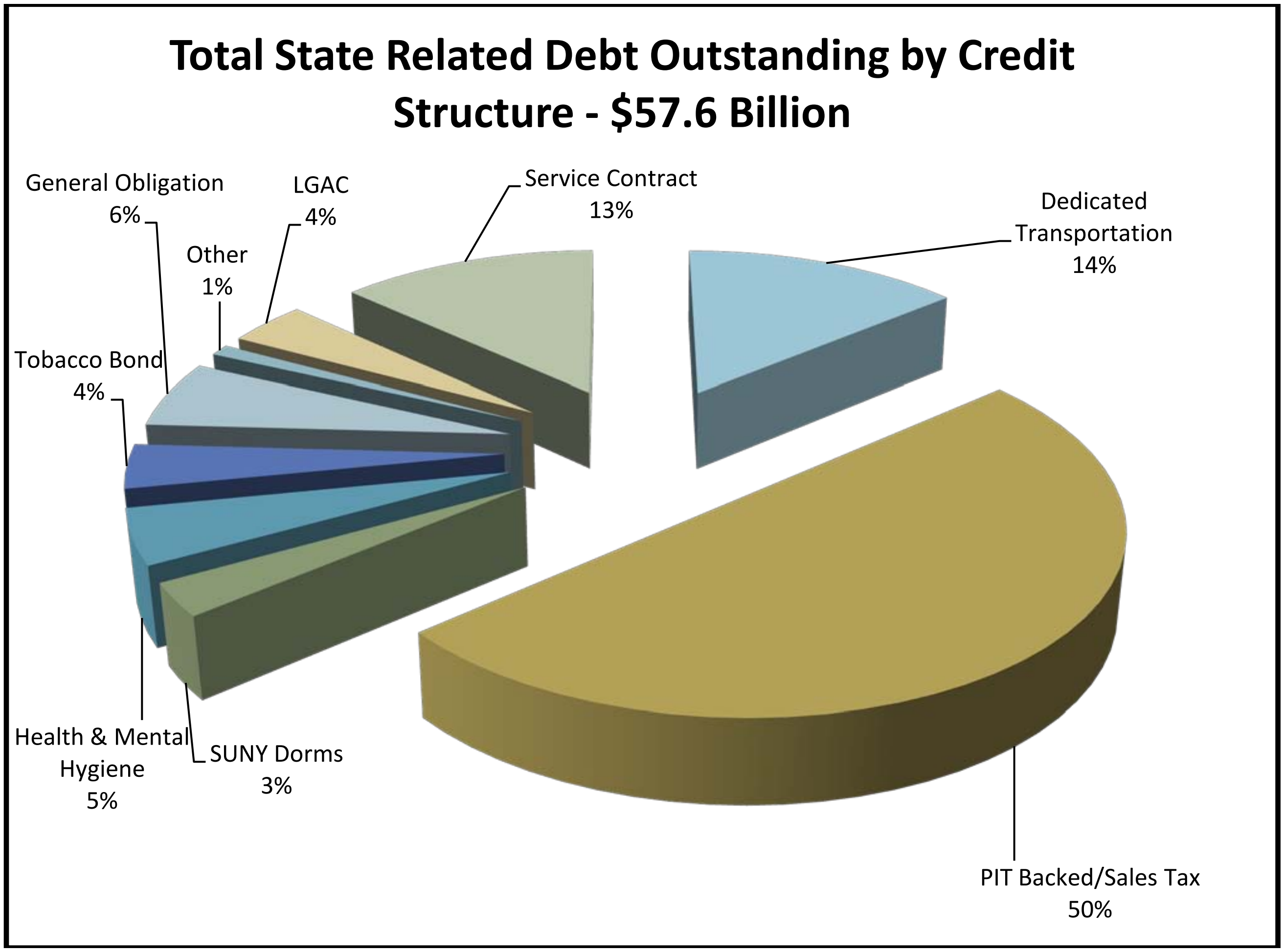


Debt Financing

State debt is characterized in two different ways. There is "State-supported debt" which is debt on which the State is obligated to make debt service payments. This type of debt includes general obligation bonds, appropriation backed debt, and revenue backed debt. Revenue backed debt includes personal income tax revenue bonds, Local Government Assistance Corporation bonds supported by sales tax revenues, State University dormitory bonds supported by dormitory fees, mental health bonds supported by patient fees and transportation debt supported by dedicated revenues.

Another way to characterize State debt is "State-related debt". The broader definition of State debt includes State-supported debt as well as debt where the State may need to use State resources to make debt service payments should the non-State funding sources be insufficient to make such payments. This type of debt includes State guaranteed debt, moral obligation debt, and contingent contractual obligations. Some examples of State-related debt are the Tobacco Securitization bonds and the liability of the Dormitory Authority to assume bonds issued by the Medical Care Facilities Finance Agency.

The following chart shows the breakdown of outstanding bonds by type of debt.



By the end of the five year plan, debt issuances are projected to decrease by $724 million, from $5.4 billion in SFY 2013-14 to $4.7 billion in SFY 2017-18. This decrease is mainly due to a decrease in bond issuances for economic development as current programs become fully funded as well as reduction in capital spending.

Caps on State-Supported Debt

The Debt Reform Act of 2000 statutorily limited the type and amount of debt the State could issue as well as limited the debt service costs associated with these new issuances. Any new debt issued by the State can only be used for capital purposes and is limited to a maturity of thirty years. In addition, new debt issuances and their associated debt service costs are subject to the following statutory caps: 4% of State personal income for new debt outstanding; and 5% of All Funds receipts for new debt service costs. New debt encompasses all debt issued subsequent to the enactment of the Debt Reform Act of 2000.

In SFY 2011-12, the cap on new debt outstanding is fully phased in to its cap of 4% of personal income. As shown in the table below, the bond issuances, for the proposed capital spending plan fall below the bond caps specified in the Debt Reform Act. However, the debt outstanding cap for any given year is based on personal income for the preceding calendar year. For example, the debt outstanding cap for SFY 2011-12 is based on the State's personal income for 2010.

Due to the recession, personal income decreased considerably in 2009. In 2010, personal income increased by 4.1%. The 2009 decrease has significantly narrowed the bonding capacity of the State under the debt outstanding cap. This limit of the State's ability to bond finance is one of the reasons for the reduction in capital spending, as mentioned above.

New Debt Outstanding/Available Cap
(Millions of Dollars)

SFY	Debt Cap	Actual/Projected	Available Cap
2013-14	42,157	40,521	1,636
2014-15	44,736	43,657	1,079
2015-16	47,271	47,151	120
2016-17	49,841	49,759	82
2017-18	52,525	51,540	984

Debt issuances over the life of the capital plan average $5.1 billion per year. Although the projected caps would support the plan's projected debt issuances, average personal income growth over the course of the capital plan is projected to be 5.1%. If the economic recovery is slower than projected or there is a "double dip" recession, personal income growth may not be as robust as projected; thus, limiting the State's bonding capacity even more.

Although the cap on new debt outstanding becomes an issue in SFY 2015-16, the cap on new debt service, as shown in the following table, does not. One of the reasons is that the cap on debt service is not fully phased in until SFY 2013-14, the start of the proposed capital plan. Another reason is that the cap is calculated as a percentage of receipts of the State and not an economic variable, as personal income. As a result of the many tax and fee increases that were enacted as a result of the SFY 2009-10 budget, there is no constraint imposed by the debt service cap as there is with the debt outstanding cap.

New Debt Service/Available Cap
(Millions of Dollars)

SFY	Cap	Actual/Projected	Available Cap
2013-14	7,123	3,995	3,128
2014-15	7,192	4,220	2,972
2015-16	7,354	4,573	2,781
2016-17	7,619	5,034	2,585
2017-18	7,696	5,428	2,268

DIVISON OF ALCOHOLIC BEVERAGE CONTROL

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
State Operations	$17,001,000	$18,893,000	$1,892,000	11.13%
Total	**$17,001,000**	**$18,893,000**	**$1,892,000**	

The Division of Alcoholic Beverage Control operates under the direction of the State Liquor Authority, a three-member board appointed by the Governor with the advice and consent of the Senate. The Division regulates and controls the manufacture, sale and distribution of alcoholic beverages within the State; issues licenses and permits to manufacturers, distributors, wholesalers and retailers; works with local law enforcement agencies and localities across the State to ensure compliance with the Alcoholic Beverage Control Law; and regulates trade and credit practices for the sale and distribution of alcoholic beverages.

Overview of Executive Budget Proposal

The Executive Budget recommends funding the State Liquor Authority at $18.9 million. This represents an increase of $1.9 million from the 2012-13 budget and reflects costs associated with the division's ongoing "E-Licensing" program. There is also a new appropriation of $200,000 for an enhanced underage drinking program in NYC. A workforce of 127 FTE's remains unchanged from last year.

AUDIT AND CONTROL (OFFICE OF STATE COMPTROLLER)

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$157,370,000	$157,370,000	$0.00	0%
Special Revenue-Other	$18,628,000	$18,628,000	$0.00	0%
Internal Service Funds	$21,557,000	$22,387,000	$830,000	1.04%
Pension Trust Funds	$106,729,000	$106,729,000	$0.00	0.00%
Total All Funds:	**$304,284,000**	**$305,114,000**	**$830,000**	**1.00%**

The Department of Audit and Control, also known as the Office of the State Comptroller (OSC), is responsible for all financial transactions of the State of New York. This includes managing the retirement fund for State and local government employees; investing State funds in New York-based businesses, issuing bonds and notes for investment in the State agencies; and supervising the fiscal affairs of local governments and helping them find support through State programs.

Overview of Executive Budget Proposal

The Executive proposes that the comptroller's appropriation level remain at the 2012-13 level; with the exception that there is a proposed increase of $830,000.00 for internal service funds.

Article VII

- The Executive proposes language that would provide local governments and school districts with a plan which offers a long term pension contribution option.

AUTHORITY BUDGET OFFICE

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
SpecialRevenue-Other	$1,780,350	$1,815,000	$34,650	.019%
Total All Funds:	**$1,780,350**	**$1,815,000**	**$34,650**	**.019%**

The Authority Budget Office (ABO) was statutorily created to study, review and report on State and local public authorities, and to promote the principles of effective corporate governance. The Authority Budget Office makes available to the public information on the finances, structure, and operations of public authorities and assesses the practices of public authorities.

Overview of Executive Budget Proposal

In addition to the regular duties of the Authority Budget Office, the Executive proposes that $70,000 of the SFY 2013-14 appropriation may be sub-allocated to CUNY, or to any other state department or agency for expenses related to the training of public authority board members on their “legal, ethical, fiduciary and financial responsibilities.”

DIVISION OF THE BUDGET

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$29,041,000	$28,297,000	($744,000)	-2.56%
Special Revenue-Other	$21,431,000	$23,931,000	$2,500,000	10.44%
Internal Service Funds	$1,650,000	$1,650,000	$0	0%
Total All Funds:	**$52,122,000**	**$53,878,000**	**$1,756,000**	**3.26%**

The Division of the Budget is responsible for assisting the Governor in the development of the Executive Budget and executes the budget as adopted by the Legislature. The Division also serves as the Governor's primary advisor on such fiscal matters as local government and public authority finances.

Overview of Executive Budget Proposal

The Executive Budget recommends $53.9 million All Funds ($28.3 million General Fund; $25.6 million Other Funds) for the Division of the Budget. Appropriations in 2013-14 have increased by $2 million, with a $2.5 million increase for the Financial Restructuring Assistance Program and $479,000 in non-personal service reductions.

The Financial Restructuring Assistance Program, a joint task force made up of the Office of the State Comptroller, Office of the Attorney General, Division of the Budget, and private-sector restructuring consultants, will offer advice to counties, cities, towns and villages that need assistance in restructuring their finances.

The Executive Budget recommends a workforce of 290 FTEs for the Division, the same level that was funded in the 2012-13 Budget.

DEPARTMENT OF CIVIL SERVICE

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$14,485,000	$14,485,000	$0	0.0%
Special Revenue-Other	$2,257,000	$2,291,000	$34,000	1.50%
Internal Service Funds	$38,704,000	$39,773,000	$1,069,000	2.76%
Total All Funds:	**$55,446,000**	**$56,549,000**	$1,103,000	1.99%

The Department of Civil Service provides human resource management services to New York State Agencies and 100 municipal civil service agencies throughout the State. The department administers employee benefits (including health and disability benefits) and provides workforce services to State agencies and job seekers, including job classification, recruitment, testing and training.

Overview of Executive Budget Proposal

The Executive Budget recommends $56.5 million ($14.5 million General Fund; $42.0 million Other Funds) for the Department. This is an increase of $1.1 million which primarily reflects increases in General State Charges rates.

In 2013-14, the Department will be merged with the Office of Employee Relations to focus on an enterprise-wide strategic approach to managing the State government workforce. This merger will create a single State Employee Workforce Development Center, combining the currently separate recruitment and training efforts of the two agencies under a single official.

The Executive Budget recommends a workforce of 350 FTEs, an increase of 26 FTEs in Internal Service Funds from the prior year, reflecting the replacement of staff losses in the area of employee benefits management.

Article VII Proposal

Amends the Civil Service Law in relation to the reimbursement of Medicare premium charges. Currently the state fully reimburses all Medicare Part B, including the " high income" retirees who earn more than $85,000 as a single retiree or $175,000 married. The state would limit its reimbursement to $104.90 per month, which is what people who earn less than $85,000 pay as a Medicare Part B Premium.

STATE COMMISSION OF CORRECTION

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$2,915,000	$2,915,000	0	0%
Total All Funds:	**$2,915,000**	$2,915,000	0	0%

The Commission (SCOC) is an Executive Department correctional and juvenile justice oversight and technical services agency. The Commission advises the Governor on correctional policy; monitors, adjusts, and enhances prison and jail population capacity; oversees new jail facility development; provides staffing services; investigates prisoner mortality; and assists jails in the implementation of new correctional technologies. The Agency's mission is to provide a safe, stable, and humane correctional system while maintaining the accountability of corrections officials. The Commission is comprised of a three member board appointed by the Governor, with one member designated as chairperson.

State Commission of Correction continues to regulate and oversee the operation and management of State and local correctional facilities, and secure youth facilities operation by the Office of Children and Family Services. The Commission's main role is to promote a safe, secure and stable correctional system and to provide for the accountability of corrections officials.

Overview of Executive Budget Proposal

The Executive Budget proposes State Operations funding to remain flat for the Commission. The Executive recommends a workforce of 29 FTEs, no change from the enacted SFY 2012-2013 Budget.

DEPARTMENT OF CORRECTIONS AND COMMUNITY SUPERVISION

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$2,840,622,000	$2,631,273,000	($209,349,000)	-7.37%
Special Revenue-Federal	$39,397,000	$40,500,000	$1,103,000	2.80%
Special Revenue-Other	$30,355,000	$32,355,000	$2,000,000	6.59%
Capital Projects Fund	$320,000,000	$310,000,000	($10,000,000)	-3.13%
Internal Service Funds	$75,624,000	$75,624,000	$0	0.00%
Enterprise Funds	$43,198,000	$43,198,000	$0	0.00%
Total All Funds:	**$3,349,196,000**	**$3,132,950,000**	**($216,246,000)**	**-6.46%**

The Department of Corrections and Community Supervision (DCCS) is responsible for the safe and secure confinement of convicted felons, preparing these individuals for successful reintegration into the community upon release, setting conditions of release, supervising offenders in the community, and assisting parolees toward successful completion of their sentence.

Overview of Executive Budget Proposal

The Executive Budget recommends $3.133 billion for the Department ($2.631 billion in the General Fund; $310 million in Capital Funds; and $192 million in Other Funds). This is a net decrease of $216.2 million from the 2012-13 budget.

Changes to appropriations primarily reflect decreases related to the retroactive portion of the NYSCOPBA and Council 82 settlements granted in 2012-13, slated facility closures, projected inmate population decline, and re-prioritizing capital projects. These decreases are partially offset by the filling of crucial health and safety positions.

The Executive Budget recommends a workforce of 29,471 FTEs for the Department, an increase of 134 FTEs from 2012-13, resulting from the need to fill crucial health and safety positions as well as titles needed to fulfill operational and legislative mandates offset by the decrease resulting from the slated closure of the Bayview and Beacon Correctional Facilities.

In 2012-13, DOCCS undertook a comprehensive review of its workforce. Based on these findings, in 2013-14, DOCCS will enhance their educational, vocational, and employment-readiness programs with the goal of better preparing inmates for their return to the community through the Second Chance Act Recidivism Grant and parole diversion programs. DOCCS seeks to employ research-based best practices to focus on programs which have the greatest impact on reducing recidivism.

DIVISION OF CRIMINAL JUSTICE SERVICES

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$163,116,000	$165,201,000	$2,085,000	1.28%
Special Revenue-Other	$51,559,997	$53,242,000	$1,682,003	3.26%
Special Revenue-Federal	$46,960,000	$47,250,000	$290,000	0.62%
Total	**$261,635,997**	**$265,693,000**	**$4,057,003**	**1.55%**

The Division of Criminal Justice Services (DCJS) is charged with increasing the effectiveness of the criminal justice system. The Division manages the DNA databank and criminal fingerprint files; maintains computerized criminal history and statistical data for Federal, State and local law enforcement agencies; provides training and management services to municipal police and peace officers; and distributes local aid to various components of the criminal justice system including prosecution, defense services, and local law enforcement.

Overview of the Executive Budget Proposal

The Executive Budget recommends $265.7 million All Funds for the Division ($165.2 million General Fund; $47.3 Federal Funds; and $53.2 million Other Funds), representing an increase of $4 million from the 2012-13 budget.

An increase of $3 million in State Operations reflects support for on-going information technology projects. In Aid to Localities, the Executive Budget recommends consolidation of several funding streams in the amount of $11.4 million, (see below) for Alternative to Incarceration (ATI) programs into a competitive grant program focused. The Executive also eliminates $4.3 million An additional $350,000 is provided to fully fund statutory increases to district attorney salaries. The Executive Budget recommends a workforce of 443 FTEs for the Division. This represents an increase of 20 FTEs.

General Fund Local Assistance Funding			
Aid to Localities Funding:	**SFY 2012-13 Enacted Budget**	**SFY 2013-14 Executive Recommendation**	**Change**
Funding and Program Assistance			
NYS Defenders Association	$1,089,000	$1,089,000	0
Addt'l NYS Defenders Association	$1,000,000	0	($1,000,000)
New York State Prosecutors Training Institute	$2,304,000	$2,304,000	0
Aid to Defense	$5,507,000	$5,507,000	0
Aid to Prosecution	$10,680,000	$10,680,000	0
Special Narcotics Prosecutor	$825,000	$825,000	0
District Attorney Salary Reimbursement	$2,812,000	$3,862,000	$1,050,000
Addt'l District Attorney Salary Reimbursement	$700	0	($700)
Aid to Crime Labs	$6,635,000	$6,635,000	0
DNA	$2,000,000	$2,000,000	0
Soft Body Armor	$513,000	$513,000	0
Westchester Parkways Program	$1,984,000	$1,984,000	0
Witness Protection	$304,000	$304,000	0
Operation IMPACT	$15,219,000	$15,219,000	0
Drug Diversion	$618,000	$618,000	0
Re-Entry Task Forces	$3,063,000	$3,063,000	0
Probation Aid Block Grant	$44,876,000	$44,876,000	0
200% of Poverty (TANF)	$2,622,000	2,622,000	0
Combined Class ATI/D&A	0	$5,159,000	$5,159,000
New Community Corrections/ATI	0	$11,442,000	$11,442,000
Classification Alternatives (CLASS)	$3,245,000	0	($3,245,000)
Drug and Alcohol Programs (D & A)	$1,914,000	0	($1,914,000)
Demonstration Programs	$3,973,000	0	($3,973,000)
Supervision and Treatment (SATSO)	$469,000	0	($469,000)
Probation Violation Centers	$1,000,000	0	($1,000,000)
Legislative Additions	$4,500,000	0	($4,500,000)
Total	**$117,852,000**	**$119,702,000**	**$1,850,000**

- Funding for DA Salary Reimbursement includes the additional $700,000 to pay for the full amount of the April 2012 increase and an additional $350,000 to pay for the April 2013 increase.
- Incorporated into the new Combined Classification/Alternatives to Incarceration program are appropriations for the Classification Alternatives and Drug and Alcohol programs.
- Incorporated into the New Community Corrections/ATI program: General Fund replacement of Federal Byrne JAG-ARRA funding totaling $7 million that supported ATI's and work programs, and appropriations for Demonstration Programs and Supervision/Treatment Programs (SASTO). This programming will focus on high risk offenders to facilitate successful re-entry and reduce risk of recidivism.

Legal Services Assistance Account Fund Appropriations- Special Revenue	SFY 2012-2013 Enacted Appropriations	SFY 2013-14 Executive Recommendations
Aid to Prosecution	$2,592,000	$2,592,000
Aid to Defense	$2,592,000	$2,592,000
Attorney Loan Forgiveness	$2,430,000	$2,430,000
Statewide Indigent Legal Services - Reentering Communities from State Facilities	$1,000,000	$1,000,000
Indigent Parolees	$600,000	0
Domestic Violence Legal Services	$650,000	0
Civil/Criminal Legal Services	$2,650,000	0
Civil/Criminal Legal Services/Domestic Violence Related Legal Services	0	$3,700,000
Grand Total:	**$12,514,000**	**$12,314,000**

- Legislative additions would have been appropriated to Civil/Criminal Legal Services/Domestic Violence Related Legal Services from remaining fund balance.

Edward Byrne Justice Assistance Grant (JAG) Program

Special Revenue-Federal In thousands (000's) Aid to Localities	SFY 2012-2013 Enacted Appropriations	SFY 2013-14 Executive Recommendation	Change
Juvenile Justice Delinquency Prevention Formula Account (JJDP)	$2,050	$2,050	$0
Juvenile Justice Delinquency Prevention Formula Account (Title V)	$100	$100	$0
Juvenile Accountability Block Grant Account (JAIBG)	$1,750	$1,750	$0
Violence Against Women Account	$5,750	$6,000	$250
Edward Byrne Memorial Grant/JAG	$4,400	6,000,000	$1,600
Miscellaneous Discretionary	$7,250	$7,250	$0
Recovery Act Justice Assistance Grant (JAG ARRA)	$23,500	$0	($23,500)
Crime Identification Technology Account	$2,250	$2,250	$0
Total Federal Aid to Localities:	**$25,110**	**$25,400**	**($290)**

OFFICE OF VICTIM SERVICES

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-2014	Change	Percent Change
Special Revenue-Federal	$3,120,000	$3,120,000	$0	0.00%
Special Revenue-Other	$7,163,000	$7,163,000	$0	0.00%
Total All Funds:	**$10,283,000**	**$10,283,000**	$0	0.00%

The Office of Victim Services (OVS) is the lead State agency in assisting persons who have been the victims of crime, particularly crimes of a violent nature. The Office's mission is to provide financial assistance to victims for financial for losses they suffer as a result of crime. The Office provides grants to local agencies, which assist witnesses and victims and serves as the State's advocate for crime victims' rights, needs, and interests. The Office of Victim Services funds direct services to crime victims via a network of community-based programs; and advocates for the rights and benefits of all innocent victims of crime.

The Executive Budget recommends a $76.4 million All Funds budget ($38.6 million Federal Funds; $37.8 million Other Funds) to support the Office, no changed from 2012-13.

The Executive Budget recommends a workforce of 74 FTEs for the Office, which represents a change of 4 FTEs from the agency's current year workforce estimate to refill jobs related to the timely processing of victim claims.

Local assistance distributed from the Criminal Justice Improvement Account remains flat from year to year at $30.6 million.

DEFERRED COMPENSATION BOARD

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$111,000	$111,000	$0	0%
Special Revenue-Other	$781,000	$781,000	$0	0%
Total All Funds:	**$892,000**	**$892,000**	**$0**	**0%**

The Deferred Compensation Board administers the New York State Deferred Compensation State Plan, which serves over 126,000 State employees and 63,000 employees of local governments that participate in the Plan. The agency accomplishes this by offering quality investment options and investor education to help build well-diversified portfolios. Approximately 250 local governments sponsor and administer their own deferred compensation plans in compliance with the Deferred Compensation Board rules.

Overview of Executive Budget Proposal

The Executive proposes an All Funds appropriation of $892,000, which is zero growth from the 2012-2013 budget.

STATE BOARD OF ELECTIONS

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$5,305,000	$5,200,000	($105,000)	-2.01%
Special Revenue-Other Reappropriation	$0	$2,600,000	$2,600,000	100%
Special Revenue-Federal	$1,000,000	$0	($1,000,000)	-100%
Total All Funds:	**$6,305,000**	**$5,200,000**	**($1,125,000)**	**-21.25%**

The New York State Board of Elections executes and enforces all laws relating to the elective franchise and oversees the disclosure of campaign financing and practices.

Overview of Executive Budget Proposal

The Executive Budget proposes funding the State Board of Elections at $5.2 million. This figure represents a $105,000 general fund decrease which reflects savings initiated from the governor's re-stacking initiative when the Board moved offices in downtown Albany. The recommended funding levels of 58 FTE's, remains unchanged from last year.

OFFICE OF EMPLOYEE RELATIONS (OER)

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$2,961,000	$7,863,000	$4,908,000	166%
Special Revenue-Other	$121,000	$0	($121,000)	(100%)
Internal Service Funds	$4,810,000	$5,129,000	$319,000	7%
Total All Funds:	**$7,892,000**	**$12,992,000**	**$9,910,000**	**65%**

The Office of Employee Relations (OER) represents the Governor in collective bargaining with nine public employee unions and is responsible for implementing and administering those agreements. Initiatives include improving the productivity of the State's workforce, workforce skill training, and implementation of any workforce changes.

Overview of Executive Budget Proposal

Facility Closure and Realignments: Facility closures and realignments at the Office of Children and Family Services (OCFS) and the Office of Mental Health (OMH) will impact 1,172 jobs. An estimated 704 positions will be eliminated through attrition. The remaining 468 employees will be placed in other positions in the State workforce through the Agency Reduction Transfer Act (ARTL) process. ARTL permits the transfer of impacted employees in targeted titles to the same or comparable positions in hiring agencies.

Job placement Training Program: For those employees impacted by facility closures and realignments who the State cannot place in a comparable State position within 100 miles of their current work location, $5 Million in job placement training has been made available to retrain employees for placement in new State Positions which represents the increase in the OER budget.

The Governor proposes to administratively merge OER with the Department of Civil Service to create a single State Employee Workforce Development Center.

EXECUTIVE CHAMBER

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$17,854,000	$17,854,000	$0	0.00%
Total All Funds:	**$17,854,000**	**$17,854,000**	**$0**	**0.00%**

The Executive Chamber is the Office of the Governor and includes the immediate staff that assists the Governor in managing State government.

Overview of Executive Budget Proposal

The Executive Budget recommends $17.9 million and a workforce of 136 FTEs for the Executive Chamber which represents no change from 2012-13.

OFFICE OF THE LIEUTENANT GOVERNOR

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$630,000	$630,000	$0	0.00%
Total All Funds:	**$630,000**	**$630,000**	**$0**	**0.00%**

The Office of the Lieutenant Governor, in addition to other projects, is responsible for assisting the Governor in leading the Regional Economic Development Councils that will coordinate and integrate State agency responses with local government and business activities to create jobs..

Overview of Executive Budget Proposal

The Executive Budget recommends $630,000 and a workforce of 7 FTEs for the Office of the Lieutenant Governor, representing no change from 2012-13.

GENERAL STATE CHARGES (WORKFORCE)

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$2,572,936,000	$2,867,617,000	$294,681,000	11.5%
Fiduciary Funds	$150,250,000	$150,500,000	$250,000	0.17%
Total All Funds:	**$2,723,186,000**	**$3,018,117,000**	**$294,931,000**	**9.8%**

General State Charges are the costs of providing fringe benefits to most State employees, which are authorized in collective bargaining agreements and various statutes. These fringe benefits include health insurance, pension benefits, social security and Medicare taxes, Workers Compensation, dental vision and other employee benefits, and all fringe benefits for the State University of New York (SUNY) employees. This budget also includes miscellaneous fixed costs for taxes on State-owned lands and Court of Claims judgments and other litigation costs.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends an All Funds appropriation of $3 billion, an increase of $295 million or 9.8% above SFY 2012-13 funding levels.

New York State employees deliver services to the public and manage a range of facilities and provider networks. The State oversees and administer billions of dollars in program funding and capital projects. There are currently 180,565 State employees employed in Executive agencies, the SUNY and CUNY systems and in the Office of the Attorney General and State Comptroller. In agencies directly controlled by the Executive, the number of positions has declined by 18,802 (14.0 %) since 2007-08 and from 137,680 to 118,878 as of the end of calendar year 2012.

Approximately 94 percent of the State workforce is unionized; there are ten employee unions and 14 negotiating units. In addition, there are approximately 11,000 Management/Confidential (M/C) employees, who are not represented by a union.

The largest State employers are:

- State University of New York 43,249
- Department of Corrections and Community Supervision 29,337
- Office for People With Developmental Disabilities 19,834
- Office of Mental Health 14,453

State employees receive an average compensation (salary and other pay) of $68,900 plus fringe benefits, totaling $104,508.

Proposed Workforce Initiatives

Tier VI Refinancing Plan. The Executive Budget offers local governments and schools a bridge to the long-term savings of Tier VI, as well as greater predictability, through a Tier VI

Refinancing plan which offers a stable pension contribution option. Local governments and school districts would be given the option to "lock in" long-term, stable rate pension contributions for a period of years determined by the Comptroller and the Teachers' Retirement System (TRS) in order to achieve full funding in each system. The stable rates would be less than the scheduled contribution rates (inclusive of Group Life Insurance) of 20.9 percent for the New York State Employees' Retirement System (ERS), 16.5 percent for TRS, and 28.9 percent for the Police and Fire Retirement System (PFRS).

Facility Closures and Realignments. Actions at the Office of Children and Family Services (OCFS) and the Office of Mental Health (OMH) will impact 1,172 jobs, of which 704 would be eliminated through attrition. Additionally, closure of two Department of Corrections and Community Supervision (DOCCS) facilities will impact 273 positions, all of which can be absorbed in the current system. These closures will activate the Agency Reduction Transfer List (ARTL) process. ARTL allows for the transfer of impacted employees in "targeted titles" to the same or comparable positions in "hiring" agencies. For those not placed through ARTL, $5 million will be made available to retrain employees for new opportunities in State service.

Income Related Medicare Adjustment Amounts (IRMAA) Reimbursement. The State currently reimburses the full cost of State retirees' Medicare Part B premium charge ($104.90 per month in 2013). In 2007, the Federal government imposed an additional Medicare Part B premium on wealthy Medicare retirees – the Income Related Medicare Adjustment Amounts (IRMAA) - with the goal of having high-income retirees pay more into the Medicare system. The State currently provides full reimbursement for this additional premium as well. The Executive Budget proposes to eliminate reimbursement of this additional premium for high-income State retirees. This would affect less than 5% of State retirees with health coverage. The change will take effect on January 1, 2013, resulting in partial first-year savings of $2.3 million, and growing substantially in later years.

DEPARTMENT OF FINANCIAL SERVICES

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Special Revenue-Other	$326,630,823	$326,630,823	$0.00	0%
Total All Funds:	**$326,630.823**	**$326,630,823**	**$0.00**	**0%**

Agency Overview: Merger of the Departments of Insurance and Banks into One Department of Financial Services

The Department of Financial Services was created in 2011, by the merger of the Department of Banking and the Department of Insurance. The combined department has now assumed the prior responsibilities of both departments and consists of the following activities and objectives:

- *To foster growth of the financial industry and spur state economic development through regulation and supervision;*
- *Ensure solvency, safety, soundness and prudent conduct of the providers of financial products and services;*
- *Ensure fulfillment of the industry financial obligations;*
- *Ensure solvency of providers and practitioners;*
- *Ensure high standards of honesty, transparency, fair business practices and public responsibility;*
- *Educate the public regarding the nature and use of financial products and services and ensure that consumers have access to understandable information so that they may make responsible decisions about financial products and services.*

The 2013-14 Executive Recommendation

In the 2013-14 Executive Budget summary for DFS, the Executive recommends a State Operations appropriation of $326.6 million which is the same as the adjusted appropriation in the 2012-13 budget.

There are no changes to the Aid to Localities budget proposal for DFS; the Executive has recommended an appropriation of $225.6, equal to the adjusted appropriation in the 2012-13 budget.

OFFICE OF GENERAL SERVICES (OGS)

Agency	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$152,661,000	$161,017,000	$8,356,000	5.47%
Special Revenue Other	$22,064,000	$22,238,000	$174,000	0.79%
Special Revenue Federal	$8,230,000	$8,230,000	$0	0.00%
Capital Projects Fund	$82,065,000	$97,000,000	$14,935,000	18.20%
Internal Service Funds	$797,344,000	$826,892,000	$29,548,000	3.71%
Enterprise Funds	$1,266,000	$1,298,000	$32,000	2.53%
Fiduciary Funds	$750,000	$6,750,000	$6,000,000	800.00%
Total All Funds:	$1,064,380,000	$1,123,425,000	$59,045,000	5.55%

The Office of General Services (OGS) provides an array of support services for New York State government. The agency supports cost-effective operations by providing State agencies, local governments, and non-profit organizations with innovative solutions, integrated service, and best values. OGS offers centralized contracting services in various areas and continually strives to improve service and increase efficiencies

Office of General Services Budget Highlights

The Executive has proposed that OGS act as the primary state agency working towards centralization of services used by all the state's agencies. OGS is also geared towards "stacking" office space (elimination of unused space).

The proposed increase in the General Fund is mostly due to the major role which OGS has in the conduct of the Enterprise Services Programs. There is also an increase in real property staff. The proposed increases to the Internal Service Funds are due to the expansion of the state's Business Services Center, consolidation of the state's print shop and the taking on of SUNY's New York State Media Center. (All related costs will be charged back to the appropriate state agencies).

The Executive does recommend an increase in 87 FTE's, necessary to carry out Enterprise Services initiatives as well as some of the department's real-property functions.

Article VII

The Executive has put forth two Article VII proposals: the "Design Build" program and the "Buy NY" program.

The "Design Build" program would provide for the use of "Design Build Finance Contracts" which would allow for the use of private capital in certain financing plans. The Executive has proposed this in the wake of Superstorm Sandy as a way of quickening the pace of storm recovery.

The "Buy NY" Article VII proposal would amend § 163 of the State Finance Law which relaxes the competitive-bidding process in certain instances. The Article VII proposal would allow state agencies to purchase food which is grown, produced, harvested or manufactures in the state without going through a formal bidding process (and subject to the existing cap of $200,000).

DIVISION OF HOMELAND AND SECURITY AND EMERGENCY SERVICES

Agency	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$158,231,000	$360,408,000	$202,177,000	127.77%
Special Revenue-Federal	$1,235,474,000	$13,285,474,000	$12,050,000,000	975.33%
Special Revenue-Other	$130,802,000	$121,491,000	($9,311,000)	-7.12%
Internal Service Funds	$2,000,000	$2,000,000	$0	0.00%
Total All Funds:	**$1,526,507,000**	**$13,769,373,000**	**$12,242,866,000**	**802.02%**

The Division of Homeland Security and Emergency Services (DHSES) was established in July 2010 through the merger of several existing state entities. Today, it is comprised of: the Office of Counter-Terrorism, the Office of Emergency Management, the Office of Fire Prevention and Control, the Office of Cyber Security, and the Office of Interoperable and Emergency Communications. Legislation accompanying the Executive Budget transfers the Office of Cyber Security to the Office of Information Technology Services, which will assume responsibility for monitoring the State's networks.

DHSES is dedicated to the protection of the State's citizens, communities, resources, economy, and infrastructure from acts of terrorism, natural disasters, and other emergencies.

Overview of Executive Budget Proposal

The Executive Budget recommends $13.7 billion for the Division. This is an increase of $12.2 billion, primarily reflecting new appropriations related to disaster assistance, including authorizations necessary for pass-through Federal disaster aid to local governments, public authorities and not-for-profits for Superstorm Sandy. The Executive Budget also includes contingent appropriations for future disasters.

To improve coordination among State and local emergency response professionals and ensure efficient management during an event, the State will provide training for key officials from local emergency management operations. DHSES will collaborate with SUNY to develop the training program, which will focus on incident command, response, recovery, and State emergency protocols. Those completing training will be certified by the State, and would maintain that certification through a multi-year renewal process and ongoing training.

The Executive Budget recommends a workforce of 387 FTEs for the Division. This is an decrease of 1 FTE from 2012-13, reflecting the consolidation of state agency print shops.

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)			
Program	**Available 2012-13**	**Recommended 2013-14**	**Change**
Counter Terrorism			
Special Revenue Funds - Federal	$600,000,000	$600,000,000	0
Disaster Assistance			
General Fund	$150,000,000	$350,000,000	$200,000,000
Special Revenue Funds - Federal	$600,000,000	$12,650,000,000	$12,050,000,000
Emergency Management			
General Fund	$3,300,000	$3,300,000	0
Special Revenue Funds - Federal	$18,363,000	$18,363,000	0
Special Revenue Funds - Other	$3,000,000	$3,000,000	0
Fire Prevention and Control			
Special Revenue Funds - Other	$4,088,000	$4,088,000	0
Interoperable Communications			
Special Revenue Funds - Other	$84,300,000	$75,000,000	($9,300,000)
Total	**1,463,051,000**	**13,703,751,000**	**12,240,700,000**

OFFICE OF INDIGENT LEGAL SERVICES

Funding Sources	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
Special Revenue-Other	$82,500,000	$78,500,000	($4,000,000)	-4.84%
Total All Funds:	**$82,500,000**	**$78,500,000**	($4,000,000)	-4.84%

Created as part of the 2010-11 Enacted Budget, the Office of Indigent Legal Services and the associated Indigent Legal Services Board are responsible for studying, overseeing and improving the quality of legal representation provided to indigent defendants in New York State.

Overview of Executive Budget Proposal

The Executive Budget recommends $78.5 million for the Office. This reflects a decrease of a $4 million legislative add from the enacted. The Office has achieved full staffing of 10 FTE's. The Governor also recommends reappropriating $111 million in previously unspent aid to localities funds. It is unlikely that the entire reappropriation can be spent in the 2013-2014 fiscal year.

The Executive Budget includes a miscellaneous state appropriation of $3 million to provide for a pilot program for counsel at arraignment for those presumed indigent. This money would come from the Indigent Legal Services Fund pursuant to a chapter of the laws of 2013.

OFFICE OF THE INSPECTOR GENERAL

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$8,176,000	$8,056,000	($120,000)	-.015%
Special Revenue-Other	$100,000	$0.00	($100,000)	-100%
Total All Funds:	**$8,276,000**	**$8,056,000**	**($220,000**	**-.015%**

The Inspector General's Office is entrusted with the responsibility of ensuring that State government, its employees and those who work with the State meet the highest standards of honesty, accountability, and efficiency. The Office of the State Inspector General is assigned the responsibility to detect, investigate, deter and eliminate corruption, fraud, criminal activity, conflicts of interest, abuses of office, and waste in the State entities under its jurisdiction. These include executive branch agencies, departments, divisions, offices, boards, commissions, public authorities and public benefit corporations.

Overview of Executive Budget Proposal

The Executive Budget recommends an appropriation of $8 million for this Office. A key element of the Executive's proposal is the transfer of the Office of the Welfare Inspector General into the Office of the Inspector General.

The Executive recommends staffing of 72 FTE's for this Office in the coming fiscal year. This would be an increase of 4 FTE's over last year's personnel allocation and results from the proposed merger of the Office of the Welfare Inspector General into this Office.

INTEREST ON LAWYERS ACCOUNT

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$1,841,000	$1,841,000	$0	0%
Special Revenue-Other	$,45,000,000	$45,000,000	0	0%
Total All Funds:	**$46,841,000**	**$46,841,000**	($48,000)	-.1%

The Interest on Lawyer Account (IOLA) was established in 1983 to finance civil legal services for the indigent. Revenues are derived from the interest earned on small trust accounts held by attorneys for their clients. Banks transfer the interest earned on these accounts to IOLA, which in turn funds grants to organizations that provide civil legal services to the indigent, elderly and disabled.

Overview of Executive Budget Proposal

The Executive Budget recommends $46.8 million for this agency, a decrease of $48,000 from the 2012-13 budget and reflects a 2.5% decrease in State operating costs.

The Executive Budget recommends a workforce of 8 FTEs, unchanged from the prior year.

It should be noted that the agency only collected $8 Million in 2012-2013 from the Accounts because of low interest rates and poor market conditions. It is also going to receive an additional $15 Million in funding from the Judiciary budget. Current Fund Balance is $6 Million.

Therefore, it is likely that there will only be $29 Million available for grants in the 2013-2014 fiscal year.

JUDICIAL COMMISSIONS

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$5,452,000	$5,452,000	$0	0%
Total All Funds:	**$5,452,000**	**$5,452,000**	$0	0%

The Commission on Judicial Nomination and the Judicial Screening Committees screen potential nominees for judicial appointments by the Governor. The Commission on Judicial Conduct investigates and acts upon allegations of judicial misconduct.

Overview of Executive Budget Proposal

The Executive Budget recommends $5.5 million for the three Judicial Commissions, which is unchanged from the 2012-2013 budget. The recommended workforce of 50 FTEs for the Commission on Judicial Conduct is an increase of one FTE.

DEPARTMENT OF LAW

	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$98,900,000	$99,505,000	$,505,000	.61%
Special Revenue-Federal	$36,207,000	$38,442,000	$2,245,000	6.17%
Special Revenue-Other	$80,225,000	$82,694,000	$7,406,000	3.08%
Total All Funds:	**$215,278,000**	**$220,641,000**	$6,258,000	2.5%

The Department of Law was established in 1926 and is headed by the State Attorney General, who is elected by the people. The Department protects the legal rights of New York State and its citizens by representing the State in litigation and in other legal affairs.

Overview of Executive Budget Proposal

The Executive Budget recommends $220.6 million All Funds ($99.5 million General Fund; $38.42 million Federal Funds; and $82.7 million Other Funds) for the Department. This is an increase of $5.4 million from 2012-13 and reflects a $.5 million increase in the General Fund 2012-13 and an increase of $7.4 million in Other Funds.

The General Fund increase is associated to the move of the White Plains Office and for replacement vehicles.

The increase in Special Revenue Federal reflects the maximum allowable grant the agency can receive and the increase in Special revenue other is to provide for the State match for the Federal funding.

DIVISION OF MILITARY AND NAVAL AFFAIRS

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$24,282,000	$24,295,000	$13,000	.005%
Special Revenue-Federal	$42,780,000	$42,780,000	$0	0.0%
Special Revenue-Other	$9,577,000	$9,577,000	$0	0.0%
Capital Projects Funds-Other	$24,200,000	$13,200,000	($11,000,000)	-45.45%
Capital Projects-Federal	$78,200.000	$26,000,000	($52,200,000)	-66.75%
Total All Funds:	**$179,039,000**	**$115,852,000**	**($63,187,000)**	**-35.29%**

The Division of Military and Naval Affairs (DMNA) maintains a well trained military force ready to respond to civil emergencies, natural disasters and threats to the nation's security.

Overview of Executive Budget Proposal

The Executive Budget recommends $115.9 million for DMNA. The decrease of $63.2 million from the 2012-13 State budget primarily reflects a reduction in State and federal capital appropriations. Capital projects advanced under appropriations approved in 2012-13, such as the rehabilitation of the 369th Regimental Armory in Harlem, will continue to be financed by recommended reappropriations.

The Executive Budget recommends a workforce level of 426 FTEs, which is unchanged from 2012-13.

OFFICE FOR THE PREVENTION OF DOMESTIC VIOLENCE

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$1,525,000	$1,745,000	$220,000	14.43%
Special Revenue-Other	$41,000	$41,000	0	0.00%
Special Revenue-Federal	$1,100,000	$1,100,000	0	0.00%
Internal Service Funds	$890,000	$890,000	0	0.00%
Total All Funds:	$4,741,000	$4,961,000	$220,000	4.64%

Office for the Prevention of Domestic Violence continues to lead New York State's efforts to respond to and prevent domestic violence; advice the Governor and Legislature; develop statewide policies; conduct domestic violence training for judges, prosecutors, police attorneys, probation and parole personnel, social services and health care providers; and serve as a clearinghouse of information and guidance on domestic violence for the entire State.

The Executive Budget recommends $4.9 million for the Office. This is an increase of $220,000 from the prior year, and will support implementation of new responsibilities associated with recent legislation strengthening the State domestic violence laws. Specifically, these monies will primarily be used to fund the creation of the new statewide Fatality Review Team. This Team, created in 2012 by S.7638 domestic violence prevention legislation, will examine trends and patterns of domestic violence fatalities; educate the public, service providers and policymakers about such fatalities while seeking strategies for intervention and prevention; and recommend policies, practices, procedures, and services to reduce and prevent fatalities.

The Executive Budget recommends a workforce of 27 FTEs for the Office, unchanged from 2012-13.

General Fund Local Assistance remains flat from year to year at $685,000. Federal Funds for the discretionary account are funded at $500,000, the same level as last year.

PUBLIC EMPLOYMENT RELATIONS BOARD (PERB)

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$3,409,000	$3,600,000	$191,000	5.3%
Special Revenue-Other	$575,000	$384,000	($191,000)	-33.2%
Total All Funds:	**$3,984,000**	**$3,984,000**	**$0**	**0%**

The Public Employment Relations Board (PERB) was created by the Public Employees Fair Employment Act of 1967 and resolves labor disputes between public employers and employees. PERB provides mediation, fact-finding and arbitration in contract disputes for approximately 4,800 public sector negotiating units in New York State.

PERB Funding

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends an All Funds appropriation of $3.9 million, which is unchanged from SFY 2012-13 funding levels.

JOINT COMMISSION ON PUBLIC ETHICS (JCOPE)

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$4,100,000	$4,931,000	$831,000	2.02%
Total All Funds:	**$4,100,000**	**$4,931,000**	**$831,000**	**2.02%**

The mission of the Joint Commission on Public Ethics (JCOPE) is to ensure compliance with financial disclosure and ethical standards to foster public trust and confidence in government. Established in 2011 by the Public Integrity Reform Act, the JCOPE succeeds the Commission on Public Integrity and assumes responsibility for administering and enforcing the State's ethics and lobbying statutes along with anti-nepotism laws and the New York State "little Hatch Act." The scope of the new agency is broadened to include responsibility for not only executive branch employees and elected officials, but also legislative employees.

The Commission is comprised of 14 appointed members and has jurisdiction over 190,000 statewide officials, state officers and employees, and candidates for statewide elected office and political party chairs. These individuals annually file over 27,000 financial disclosure statements. Additionally, approximately 6,600 lobbyists representing 4,100 clients reported spending $200 million in 2010 on their lobbying efforts. The Commission is responsible for issuing formal and informal advisory opinions to those under its jurisdiction, providing comprehensive outreach and education programs, administering a website that offers online filing, and conducting investigations and holding hearings to enforce the laws under the commission's mandate.

Overview of Executive Budget Proposal

The Executive Budget recommends an increase of $831,000 for SFY 2013-14, citing the need for this additional funding to carry out JCOPE's "broader mandate." Additionally, the Executive proposes a staff of 53 FTE's, which would be an increase of 8 FTE's over the 2012-13 staffing levels.

DIVISION OF STATE POLICE

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$553,933,000	$601,360,000	$47,427,000	8.56%
Special Revenue-Federal	$8,335,000	$7,335,000	($1,000,000)	-12.00%
Special Revenue-Other	$120,831,400	$65,609,000	($55,222,400)	-45.70%
Capital Projects	$6,000,000	$57,740,000	$51,740,000	862.33%
Total All Funds:	**$689,099,400**	**$732,044,000**	**$42,944,600**	**6.23%**

The primary mission of the Division of State Police is to promote highway safety and protect the citizens of New York State. The Division's many responsibilities include patrolling roads and highways outside major urban areas, providing specialty and investigative police services, conducting sophisticated investigations of criminal activities like drug trafficking and child endangerment, and working cooperatively with various levels of law enforcement throughout the State.

Overview of Executive Budget Proposal

The Executive Budget recommends $732 million for the Division, an increase of $42.9 million from the prior year. This reflects new funding to implement the recently enacted New York Secure Ammunition and Firearms Enforcement (NY SAFE) Act.

A total of $3.2 million and 25 FTEs will support the required recertification of all pistol licenses every five years, new enforcement activities, and school safety improvement teams.

The Executive has also requested $32.7 million in capital funding is provided to develop a gun permit database, which will allow the State to identify, on an ongoing basis, any current license holder who has become disqualified from possessing a gun, according to Federal law.

The Executive Budget recommends a workforce of 5,408 FTEs for the Division, and assumes two recruit training classes. The new recruits and critical civilian hires will offset anticipated attrition and grow the overall workforce by 176 FTEs from 2012-13.

OFFICE OF INFORMATION TECHNOLOGY SERVICES

Funding Source	Adjusted Appropriation 2011-12	Executive Recommendation 2012-13	Change	Percent Change
State Operations	$556,228,000	$563,005,000	$6,777,000	0.012%
Capital Projects	$0.00	$60,000,000	$60,000,000	N/A
Total All Funds:	**$556,228,000**	**$623,005,000**	**$66,777,000**	**0.012%**

The Office of Information Technology Services (OITS) was created during the 2012-13 budget process. It is the successor agency of the Office for Technology (OFT), which was established in 1997 OITS provides centralized technology services, shapes technology policy, and coordinates statewide technology initiatives with the goal of improving New York State government efficiency. It was created in 2012 to increase government efficiency by streamlining IT services into a single state agency. The Office notes that some 3,342 FTE's were transferred from over 37 state agencies on November 22nd and 29th of 2012.

Overview of Executive Budget Proposal

The Executive has recommended an increase of $66.7 million from the 2012-13 appropriation level. The purpose of this increase is to make funds available to OITS to transfer additional IT functions from other state agencies, as well as a new $60 million Capital Projects Fund for innovative enterprise projects. These enterprise projects are: 1.) Data Center Consolidation; 2.) Email Consolidation; 3.) Voice Over IP Implementation; and 4.) Enterprise Identity Access Management. (EIAM).

Article VII Proposals

The Executive proposes in the 2013-14 budget that certain technology staff and services from the Office of Cyber Security (and within the Department of Homeland Services and Emergency Management) be transferred to OITS. Additionally, the Article VII proposal provides for the reclassification of certain employees from the November, 2012 transfers so that the new FTE's have appropriate IT titles for purposes of the Civil Service System.

DIVISION OF VETERANS' AFFAIRS

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$14,382,000	$15,012,000	$630,000	4.38%
Special Revenue-Federal	$2,466,000	$2,466,000	$0	0.0%
Total All Funds:	**$16,848,000**	**$17,478,000**	**$630,000**	**3.74%**

The core mission of the Division of Veterans' Affairs is to link veterans, members of the armed forces, and their families and dependents, to various personal, medical, and financial benefits available to them as the result of active duty military service. The Division's professional counseling staff prepares, presents and prosecutes claims including applications for monthly compensation and pension awards, education benefits, burial benefits, vocational rehabilitation training, health care, nursing home care, tax exemptions and other services.

Overview of Executive Budget Proposal

The Executive Budget recommends $17.5 million for the Division, an increase of $630,000 from the prior year, which will support additional agency staffing authorized in the current year, as well as an increase in annuities to blind veterans.

The Executive Budget recommends a workforce of 98 FTEs for the Division, which is unchanged from 2012-13.

WORKERS COMPENSATION BOARD

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Special Revenue-Other	$196,801,000	$203,227,000	$6,426,000	3.16%
Total All Funds:	**$196,801,000**	**$203,227,000**	**$6,426,000**	**3.16%**

The Workers Compensation Board (Board) reviews claims for workers' compensation payments and assists in resolving disputed claims. It administers numerous provisions contained in: Workers' Compensation Law; Disability Benefits Law; Civil Defense Volunteers Law; Volunteer Firefighters' Benefit Law; and the Volunteer Ambulance Workers' Benefit Law. The Board provides their services through the Disability Benefits Program; the Systems Modernization Program; and the Workers' Compensation Program.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends an all funds appropriation of $203.2 million, an increase of $6.4 million or 3.16% above SFY 2012-13 funding levels.

Article VII Legislation

Reform of the Workers' Compensation Board. The Executive's proposed legislation would dramatically reform the Workers' Compensation Board's (Board) assessment process so that employers would pay their assessments directly to the Board through their carrier. It would also establish a bonding program to address insolvent group self-insured trusts, eliminate mandatory deposits into the aggregate trust fund and close the Reopened Case Fund. The reforms are intended to provide efficiencies to the Board and result in a significant economic benefit to businesses in the State.

The Executive's proposal is projected to generate $2 billion in revenue for the state over the next four fiscal years. Changes to the assessment structure are expected to free up $2 billion in assets from the State Insurance Fund (SIF) that the State will take from that entity.

The funds will be used as follows:

- SFY 2013-14 $250 million into the Debt Reduction Reserve Fund and $500 million to be expended on "pay as you go" capital projects.
- SFY 2014-15 $500 million for gap closing.
- SFY 2015-16 $250 million for gap closing.
- SFY 2016-17 $250 million for gap closing.

The final $250 million will be utilized to minimize increases in workers' compensation costs for businesses throughout the state.

Workers' Compensation Reserve

The SFY 2013-14 Executive Budget includes funding in the amount of $14,400,000 for payments to SIF for the purpose of making workers' compensation payments to state employee claimants as required to fulfill terms of the agreement between the New York State Department of Civil Service and SIF.

NEW YORK STATE COUNCIL ON THE ARTS

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$39,974,000	$39,974,000	$0	0.0%
Special Revenue-Other	$ 1,513,000	$1,513,000	$0	0.0%
Special Revenue-Federal	$ 196,000	$1,196,000	$1,000,000	2.4%
Total All Funds:	**$41,683,000**	**$42,683,000**	**$1,000,000**	**2.4%**

The New York State Council on the Arts (NYSCA) is an Executive Agency dedicated to preserving and expanding New York State's rich and diverse cultural resources and expanding access to arts and cultural institutions statewide. For fifty years, NYSCA has been responsible for providing access to the visual, performing and literary arts, preserving cultural assets and promoting public awareness and appreciation for the State's cultural heritage.

Overview of Executive Budget Proposal

The Executive Budget recommends $42.7 million in total funding for NYSCA, which reflects a $1 million increase from the prior year. The increase is associated with a new account that would authorize NYSCA to receive financial donations and gifts, which could then be used for arts-related purposes.

NYSCA funds not-for-profit organizations dedicated to the arts and the promotion of the State's rich cultural resources. Advisory and financial assistance and services (i.e., cash reserve loans) are provided to the State's arts community. NYSCA consists of a Chair, Vice Chair and 21 gubernatorial nominees, with five-year terms, confirmed by the Senate.

The Executive maintains funding in support of 28 full time equivalent positions.

General Fund-Aid to Localities grants to not-for-profits will remain at last year's level of $39.9 million.

CITY UNIVERSITY OF NEW YORK

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$1,306,383,490	$1,357,154,990	$50,771,500	3.89%
Special Revenue-Other	$175,400,000	$175,400,000	$0	0.00%
Capital Projects Fund	$347,909,000	$45,083,000	-$302,826,000	-87.04%
Fiduciary Funds	$2,056,509,900	$2,152,086,900	$95,577,000	4.65%
Total All Funds:	**$3,886,202,390**	**$3,729,724,890**	**-$156,477,500**	**-4.03%**

The City University of New York (CUNY) has its origins in the Free Academy, established in 1847 under the auspices of the New York City Board of Education, and today is the nation's largest urban public university system. The University's mission is to provide affordable higher education with a focus on the urban community of New York City.

The City University of New York (CUNY) is the nation's third largest public university system educating more than 232,000 students in the urban community of New York. The City University of New York has 11 senior colleges, a Graduate School and University Center, a Graduate School of Journalism, a Law School and six community colleges. The City University's operating budget supports an estimated 12,933 full time equivalent positions consisting of 12,641 positions supported through a combination of State tax dollars and tuition revenues and 292 positions supported through other funds. Community college staffs are not included in these totals as they are not employees of the State.

Overview of Executive Budget Proposal

The SFY 2013-14 Executive Budget recommends an All Funds appropriation of $3.88 billion for the CUNY Senior Colleges, an increase of $95.5 million, from SFY 2012-13 levels. General Fund appropriations for the CUNY system increase by $50.7 million or 3.9% from $1.305 billion to $1.357 billion. The Special Revenue-Other category remains at last years' level. $175.4 million is associated with appropriation authority to disburse self-generated revenue. Fiduciary funding representing aid to CUNY from the City of New York increases by $95.5 million or 4.6% from SFY 2012-13.

Funding for Opportunity and Financial Aid Programs

The SFY 2013-14 funding for the Search for Education, Elevation and Knowledge (SEEK) Program is recommended at $18.3 million, the same level as last State Fiscal Year. The SEEK program provides supplemental financial aid, academic support, counseling and mentoring services for students at CUNY's Senior Colleges.

Community Colleges

The Executive recommendation maintains base aid for community colleges at $2,272 per Full-Time Equivalent (FTE) student. This will result in overall community college base aid in the amount of $191.28 million. The community college base aid allocation increases funding by $2 million to support a new performance-based funding grant program.

The recommended SFY 2013-14 Executive Budget includes appropriations for workforce development in the amount of $1.88 million, $813,100 for child care centers, and $883,390 for College Discovery. Spending for CUNY’s community college rental aid would total $8.94 million, an increase of $701,000 from the SFY 2012-13 levels.

Capital Plan

The Executive proposes a capital projects appropriation of $45 million, a decrease of $302.8 million from SFY 2012-13 levels. This decrease is associated with the beginning of a new five-year capital plan. It also includes $8.1 million to provide for the state’s 50 percent share of projects at CUNY Community Colleges and a $15.98 million appropriation to pay the CUNY Construction Fund costs. Additional funds for capital construction associated with the CUNY 2020 proposal will be funded through the Empire State Development Corporation.

The Executive Budget includes a capital appropriation of $15.9 million to allow hard dollar capital financing to reimburse the City University of New York Construction Fund (CUCF).

Article VII

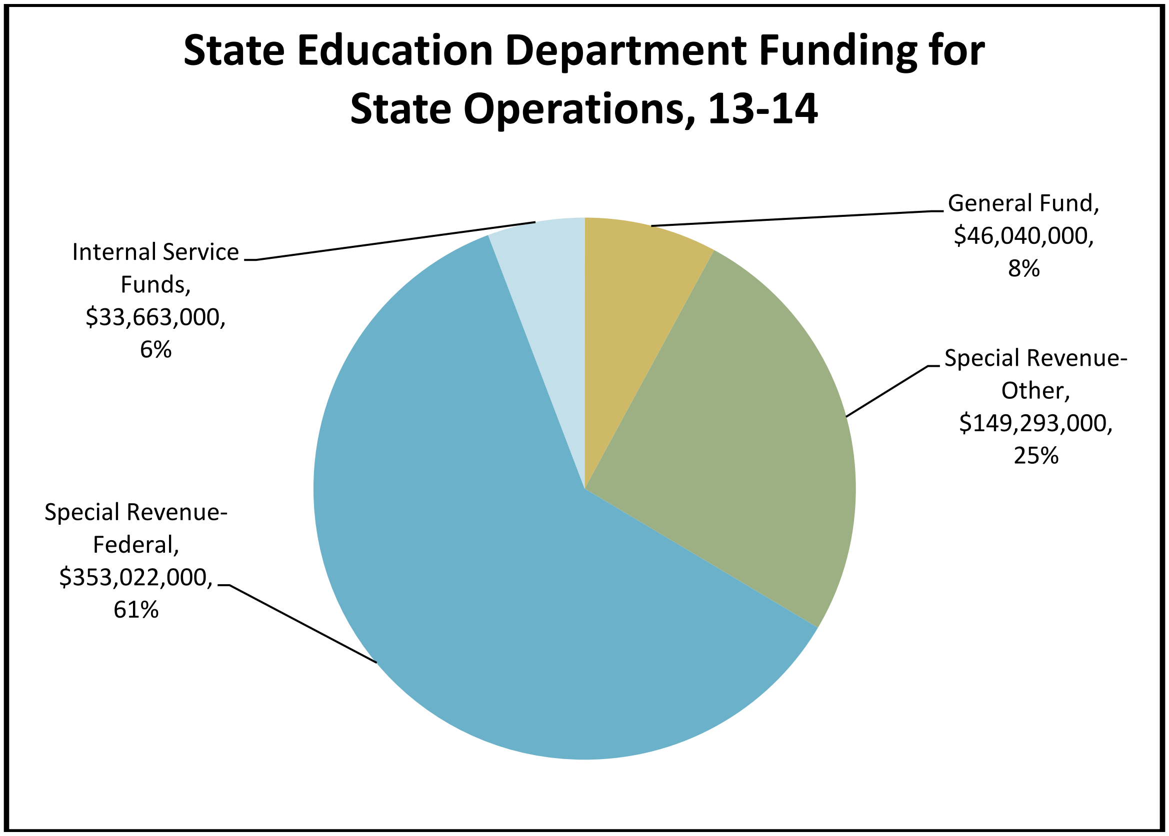
The Executive Article VII would:

- create the Next Generation New York Job Linkage Program, which would provide competitive grants to community colleges based on graduation and workforce outcomes; and,
- requires community colleges to partner with employers and/or the Regional Development Councils in order to remain eligible for State funding.

STATE EDUCATION DEPARTMENT

Funding Source	Adjusted Appropriation 2011-12	Executive Recommendation 2012-13	Change	Percent Change
General Fund	$36,641,643,000	$37,002,233,000	$360,590,000	0.98%
Special Revenue-Other	$9,650,292,000	$9,904,092,000	$253,800,000	2.63%
Special Revenue-Federal	$4,599,127,000	$4,672,253,000	$73,126,000	1.59%
Capital Projects Fund	$17,400,000	$17,400,000	$0	0.00%
Internal Service Funds	$33,563,000	$33,663,000	$100,000	0.30%
Total All Funds:	**$50,942,025,000**	**$51,629,641,000**	**$687,616,000**	**1.35%**

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. The mission of the Department is to raise the knowledge, skill, and opportunity of all the people in New York.



Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-2014 Executive Budget recommends an All Funds appropriation in the amount of $51.69 billion; an increase of $687.6 million or almost 1.35% from SFY 2012-13. Of this amount, the General Fund increase of $360.5 million is associated with a $357.1 million increase in Aid to Localities funding and a $3.4 million increase of State Operations. State Operations-General Fund resources for the State Education Department increases by 1% from 7% to 8% of the Total State Operations funding (see prior page). Aid to Localities comprises the largest share of the All Funds amount with $51.03 billion, a net increase of $688.6 million billion from the prior year. Capital Projects funding remains flat from last year at $17.4 million.

School Aid:

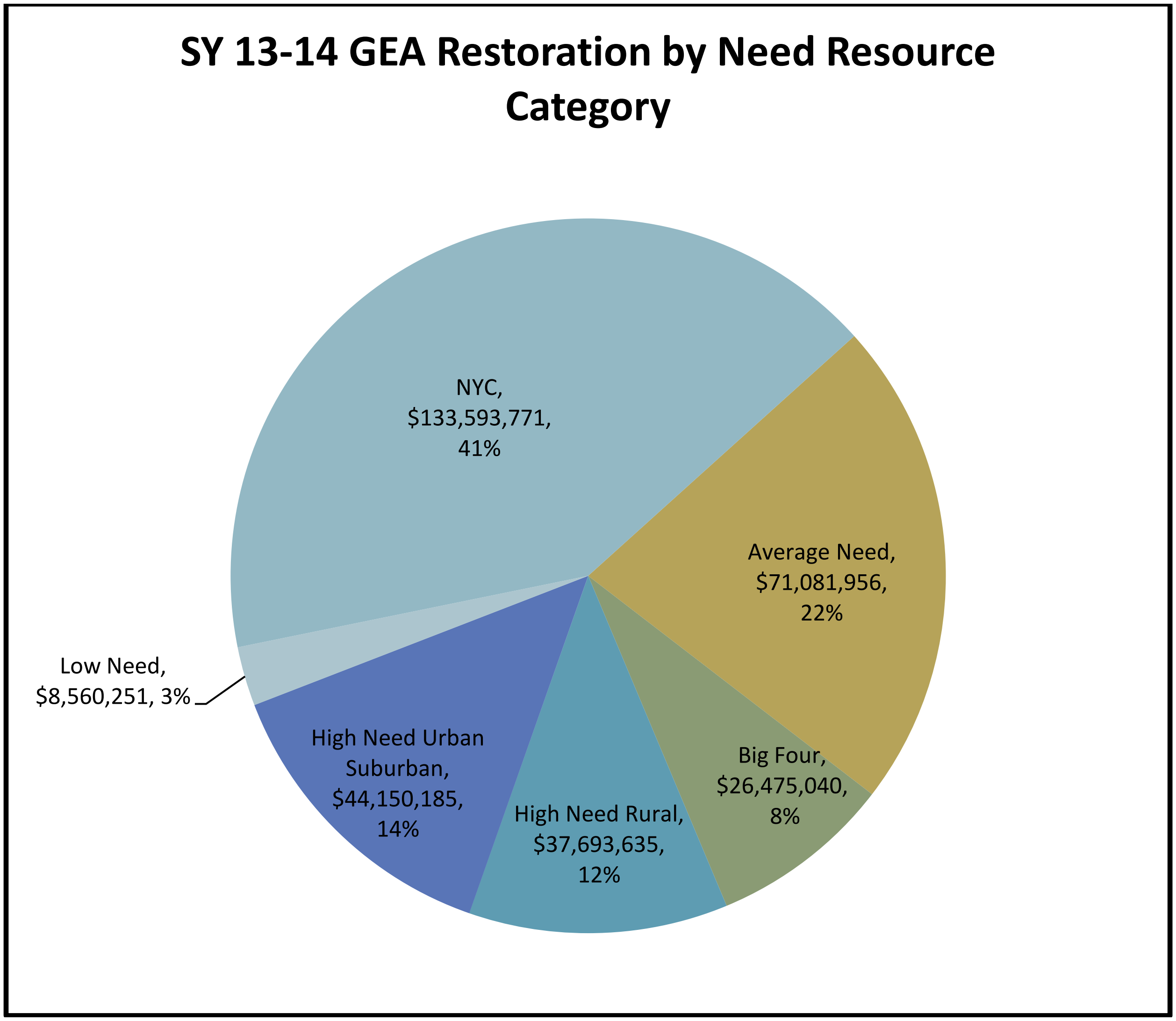
The SFY 2013-14 Executive Budget recommends School Aid funding at $20.81 billion, reflecting an increase of $610.30 million, or 3.02 percent. Formula-based aids including Building Aids will increase by $550.31 million or 2.77 percent to $20.40 billion. Grant programs will increase by $9.9 million to $302.6 million.

Total School Aid Allocation for SY 2013-2014				
Category	**12-13 SY**	**13-14 SY**	**$ Change**	**% Change**
Foundation Aid	$15,005,359,281	$15,005,359,281	$0	0.00%
Charter School	$34,607,859	$33,473,817	($1,134,042)	-3.28%
High Tax Aid	$204,770,097	$154,735,516	($50,034,581)	-24.43%
Transportation including Summer	$1,661,623,506	$1,722,491,229	$60,867,723	3.66%
Operating Reorganization	$2,856,587	$2,570,929	($285,658)	-10.00%
BOCES and Special Services	$909,601,081	$929,043,180	$19,442,099	2.14%
High Cost EC	$452,249,815	$532,044,695	$79,794,880	17.64%
Private EC	$320,088,894	$358,977,764	$38,888,870	12.15%
Software, Library and Textbook	$243,787,339	$247,505,888	$3,718,549	1.53%
Hardware & Tech	$38,024,067	$38,860,799	$836,732	2.20%
Full Day K	$7,274,502	$13,826,383	$6,551,881	90.07%
UPK	$384,145,269	$385,034,734	$889,465	0.23%
Supplemental Excess Cost Aid	$4,313,167	$4,313,167	$0	0.00%
Academic Enhancement Aid	$27,024,033	$27,024,033	$0	0.00%
Gap Elimination Adjustment	**($2,156,286,074)**	**($2,156,286,074)**	$0	0.00%
GEA Restoration	**$0**	**$321,554,838**	$321,554,838	N/A
Building and Building Reorganization	$2,714,105,597	$2,783,330,984	$69,225,387	2.55%
Subtotal Aid	**$19,853,545,020**	**$20,403,861,163**	**$550,316,143**	**2.77%**
Additional Grants Performance	$50,000,000	$100,000,000	$50,000,000	100.00%
Grant Programs and Other Aid Categories	$292,700,000	$302,690,000	$9,990,000	3.41%
Total Aid	**$20,196,245,020**	**$20,806,551,163**	**$610,306,143**	**3.02%**

The Executive Budget provides for $203.47 million in Fiscal Stabilization funds and $75 million in competitive grant funding. Of the $75 million included by the Executive, $25 million is associated with a new full-day prekindergarten initiative. The remaining $50 million increase includes funding for several new initiatives including $20 million for extended learning-time, $15 million for community schools, and $11 million for performance incentives for effective teachers, and $4 million in additional funding for early college high school programs. These initiatives are funded outside the school aid formula. If taken together with State Aid to schools, education spending for schools will increase by $889 million or 4.4 percent.

Gap Elimination Adjustment

The Gap Elimination Adjustment is a formula created to decrease the amount of State Aid to schools from current law to the amount included in the Executive Budget Proposal. The total Gap Elimination Adjustment reduction for SY 2012-2013 is $2.15 billion. The Executive Budget includes a restoration of $321.5 million made on the basis of a school district's Extraordinary Needs Percent which is one of the ways to measure a school district's poverty and an Across-the-Board restoration. Of the Executive's restoration, High Need School Districts will receive 75% of the allocated increase and 69% of Total School Aid.



The Executive restoration proposal follows a similar approach to the Foundation Aid formula. It uses an adjusted amount per pupil and provides restorations on a needs-based approach. The maximum restoration amount allowed for any school district is 45.1% of its 2012-2013 Gap Elimination Adjustment. The minimum restoration for any school district is 1.2% of the 2012-2013 Gap Elimination Adjustment. Restorations for each School District are further adjusted with the use of the State Sharing Ratio to determine a school district's fiscal capacity.

Expense-Based Aids

The additional increase in State Aid for SY 2013-2014 is related to the provision of current law funding for expense-based aids. Expense-based aids reimburse school districts for costs already incurred for capital construction, transportation, shared-services, and special education services. The Executive provides current law funding for expense-based aids for a total increase of $271.9 million over school year 2012-13. See below for aid changes:

Aid Category	12-13 School Year	13-14 Exec. Proposed	$ Change	% Change
Excess Cost-High	$452,249,815	$532,044,695	$79,794,880	17.64%
Excess Cost-Private	$320,088,894	$358,977,764	$38,888,870	12.15%
BOCES & Special Services	$909,601,081	$929,043,180	$19,442,099	2.14%
Software, Library, Textbook	$243,787,339	$247,505,888	$3,718,549	1.53%
Transportation (incl. Summer)	$1,661,623,506	$1,722,491,229	$60,867,723	3.66%
Building Aid/Reorganization Aid	$2,714,105,597	$2,783,330,984	$69,225,387	2.55%
School Year Total	**$6,301,456,232**	**$6,573,393,740**	**$271,937,508**	**4.32%**

School Aid Increases, Inclusions and Changes

The following school aid categories are funded as follows:

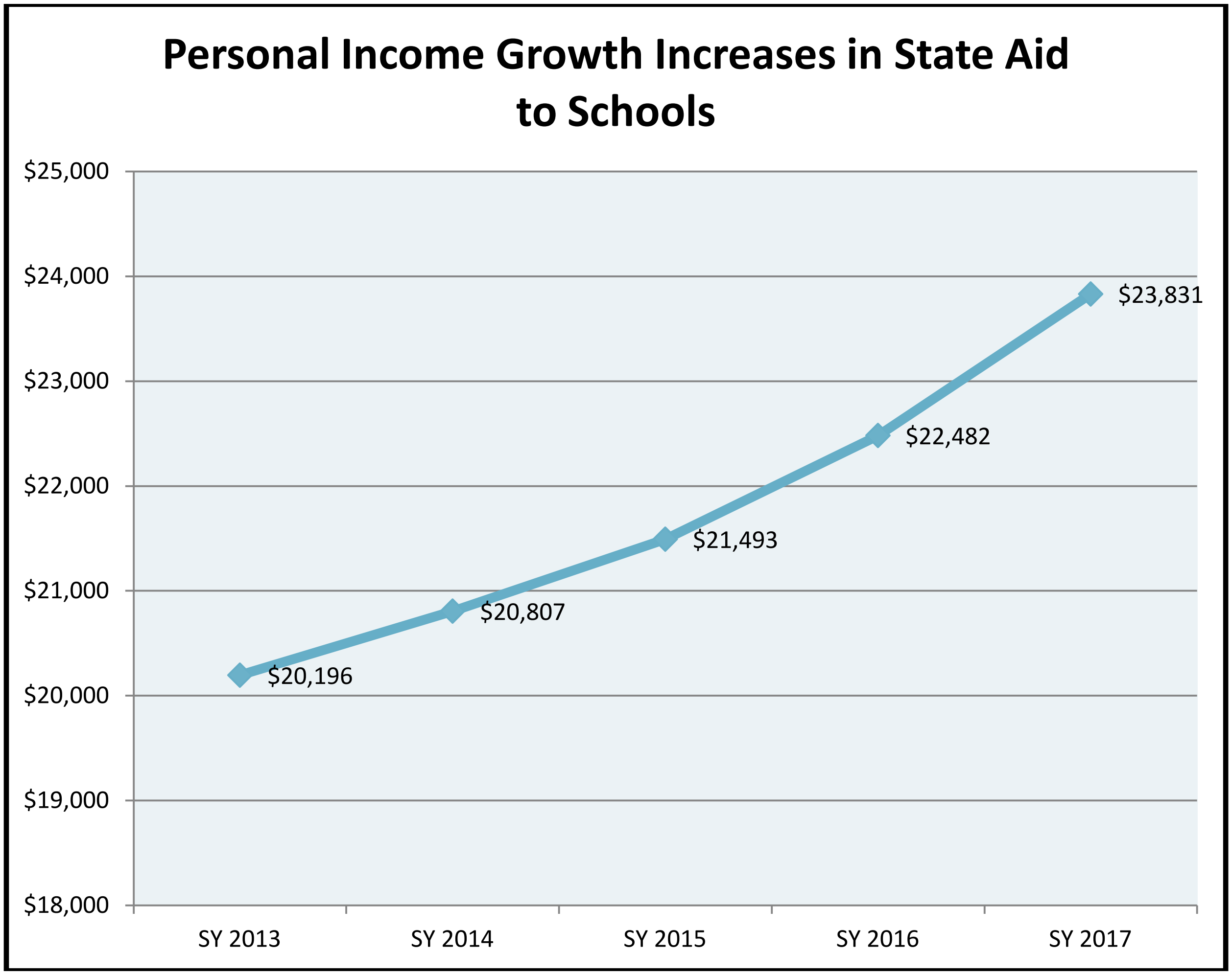
- Foundation Aid is funded at $15.005 billion, the same amount as in School Year 2012-2013. The Executive included last year's $111.5 million increase as part of the base for Foundation Aid. This school aid category increased in SY 2012-2013 for the first time since 2008-2009 when aid increased from $13.64 billion to $14.87 billion, an increase of $1.23 billion.

- Supplemental Excess Cost Aid (SECA) is funded at $4.31 million. In 2007-2008, SECA provided $20.8 million in aid for school districts; consequently, SECA aid was reduced by 85% in SY 2008-2009 to provide the same amount of aid as in SY 2012-2013. The 2013-2014 State Aid recommendation keeps the amount at the SY 2008-2009 level of $4.31 million.

- High Tax Aid is funded at $154.7 million, a decrease of $50 million from SY 2012-2013. This State Aid category had not change since 2008-2009 when aid increased from $99.9 million to $204.7 million, an increase of $104.8 million. The Executive proposes changes to the High Tax Aid formula by eliminating the Tier 3 formula which provided funding on the basis of a regional cost index. High and average need school districts will receive 80 percent of the statewide funding for High Tax Aid.

Personal Income Growth

Future school aid increases will be distributed through the use of allowable growth and through the State Budget. Current law prescribes allowable growth to include spending for new competitive performance grant programs which reward school districts that demonstrate significant student performance improvements or those that undertake long-term structural changes to reduce costs and improve efficiency. Allowable growth also includes increases in expense-based aid programs (e.g., Building Aid, Transportation Aid) and other aid categories. The enacted budget for School Year 2011-2012 included legislation that limited school aid growth to the rate of growth of personal income. DOB estimates that personal income growth would increase by 3.0 percent in 2014; 3.3 percent in 2015, 4.6% in 2016 and 6.0% in 2017.



Source: Division of the Budget: Executive Budget Financial Plan: FY 2014, p. 68.

State Aid Increases & Compliance with Annual Professional Performance Review

The enacted budget for SY 2012-2013 established a deadline of January 17, 2013 for all school districts to comply with full implementation of the teachers and principals evaluation system consistent with Education Law. On a statewide basis, 98% of all school districts have teacher and principal evaluation systems approved by the Commissioner of the State Education Department. Only three school districts have not submitted their teacher evaluation system.

As a result of these school districts not submitting and receiving approval for their teacher evaluation plan, these school districts will forfeit the additional 4% increase in school aid included in this year's state budget. In addition, these school districts may also forfeit education grants that they qualify for under federal Race to the Top funding program.

The Enacted Budget for School Year 2013-2014 included Article VII legislation which continues to link State Aid increases to the approval of the Annual Professional Performance Reviews

(APPR) by the State Education Department. School districts will not be eligible for aid increases in SY 2013-2014 unless they have fully implemented the teacher evaluation process by September 1, 2013. Most of the agreements between school districts and their teachers and principals are for one year only with some exceptions.

Competitive Grants

The Executive budget proposal provides funding in the amount $100 million for competitive grant programs, an increase of $50 million from SY 2012-2013. This increase in funds is associated with the recommendations of the Governor's New NY Education Commission. The 2013-2014 Executive Budget recommendation includes funding for the following initiatives in the amount of:

- $25 million for a full-day prekindergarten program. This program intends to expand and increase the number of full-day kindergarten programs throughout the State. It allows school districts, which in the past had not started a pre-kindergarten program, the opportunity to receive funding.

- $20 million for an Extended Learning Grants program. This program will provide funds for an expansion of the school day, school year or a combination of both by requiring that participating school districts increase the amount of instruction. No single school district will be awarded more than 40% of the overall grant.

- $15 million for community schools. This program will be funded through the State Council of Children and Families. The maximum grant award for any specific program is $500,000. No single school district will be awarded more than 40% of the overall grant.

- $11 million for High Performing Teachers. This program would provide annual stipends of $15,000 for a period of four years for Math, Science teachers and related fields. This program impacts geographic areas outside the City of New York.

- $4 million for Early College High Schools. This program provides funds for the continuation and expansion of early college high schools. Part of this funding is subject the educational attainment of participating students.

Grant Programs and Additional Aid Categories

The Executive Budget proposal increases funding for 2013-14 for the following programs:

- $80 million for Office of Mental Health/Office of People with Developmental Disabilities (OMH/OPWDD) pupils, the same amount as last year;
- $45.30 million for Native American Education Aid, an increase of $7.69 million or 20.4% from 2012-13;
- $21.23 million for Homeless Pupils, an increase of $3 million or 16.4% from 2012-13;
- $21 million for Incarcerated Youth, an increase of $500,000 or 2.4% from 2012-13;
- $12 million for Roosevelt, the same amount as last year;
- $5 million for Native American Building Aid, the same amount as last year.

The Executive Budget proposal maintains funding for 2013-14 at 2012-13 levels for the following programs:

- $96 million for Employment Preparation Education (EPE) Aid
- $25 million for Teachers of Tomorrow;
- $13.84 million for School Health Services;
- $12.50 million for Bilingual Education Grants;
- $3.29 million for Learning Technology Grants;
- $2.70 million for Special Act School Districts;
- $2 million for Teacher-Mentor Intern;
- $700,000 for BOCES Aid for Special Act Districts; and,
- $400,000 for Bus Driver Safety

The Executive Budget proposal reduces funding in 2013-14 for the following program:

- $11.5 million for the Consortium for Worker Education, a decrease of $1.5 million or 11.5% from SY 2012-13.

The Executive Budget recommendation proposes funding in the amount $203 million to address school district's increases in fixed costs, including pension contribution.

The Executive proposal eliminates $10.2 million in funding for the Teacher Centers Program

Other State Aid Programs:

Non-Public School Aid: The Executive proposes $128.5 million in SFY 2013-2014, a $4.9 million increase from SFY 2012-13.

The Executive Budget proposal provides funding for the following programs:

- $24.34 million for Extended School Day/School Violence Prevention;
- $5.29 million for Adult Literacy Education, an increase of $300,000 from last year;

- $3.05 million for the Summer Food Program;
- $1.3 million for Targeted Pre-Kindergarten;
- $1.24 million for the Center for Autism and Related Disabilities at SUNY Albany;
- $922,000 for Academic Intervention for Non-public Schools;
- $691,000 for the Health Education Program; and,
- $466,000 for the New York State Center for School Safety

Special Education

Private Excess Cost Aids: Private Excess Cost Aid provides reimbursement for public school children with more severe disabilities who are placed in private school settings or in the State-operated schools in Rome and Batavia. The Executive Budget proposal includes present law funding in the amount of $358.9 million, an increase of $38.8 million or 12.1% over the prior school year. Private Excess Cost Aid accounts for 2% of the computerized aids total.

Public Excess High-Cost-High Cost is reimbursement for the additional costs associated with providing resource-intensive special education program for students with disabilities. The Executive recommendation for SY 2013-2014 provides resent law funding in the amount of $532 million, an increase of $79.5 million or 17.6% over prior school year funding levels. Public Excess Cost-High Cost account for 3% of the computerized aids total.

Private Schools for the Blind and Deaf: funding in the amount of $97.10 million is provided for State Fiscal Year 2013-2014, a decrease of $2.2 million. School districts will paid the costs in the first instance and receive reimbursement, less a local contribution, in the SY 2014-2015.

Targeted Special Education Teacher Salary Supplement: funding in the amount of $4 million is provided in 2013-2014 for this program. Funds are allocated from the federal Individuals with Disabilities Education Act to allow private special education providers to target salary adjustments for retention and recruitment and prevent excessive teacher turnover.

Preschool Special Education: Section 4410 of the Education Law requires that the State provide 59.5% of the share of the costs associated with preschool education to municipalities. For School Year 2013-2014, New York State will provide $983.5 million in State funding for this purpose; an increase of $46.8 million from 2012-2013 School Year. Similar to last year, prior year claims on file with the State Education Commissioner as of April 1, 2013 will receive priority. Any remaining claims will be treated as next year's liability if the appropriation authority is insufficient for payment.

Summer School Programs: Section 4408 of the Education law requires the State to provide funding for a State share of these services. For School Year 2013-2014, New York State will provide $321.7 million in State funding for this purpose; the same amount as last year.

Office of Higher Education and the Professions

The SFY 2011-12 Executive Budget proposes an All Funds appropriation of $17.5 million, an increase of $378,000, or .61% from SFY 2011-12 levels. Funding for many higher education scholarship and grant programs would remain at the pre-Special December 2011 Special Session.

The proposed funding levels for the various programs are as follows:

Programs	12-13 SFY	13-14 SFY	$ Change	% Change
Direct Institutional Aid for Independent Colleges and Universities (BUNDY AID)	$35,129,000	$35,129,000	$0	0.00%
Higher Education Opportunity Programs (HEOP)	$24,268,000	$24,268,000	$0	0.00%
Independent Colleges Nursing Programs	$941,000	$941,000	$0	0.00%
STEP	$10,801,000	$10,801,000	$0	0.00%
C-STEP	$8,184,000	$8,184,000	$0	0.00%
Liberty Partnerships	$12,542,000	$12,542,000	$0	0.00%
Teacher Opportunity Corps*	$450,000	$450,000	$0	0.00%
National Board for Professional Teaching Standards	$368,000	$368,000	$0	0.00%
Total	**$85,693,000**	**$85,693,000**	**$0**	0.00%

Cultural Education Program

- Library Aid: The Executive Budget recommends $81.6 million in funding for Library Aid, at the same amount of aid as last year;
- Capital funding for local library construction is maintained at $14 million;
- $1.3 million for reimbursement of the Metropolitan Commuter Transportation Mobility Tax; and,
- Public Television and Radio Aid: The Executive Budget recommends $14 million in funding for Public Television and Ratio, same amount of aid as last year.

Adult Career and Continuing Education Services Program

The Executive Budget proposal maintains funding in SFY 2013-14 at SFY 2012-13 levels for the following programs:

- College Readers ($294,000)
- Case Services ($54 million)
- Independent Living Centers ($12.36 million)
- Time Limited and Long Term Support Services ($15.16 million)

In addition, the Executive moves the appropriation for Literacy and Basic Education for public assistance recipients and the competitive grants for adult literacy/education programs from the Office Prekindergarten Through Grade Twelve Education to the Adult Career and Continuing

Education Services Program. The Executive Budget proposal increases aid for competitive grants by $1 million from $4.2 million to $5.2 million.

Article VII

The Executive Article VII legislation includes provisions for :

- **State Aid Increases and Annual Professional Performance Review**: state aid increases would continue to be linked to a school districts' compliance with the Annual Professional Performance Review for SY 2013-2014 and thereafter;

- **School Aid**: The Executive Budget recommendation includes Article VII legislation that would:
  - establish a time limit for adjustments to aid for instructional computer and hardware and technology equipment;
  - maintains the charter school tuition freeze at the 2010-11 charter school tuition rate;
  - maintains the Supplemental Public Excess Cost Aid and Academic Enhancement Aid at its current levels through School Year 2014-2015;
  - changes the High Tax Aid formula;
  - provides for the calculation and restoration of the Gap Elimination Adjustment;
  - freeze certain school aid formulas for expense base aid for both 2012-2013 and 2013-2014 school years to the lesser of the Executive run or revised data;

- **Mandate Relief**: Exempts school districts with fewer than 1,000 students from the internal audit function, in addition to school districts already exempt in current law.

- **Competitive Grants**: provide for the development of several competitive grants proposed by the Governor for SY 2013-2014 including: Community School Competitive grants and the Extended Learning Time Competitive Grants.

Special Education: The Executive Budget proposal would:

- alter the current summer payment schedule for the 4201 schools to align with the payment method for their school year programs;
- authorize a school district, private school or BOCES to apply for a waiver from certain special education requirements provided that federal compliance is maintained and the waiver will enhance student achievement and opportunities through an innovative program;
- authorize NYC to establish local tuition rates for preschool special education programs and services, provided that such rates do not exceed the rates set by the Commissioner;
- authorize the City of New York to select approved preschool special education and related service providers for the delivery of services and programs through a competitive request for proposal process; and,
- authorize counties to retain 75%, instead of the 40.5%, of any disallowances or overpayments found upon an audit of preschool special education programs as approved by the Commissioner.

OFFICE OF CHILDREN AND FAMILY SERVICES

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$2,204,725,450	$2,118,733,250	($85,992,200)	-3.9%
Special Revenue-Other	$88,848,000	$88,848,000	$0	0%
Special Revenue-Federal	$1,484,803,000	$1,485,153,000	$350,000	0.02%
Capital Projects Fund	$37,675,000	$37,675,000	$0	0%
Internal Service Funds	$100,000	$43,929,000	$43,829,000	99.8%
Enterprise Funds	$475,000	$475,000	$0	0%
Total All Funds:	**$3,816,626,450**	**$3,774,813,250**	**($41,813,200)**	**-1.09%**

The Office of Children and Family Services (OCFS) is responsible for strengthening services for and promoting the well-being and safety of children and families. The Office provides services for children, vulnerable youth, adults and families in New York State.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget proposes an all funds appropriation of $3.8 billion, a decrease of $41.8 million or -1.09% below SFY 2012-13 funding levels.

Expansion of the Close to Home Initiative. The 2013-14 Executive Budget builds upon the 2012-13 Close to Home initiative for youth from New York City to include youth from additional counties who would otherwise be placed in OCFS non-secure settings. Under the Executive's proposal, such youth would be placed in facilities administered by voluntary agency providers that can offer more appropriate and cost-effective care closer to their home communities. Consistent with these changes, the Executive Budget proposes to reduce capacity in OCFS operated youth facilities. When fully implemented, this expansion of Close to Home, which provides a more effective alternative to inefficient facilities, will provide mandate relief and cost savings for both the State and localities. The State projects initial investments of $3 million in SFY 2013-14 and $5 million in SFY 2014-15 to expand the Close to Home initiative.

Specifically, the Executive's proposal calls for the closing of four OCFS non-secure facilities as follows:

- Red Hook (Dutchess County)
- Lansing (Tompkins County)
- Middletown (Orange County)
- Brentwood (Suffolk County)

No layoffs are expected as a result of the closures. Savings is expected to be achieved through attrition.

Reducing the OCFS System. The OCFS juvenile justice system capacity will be reduced by 88 beds and 15 after care slots to reflect the impact of expanding the Close to Home initiative to counties outside of New York City. This is expected to result in savings of $1 million in SFY 2013-14.

Youth from counties outside of New York City who would otherwise be placed in non-secure youth facilities will be placed in residential settings that, in most cases, will be closer to their home community. To assist staff affected by this action, the State will implement a number of measures to place individuals in other vacant State positions, or provide re-training assistance if suitable State positions are not available. There is a $5 million funding allocation included in the Executive's Budget proposal to be used for training/re-training if deemed necessary.

Deferral of Human Services Cost of Living Adjustment (COLA). The SFY 2013-14 Executive proposal calls for deferring the planned 1.4% COLA for OCFS programs. The proposal would also defer the payment of inflationary costs for various programs including foster care, resulting in a $13 million reduction.

Child Welfare Programs. New York State's child welfare programs are monitored by OCFS and administered by 58 local social services districts (LSSDs). The LSSDs are responsible for conducting direct investigations of alleged child abuse, as well as providing services to prevent foster care placements for at-risk youth and families, and foster care services when out-of-home placement is necessary.

The Child Welfare Services program supports approximately 168,000 child protective services investigations and more than 40,000 mandated preventive services cases. Federal funds support approximately $472 million of statewide program costs.

The State supports 62 percent of remaining costs, and local social services districts finance the remaining 38 percent. This funding approach, authorized in 2002-03 through Child Welfare Financing Reform, provides an incentive to use preventive services to keep families safely intact and to avoid unnecessary foster care placements. This front-end investment is paying dividends, as the foster care caseload has dropped by 33 percent since 2002-03 – from 34,900 to an estimated 23,369 in 2012-13.

Article VII Legislation

Combines delinquency prevention programs administered by OCFS. This proposal is intended to enhance the ability of counties, or a city having a population of one million or more, to provide local youth development services by creating administrative efficiencies and greater flexibility in how youth development funding can be used. Youth development consists of three funds: youth development and delinquency prevention (YDDP); special delinquency prevention programs (SDPP); and runaway and homeless youth (RHY) funding. YDDP and SDPP are similar services that are both eligible for state aid.

The Executive law prescribes separate administrative requirements for how YDDP and SDPP funds can be distributed to local governments. These requirements create administrative obligations for both localities and OCFS and result in the inefficient use of the state funds that are available. Under this proposal, YDDP and SDPP program funding would be combined and instead a municipality (defined as a county, or a city having a population of one million or more) could apply to receive youth development services funding that could be used for a variety of specified purposes that are consistent with the existing programs. This bill would not reduce the funding levels when the YDDP and SDPP programs are combined and would streamline the allocation of youth development funding to local governments.

Expands the Juvenile Justice Close to Home Initiative. This proposal is intended to expand the goals of the "Close to Home" initiative, designed to improve outcomes for youth in the juvenile justice system through comprehensive services provided closer to home, by requiring youth from counties outside of New York City who would otherwise be placed in non-secure OCFS facilities to be placed with the appropriate local commissioner of social services for receipt of services from private or not-for-profit entities.

Under existing law, OCFS operates facilities across the state for juvenile delinquents sent for residential placement by the family courts. In addition, this proposal authorizes OCFS to close all of its non-secure facilities. Finally, this proposal amends the minimum requirements to be an "OCFS Youth Facility Director". Each OCFS facility has a Facility Director, and this change would allow qualified candidates outside of New York State service to be considered for those positions, thereby giving OCFS greater flexibility to recruit candidates who are best-suited for the position. The position's qualifications would be prescribed by the Department of Civil Service in consultation with the Commissioner of OCFS.

Merger of the Office of the Welfare Inspector General (OWIG) into the Office of the State Inspector General (OIG). This legislation is intended to enhance the State's ability to fight welfare fraud by merging OWIG into OIG. This would improve the State's ability to investigate allegations of welfare fraud, because the significantly greater resources of the OIG could be leveraged to investigate these types of allegations. Under this proposal, OWIG's existing authority to prosecute welfare fraud cases would not be transferred to OIG, but instead OIG would ensure that these cases are referred to the appropriate prosecutor's office.

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$1,672,354,000	$1,616,861,000	($55,493,000)	-3.32%
Special Revenue-Other	$22,400,000	$22,400,000	$0	0%
Special Revenue-Federal	$4,043,438,000	$4,080,387,000	$36,949,000	0.9%
Capital Projects Fund	$30,000,000	$0	($30,000,000)	-100%
Internal Service Funds	$1,000,000	$0	($1,000,000)	-100%
Fiduciary Funds	$10,000,000	$10,000,000	$0	0%
Total All Funds:	**$5,779,192,000**	**$5,729,648,000**	**($49,544,000)**	**-0.9%**

The Office of Temporary and Disability Assistance (OTDA) works in collaboration with the Office of Children and Family Services and other agencies to assist needy adults and families achieve economic self- sufficiency through employment and job training opportunities. OTDA also provides economic assistance to aged, blind, and disabled individuals who are unable to work, supportive services to low-income households to prevent welfare dependency, and transitional support to public assistance recipients while they are working toward self-sufficiency.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends an all funds appropriation of $5.7 billion, a decrease of $49,544,000 million or -0.9% below SFY 2012-13 funding levels.

The Executive provides $1.26 billion in funding for Temporary Assistance for Needy Families (TANF) benefits and $1.39 billion in other TANF funding commitments.

Public Assistance Caseload. Since the enactment of landmark Federal welfare reform of 1996, the State's public assistance caseload has declined by approximately one million recipients. The Executive estimates a 554,000 caseload for SFY 2013-14. This is a 2.2 percent decrease from SFY 2012-13 levels. The phased increase to the public assistance benefit enacted in 2009-10 was completed in 2012-13, increasing the maximum monthly grant between $46 and $179 depending on family size (a $98 increase for a family of three in New York City).

Flexible Fund for Family Services. The SFY 2013-14 Executive budget proposal recommends the same funding level of $964 million, as enacted in the SFY 2012-13 budget.

Child Care Subsidies. The SFY 2013-14 Executive budget recommends a $70.7 million increase in TANF funding from $324.2 million to $394.9. This increase in TANF funding is related to a $70.7 million reduction in the General Fund for the same program. Under the Executive's SFY 2013-14 proposal, overall child care subsidies would be funded at $843 million, which is a decrease of $5.3 million from SFY 2012-13.

Supplemental Security Income (SSI). New York's SSI program supplements Federal SSI benefits to low-income elderly, blind, and disabled persons. The 2013-14 caseload is estimated at

707,000 recipients. The State supplementation program is currently administered by the Federal government at significant cost to the State. Expenditures for the State supplementation program have grown from $656 million in 2006-07 to a projected $766 million in 2013-14 as caseload and Federal administrative fees have increased. The 2012-13 Budget enacted a State takeover of Federal administration, which will achieve recurring annual savings of over $90 million upon full implementation in 2014-15.

Article VII Legislation:

Authorizes the pass-through of any Federal Supplemental Security Income (SSI) Cost of Living Adjustment which becomes effective on or after January 1, 2014. If the pass-through of the Federal SSI COLA is not authorized in State statute, there will be no statutory authority to provide SSI recipients with the full amount of any Federal increase plus a State supplement at the current level.

Streamlines administration of Homeless Housing Development by transferring the administration of the Homeless Housing and Assistance Program (HHAP) from OTDA to the Division of Housing and Community Renewal (DHCR). This proposal would authorize DHCR to administer HHAP. This proposal would maintain the Commissioners of OTDA and DHCR and the Chairman of the Housing Finance Agency as board members of the Homeless Housing and Assistance Corporation (HHAC), and would expand board membership to include the Commissioners of the Office of Mental Health (OMH) and the Office of Alcoholism and Substance Abuse Services (OASAS). The bill would require that DHCR and HHAC consult with OTDA, OMH, OASAS and other appropriate agencies in carrying out the provisions of the program. The Executive Budget recommendation attempts to align housing development programs within one organizational structure so that application/design review, underwriting, and monitoring for construction grants would be managed by one agency to simplify the process for not-for-profits and private sector developers of homeless housing to access State funding. Under the proposal, OTDA staff would transfer to DHCR, preserving programmatic expertise, and DHCR would continue to work closely with OTDA on service components. Under the Executive's proposal, OTDA would continue to administer the Solutions to End Homelessness Program (STEHP), the New York State Supportive Housing Program (NYSSHP) and the Operational Support for AIDS Housing (OSAH) program.

HIGHER EDUCATION SERVICES CORPORATION

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$993,757,000	$1,012,018,000	$18,261,000	1.84%
Special Revenue-Other	$7,052,000	$7,871,000	$819,000	11.61%
Special Revenue-Federal	$116,699,000	$113,933,000	-$2,766,000	-2.37%
Total All Funds:	**$1,117,508,000**	**$1,133,822,000**	**$16,314,000**	**1.46%**

Established in 1974, the Higher Education Services Corporation (HESC) administers the State Tuition Assistance Program (TAP), the Federal Family Assistance Program, the New York Higher Education Loan Program (NYHELPs) and other State and Federal aid programs. The Corporation is governed by a 15-member Board of Trustees, 10 of whom are appointed by the Governor to six-year terms.

The Corporation's Chief Executive Officer is the President, who is appointed by the Governor, subject to Senate confirmation. The President's responsibilities include administrative oversight of key program areas including legal counsel, data processing, operations, grants and scholarships, loans and research. Agency administrative operations are located in Albany. The majority of HESC's 516 FTE employees are supported by Federal Funds received for the administration of Federal student loans. The State's Tuition Assistance Program is a need-based State financial aid program that provides assistance to approximately 350,000 students.

Overview of Executive Budget Proposal

The SFY 2013-14 Executive Budget provides an All Funds appropriation of $1.13 billion, an increase of $16.3 million or 1.5% from SFY 2012-13. The Agency presently employs 460 Full-Time Equivalents (FTEs), almost all of whom are supported by revenues from Special Revenue-Other account. HESC is no longer securing new loans within the Federal Education Loan Program. The recommended General Fund support totals $1.01 billion, an increase of $18.2 million or 1.84% from the current year.

The Executive provides $950.4 million for the Tuition Assistance Program (TAP). This is an increase of $16.3 million from the enacted budget last year. The projected growth stems from the continued tuition increases at SUNY and CUNY community colleges, as well as full implementation of TAP for certain schools not under the supervision of the State Education Department.

DIVISION OF HOUSING AND COMMUNITY RENEWAL

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$73,697,000	$22,350,000	($51,347,000)	-69.67%
Special Revenue-Other	$68,321,000	$74,056,000	$5,735,000	7.74%
Special Revenue-Federal	$96,769,000	$86,769,000	($10,000,000)	-10.33%
Capital Projects	$82,700,000	$104,200,000	$21,500,000	20.63%
Total All Funds:	**$321,487,000**	**$287,375,000**	**($34,112,000)**	**-10.61%**

The Division of Housing and Community Renewal (DHCR) is responsible for the supervision, maintenance and development of affordable low- and moderate-income housing in New York State. The Division currently performs a number of activities in fulfillment of this mission, including oversight and regulation of the State’s public and publicly assisted rental housing; administration of the State’s rent regulations; and administration of housing development and community preservation programs, including State and Federal grants and loans to housing developers to finance construction or renovation of affordable housing.

The Executive Budget recommends $287.4 million for the Division. This is a decrease of $34.1 million from the 2012-13 Budget. The decrease primarily reflects a reduction in excess Federal authority for the weatherization program and a funding source change for the Neighborhood and Rural Preservation Programs and the Rural Rental Assistance Program..

The Executive Budget recommends a workforce of 692 FTEs for the Division, which reflects the transfer of 66 FTEs to the new Office for Information and Technology Services in the current year. This is an overall increase of 4 FTEs from the 2012-13 Budget. The increase reflects the transfer of nine housing capital development staff from the Office of Temporary and Disability Assistance (OTDA), offset by a reduction in the backfilling of positions vacated through attrition.

Major budget actions include:

- Expansion of Affordable Housing Opportunities: The Executive Budget proposes to invest $1 billion of additional resources over five years for a new House NY program to preserve and create an estimated 14,300 affordable housing units statewide. This would create significant economic benefits for the State, including long-term stabilization of distressed neighborhoods and the creation of jobs during construction. This multi-year initiative would include the acquisition and revitalization of forty-five Mitchell Lama affordable housing projects from the Empire State Development Corporation that suffer from significant physical deterioration ($706 million); the creation and preservation of over 5,000 affordable housing units through various housing and community development programs ($231 million); and other initiatives.

- Utilization of MIF Resources to Support the Neighborhood and Rural Preservation Programs (NPP/RPP) and the Rural Rental Assistance Program (RRAP): The Executive Budget proposes to utilize $64 million in excess reserves from the Mortgage Insurance Fund (MIF) to support NPP/RPP and RRAP through the Housing Trust Fund Corporation for a two year period. Additionally, the Budget proposes to consolidate NPP and RPP into a single "Community Preservation Program" and implement programmatic reforms to encourage greater accountability and performance.

- Streamlining Administration of Homeless Housing Development: OTDA currently administers the Homeless Housing and Assistance Program (HHAP), which provides funding to develop housing for formerly homeless persons. On average, 32 percent of HHAP projects also receive funding through DHCR. Having two State agencies involved in the same capital housing projects creates inefficiencies for both developers and the State in terms of duplicative applications, underwriting, and compliance monitoring. Transferring HHAP to DHCR would create a more streamlined process for developers, further encouraging supportive housing development, and would also create a more efficient process for the State, reducing duplicative efforts and increasing the effectiveness of the State's housing programs. OTDA staff would transfer to DHCR, preserving programmatic expertise, and DHCR would continue to work closely with OTDA on service components.

Article VII Proposals

Merge and reform the Neighborhood and Rural Preservation Programs.

This bill would repeal Articles 16 and 17 of the Private Housing Finance Law (PHFL) that establish the Neighborhood Preservation Program and the Rural Preservation Program and create a new Article 27 to establish a new Community Preservation Program within the Housing Trust Fund.

Under the new program, funds would be awarded based upon achievement of performance standards established by the Housing Trust Fund Corporation. The bill also would authorize more than one corporation to file a joint application for funding and maintain recently enacted provisions that encourage program mergers and consolidations.

Modernize the investment powers of the State of New York Mortgage Agency and the Housing Finance Agency.

This bill would modernize the investment practices of SONYMA, HFA and the MIF, and allow the MIF to generate additional earnings on its investments.

The bill authorizes SONYMA and HFA to invest in two specific categories of investments: “investment securities” and “ancillary facilities”. The definition of investment securities includes investments currently authorized to the State Comptroller. The definition of ancillary facilities includes interest rate exchange agreements, bond insurance policies and similar agreements. Additionally, the bill grants the MIF authority to invest in government backed mortgage securities of Ginnie Mae, Fannie Mae, and Freddie Mac; HFA mortgages insured by the FHA; and obligations of public authorities of New York.

Provide for the utilization of excess Mortgage Insurance Fund reserves.

This legislation would allow for excess revenues from the MIF to be returned to the State, provided that (i) the SONYMA Board approves the return of the excess MIF revenue to the State and (ii) the reserves in the MIF are sufficient to attain and maintain a specified threshold credit rating agency rating. MIF excess revenues have previously been returned to the State and $100 million was transferred to the General Fund in the SFY ending March 2013.

Transfer the administration of the Homeless Housing and Assistance Program from the Office of Temporary and Disability Assistance to the Division of Housing and Community Renewal.

This bill would align housing development programs within one organizational structure so that application/design review, underwriting, and monitoring for construction grants would be managed by one agency to simplify the process for not-for-profits and private sector developers of homeless housing to access State funding. Programs to provide services which support homeless housing would continue to be administered by OTDA.

The bill would align the HHAP statute with current practice in several respects. It adds persons with AIDS, victims of domestic violence, persons with substance abuse issues or mental illness and veterans to the list of populations for whom HHAC must evaluate the need for homeless projects and seek to allocate funds to meet those needs, which reflects the current evaluation process. The bill requires that HHAP operating plans include a rent or other revenue structure that is affordable to the population being housed, which matches a requirement in the Request for Proposals. It increases the percentage allowed for technical assistance from one percent to two percent, which is consistent with annual appropriation language.

STATE OF NEW YORK MORTGAGE AGENCY

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$168,465,000	$173,800,000	$5,385,000	3.10%
Total All Funds:	**$168,465,000**	**$173,850,000**	**$5,385,000**	**3.10%**

The State of New York Mortgage Agency (SONYMA) is a public benefit corporation created in 1970 to increase the affordability of homeownership 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. In 1978, the Agency's mission was expanded to include the issuance of mortgage insurance to promote the stabilization of neighborhoods throughout the State. In 2009, the Agency's existing authority to issue tax-exempt bonds to finance education loans was modernized and expanded to authorize the Agency to implement a program to finance education loans for higher education costs for students attending schools in New York State.

The Agency receives no direct operating support from the State. Statute requires the State to guarantee payments made by the Agency to the State in prior years. The Executive Budget recommends $173.85 million in appropriations in 2013-14 to satisfy this requirement, although no cash disbursements are projected to be made from this appropriation. The increase reflects increased SONYMA program activity and the sale of debt. All State of New York Mortgage Agency programs and operations are supported by Agency funds, consisting of mortgage income, application fees, insurance premiums and investment proceeds.

DIVISION OF HUMAN RIGHTS

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$12,744,000	$12,010,000	($734,000)	-6.1%
Special Revenue-Federal	$6,000,000	$6,000,000	$0	0%
Total All Funds:	**$18,744,000**	**$18,010,000**	**($734,000)**	**-4.1%**

The Division of Human Rights enforces the New York State Human Rights Law which prohibits discrimination against others because of their race, sex, age, disability, marital status, and membership in other specified classes. Protection under this law also includes prohibiting discrimination based on sexual orientation and military status. The Division is responsible for enforcing the Human Rights Law through investigation and prosecution or by advancing policies or legislation that would better protect the civil rights of New Yorkers.

Overview of Executive Budget

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends an all funds appropriation of $18 million, a decrease of $734,000, or -4.1% below SFY 2012-13 funding levels. The decrease is reflective of the transfer of 12 Full Time Employees (FTEs) to the new Office for Information and Technology Services.

DEPARTMENT OF LABOR

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$4,450,000	$285,000	($4,165,000)	-94.0%
Special Revenue-Other	$72,740,000	$72,321,000	($419,000)	-0.6%
Special Revenue-Federal	$727,471,000	$747,779,000	$20,308,000	2.8%
Enterprise Funds	$6,675,000,000	$5,525,000,000	($1,150,000,000)	-17.2%
Internal Service Funds	$0	$9,355,000	$9,355,000	100%
Total All Funds:	**$7,479,661,000**	**$6,354,740,000**	**($1,124,921,000)**	**-15.0%**

The Department of Labor (DOL) has three primary functions: unemployment insurance administration, workforce development, and Labor law compliance and regulation. The Department advocates for job creation and economic growth through workforce development while offering a variety of services designed to help businesses find workers and people find jobs.

Overview of Executive Budget

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends an all funds appropriation of $6.4 billion, a decrease of $1.125 billion or -15% below SFY 2012-13 funding levels.

Implementation of a Contact Center Internal Services Fund

Under the Executive's budget proposal, $9.4 million is allocated for an internal service fund to provide for the planning, development and establishment of a new statewide contact center within the Department of Taxation and Finance, the Office of Children and Family Services (OCFS) and the DOL on behalf of customer state agencies. Establishment of the contact center is intended to improve the efficiency and effectiveness of government operations in the areas of administration, business services, procurement, information technology and/or other functions shared among state agencies.

Unemployment Insurance (UI) System

The SFY 2013-14 Executive Budget includes UI benefits reductions. UI funding in the amount of $5.4 billion is a decrease of $1.1 billion from SFY 2012-13 funding levels and reflects anticipated decreases in UI and Emergency Unemployment Compensation (EUC) payments. The Executive's Budget does provide $1.65 billion in UI funding to support EUC benefits recently authorized by Congress that will be available through December 2013.

Employment and Training Programs

The SFY 2013-14 Executive Budget provides $171,359,000 in Federal funding for employment and training programs. This a decrease of $15,798,000 or -8.4% below SFY 2012-13 funding levels. The decrease includes the elimination of general fund local assistance account funding which was in previous years allocated to fund employment and training programs in local communities. General funds in the amount of $4,450,000 were allocated for such programs in the SFY 2012-13 enacted budget.

Article VII Proposals

Increase the Minimum Wage. The Executive Budget includes provisions to increase the minimum wage from $7.25 to $8.75 an hour, bringing it more in line with the cost of living. Nineteen states currently have a higher minimum wage than New York. The current minimum wage represents only about one-quarter of the average hourly wage in the State, which is $28. The change would take effect July 1, 2013.

Reform Unemployment Insurance. Currently, New York State’s Unemployment Insurance (UI) system is insolvent, the cost to employers is unpredictable, and UI benefits for workers are insufficient. The Executive Budget proposes substantial reforms that will decrease costs to employers, modernize the UI system by making it sustainable and increase benefits for workers. These reforms are expected to allow New York to pay off its Federal debt two years sooner than would otherwise occur (by 2016 rather than 2018) bringing an end to interest payments that unnecessarily burden employers. The reforms are also intended to provide for an appropriately financed UI Trust Fund. For UI claimants, reforms will increase both minimum and maximum weekly benefit rates. For employers, reforms will lower total costs, with a projected savings of $400 million over ten years.

Transfer of the State Data Center from the Department of Economic Development (DED) to the Department of Labor (DOL). The Executive proposes to move the State Data Center from the DED to the DOL. Each state has a data center that collects, disseminates and analyzes census data pursuant to an agreement with the United State Census Bureau. New York’s State Data Center is presently housed in DED. Currently, DOL's Division of Research and Statistics disseminates and analyzes labor data. This proposal is intended to consolidate and streamline the collection, dissemination, research and analysis of statistical data within New York State.

STATE UNIVERSITY OF NEW YORK

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$1,848,830,900	$1,979,988,400	$131,157,500	7.09%
Special Revenue-Other	$6,847,277,400	$428,600,000	$0	0.00%
Special Revenue-Federal	$428,600,000	$6,868,158,200	$20,880,800	0.30%
Capital Projects Fund	$1,106,067,000	$256,597,000	($849,470,000)	-76.80%
Internal Service Funds	$20,100,000	$20,100,000	$0	0.00%
Total All Funds:	**$10,250,875,300**	**$9,553,443,600**	**($697,431,700)**	**-6.80%**

The State University of New York (SUNY), the nation's largest public university system, offers academic, professional and vocational programs of study to more than 460,000 students at its 64 campuses. The University is governed by a Board of Trustees consisting of 17 members, with 15 appointed by the Governor to staggered seven-year terms and approved by the Senate, and two ex-officio trustees representing the student assembly and faculty of the State University. The Board oversees the operations of the University's State-operated campuses and also exercises general supervisory authority over the community colleges, which are sponsored by local governments and governed by local boards of trustees. The chief executive officer of the University is the Chancellor who is appointed by the Board of Trustees. Individual college presidents are also appointed by the Board. The State University's operating budget supports an estimated 41,815 full-time equivalent positions, consisting of 24,696 positions that are supported through a combination of State tax dollars and tuition revenues and 17,119 positions supported by other funds. Community college staffs are not included in these totals, as they are not employees of the State.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2012-13 Executive Budget includes All Funds appropriations of $10.15 billion, an increase of $574.7 million or 6% from the adjusted SFY 2011-12 levels. This includes a General Fund decrease of $847.2 million or 32%, to $1.8 billion. The proposal includes eliminating the General Fund component of support for the SUNY State operated campuses.

The 2012-13 Executive Budget proposes $3.34 billion for the operations of senior college campuses, system administration and university-wide programs; including $2.1 billion in General Fund resources and $1.3 billion for the collection and distribution of tuition and other revenue. General fund levels represent a 10% reduction of $131.4 million from SFY 2010-11 and

$43.4 million in increases from collective bargaining agreements and non-personal services inflationary costs. While the Executive Budget makes no specific recommendations to reduce or eliminate funding for any specific programs, the SUNY Board of trustees is authorized to manage the reductions in General Fund support, as well as implement non-specific workforce reductions and efficiencies.

Community Colleges

The community college based aid per Full-Time Equivalent (FTE) student will remain at $2,072, the same level as in SFY 2012-13. A total of $431.1 million is recommended for the SUNY community colleges. This includes $3 million for a performance-base funding program.

The recommended SFY 2013-14 appropriations for community college are as follows:

- $1.88 million for contract courses, the same amount as last year;
- $11.58 million for rental aid, the same level as last year;
- 41 million for SUNY child care centers, a decrease of $653,000;
- $940,000 for community colleges with low enrollment and $1.69 million for high need programs, the same amount as last year.

SUNY Hospitals

The 2013-14 Executive Budget proposal provides $60 million for the three SUNY teaching hospitals: SUNY Downstate, SUNY Stonybrook, and SUNY Upstate. This is a reduction of $27.8 million.

Capital Plan

The Executive proposes a capital projects appropriation of $256.6 million, a decrease of $849.47 million from SFY 2012-13 levels. This decrease is associated with the beginning of a new five-year capital plan. It also includes $38.5 million to provide for the state's 50 percent share of projects at SUNY Community Colleges and a $25.1 million appropriation to pay the SUNY Construction Fund costs. Additional funds for capital construction associated with the SUNY 2020 proposal will be funded through the Empire State Development Corporation.

Article VII

The Executive Article VII would:

- create the Next Generation New York Job Linkage Program, which would provide competitive grants to community colleges based on graduation and workforce outcomes;
- Establish a new financing structure for the State University of New York's Residence Hall Program; and,
- requires community colleges to partner with employers and/or the Regional Development Councils in order to remain eligible for State funding.

OFFICE OF THE WELFARE INSPECTOR GENERAL

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$349,000	$0	($349,000)	-100%
Special Revenue-Other	$1,167,000	$0	($1,167,000)	-100%
Total All Funds:	**$1,516,000**	**$0**	**($1,516,000)**	**-100%**

The Office of the Welfare Inspector General (OWIG) was established in 1992 and is responsible for the prevention, investigation, and prosecution of welfare fraud, waste, and abuse. OWIG also investigates instances where providers of Medicaid, day care, or other social services fraudulently obtain payments from government. The Office works collaboratively with the Office of Children and Family Services, the Office of Temporary and Disability Assistance, the Department of Law, and Local social services districts in identifying money fraudulently obtained from the different welfare programs and is assisted by the Attorney General with the prosecution of those allegedly involved in fraudulent activity.

Overview of Executive Budget Proposal

There is no OWIG funding allocated in the SFY 2013-14 Executive Budget due to the proposed merger of the agency into the Office of Inspector General (OIG).

Article VII Legislation:

Merger of OWIG into OIG. Combatting welfare fraud saves taxpayer money and helps ensure the most efficient use of resources available to serve those in need. The Executive Budget proposes to merge OWIG into OIG. With focused leadership, a full complement of staff, and support resources from OIG, it is expected that the State will complete more investigations and refer more cases for prosecution to eliminate and deter fraudulent welfare payments. This is expected to increase recoveries over the next several fiscal years.

OFFICE FOR THE AGING

Fund Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$2,722,600	$1,608,000	($1,114,600)	-40.9%
Special Revenue-Other	$250,000	$250,000	$0	0.0%
Special Revenue-Federal	$10,987,000	$10,987,000	$0	0.0%
Enterprise Funds	$100,000	$100,000	$0	0.0%
Total All Funds:	**$14,187,600**	**$12,945,000**	**($1,242,600)**	**-8.7%**

The State Office for the Aging is responsible for promoting, coordinating and administering State, Federal and local programs and services to the elderly aged 60 and over, and the families or other caregivers. The Office provides leadership and direction to 59 Area Agencies on Aging and various other local programs and providers that comprise the networks of services to the elderly.

Overview of Executive Budget Proposal

The Executive Budget recommends $241.7 million for Aging. This is a decrease of $2.2 million from the 2012-13 budget. The decrease is a result of adjustments to appropriation to reflect current spending projections.

The Executive Budget recommends a workforce of 100 FTEs for the Agency. This is the same level that was funded in the 2012-13 budget. The targeted SOFA workforce includes 12 FTEs shifted to the Office of Information Technology Services and 2 FTEs to the Office of General Services as part of consolidating administrative services in the Business Services Center.

Major budget actions include:

- Renaming the Supplemental Nutrition Assistance Program (SNAP) to the **Wellness in Nutrition (WIN) program**, to avoid confusion with the recently renamed Federal SNAP (food stamps program). This change is also reflected in the COLA appropriation.

- The Community Empowerment Initiative program has evolved and is being rebranded as **Livable NY**, a statewide initiative to assist municipalities in planning better for the needs of older adults.

- Funding previously available for Enriched Social Adult Day Services is being redirected to the **NY Social Adult Day Services Association** to conduct training for social adult day services providers to ensure that providers are compliant with SOFA standards. This will facilitate these providers being able to join Medicaid Managed Long-Term Care Plan networks.

- Consistent with other human services agencies, the Executive Budget recommends eliminating the automatic 1.4% **Human Services Cost of Living Adjustment** (COLA) in 2013-14, resulting in a savings of $2.6 million in 2013-14.

- The Governor's budget proposal provides for an exemption from certain social work and mental health professional licensure requirements of persons employed by a program or service operated, regulated, funded or approved by SOFA (e.g., CSE, EISEP, WIN (formerly SNAP), Respite, Social Adult Day, NORC, NNORC and NY Connects). Similar appropriation language is included in other budgets, including the Office of Mental Health and the Office of Children and Family Services.

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Special Revenue-Federal	$4,750,000	$4,750,000	$0	0.0%
Enterprise Funds	$10,000	$10,000	$0	0.0%
Total All Funds:	**$4,760,000**	**$4,760,000**	**$0**	**0.0%**

The New York State Developmental Disabilities Planning Council is fully funded under the Federal Developmental Disabilities Assistance and Bill of Rights Act. The Act, originally signed into law in 1975, authorizes the Council to prepare, implement and monitor a plan for improving the quality of life for people with developmental disabilities.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends $4.76 million in All Funds support for the Council. This level of funding is consistent with SFY 2012-13 funding levels, and is sufficient to support the Council's role in coordinating information for persons with developmental disabilities.

DEPARTMENT OF HEALTH

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$238,359,000	$579,704,000	$341,345,000	1.43%
Special Revenue-Other	$510,639,100	$388,703,400	($121,935,700)	-23.88%
Special Revenue-Federal	$1,475,010,000	$2,099,290,000	$624,280,000	42.33%
Capital Projects Fund	$39,746,000	$85,600,000	$48,624,000	12.23%
Capital Projects Fund-Federal	$24,146,000	$70,000,000	$45,854,000	189.9%
Total All Funds:	**$2,228,519,100**	**$3,067,697,400**	**$839,178,300**	**37.6%**

The Department of Health is charged with the protection and promotion of the health of New Yorkers through prevention, science and the assurance of quality health care delivery. The Department is the principal State agency that oversees the Medicaid Program and other public health insurance programs.

The Department operates health care facilities including the Helen Hayes Hospital, four veterans' nursing homes, and the Wadsworth Laboratories. Additionally, the DOH conducts oversight of health professionals and all other health care facilities to ensure that high quality, cost effective, health care alternatives are provided throughout the state.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends $118.98 billion in All Funds support, which reflects an increase of $10 billion or 9.18% from SFY 2012-13. This increase reflects the continuation of two-year appropriations (SFY 2013-14 and SFY 2014-15) for Medicaid and the addition of Federal Health Care Reform funding, including $113 billion for Medicaid and $6 billion for remaining public health program spending. For public health programs the Executive Budget recommends approximately $3 billion in All Funds support, which reflects an increase of $839 million or a 37.6% from SFY 2012-13.

In addition to an increase of 385 FTEs in the DOH workforce (totaling 5,020 FTEs) to support the second year of the phased takeover of local government administration of the Medicaid program and the implementation of the Federal Health Care Reform Exchange, the Executive Budget includes the following initiatives:

- Advancing Medicaid Redesign team reforms to enhance health homes, increase support for affordable housing, address the needs of vital community providers, promote tobacco cessation and integrate service delivery—balanced by savings from improvements in basic benefit design, and more support for relatives receiving long term care services.

- Coordinating public health benefits associated with the implementation of the New York Health Benefit Exchange on January 1, 2014.

- Improving the General Public Health Work program to promote State health outcomes better, create performance incentives and reduce the administrative burden on counties. Effective January 1, 2014, the program modifications will promote State health priorities, provide administrative relief for municipalities and DOH, create performance incentives and increase the base funding grants.

- Reforming the Early Intervention program to expand insurance coverage, streamlining eligibility determinations and reducing local costs. The proposals will provide fiscal and administrative mandate relief to municipalities.

- Restructuring health care program funding by establishing six competitive funding pools to support investments in health care programs.

- Retargeting Excess Medical Malpractice funding, to attract doctors in the most high-risk specialties to practice at community hospitals in highest need areas, resulting in savings $12.7 million in 2013-14 and 2014-15. (The program has become over-subscribed and has strayed from its original program intent: to enable community hospitals to attract doctors in high-need, high-risk specialties to address heath care access concerns.)

- Consistent with other human services agencies, the Executive Budget recommends eliminating the automatic 1.4% Human Services Cost of Living Adjustment (COLA) in 2013-14, resulting in savings of $2.2 million in 2013-14, but no change in appropriation level.

- Total local assistance appropriation for the Elderly Pharmaceutical Insurance Coverage program (EPIC) of $195.9 million reflects a $43.4 million increase primarily associated with the annualization of the prior year enacted budget action.

- Shifting the source of funding for the Indian Health program from the HCRA appropriation to the General Fund.

- Co-locating, consolidating and contracting out various public health and environmental lab functions. During 2013-14, certain DOH and DEC lab functions will be consolidated or co-located.

- Making available up to $25 million in existing HEAL NY funding to Roswell Park, continuing total State annual support of at over $100 million. By January 2014, Roswell Park is expected to seek the necessary approvals to execute a plan to become self-sufficient and independent of continued State operational support.

PUBLIC HEALTH

Early Intervention

Building on reforms to the EI program that were adopted in the 2012-13 Enacted Budget, the 2013-14 Executive Budget proposes further reforms by integrating covered EI services into health insurance networks (saving $1.2 million in costs in FY 2014 ($2.5 million in FY 2015) and, in conformance with recent changes to federal regulations that allow for greater flexibility in eligibility determinations, streamlines the eligibility process to decrease costs and promote more timely entry into the program for eligible children (for a $0.9 million savings in FY 2014 ($3.6 million in FY 2015)).

- Initial service coordinators and persons who refer children to the EI program would be required to inform parents that for children with a diagnosed physical or mental condition with a high probability of resulting in a developmental delay, eligibility for the EI program would be established through a medical records review.

- Screenings and evaluations would be conducted using standardized screening and evaluation instruments approved by DOH, unless the evaluator provides a written statement explaining why such screening or evaluation instruments are not appropriate or available for the child.

- A representative of a covered child's third party payor, including a Health Maintenance Organization, Medicaid, and Child Health Plus, would be allowed to attend the Individualized Family Service Plan meeting.

- Coverage of EI services would be required by Child Health Plus would be required as defined by the Commissioner of Health.

- Third party payors would be required to make available an adequate number of network providers qualified to perform EI services consistent with the needs of the EI program enrollment.

- Third party payors would be prohibited from denying valid insurance claims solely on the basis that the service was provided under EI. Additionally, covered EI services would not be counted toward an established maximum annual or lifetime monetary limit, but would be subject to an insurer's policy or visit limitations.

- Insurers would be authorized to negotiate rates for payment to providers. Payments to out of network providers would be required to be paid at the out of network rate.

Additional proposals contained in the Article VII language bill include:

Enhancing the **General Public Health Work (GPHW) program** by promoting State health priorities, providing fiscal incentives to improve outcomes and reducing burdens on the State and local governments in administering this program, for a realized savings of $3.5 million in FY 2015.

- The State base grant amount, currently the greater of $550,000 or 55 cents per capita, to the greater of $650,000 or 65 cents per capita.

- A new statewide incentive performance program would be established for GPHW activities, with up to $1 million provided annually for this purpose.

Instituting a new **Outcome-Based Contracting and Planning** initiative to permit the Department of Health to better administer and target funding to produce improved outcomes and meet emergent needs for public health programs, saving $40.0 million starting in FY 2014..

- Public health programs would be consolidated to provide DOH with the flexibility to promote better health outcomes, target resources effectively and promptly address existing and new or emerging health issues.

- The Health Commissioner would be authorized to make grants, awards and disbursements on a competitive basis, pursuant to requests for application or proposal processes covering each of six programmatic areas:

  - Chronic Disease Prevention and Treatment ($63 million)
  - Environmental Health and Infectious Disease ($19.8 million)
  - Maternal, Child Health & Nutrition Outcomes ($114.8 million)
  - HIV, AIDS, Hepatitis C and STDs ($90.7 million)
  - Health Quality and Outcomes ($30.7 million)
  - Workforce Development and Training ($36.2 million)

Streamlining the **Health Planning** processes for health care services and facilities and emergency medical services.

- Streamlining the Certificate of Need (CON) planning process for the establishment and construction of health care services and facilities and rationalize standards used by the Public Health and Health Planning Council in considering prospective facility operators.

Promoting **Primary Care** by enhancing the scope of practice for certain practitioners and permitting operation of retail clinics.

- A demonstration program would be authorized to allow home health aides, while supervised by a professional nurse, to administer medication that is routine and premeasured.

- Certified advanced home care aides would be authorized to provide nursing services when such services are provided to a self-directing individual, and such aide is assigned by and such services are performed while supervised by a registered professional nurse.

- Registered dental hygienists working for a hospital would be authorized to practice pursuant to a collaborative arrangement with a licensed dentist pursuant to state regulations.

Supporting innovative **Models of Care and Financing.**

- The Commissioner would be authorized to establish a pilot program under which the Public Health and Health Planning Council (PHHPC) would approve one business corporation in Kings County and another elsewhere in the state allowing increased capital investment in health care facilities.

Rationalizing the State-funded **Excess Medical Malpractice Insurance Pool**.

- The number of excess medical malpractice policies purchased for physicians using State funds would be limited to the number of policies for which the payment of actuarially sound rates can be supported by the amount appropriated in the Budget, granting priority to the highest risk specialties, saving the State $12.7 million.

Enactment of these measures would achieve total savings of $52.4 million in Fiscal Year 2014 and $57.3 million in FY 2015, and avoids a $325 million annual cost from the new licensure requirements for the State and entities licensed and regulated by the State.

Medicaid Assistance (Medicaid) Program

MEDICAID ALL FUNDS SPENDING ($ in Billions)				
	SFY 2012-13 (Estimated)	SFY 2013-14 (Projected)	Change	Percent Change
State Funds	$21.78	$22.44	$0.66	3%
Local Funds	$8.15	$8.88	$0.73	9%
Federal Funds	$24.05	$26.29	$2.24	9%
Total All Funds:	**$53.99**	**$57.62**	**$3.63**	**7%**

The SFY 2013-14 Executive Budget recommends $57.62 billion in All Fund spending for the Medicaid program, which is $3.63 billion or 0.07 percent more than SFY 2012-13 estimated spending levels of $53.99 billion.

The SFY 2013-14 Executive Budget is authorized $16.6 billion in State share spending for Medicaid, which is approximately $700 million higher than SFY 2012-13 authorized spending levels. Medicaid spending was capped at $15.9 billion SFY 2012-13, and $16.6 billion for SFY 2013-14 in the current enacted budget. The year to year growth in Medicaid would be set statutory to a rolling consumer price index increase of 3.9 percent, a reduction of 0.1 percent from the previous statutorily approved increases.

MEDICAID REDESIGN

Since the implementation of Phase I of Medicaid Redesign, the Medicaid Redesign Team (MRT) has continued its innovative work to reform New York's Medicaid system. In addition to monitoring and refining its initial recommendations, Phase II of the process established workgroups with additional expertise to help develop recommendations in complex issue areas, including supportive housing, behavioral health reforms, managed long-term care implementation, payment reforms, quality measurement and streamlining State and local responsibilities. Many of these proposals were included in the SFY 2012-13 budget and became law.

The Executive Budget provides continued support the implementation of MRT phase I (SFY 2011-12) and phase II (SFY 2012-12) actions. For SFY 2013-14 the Executive has proposed MRT Phase III which includes a number of new proposals to facilitate State compliance with Federal laws under the ACA, the State takeover of local Medicaid administration, and other core investments/adjustments to the Medicaid program.

GOLBAL MEDICAID ACTIONS

Limit Annual Medicaid Growth

The SFY 2013-14 Executive Budget includes language that would extend the authority of DOH to impose Medicaid spending controls**,** beyond the state fiscal year period ending March 31, 2014. This proposal would extend until March 31, 2015 the authority for DOH to develop and implement a plan of action (known as the " Medicaid Savings Allocation Plans ") to ensure that spending is in line with the Medicaid global cap. Also included in this proposal is a $17.1 billion appropriation for State share Medicaid spending for SFY 2014-15.

The 2 percent across the board reduction originally enacted with the 2011-12 Medicaid Redesign statute is continued for another state fiscal year, and the elimination of institutional trend factors would be permanent. This two actions would result in $345 million in State share savings in SFY 2013-14.

Medicaid State Operations Spending Consolidation Within Medicaid Cap

In line with the phase-in of a state takeover of local government Medicaid administration, and federal requirements under the ACA, Medicaid State operations spending would be consolidated within the Medicaid Cap. Approximately $91 million in State operations costs will be consolidated under the cap for SYF 2013-14.

MRT PHASE III PROPOSALS

Hospitals

Updated Base Year for Hospitals: Provides for an updated base year effective January 1, 2014, for inpatient hospital services, to allow calculation on a calendar year basis rather than starting December 1, 2013.

New Capital Reimbursement Methodologies: Authorizes DOH to establish capital reimbursement methodologies through regulations for inpatient and outpatient services, including emergency services, consistent with the transition to managed care.

Allows for Temporary Operators of Adult Care Facilities, General Hospitals, Diagnostic and Treatment Centers, or a chemical dependence treatment program: This proposal would allow DOH to establish a temporary operator of an adult care facility, a general hospital or diagnostic and treatment center (and a chemical dependence treatment programs licensed by OASAS) on a temporary basis to preserve the best interests of the residents or patients and community served by the facility when a statement of deficiencies has been issued by the Department of Health (DOH) for that facility and upon a determination that significant management failures exist in the facility.

Indigent/Charity Care Methodology Reform: Establishes a three calendar year transition program for hospitals receiving indigent care payments (starting 2013). The purpose of this program is to transition the state to a methodology based on uninsured units and Medicaid rates that would comply with federal requirements. The transition period will include a maximum loss/gain percentage for each calendar year that will be set through DOH regulations.

Nursing Homes

Rates of Compensation for Nursing Home Employees: Requires managed care contracts with nursing homes to support standard rates of compensation which are sufficient to ensure the retention of a qualified workforce capable of providing high quality care. The compensation would include a basic hourly rate of pay and a supplemental benefit rate, and would be decided by DOH in consultation with DOL.

Develop Price for Specialty Nursing Homes: This proposal authorizes a pricing methodology to be developed for the operating component of the rate for specialty nursing homes. The new methodology would apply to rates beginning on April 1, 2014.

Capital Reimbursement Methodologies: Authorizes DOH to establish capital reimbursement methodologies for nursing homes through regulation.

Upper Payment Limit Distributions: Provides for additional flexibility in the calculation of upper payment limit distributions for public nursing homes.

Federal Requirements Under ACA

Conform Medicaid Eligibility Groups to Federal Requirements: Repeals current Medicaid categories and replaces them with new eligibility categories that will exist as of January 1, 2014 when the Medicaid requirement of the Affordable Care Act (ACA) take effect. The new subdivision would identify the categories of individuals who will have their financial eligibility determined based on their modified adjusted gross income (MAGI) in accordance with the new federal requirements. This would also specify which eligible individuals will receive the current Medicaid benefit package.

Essential Health Benefits/Make-Available Benefits: Requires policies issued to small groups to provide coverage for essential health benefits (EHB) in accordance with the ACA. New York included mandated benefits in its EHB benefits plan (Oxford Direct Plan).

Eliminate Healthy New York: Eliminates Healthy NY coverage and program funding for individual and sole proprietor enrollees on December 31, 2013. Also discontinues qualified small employer contracts that do not offer coverage for essential health benefits and transitions qualified small employers to a plan that complies with ACA.

Repeal Family Health Plus: The ACA establishes a new mandatory coverage group for adults to 138 percent of federal poverty level (FPL). All FHP enrollees will be subsumed into the new Medicaid eligibility category. The adults with incomes between 138 and 150 percent of FPL will be able to enroll in a qualified health plan (QHP) with a tax credit. This will be effective January 1, 2014.

Rate Settings for Child Health Plus: Provides for the transition of rate setting for the Child Health Plus program from the Department of Financial Services to DOH.

Long Term Care

Capital Debt Reimbursement for Adult Homes: Authorizes capital debt reimbursement for certain adult homes which convert to assisted living programs. The current authority is for up to 4,5000 assisted living beds, this program would be limited to adult homes with patient populations in which at least 25 percent are people with mental illness.

Primary Care

Integration of Behavioral and Physical Health Clinics: Two initiatives will be established (1) Service Integration License Pilot Project (2) Collaborative Care model. Patients receiving care at Pilot clinics will be able to obtain coordinated physical and behavioral health services whose goal is improve overall health. The Collaborative Care model will promote the detection and treatment of common mental health conditions.

Pharmacy

Elimination of Prescribers Prevails - Eliminates requirement that managed care plans and Medicaid FFS adhere to prescriber prevail provisions for prescription drugs ($10.5 million in savings).

Eliminates Prescriber Prevails When 4 Opioid Prescription in 30 Day Limit is Exceeded: This proposal would allow DOH to deny prior authorization when the existing limit of four opioids prescribed within 30 days is exceeded, and clinical criteria as established by the FDA, manufacturers, and DOH review boards are not met.

Merge the Pharmacy and Therapeutics Committee with the Drug Utilization Review Board: These changes also would permit the Commissioner of Health (Commissioner) to require prior authorization of drugs eligible for reimbursement by State public health plans unless the pharmaceutical manufacturers agreed to provide minimum supplemental rebates.

Miscellaneous Proposals

Supportive Housing Development Reinvestment Program: Provides an additional $12.5 million state share to expand supportive housing and related services for vulnerable populations.

Health Home Plus for Assisted Outpatient Treatment (AOT): Health Home Plus programs would be embedded in designated health homes to more effectively manage the care of people assigned to AOT.

Special Needs Plan Payment System: Special needs managed care plans or comprehensive HIV special needs plans would be authorized to provide for covered comprehensive health services on a full capitation basis.

Spousal Refusal: This proposal would prohibit a spouse or parent from refusing to contribute any available income or assets towards the costs of health care services being provided to a spouse or family member to reduce unnecessary Medicaid financing of long-term care services. This proposal is expected to produce $34 million in State savings for SFY 2013-14.

JUSTICE CENTER FOR THE PROTECTION OF PEOPLE WITH SPECIAL NEEDS

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$0	$35,434,000	$0	0.00%
Special Revenue-Other	$0	$8,710,000	$0	0.00%
Special Revenue-Federal	$0	$834,000	$0	0.00%
Enterprise Funds	$0	$35,000	$0	0.00%
Total All Funds:	**$0**	**$45,013,000**	**$0**	**0.00%**

The core mission of the Justice Center for the Protection of People with Special Needs (Justice Center) will be to protect the health and safety of vulnerable individuals in the State's care. The Justice Center will have primary responsibility for tracking, investigating, and pursuing serious abuse and neglect complaints at State facilities and provider-operated facilities that are certified or licensed by the following six agencies: Office of Mental Health (OMH), Office for Persons with Developmental Disabilities (OPWDD), Office of Alcoholism and Substance Abuse Services (OASAS), the Department of Health (DOH), the Office of Children and Family Services (OCFS), and the State Education Department (SED).

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends $45 million in All Funds supports. The Justice Center is a new state agency that was established through legislation that was passed and signed into law as Chapter 501 of the Laws of 2012. The Justice Center will begin operations by June 30, 2013. For SFY 2013-14 the Justice Center will have a total of 280 FTEs filled through transfers, 200 transferred from OCFS and the remainder from CQCAPD.

State Operations

The SFY 2013-14 Executive Budget includes a State Operations appropriation of $44.5 million, $31.6 million of this total is a transfer from the OCFS budget and other start-up authority in order to support the operation of the Justice Center.

Local Assistance

The SFY 2013-14 Executive Budget includes $487,000 for local assistance.

OFFICE OF THE MEDICAID INSPECTOR GENERAL

Fund Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$28,461,000	$23,915,000	($4,546,000)	-16.0
Special Revenue-Other	$3,700,000	$0.00	$0	0.00
Special Revenue-Federal	$43,726,000	$42,619,000	($1,107,000)	-2.5
Total All Funds:	**$75,887,000**	**$66,534,000**	**($9,353,000)**	**-12.0**

The Office of The Medicaid Inspector General (OMIG) was created as part of the SFY 2006-07 Enacted Budget. The mission of the agency is to eliminate fraudulent activities in New York State's Medicaid Program. OMIG is charged with the responsibility of working cooperatively with other state agencies such as the Department of Health and the Department of Law to prevent fraud, waste, and abuse control activities in the Medicaid Program.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends an All Funds appropriation of $66.5 million, a decrease of $9.3 million from SFY 2012-13 Enacted levels. The decrease primarily reflects annualization of staff attrition and other operational efficiencies. This also includes an increase in 10 Full Time Equivalent Positions (FTEs) for a total workforce of 486 by the end of SFY 2013-14.

Fraud Audit Savings:

- The SFY 2013-14 Executive Budget recommends a Medicaid Fraud Audit Target of $1.1 billion, which is the same audit target figure from the SFY 2012-13 budget.

DEPARTMENT OF MENTAL HYGIENE

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
State Operations	$600,000,000	$600,000,000	$0	0.00%
Total All Funds:	**$600,000,000**	**$600,000,000**	**$0**	**0.00%**

The Department of Mental Hygiene 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 provide services directly to their clients through State-operated facilities and receive reimbursement for these services, primarily with Medicaid funds.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget proposes a State Operations appropriation of $600 million, which is consistent with SFY 2012-13 levels. The recommended $600 million in new appropriations from the Patient Income Account and the Mental Hygiene Program Fund may be distributed to OMH, OPWDD, and OASAS in order to access additional revenues made available or through a decreased set-aside for debt service resulting from planned debt management actions.

OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
State Operations	$116,951,000	$117,866,000	$915,000	.78%
Aid to Localities	$457,496,000	$457,496,000	$0	0%
Special Revenue-Federal	$6,530,000	$6,170,000	($360,000)	-5.83%
Capital Projects Fund	$97,606,000	$97,606,000	$0	0%
Total All Funds:	**$580,977,000**	**$579,138,000**	**(555,000)**	**-.31%**

The mission of the Office of Alcoholism and Substance Abuse Services (OASAS) is to improve the lives of New Yorkers by leading a premier system of addiction services through prevention, treatment, and recovery.

Overview of Executive Budget Proposal

The Executive Budget proposes a $673 all funds appropriation ($434 State Operating funds; $239 million other funds). This represents a $.9 million increase in funding to cover increased fringe benefits.

The agency would remain at 764 FTE's.

Local Assistance

The SFY 2013-14 Executive Budget recommends $457.5 million in Aid to Localities appropriations, an increase of $1.5 million, or 0.3% from SFY 2012-13.

Capital Projects

The SFY 2012-13 Executive Budget recommends $97.6 million in capital funding, a zero percent increase from SFY 2012-13. Total re-appropriations are $483,652,000.

Article VII Proposals

- Elimination of COLA /Trend Increase – The Executive Budget proposes once again to delay the planned 1.4 percent annual human services COLA for certain employees working in OMH, OPWDD, OASAS, DOH, OCFS, and the Department of Aging. The bill would also continue the adjustment for an additional year through 2017. Deferral of the increase would result in savings of $44 million in 2014.

- Technical changes to the methadone registry - The Budget also seeks to make a technical change to the Methadone Registry to incorporate client dosing information on individual patients enrolled in opioid treatment programs. The executive believes this change is necessary to facilitate more efficient services after Superstorm Sandy made it apparent that the information was hard to track.

- Streamlining the process in which OASAS funds providers. This proposal would repeal Article 26 of the mental hygiene law and instead insert an entirely new article to streamline the process in which OASAS awards contracts. This will result in savings to the state since OASAS will not have to hire new employees to oversee the current process which the comptroller is changing. Under the proposal local governments would be granted state aid via submission of an authorization letter. Voluntary agency budgets, through the local government would identify the nature of services to be provided, areas to be served and include a description of the agency's contributions and local government funding provided, if any. There are several concerns within this bill that need to be further analyzed such as the State's ability to withhold aid based on an "urgent public need."

OFFICE OF MENTAL HEALTH

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$421,778,00	$394,778,00	($27,000,000)	-6.40%
Special Revenue-Other	$2,891,731,000	$2,924,986,000	$33,255,000	1.15%
Special Revenue-Federal	$53,452,000	$44,597,000	($8,855,000)	-16.50%
Capital Projects Fund	$189,665,000	$196,955,000	$7,290,000	3.84%
Internal Service Funds	$2,597,000	$2,597,000	$0	0.00%
Enterprise Funds	$8,606,000	$8,606,000	$0	0.00%
Total All Funds:	**$3,567,829,000**	**$3,572,519,000**	**$4,690,000**	**0.13%**

The New York State Office of Mental Health (OMH) promotes the mental health and well-being of all New Yorkers. Its mission is to facilitate recovery for individuals receiving treatment for serious mental illness, to support children and families in their social and emotional development and facilitate early identification and treatment of serious emotional disturbances, and to improve the capacity of communities across New York to achieve these goals.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends $3.57 billion in All Funds supports, a net increase of nearly $4.7 million, or 0.10 from SFY 2012-13. Major budget actions to promote quality care and treatment include funding for additional supported housing, creation of regional centers of excellence for inpatient treatment, enhanced community services for individuals on Assessed Outpatient Treatment (AOT) and leaving OMH facilities, and the establishment of multi-disciplinary incident review panels for serious incidents involving a person with mental illness.

State Operations

The SFY 2013-14 Executive Budget decreases State Operations appropriations by $6.8 million, or a decrease of 0.3% from SFY 2012-13. This 0.3% reduction is associated with inpatient redesign, administrative efficiencies and negotiated workforce savings.

Local Assistance

The SFY 2013-14 Executive Budget keeps local assistance spending flat, with the same appropriation from SFY 2012-13 of $1.3 billion.

Capital Projects

The SFY 2013-14 Executive Budget provides capital appropriations of $197 million, which represent a $7.2 million or 3.84% increase from SFY 2012-13. This increase is associated with additional bonded authority to support continued reconfiguration of long term inpatient building at Hutchings and conversation of a building at Central NY Psychiatric Center for SOMTA.

Article VII Proposals

Closure/Restructuring of OMH Facilities: The Executive Budget would give OMH the authority to not enforce the requirement in the Mental Hygiene Law that one year notice be given before closing, restructuring, or the reduction of services may occur, and instead enforce a 30 day public notice window of a ward closure or 60 day notice of a facility closure. The Executive Budget would extend this authority to reorganize the State operated hospital system into regional centers of excellence for the diagnosis and treatment of complex behavioral health illnesses. This effort will ensure there will be ample capacity for treating individuals with mental illness who require inpatient services.

Continues Office of Mental Health Exempt Income Recoveries: The Executive Budget proposal would give OMH the authority to recover funding from providers of community residences licensed by OMH. The recovery amount shall equal fifty percent of the Medicaid revenue received by such providers which exceeds the fixed amount of annual Medicaid revenue limitations.

Makes Permanent Certain License Exemptions: The Executive Budget includes legislation to make permanent the current long time temporary exemption for certain social work and mental health professional licensure requirements of persons employed by a program or service operated, regulated, funded, licensed, or approved by OMH, OPWDD, OASAS, DOH, OCFS, Office for the Aging, Department of Corrections and Community Supervision, and/or local governmental units or social services districts.

SOMTA Annual Examination Clean Up: Clarifies that annual reviews for sex offenders must be completed within one year of the date on which the court last ordered or confirmed the need for continued confinement.

Mental Health Incident Review Panels: Authorizes OMH to convene panels of State and local officials to review violent incidents involving persons with mental illness who either harm others or are themselves harmed. The information obtained by the review panel will be deemed confidential. OMH must make an annual report to the Legislature and the Governor summarizing the findings and recommendations made by the review panels.

COLA Elimination: The Executive Budget proposes to delay for one year the automatic 1.4 percent Cost of Living Adjustment (COLA) increase in SFY 2013-14.

OFFICE FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Fund Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$1,662,830,000	$1,897,803,000	$234,973,000	14.13%
Special Revenue-Other	$2,957,462,000	$2,662,288,000	($295,174,000)	-9.98%
Special Revenue-Federal	$751,000	$751,000	$0	0.0%
Capital Project Fund	$163,540,000	$168,950,000	$5,410,000	3.3%
Internal Service Funds	$348,000	$348,000	$0	0.0%
Enterprise Funds	$2,657,000	$2,657,000	$0	0.0%
Total All Funds:	**$4,787,588,000**	**$4,732,797,000**	**($54,791,000)**	**-1.14%**

The mission of the Office for People with Developmental Disabilities (OPWDD) is to help people with developmental disabilities live richer lives. The agency's vision is to ensure that people with developmental disabilities enjoy meaningful relationships with family, friends, and others in their lives; experience personal health and growth; and live in homes and fully participate in the communities of their choice.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends All Funds support of $4.73 billion, a net decrease of $54.7 million or 1.14%, from SFY 2012-13.

State Operations

The SFY 2013-14 Executive Budget decreases State Operations spending by $61.1 million or 2.85%, this is attributed to various administrative efficiencies generated by OPWDD reforms, including deinstitutionalization and moving care to more effective community based program.

Local Assistance

The SFY 2013-14 Executive Budget maintains the Local Assistance appropriation from SFY 2012-13 of $2.48 billion.

Capital Projects

The SFY 2013-14 Executive Budget provides capital appropriations of $169 million, an increase of $5.4 million or approximately 3.3% from SFY 2012-13 appropriation levels. Most of this increase is associated with additional hard dollar funding to perform necessary minor maintenance projects to State-operated and voluntary-operated facilities and additional bonded funding to accommodate increase to fire safety projects.

Article VII Proposals

COLA Elimination: The Executive Budget proposes to delay for one year the automatic 1.4 percent Cost of Living Adjustment (COLA) increase in 2013-14.

Makes Permanent Certain License Exemptions: The Executive Budget includes legislation to make permanent the current long time temporary exemption for certain social work and mental health professional licensure requirements of persons employed by a program or service operated, regulated, funded, licensed, or approved by OMH, OPWDD, OASAS, DOH, OCFS, Office for the Aging, Department of Corrections and Community Supervision, and/or local governmental units or social services districts.

Fully Integrated Duals Advantage Program: Program would provide comprehensive health services through a managed care provider to targeted populations of Medicare/Medicaid dually eligible persons.

Developmental Disability Individual Support and Care Coordination Organizations (DISCOs): Authorizes managed care plans to provide services operated, certified, funded, authorized or approved through OPWDD, with certain protections in place to recognize the unique needs of individuals with developmental disabilities.

COMMISSION ON THE QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

Fund Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$6,324,000	$1,421,000	($4,903,000)	-77.5%
Special Revenue-Other	$4,663,000	$1,129,000	($3,534,000)	-75.7%
Special Revenue-Federal	$8,345,000	$8,345,000	$0	0.0%
Enterprise Funds	$45,000	$12,000	($33,000)	-73.3%
Total All Funds:	**$19,377,000**	**$10,907,000**	**($8,470,000)**	**-43.71%**

The mission of the Commission on Quality of Care and Advocacy for Persons with Disabilities (CQCAPD) is to improve the quality of life for individuals with disabilities in New York State and to protect their rights and advocate for needed change. A Commission priority has been to enhance advocacy services for all populations. The Commission's focus has been to increase its outreach efforts, provide a single point of access for disability information, and expand disability rights and awareness training. The Commission's Advocacy Council has expanded its membership to include individuals with a broader range of disabilities to better fulfill its mission in advising the Governor and Legislature regarding all New Yorkers with disabilities.

Overview of Executive Budget Proposal

The SFY 2013-14 Executive Budget recommends $10.9 million in All funds support for the Commission. This level of funding represents a decrease of $8.47 million or 43.7% from SFY 2012-13, and is primarily attributed to shifting resources from CQCAPD to establish the Justice Center ($3.8 million), and a reduction in state operations costs associated with managed attrition, administrative efficiencies, and the transfer of four positions associated with statewide BSC and IT efforts ($213,000).

ADIRONDACK PARK AGENCY

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$4,386,000	$4,385,400	($600)	-0.01%
Special Revenue-Other	$0	$0	$0	0%
Special Revenue-Federal	$700,000	$700,000	$0	0%
Capital	$500,000	$0	($500,000)	-100%
Total All Funds:	**$5,586,000**	**$5,085,400**	**($500,600)**	**-9%**

The Adirondack Park Agency was created by the State Legislature to develop long-range land use plans for both public and private lands within the Park, and to issue permits in order to complete approved projects. The agency consists of approximately 72 staff and an 11-member board, and is responsible for carrying out the regulatory functions of the Park. The boundary of the Park encompasses approximately six million acres, nearly half of which belongs to the people of New York State and is constitutionally protected to remain "forever wild" as a forest preserve.

Overview of Executive Budget Proposal

The Executive budget recommends $5.1 million for the Agency, a decrease of $500,600 from the 2012-2013 budget. The decrease primarily reflects the elimination of the capital appropriation for the Agency. The Adirondack Park Agency has $1.5 million available in capital reappropriations.

DEPARTMENT OF AGRICULTURE AND MARKETS

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$31,129,000	$32,272,000	$1,143,000	3.7%
Special Revenue-Other	$34,591,000	$34,591,000	$0	0%
Special Revenue-Federal	$29,644,000	$29,644,000	$0	0%
Capital Projects Fund	$3,000,000	$3,000,000	$0	0%
Enterprise Funds	$21,361,000	$21,361,000	$0	0%
Fiduciary Funds	$1,836,000	$1,836,000	$0	0%
Total All Funds:	**$163,162,000**	**$159,374,000**	**($3,788,000)**	**-2.3%**

The Department of Agriculture and Markets is charged with fostering a competitive and safe food and agricultural industry in the State of New York to benefit and protect both producers and consumers. The Department's major responsibilities include oversight and regulation of the State's agricultural and food industry by administering inspection and testing programs associated with food safety, animal and plant health, and accurate labeling; as well as the preservation of agricultural resources by supporting programs that improve soil and water quality. The Department is also responsible for operating the annual New York State Fair.

Overview of Executive Budget Proposal

The Executive budget recommendation for SFY 2013-14 is approximately $159.4 million in All Funds appropriations, which is a decrease of $3.8 million from the SFY 2012-2013 enacted budget. The change reflects reductions in local assistance funding, which are partially offset by additional State Operations funds due to the E-Licensing imitative, which will provide consumers with more efficient access to the Department's Licensing program.

The Executive budget recommends a workforce of 471 FTEs for the Department. This workforce level remains flat from the 2012-13 budget, and reflects reductions in the State workforce due to attrition offset by the filling of certain vacant positions.

The Executive budget recommends continuing $450,000 of funding for the Fresh Connect farmers market program, which awards competitive grants to create and expand farmers markets in underserved communities throughout New York State.

Capital funding of $2.5 million from the New York Works program will address capital needs at the New York State Fair.

SFY 2013-14 Executive Proposed Budget Impacts on State Operations

The Executive recommends State Operations appropriations totaling $119.7 million for SFY 2013-2014. This represents an increase of approximately $1.1 million from SFY 2012-13.

The Executive recommends eliminating all reappropriations to the Department of Agriculture and Markets that are over five years old.

Agriculture & Markets Local Assistance Grants

The Executive budget provides for an appropriation of $16.7 million in local assistance funding for various programs, a reduction of $4.9 million dollars from the 2012-2013 enacted budget. Specifically, funding the Farm Viability Institute is reduced from $1.2 million to $400,000; funding for Farm Family Assistance is reduced from $484,000 to $384,000; and funding for Cornell Diagnostic Lab's Rabies program is reduced from $150,000 to $50,000. Funding for other initiatives, including the Maple Producers Association, the Tractor Rollover Protection Program, Northern NY Agricultural Development, Eastern Equine Encephalitis, Agricultural Economic Development, and the Long Island Rabies program were eliminated.

Cornell Diagnostic Lab	Enacted Budget 2012-13	Executive Recommendation 2013-14	Change	Percent Change
"Core" Diagnostic Lab	$3,750,000	$3,750,000	$0	0%
NYS Cattle Health Assurance	$360,000	$360,000	$0	0%
Quality Milk (Mastitis)	$1,174,000	$1,174,000	$0	0%
Johnes Disease	$480,000	$480,000	$0	0%
Rabies	$150,000	$50,000	($100,000)	-66.7%
Avian Disease	$252,000	$252,000	$0	0%
Cornell Diagnostic Lab Total:	**$6,166,000**	**$6,066,000**	**($100,000)**	**-1.6%**

Cornell Ag Education Programs	Enacted Budget 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Ag in Classroom	$80,000	$80,000	$0	0%
Future Farmers of America	$192,000	$192,000	$0	0%
Ass'n of Ag Educators	$66,000	$66,000	$0	0%
Cornell Ag Education Total:	**$338,000**	**$338,000**	**$0**	**0%**

Other Cornell Programs	Enacted Budget 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Farm Family Assistance	$484,000	$384,000	($100,000)	-20.7%
Geneva Exp St Seed Program	$128,000	$128,000	$0	0%
Golden Nematode	$62,000	$62,000	$0	0%
Geneva Exp St Seed Program	$0	$40,000	$40,000	100%
Rabies – Long Island	$100,000	$0	($100,000)	-100%
Pro-Dairy	$822,000	$822,000	$0	0%
Cornell Other Total:	**$2,434,000**	**$2,274,000**	**($160,000)**	**-6.6%**

Other Programs	Enacted Budget 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Ag. Child Care (Migrant)	$6,521,000	$6,521,000	$0	0%
Local Fairs	$340,000	$340,000	$0	0%
Wine / Grape Foundation	$713,000	$713,000	$0	0%
Farm Viability Institute	$1,221,000	$400,000	($821,000)	-67.2%
Center for Dairy Excellence / Farm Viability Institute	$150,000	$150,000	$0	0%
NYS Apple Growers Ass'n	$206,000	$206,000	$0	0%
Maple Producers Ass'n	$100,000	$0	($100,000)	-100%
Tractor Rollover Protection Program	$100,000	$0	($100,000)	-100%
Northern NY Agriculture Development	$500,000	$0	($500,000)	-100%
Eastern Equine Encephalitis	$150,000	$0	($150,000)	-100%
Agricultural Economic Development	$3,000,000	$0	($3,000,000)	-100%
Other Programs Total:	**$13,001,000**	**$8,330,000**	**($4,671,000)**	**-0.6%**
Ag & Markets Aid to Localities Total:	**$21,601,000**	**$16,670,000**	**($4,931,000)**	**-0.8%**

Capital Appropriations in Agriculture & Markets

The Executive recommends overall capital appropriations totaling $3 million for SFY 2013-14, the same level that was funded in the 2012-2013 enacted budget.

Article VII

The Executive Budget does not propose Article VII language for the Department of Agriculture and Markets.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$63,749,000	$67,864,000	$4,115,000	6.5%
Special Revenue-Other	$3,458,000	$3,458,000	$0	0.0%
Special Revenue-Federal	$8,000,000	$8,000,000	$0	0.0%
Total All Funds:	**$75,207,000**	**$79,322,000**	**$4,115,000**	**5.5%**

The Department of Economic Development (DED) works closely with the Empire State Development Corporation (ESDC) to provide advice to the Executive regarding economic development policy. The Department also aids the development of the State's economic development strategies. Working with ESDC, the Department provides technical and financial assistance to businesses through its network of regional offices located throughout the State – helping to coordinate the efforts of other State agencies, authorities, organizations and local governments in developing and implementing economic development projects. DED is also responsible for administering the State's tourism and marketing programs, including the I♥ NY Program, as well as aiding with Empire Zones program management.

Overview of the Executive Budget Proposal

The Executive proposes $79.3 million for the Department of Economic Development. This is an increase of $4.1 million from the SFY 2012-13 budget. The increase primarily reflects funding to support the new Innovation Hot Spots and Market New York programs offset by the non-recurrence of one-time SFY 2012-13 Legislative adds, and the transfer of funding associated with the Business Services Center, IT consolidation, and the New York State Data Center. The Executive Budget recommends a workforce of 151 FTEs for the Department, a decrease of 1 FTE from revised SFY 2012-13 levels. The decrease reflects the transfer of the New York State Data Center function to the Department of Labor. Major budget actions include:

- Innovation Hot Spots Program: The budget includes $1.25 million in new funding to support expenses of the Innovation Hot Spots Program. Newly designated Hot Spots will serve as high technology innovation incubators providing growth support funding for start-up companies.
- Market New York Program: The budget includes $5 million in new funding to support an advertising competition for the best regional marketing plans.
- "I ♥ NY" Program: A $2.5 million appropriation is recommended for "I ♥ NY" tourism advertising, a reduction of $330,000 from SFY 2012-13.
- Tourism Matching Grants: $3.8 million is provided to assist local tourism promotion agencies, a reduction of $170,000 from SFY 2012-13.
- International Trade: A $700,000 appropriation is recommended for international trade activities and offices, the same level as last year.

ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (NYSERDA)

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Special Revenue-Other	$16,230,000	$16,230,000	$0	0%
Capital Projects-Other	$14,000,000	$37,000,000	$23,000,000	164.3%
Total All Funds:	**$30,230,000**	**$53,230,000**	**$23,000,000**	**76.1%**

The New York State Energy Research and Development Authority (NYSERDA), established in 1975, develops and implements energy programs to increase the use of renewable energy, improve energy conservation, manage energy resources and harness research and development to solve energy and environmental problems, as well as create economic opportunity.

NYSERDA is a Public Benefit Corporation, governed by a 13-member board, all appointed by the Governor including four ex-officio members: the commissioners of the departments of Transportation and Environmental Conservation, and the chairs of the Public Service Commission and the Power Authority of the State of New York.

OVERVIEW

The Executive Budget recommends $53.2 million for NYSERDA. This is an increase of $23 million (or 76.1%) from the SFY 2012-13 budget, reflecting $25 million in funding for the Cleaner, Greener Communities program, partially offset by decreased funding for nuclear waste cleanup activities at West Valley.

Major budget actions include:

- $25 million in new State funding for the Cleaner, Greener Communities Capital program, a grant program that addresses climate change through energy efficiency, renewable energy, and other clean energy projects. These moneys will be used to fund $15 million in existing grant commitments and $10 million will be made available for new projects.

- $16.2 million in funding, the same level as SFY 2012-13, for the Authority's research, demonstration and development programs, which funds energy analysis and planning activities and a competitive research and development grant program.

- A $2 million decrease in capital funding, from $14 million to $12 million, for ongoing work at West Valley. The Authority's costs at West Valley are largely dictated by a Federal match requirement, and are expected to decrease in SFY 2013-14 as a result of decreased spending by the Federal government.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$126,299,000	$108,046,200	($18,252,800)	-14.5%
Special Revenue-Other	$269,728,000	$264,465,800	($5,262,200)	-2%
Special Revenue-Federal	$77,385,000	$79,198,000	$1,813,000	2.3%
Capital Projects Fund	$609,143,000	$444,300,000	($164,843,000)	-27.1%
Internal Service Funds	$95,000	$95,000	$0	0%
Total All Funds:	**$1,085,226,000**	**$897,781,000**	**($187,445,000)**	**-17.3%**

The Department of Environmental Conservation (DEC) is responsible for conserving, improving, and protecting the State's natural resources and environment. The Department supports programs that work to control land, water, and air pollution to enhance the health, safety and welfare of New York State residents. The Department is also responsible for the administration of the environmental programs funded from the Clean Water/Clean Air Bond Act of 1996 as well as the Environmental Protection Fund (EPF), the State's dedicated environmental fund.

Overview of Executive Budget Proposal

The Executive budget recommendation for SFY 2013-14 is $897.8 million. This is a reduction of approximately $187.4 million, or 17.3 percent from the 2012-13 enacted budget. The decrease reflects changes in the New York Works capital infrastructure program and reductions taken for the transfer of employees to the Office of Information Technology Services (ITS). Legislative adds for Cornell Integrated Pest Management and Invasive Species, amounting to $900,000 were also removed. All reappropriations older than 5 years were eliminated.

The Executive Budget recommends a workforce of 2,916 FTEs for the Department in 2014. This is a reduction of 74 FTEs from the transfer of employees to ITS.

The Executive Budget appropriates $40 million in capital for the Department under the New York Works statewide capital infrastructure program. The DEC funding will be used for the Brownfields Environmental Restoration grant program, recreational facilities updates and health and safety repairs, wastewater treatment infrastructure, the plugging and remediation of abandoned oil and gas wells, and e-business initiatives to allow DEC customers to have updated online services.

The Executive Budget proposes Article VII language to permanently extend the $2.50 waste tire fee, which provides funding for DEC solid waste programs. The waste tire fee provides approximately $24 million annually for DEC.

The Executive Budget proposes Article VII langue to Enact the Cleaner Greener New York Act of 2013 to increase revenues deposited to the Environmental Protection Fund by redirecting unclaimed bottle deposit receipts and by strengthening enforcement of the Bottle Bill to prevent fraud. Enactment of this language is necessary to implement the proposed deposit of an additional $19 million of revenue to the EPF for environmental programs in SFY 2013-2014, and $23 million in each fiscal year thereafter.

State Operations

The Executive recommends total appropriations of approximately $451.8 million in State Operations purposes in the SFY 2013-14 budget. This represents a reduction of $21.7 million, or 4.6%. The decrease results primarily from rightsizing appropriations.

Aid to Localities

The Executive recommends a total Aid to Localities appropriations of $1.676 million for SFY 2012-13, representing a decrease of $900,000 from SFY 2011-12 enacted appropriation levels. This decrease in Aid to Localities funding is reflective of the Executive's recommendation to eliminate funding for the Cornell Integrated Pest Management Legislative Addition of $400,000, and the Invasive Species Legislative Addition of $500,000.

Program	Available 2011-12	Executive Recommendation 2012-13	Change	Percent Change
Administration General Fund	$900,000	$0	($900,000)	-100%
Air and Water Quality Management General Fund	$744,000	$745,000	$0	0%
Solid and Hazardous Waste Management	$931,000	$931,000	$0	0%
Total All Funds:	**$2,576,000**	**$1,676,000**	**($900,000)**	**-1.5%**

Environmental Protection Fund (EPF)

The Executive proposes an overall appropriation of approximately $153 million for the programs supported by the Environmental Protection Fund (EPF), an increase of $19 million that is funded by a transfer of $15 million of unclaimed bottle deposit receipts and $4 million from enforcement of the unclaimed bottle deposit program.

Appropriations include $12.7 million for solid waste programs, $58.3 million for parks and recreation, and $82.1 million for open space programs.

EPF capital appropriations are intended to provide funding for high priority environmental projects. The graphs below indicate a breakdown of EPF funding:

Solid Waste	Enacted 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Landfill Closure/Gas Management	$270,000	$250,000	($20,000)	-7.4)
Municipal Recycling	$6,435,000	$7,000,000	$565,000	8.8%
Pollution Prevention Institute	$2,100,000	$3,250,000	$1,150,000	54.8%
Secondary Marketing	$1,000,000	$1,000,000	$0	0%
Natural Resource Damages	$175,000	$155,000	($20,000)	-11.4)
Pesticide Database	$960,000	$1,000,000	$40,000	4.2%
Solid Waste Total:	**$10,940,000**	**$12,655,000**	**$1,715,000**	**15.7%**

Parks and Recreation	Enacted 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Waterfront Revitalization	$11,500,000	$12,500,000	$1,000,000	8.7%
Inner City/Underserved	$5,750,000	$6,250,000	$500,000	8.7%
Jefferson and St. Lawrence	$60,000	$0	($60,000)	-100%
Niagra/Erie Waterfront Revitalization	$400,000	$0	($400,000)	-100%
Buffalo Waterfront	$250,000	$0	($250,000)	-100%
Niagara River Greenway	$150,000	$0	($150,000)	-100%
Municipal Parks	$13,000,000	$15,500,000	$2,500,000	19.2%
Inner City/Underserved	$6,500,000	$7,750,000	$1,250,000	19.2%
Ulster County Rail Trail	$0	$2,000,000	$2,000,000	100%
Buffalo-Area Parks	$425,000	$0	($425,000)	-100%
Woodlawn Beach State Park	$75,000	$0	($75,000)	-100%
Evangola State Park	$75,000	$0	($75,000)	-100%
Niawanda Park	$100,000	$0	($100,000)	-100%
Buffalo Military & Naval Park	$100,000	$0	($100,000)	-100%
Wendt Beach Park	$75,000	$0	($75,000)	-100%
Niagara/Erie Historic Preservation	$300,000	$0	$300,000	100%
Darwin Martin House	$50,000	$0	($50,000)	-100%
Graycliff Conservancy	$50,000	$0	($50,000)	-100%
Michigan Street Heritage Corridor	$200,000	$0	($200,000)	-100%
Hudson River Park	$3,000,000	$3,000,000	$0	0%
Public Access & Stewardship	$16,000,000	$18,000,000	$2,000,000	12.5%
OPRHP	$7,886,000	$8,750,000	$864,000	11%
DEC	$7,614,000	$8,750,000	$1,136,000	14.9%
ORDA	$500,000	$500,000	$0	0%
Parks and Rec Total:	**$52,500,000**	**$58,250,000**	**$5,750,000**	**11%**

Open Space	Enacted 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Land Acquisition	$17,500,000	$20,000,000	$2,500,000	14.3%
Land Trust Alliance	$1,575,000	$1,575,000	$0	0%
Urban Forestry	$500,000	$500,000	$0	0%
Smart Growth	$300,000	$300,000	$0	0%
Farmland Protection	$12,000,000	$13,000,000	$1,000,000	8.3%
Agricultural Waste Management	$700,000	$1,000,000	$300,000	42.9%
Biodiversity Stewardship	$500,000	$500,000	$0	0%
Albany Pine Bush Commission	$2,000,000	$2,000,000	$0	0%
Invasive Species	$3,400,000	$3,600,000	$200,000	
Lake George	$100,000	$100,000	$0	0%
LI Pine Barrens Commission	$1,100,000	$1,100,000	$0	0%
Oceans & Great Lakes Imitative	$4,728,000	$4,750,000	$22,000	0.47%
Water Quality Improvement Program	$2,932,000	$7,945,000	$5,013,000	171%
Maximum Daily Load Study	$300,000	$0	($300,000)	-100%
Flood Resiliency	$0	$5,000,000	$5,000,000	
LI South Shore Estuary Reserve	$900,000	$900,000	$0	0%
Non-Point Source Poll Cont	$17,000,000	$18,700,000	$1,700,000	10%
Agricultural	$13,000,000	$14,200,000	$1,200,000	9.2%
Non-Agricultural	$4,000,000	$4,500,000	$500,000	12.5%
Soil and Water Conservation Districts	$3,500,000	$3,500,000	$0	0%
Finger Lake - Lake Ontario Watershed	$1,000,000	$1,000,000	$0	0%
Hudson River Estuary Plan	$3,000,000	$3,800,000	$800,000	26.7%
Mohawk River	$0	$800,000	$800,000	100%
Open Space Total:	**$70,560,000**	**$82,095,000**	**$11,535,000**	**16.3%**
Total EPF:	**$134,000,000**	**$153,000,000**	**$19,000,000**	**14.2%**

Article VII

- **Permanently Extends the Waste Tire Fee:** Permanently extends the current waste tire fee which has a sunset date of December 31, 2013. This bill imposes a fee of $2.50 per tire, which supports DEC's efforts to remediate abandoned waste tire facilities. This fee traditionally brings in approximately $24 million annually for the Department.

- **Enacts the Cleaner Greener New York Act of 2013:** Increases revenues deposited to the Environmental Protection Fund by redirecting unclaimed bottle deposit receipts and by strengthening enforcement of the Bottle Bill to prevent fraud. Requires the payment of $15 million per year to the Environmental Protection Fund (EPF) from unredeemed "Bottle Bill" deposit collections currently deposited to the General Fund and establish a formula for further increasing the revenue the State receives from unclaimed deposits based on increased enforcement of the Bottle Bill, and directing those increased funds to the EPF.

ENVIRONMENTAL FACILITIES CORPORATION

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Special Revenue-Other	$0	$0	$0	0%
Capital Projects Fund	$0	$0	$0	0%
Total All Funds:	**$0**	**$0**	**$0**	0%

The Environmental Facilities Corporation (EFC) is a public benefit corporation charged with mission of promoting environmental quality by providing technical assistance to municipalities, State agencies and private businesses to aid such entities' compliance with Federal and State environmental laws and regulations. EFC provides low cost financing to the aforementioned entities and assists in the design, construction, and operation of facilities for air pollution control, drinking water and wastewater treatment, and solid and hazardous waste disposal. EFC is further responsible for the administration of the Clean Water State Revolving Loan Fund which provides interest-free short term financing as well as low interest rate long-term financing for projects that protect and improve water quality. The Corporation also works jointly with the New York State Department of Health to administer the Safe Drinking Water State Revolving Loan Fund.

Overview of Executive Budget Proposal

The Executive budget reflects the changes made in the SFY 2012-13 enacted budget, which eliminated the practice of appropriating funds for EFC by realigning it with public authorities that budget their funds directly. All existing channels of EFC's financial support of the Departments of Environmental Conservation and Health would be preserved.

EFC is funded by Federal capitalization grants and State matching funds, loan repayments and internally generated funds. The original purpose of the $12 million appropriation was to be a source of administrative cash flow for EFC prior to EFC's receipt of similarly purposed Federal funds from which reimbursement was provided by EFC back to the state.

EFC's on-budget appropriations have been used to meet a portion of EFC's personal service (payroll) costs. All personal service payments issued by OSC through this state appropriation are fully reimbursed by EFC. Given its self-sustaining nature, EFC does not need support from State Operating Funds.

HUDSON RIVER PARK TRUST

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Capital Projects Fund	$0	$0	$0	0%
Total All Funds:	**$0**	**$0**	**$0**	**0%**

Hudson River Park Trust is a partnership between New York State and New York City. The Trust is charged with the design, construction and operation of the 550 acre Hudson River Park, which will span five miles from Battery Park to 59th Street in New York City. As a public benefit corporation, Hudson River Park Trust is governed by a thirteen-member Board of Directors; five members are appointed by the governor; five by the Mayor of New York City; and three by the Manhattan Borough President. The Trust employs a focused, diverse staff with experience in parks, design, finance, public policy, operations and maintenance.

Overview of Executive Budget Proposal

All Trust administrative activities, including operation costs, are paid directly from a portion of the commercial lease payments and other revenues generated by businesses located conducted on Park property and activities conducted thereon.

Like last year, there are no new direct appropriations recommended by the Executive in the State Fiscal Year (SFY) 2012-13 budget for the Hudson River Park Trust. Typically, these direct capital appropriations to the Trust have represented advance payments by the State for New York City's share of costs associated with the Park.

Under the Department of Environmental Conservation, the SFY 2012-13 Executive Proposed Budget includes a $3 million capital appropriation from the Environmental Protection Fund (EPF), which is the same level of funding as that provided in SFY 2011-2012.

METROPOLITAN TRANSPORTATION AUTHORITY

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
Dedicated Mass Transportation Trust Fund Special Revenue-Other	$634,000,000	$638,480,000	$4,480,000	.7%
Metropolitan Transportation Authority Special Revenue-Other	$1,552,000,000	$1,645,685,000	$93,685,000	6%
Capital Projects Fund Authority Bonds	$770,000,000	$0	($770,000,000)	--
Total All Funds	**$2,956,000,000**	**$2,284,165,000**	**($671,835,000)**	**-22.7%**

The Metropolitan Transportation Authority (MTA) is the public authority that is responsible for the operation, maintenance and improvement of public transportation in the 12-county Metropolitan Commuter Transportation District which consists of New York City (NYC) as well as Nassau, Suffolk, Westchester, Dutchess, Orange, Putnam, and Rockland counties. The Authority operates the bus and subway systems in NYC, the commuter railroads that run throughout the 12-county region, and the seven bridges and two tunnels in NYC.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget proposal provides for three types of State-supported funding to the MTA:

- Transit operating aid appropriations, which are provided through the budget of the State Department of Transportation (DOT);
- Capital program reappropriations, which are provided through bonding from prior budgets; and
- Contingency appropriations, which provide no direct financial aid to the Authority in SFY 2013-14. These appropriations are intended to provide operating aid to the MTA in the event that the SFY 2013-14 budget is not passed by the April 1st deadline established by the State Constitution.

Overall, nearly $4.3 billion would be made available to the Authority in transit operating assistance in SFY 2013-14 through DOT, along with over $1.375 billion in reappropriations to be made available to the MTA for capital investments.

State Transit Operating Aid for the MTA

Transit operating aid provided to the Authority in the State budget is channeled through the Department of Transportation. Thus, all transit operating assistance appropriations for the MTA are located within the DOT budget. (As a result of this fact, the Agency Summary Table provided at the beginning of this narrative does not reflect any appropriations to the MTA for operating assistance.)

In SFY 2013-14, the Executive proposes an overall total of nearly $4.3 billion in transit operating aid to the Authority. This represents an increase of $295 million or approximately 7% above appropriation levels in the SFY 2012-13 Adjusted Budget. This includes General Fund support of approximately $307 million to offset the revenue impact of the 2011 additional payroll tax exemptions on the MTA's 2013 fiscal year.

The SFY 2013-14 Executive Budget Proposal maintains an appropriation of approximately $25.3 million to offset the costs to the MTA for the Reduced Fare for School Children Program for New York City.

The Executive Budget also includes over $2.5 million to reimburse the MTA for costs associated with the suspension of tolls on the Rockaway Bridges to ease movement during Hurricane Sandy.

Capital Funding for the MTA

The SFY 2013-14 Executive Budget Proposal contains no new appropriations for the MTA capital program. $770 million in appropriations from authority-backed bonding to provide the State's share of assistance for the final three years of the MTA's $22 billion Capital Program for 2010-14 was provided in the 2012 Enacted Budget. The MTA is also scheduled to receive nearly $606 million in reappropriations from earlier capital program funding.

The schedule for last year's $770 million was staggered, for cash flow purposes, into the following five-year timetable:

State Assistance Timeline for FY 2012-14 of the MTA Capital Program (in millions)				
2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17**
$150	$0	$0	**$310**	**$310**
The authority bonds will be issued by the Empire State Development Corporation, Dormitory Authority, and Thruway Authority pursuant to authorization granted in the budget.				

Five-Year Capital Program

After its initial $26 billion five-year capital program was rejected by the Capital Program Review Board, the MTA sustained the first two years of its 2010-14 Capital Program mainly through reliance on over $2 billion in federal transit aid and state-approved issuance of $6 billion in new MTA borrowing. After multiple attempts to reduce its expenses and streamline its needs over the final three years of its plan, the MTA approved a $13 billion capital program through 2014, contingent on federal aid, grants, and loans, going deeper into debt, state and local contributions, and a few other initiatives.

However, this plan was approved prior to the damage wrought by Hurricane Sandy in October of 2012. This has caused an estimated additional $5 billion in damages, including $4.755 billion in additional needs that will be reflected in the MTA's current capital plan. $3.977 billion of these appropriations must be approved by the Capital Program Review Board. The plan to finance these repairs revolves around anticipated insurance and federal government reimbursement, as well as additional external borrowing of up to $950 million.

The following three tables explain how the MTA's capital program is expected to change to deal with the results of Hurricane Sandy.

Table I
MTA 2010-2014 Capital Plan Amendment
All Agency Summary
($ in millions)

Plan	Approved Plan	Proposed Plan	Change
Core Capital Plan			
New York City Transit	$11,649	$11,649	-
Long Island Rail Road	2,316	2,316	-
Metro-North Railroad	1,544	1,544	-
MTA Bus	297	297	-
MTA Wide Security/Disaster Recovery Program (Core CPRB Agencies)	335	4,312	3,977
MTA Interagency	315	315	-
Core Subtotal	**$16,456**	**$20,433**	**$3,977**
Network Expansion Projects	5,739	5,739	-
Total 2010-2014 CPRB Plan	**$22,195**	**$26,172**	**$3,977**
Bridges & Tunnels	2,079	2,079	-
MTA Wide Security/Disaster Recovery Program (Bridges and Tunnels)	0	778	778
Total 2010-2014 Capital Plan	**$24,274**	**$29,029**	**$4,755**

This chart is available in the MTA's Capital Program Amendment presentation for the Board.
Numbers may not total due to rounding

Table II
MTA 2010-2014 Capital Plan Amendment
Proposed Plan Increase by Agency
($ in millions)

Agency	Proposed Plan
New York City Transit	$3,449
Long Island Rail Road	267
Metro-North Railroad	188
MTA Bus	25
Bridges and Tunnels	778
Capital Construction Company	48
Recovery Projects: 2010-2014 CPRB Plan	**$3,977**

.

Table III
MTA 2010-2014 Capital Plan Amendment
Funding Plan for Tropical Storm Sandy Recovery
($ in millions)

Funding Plan	Approved Plan	Proposed Plan	Change
Federal Formula, Flexible and Misc.	$5,783	$5,783	-
Federal High Speed Rail	295	295	-
Federal Security	225	225	-
Federal RRIF Loan	2,200	2,200	-
MTA Bus Federal Formula/Match	167	167	-
City Capital Funds	762	762	-
State Assistance	770	770	-
MTA Bonds	10,503	10,503	-
Other	1,490	1,490	-
Tropical Storm Sandy Recovery Funds			
• Receipts of proceeds of insurance and federal reimbursement (including interim borrowing by MTA to cover delays in the receipt of such proceeds).	-	3,185	3,185
• MTA Bonds	-	792	792*
Total 2010-2014 CPRB Plan	**$22,195**	**$26,172**	**$3,977**
Bridges & Tunnels Bonds	$2,079	$2,079	-
B & T Hurricane Sandy Recovery Funds • Receipts of proceeds of insurance and federal reimbursement (including interim borrowing by TBTA to cover delays in the receipt of such proceeds).	-	620	620
• B & T Bonds	-	158	158*
Total 2010-2014 Capital Plan	**$24,274**	**$29,029**	**$4,755**

Contingency Appropriations

Contingency appropriations are dry appropriations, not supported by cash, which are intended for the purpose of providing authorization for State agencies or public entities to draw on State funds to pay for unforeseen or extraordinary expenses.

The Executive proposes two contingency appropriations for the MTA that altogether total over $2.284 billion in the SFY 2013-14 Executive Budget:

- The first contingency appropriation provided to the Authority totals $638.48 million, an increase of $4.48 million, or .7%, from the SFY 2012-13 Enacted Budget from the Dedicated Mass Transportation Fund.
- The second contingency appropriation is for more than $1.645 billion. This contingency appropriation is required pursuant to the new Section 92-ff of State Finance Law which was enacted as part of Chapter 25 of the Laws of 2009 (the MTA Bailout).

These contingency appropriations are provided to support operating costs and debt service payments of the MTA in SFY 2013-14 in the event that the State budget for the next fiscal year is not enacted by April 1, 2013.

Article VII

- ***Basing Transmission Tax Revenues on Population.*** The Executive Budget includes Article VII legislation that would redistribute the statewide transmission tax between the upstate Public Transportation Systems Operating Assistance Account (PTOA) and downstate Metropolitan Mass Transportation Operations Assistance Account (MMTOA) transit accounts based on regional population, continuing the 54/26-downstate/upstate ratio.

- ***Extending the MTA Business Tax Surcharge.*** The Revenue legislation extends the MTA Business Tax Surcharge until 2018. These taxes provide revenue for MTA operations, and have been in place since the 1980s. The estimated value for this account in SFY 2013-14 is $958 million.

- ***MTOA Debt-Service Sweep.*** The Public Protection and General Government legislation contains language that would transfer $20 million from the Metropolitan Transportation Operating Assistance account (MTOA) to the State's General Debt Service Fund, to assist the State in providing debt service payments for MTA capital borrowing that it had agreed to reimburse in prior years.

DEPARTMENT OF MOTOR VEHICLES

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
Special Revenue- Other	$86,827,000	$90,360,000	$3,533,000	4.07%
Special Revenue-Federal	$38,487,000	$39,106,000	$619,000	1.61%
Internal Service Funds	$15,000,000	$15,000,000	0	0%
Capital Projects Fund	$194,171,000	$205,759,000	$11,588,000	5.97%
Total All Funds	**$334,485,000**	**$350,225,000**	**$15,767,000**	**4.7%**

The Department of Motor Vehicles (DMV) is responsible for a number of activities that help promote traffic safety, protect consumers, and provide informational services to New York State drivers and the general public. These activities include licensing drivers; registering vehicles to authorize use and establish identification; issuing titles to establish vehicle ownership; and licensing and regulating the motor vehicle industry. The DMV Traffic Violations Bureau is also responsible for helping to adjudicate traffic infractions. The Department collects fees and other non-tax revenue to provide financial support for these activities, as well as for transportation capital expenses and the general expenses of the State.

Overview of Executive Budget Proposal

The Executive Budget proposes over $350 million for SFY 2013-14, an increase of $15.7 million or about 4.7% from the SFY 2012-13 budget. This increase reflects increased costs and fringe benefit adjustments, as well as an investment of $4.5 million for a customer service initiative.

The Executive Budget recommends a workforce of 2,215 FTEs for the Department, a decrease of 4 FTEs over the prior year. This is due mainly to attrition and additions needed to accommodate new mandates like the federal government's medical certification requirements. The overall FTE baseline is 199 FTEs lower than what had been approved in the 2012-13 Enacted Budget, which is attributed mainly to a transfer of IT employees to the Office of Information Technology Services.

DMV Expenses Appropriated From the Dedicated Highway & Bridge Trust Fund

Under the SFY 2013-14 Executive Proposed Budget, the Dedicated Highway and Bridge Trust Fund (DHBTF) would support over $205.7 million of DMV's expenses. This represents an increase of approximately 11.6 million or 5.97% from the appropriation made from the DHBTF in the SFY 2012-13 Enacted Budget.

The DHBTF is the primary source of State funding for transportation capital infrastructure investment. The appropriation from the DHBTF for the Department of Motor Vehicles would primarily support expenses associated with the Department's administrative functions and initiatives. Overall, the DHBTF appropriation in the SFY 2013-14 Executive Proposed Budget represents almost 59% of the total value of appropriations made to DMV.

The DMV is projected to collect more than $1.7 billion in revenue for the State and localities in 2013-14.

Article VII & Budget Actions

- ***Customer Service Initiative.*** DMV is also investing in technological improvements to reduce wait times, dropped calls, and improve convenience, including:
  - Redesigning its website to implement a pre-registration program to reduce time spent at the DMV and exploring DMV-related smartphone apps;
  - Installing self-service kiosks for simpler tasks;
  - Making improvements to call centers;
  - Streamlining transaction processing through IT upgrades; and
  - Holding office hours at more convenient times.

- ***Compliance with Motor Carrier Safety Improvement Regulations.*** The Executive Budget includes legislation to bring New York into compliance with Federal Motor Carrier Safety Administration regulations, with respect to cell phone and texting prohibitions for commercial driver's license (CDL) holders. This legislation provides for suspension of a CDL if the operator violates State or local law regarding cell phone use or texting, provides that no operator may use a cell phone or mobile device while operating a commercial motor vehicle during a temporary slowdown or traffic jam, and further prohibiting motor carriers from allowing or requiring their drivers to use cell phones or mobile devices while operating a commercial motor vehicle. Failure to comply with federal regulations would subject the State to losing up to $64 million in federal highway aid and $8 million in FMCSA program funding.

- ***Weekend DMV Service.*** The Executive Budget includes legislation to permit the DMV Commissioner to designate certain branch offices to be open to serve the public and transact business on Saturdays.

- ***Operational and Administrative Efficiencies.*** DMV plans to reduce personal and non-personal service expenses in 2013-14 through attrition of non-customer-service staff, contract rate reductions, postage expense decreases due to a reduction in license renewals, and contract reprioritization as part of the customer service initiative. The estimated value of these efficiencies for 2013-14 is $2.6 million, and is $3.8 million for 2014-15.

NEW YORK GAMING COMMISSION

Funding Source	Adjusted Appropriation 2011-12	Executive Recommendation 2013-14	Change	Percent Change
Special Revenue-Other	125,357,700	111,604,700	(13,753,000)	-12.32%
Total All Funds:	125,357,700	**111,604,700**	**(13,753,000)**	**-12.32%**

Effective Feb 1, 2013, Chapter 60 of the Laws of 2012 created the New York State Gaming Commission ("Commission"). The Commission merges the functions and responsibilities of the former Division of the Lottery and the former Racing & Wagering Board. The Commission supervises four divisions created to carry out responsibilities related to the regulation and enforcement of various gaming activities - 1) Division of the Lottery; 2) Charitable Gaming; 3) Gaming (including Indian Gaming and Video Lottery Gaming); and 4) Horse Racing and Pari-Mutuel Wagering. By consolidating various regulatory functions into a single oversight body, the Commission will ensure the continued growth of the gaming industry while maintaining public confidence and trust in the credibility and integrity of all legalized state gaming activities.

Overview of Executive Budget Proposal

The Executive Budget proposes to fund the Gaming Commission at $111.6 million which is an overall decrease of $13.8 million (12%). This decrease represents the elimination of last year's $15.6 million appropriation for environmental remediation at the Aqueduct VLT facility prior to construction. That remediation had been part of the agreement reached between Genting and the State in 2010.

Article VII Proposals

- The Executive Budget includes legislation to create a new account to finance an administration program within the NYS Gaming Commission to support its administrative expenses. This legislation is necessary because lottery funds can only be used for education and administrative expenses while racing funds may only be used for the express purposes outlined in the RPWBL.

- The budget also has a proposal to redirect 1% of VLT purse enhancements from VLTs to fund costs associated with recommendations made by the Governor's Task Force on Racehorse Health and Safety. The proposal would generate approximately $1.5 million to fund the recommendations. It would however, adversely impact the New York Thoroughbred horsemen who would lose approximately $450,000 in purse money and the harness horsemen who would lose approximately $900,000 in purse money.

- The commission rate for the Monticello Harness and VLT facility would also be extended for an additional 1 year. The Monticello Raceway is approximately 50 miles from the Mt. Airy Lodge in the Poconos and 60 miles away from the Hard Rock Casino in Wilkes Barre, Pennsylvania. Monticello believes they would lose even more business to Pennsylvania if this provision is not extended.

- The budget would also remove the last remaining restrictions on the game of Quick Draw. It is estimated that removing these restrictions would generate an additional $24 million in revenue. The 2012-13 budget loosened one restriction on the game of quick draw. The Division of Lottery since then has seen a 14% increase in play, with projected revenues from the change already being met. The Division predicts approximately 780 new locations would take advantage of the change and begin offering the game of Quick Draw. Currently, 9,752 businesses in NYS offer the game.

- The budget also contains enabling legislation that would commence the process for the siting of casinos should an amendment be ratified in November that legalizes full Class III gaming in the state. The bill would authorize the development of up to three casinos upstate. Casino development in the downstate region would be expressly prohibited. Ninety percent of any funds derived from casino gaming would be dedicated to elementary and secondary education, with the remaining ten percent going to local government mandate relief.

- Part U of the revenue bill would make the pari-mutuel tax rates permanent. Over the last several years the legislature has simply extended these provisions year after year in the state budget.

OLYMPIC REGIONAL DEVELOPMENT AUTHORITY (ORDA)

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$4,583,000	$4,086,000	($497,000)	-0.9%
Special Revenue-Other	$150,000	$1,331,000	$1,181,000	787.3%
Total All Funds:	**$4,733,000**	**$5,417,000**	**$684,000**	**14.5%**

The Olympic Regional Development Authority was established by the New York State Legislature in 1981, in order to create a program to manage and promote the sports facilities used for the 1980 Olympic Winter Games. These facilities include: Whiteface Mountain Ski Area; the Olympic Training Center; the Mt. Van Hoevenberg bobsled, cross country ski trails and biathlon range; Intervale Ski Jumping Complex; Olympic Ice Rinks and the Olympic Speed Skating Oval; and Gore Mountain Ski Center. The State and local governments work together cooperatively to protect the public's investment in the previously mentioned facilities.

Overview of the Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2012-13 is $5.4 million. This represents an increase of $684,000 from the 2012-13 enacted budget. The increase results from additional spending anticipated from the Winter Sports Education Trust Fund.

The Executive Budget provides $50 million in new capital funding to the Office of Parks, Recreation and Historic Preservation as part of the New York Works initiative. $2.5 million of these funds, which primarily support parks infrastructure projects, may be sub-allocated to ORDA for capital improvement of the Authority’s facilities.

Article VII

The Executive Budget does not propose Article VII language for the Olympic Regional Development Authority.

OFFICE OF PARKS, RECREATION & HISTORIC PRESERVATION

Agency	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$129,942,700	$129,655,700	($287,000)	-1%
Special Revenue-Other	$88,171,900	$87,831,900	($340,000)	-1%
Special Revenue-Federal	$6,850,900	$6,850,900	$0	0%
Capital Projects Fund	$156,071,000	$106,200,000	($49,871,000)	-0.7%
Enterprise Funds	$0	$0	$0	0%
Total All Funds:	**$395,861,500**	**$342,263,500**	**($53,598,000)**	**-0.9%**

The goal of the Office of Parks Recreation and Historic Preservation is to provide and maintain safe, pleasurable, recreational opportunities and programs for all New York State residents and visitors. The Office of Parks, Recreation and Historic Preservation also acts as a responsible guardian of the State's valuable natural, historic, and cultural resources. The Office is responsible for the operation and maintenance of 178 State parks and 35 historic sites which include a number of performing arts centers, golf courses, marinas, beaches, cabins, swimming pools, campgrounds, and a variety of restaurants, and other historic sites.

Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2013-14 is $342.2 million. This is a decrease of $53.5 million from the 2012-13 budget. The decrease primarily reflects the removal of last year's proposed New York Works capital infrastructure acceleration program providing for an additional $44.3 million, as well a $5.6 million reduction for preservation of facilities to bring the Parks appropriations in line with their projected spending.

The Executive Budget recommends a workforce of 1,719 FTEs for the Department. This staffing level reflects the transfer of 17 FTEs to the Office of Information Technology Services (ITS) in 2012-13.

Parks Local Assistance Spending

The proposed Executive Budget for SFY 2012-13 is $11.7 million, which is a reduction of $3.1 million from the level of funding appropriated in SFY 2012-13. The reduction reflects the Executive's plan to eliminate all reappropriations for Legislative additions.

Parks Capital Spending

The proposed Executive Budget for SFY 2012-13 is $106.2 million. This represents a decrease of $49.9 million. These decrease is primarily resulting from reduction of the monies allotted in the 2012-13 enacted budget, which included $94.3 million for the Executive's New York Works Capital Infrastructure program, and a miscellaneous Capital Gift of $15 million.

The table below displays changes to the Parks Capital funding:

Agency	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
State Parks Infrastructure Fund	**$123,271,000**	**$73,400,000**	**($49,871,000)**	**-40.5%**
Health and Safety Purposes	$4,683,000	$4,700,000	$17	0.36%
Preservation of Facilities	$15,118,000	$9,500,000	($5,618,000)	-$37.2
Physically Disabled	$700,000	$700,000	$0	0%
Energy Conservation	$700,000	$700,000	$0	0%
Engineering Services	$3,800,000	$3,800,000	$0	0%
Preventative Maintenance	$4,000,000	$4,000,000	$0	0%
New York Works Infrastructure	$94,270,000	$50,000,000	$44,270,000	-47%
Federal Capital Projects Fund	**$4,000,000**	**$4,000,000**	**$0**	**$0**
Miscellaneous Gift Account	**$25,000,000**	**$25,000,000**	**$0**	**0%**
Miscellaneous Capital Projects Fund	**$3,800,000**	**$3,800,000**	**$0**	**0%**
Capital Investment Account	$500,000	$500,000	$0	0%
I Love NY Water Account	$1,300,000	$1,300,000	$0	0%
Natural Resource Account	$1,500,000	$1,500,000	$0	0%
Minekill State Park Account	$500,000	$500,000	$0	0%
Total All Funds:	**$156,071,000**	**$106,200,000**	**$49,871,000**	**-32%**

DEPARTMENT OF PUBLIC SERVICE

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Special Revenue - Other	$78,892,000	$83,142,000	$4,250,000	5.4%
Special Revenue - Federal	$3,500,000	$3,500,000	$0	0.0%
Total All Funds:	**$82,392,000**	**$86,642,000**	**$4,250,000**	**5.2%**

The Department of Public Service (DPS), the staff arm of the Public Service Commission (PSC), which consists of five members appointed by the Governor, has four major areas of responsibility: regulating the State's public utilities, including electric, gas, steam, telephone and water rates and services; ensuring natural gas and liquid petroleum pipeline safety; regulating the cable television industry; and overseeing electric and gas facilities and transmission line siting.

Overview

The Executive Budget recommends $86.6 million for the Department of Public Service in SFY 2013-14, which is an increase of $4.3 million (or 5.2%) from the SFY 2012-13 Enacted Budget. This growth reflects an increase in local assistance funding for electric transmission projects and new funding for a wholesale market consumer advocacy initiative.

The Executive Budget recommends a workforce of 496 employees for the Department, the same level as SFY 2012-13. This staffing level reflects the transfer of 28 IT employees to the Office of Information Technology Services in SFY 2012-13 as part of the statewide IT consolidation. The 496 staffing level is consistent with the recommendation of the Moreland Commission on Utility Storm Preparation and Response, and the IT consolidation will have no programmatic impact on the Department or its ability to increase its enforcement capabilities, as recommended by the Commission. Budget highlights include:

- $1 million for a wholesale market consumer advocacy initiative, to be operated in conjunction with the Department of State's Division of Consumer Protection. The initiative, funded from a Federal settlement with a major utility, will provide advocacy on behalf of New York's electric consumers on utility rate issues.

- An increase in local assistance funding of $3.25 million, in anticipation of additional electric transmission line siting projects in SFY 2013-14 as part of the Governor's Energy Highway Initiative. The funding, which is provided by entities proposing to site electric generation and transmission facilities, can be accessed by local governments and community groups to fund intervention activities related to the review process.

DEPARTMENT OF STATE

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$29,015,233	$21,470,000	($7,545.233)	-2.60%
SRO-FED	$69,395,406	$69,395,000	($406)	-.01%
SRO-Other	$41,174,189	$45,921,000	$4,746,811	11.5%
Capital Project Funds-Other		10,000,000	$10,000,000	N/A
Total All Funds:	**$139,584,828**	**$146,786,000**	**$7,201,172**	**5.2%**

The Department of State (DOS) is the oldest and most diverse State agency. Established in 1778, DOS serves as the State's "Keeper of Records", and the "Great Seal" the agency also serves the financial community, corporations, and attorneys while licensing numerous professions and occupations ranging from real estate and cosmetology to private investigators and notaries. The Department provides a range of services to local governments from public safety through its building and code programs and coastal and waterfront redevelopment programs. It is also home to the Division of Cemeteries; Division of Administrative Rules; Athletic Commission; Commission on Public Access to Records; Commission on Open Government; Appalachian Regional Commission; Lake George Park Commission; Tug Hill Commission; Commission on Uniform State Laws; Office of Regional Affairs; and Community Services among others.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2013-14 Executive Budget recommends a total budget appropriation of $146,786,000. The Executive proposes a 2013-14 appropriation increase of $7,201,172 for this department. This increase covers the proposed $10 million. appropriation for a new "Brownfield Opportunity Areas Program," minus a decrease of a one-time appropriation for the Local Waterfront Revitalization Program. Further highlights are the Department's plan to upgrade its "E-licensing" program for occupational licenses and a fund shift to the Business and Licensing Program.

State Operations

The SFY 2013-14 Executive Budget recommends State Operations spending of $71,407,000 for DOS. This reflects the following proposed changes from the 2012-13 adopted budget: General Funds, state and local is increased by $3,040.233; Special Revenues Funds (federal) is reduced by $406; and Special Revenue Funds (other) is increased by $4,746,811. This budget proposal calls for $40,813,00 for the Business and License Services Program, $3,251,000 for the Consumer Protection Program, and $3,165,000 for the administration of block grants to community action agencies.

Aid to Localities

The SFY 2013-14 Executive Budget recommends a reduction of $4,505,000 in the Aid to Localities appropriation for this department.

Capital Projects

There was no enacted appropriation for Capital Projects for 2012-13. However, the SFY 2013-14 Executive Budget recommends an appropriation of $10,000,000 for the new Brownfield Opportunity Areas Program.

URBAN DEVELOPMENT CORPORATION

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$89,615,000	$42,885,000	($46,730,000)	-52.1%
Capital Projects Fund	$705,000,000	$556,057,000	($148,943,000)	-21.3%
Total All Funds:	**$794,615,000**	**$598,942,000**	**($195,673,000)**	**-24.6%**

The Urban Development Corporation is a public benefit corporation that does official business as the Empire State Development Corporation. Its overall objective is to stimulate economic growth through the creation of jobs by fostering business development, enhancing industrial competitiveness, revitalizing downtown areas, advancing high technology and promoting activities. It engages in three principal activities: economic and real estate development; State facility financing; and housing portfolio maintenance.

Overview of the Executive Budget Proposal

Empire State Development Corporation (ESD)

The Executive proposes $598.9 million for ESD. This is a decrease of $195.7 million (or a decrease of 24.6%) from the SFY 2012-13 budget. The decrease largely reflects the non-recurrence of certain one-time capital appropriations for specific economic development projects included in the SFY 2012-13 Executive Budget. Major budget actions include:

- Regional Economic Development Councils. Building upon the success of the last two years' Regional Council competitions, the Budget provides another $150 million of capital funding to support a third round of new and competitively selected projects that will further advance each region's economic development objectives. In addition to these moneys, Regional Councils will have the opportunity to compete for an additional $70 million of Excelsior Job Credits, as well as funds from other State agencies made available to the Regional Councils via the Consolidated Funding Application process.

- New York Works Economic Development Fund. The Budget includes $165 million for the New York Works Economic Development Fund as part of the New York Works initiative. This Fund will provide capital grants to support projects that create new or retain existing jobs, as well as infrastructure projects needed to attract or retain business across the State.

- Buffalo Regional Innovation Cluster. As a part of the Governor's $1 billion multi-year commitment to Buffalo, the Budget authorizes $100 million for Buffalo Regional Innovation Cluster activities, including $75 million in new capital funding and $25 million in tax credits from the enhanced Excelsior Jobs Program.

- Retention of the Buffalo Bills. The Budget includes over $60 million in new funding to support a multi-year agreement to retain the Buffalo Bills in Western New York, including $54 million for stadium improvements.

- The NYS Innovation Venture Capital Fund. A new $50 million venture capital fund will provide critical seed and early-stage funding to incentivize new business formation and growth in New York State and facilitate the transition from ideas and research to marketable products. The Fund will be administered by ESD with program funding sourced from the New York Power Authority and redirection of dormant investment programs administered by ESD.

- NYSUNY 2020/NYCUNY 2020. To continue to spur economic development through university-industry collaboration, the Executive Budget includes $110 million for competitive capital grants for the SUNY and CUNY systems. $55 million will be provided for a third round of NYSUNY 2020 grants and $55 million for a new NYCUNY 2020 program.

- Ongoing Economic Development Programs. $38.5 million is provided to support ongoing economic development programs, including: the Empire State Economic Development Fund; Minority and Women-Owned Business Development and Lending Programs; the Urban and Community Development Program and the Entrepreneurial Assistance Program.

- Continued Support of Existing Capital Projects. Over $2 billion is recommended in reappropriations for continued support of various economic development and regional initiatives including statewide competitive grant programs administered by ESD, specific downstate regional initiatives, upstate city-by-city projects, and other economic development projects administered by ESD and the Dormitory Authority of the State of New York.

DEPARTMENT OF TAXATION AND FINANCE

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$286,146,000	$295,246,000	$9,100,100	3.2%
Special Revenue-Other	$108,671,000	$106,171,000	($2,500,000)	-2.3%
Special Revenue-Federal	$2,500,000	$5,000,000	$2,500,000	100%
Internal Service Funds	$25,380,000	$77,442,000	$52,062,400	18.4%
Total All Funds:	**$422,697,000**	**$483,859,400**	**$61,162,000**	**14.5%**

The Department of Taxation and Finance administers State taxes and various local taxes and also manages the State Treasury. The Department executes its mission through eight programs: Audit, Collections and Enforcement, Centralized Operations Support, Office of Conciliation and Mediation, Management, Administration and Counsel, Revenue Processing and Reconciliation, Tax Policy, Revenue Accounting and Taxpayer Guidance; Technology and Information Services, and Treasury Management.

Overview of Executive Budget Proposal

The Executive Budget recommends $483.8 million which is $61.7 million (14.5%) more than the current State Fiscal Year.

The Executive Budget recommends $483.8 million All Funds ($295.5 million General Fund; $106.1 million Other Funds) for the Department of Taxation and Finance. This is an increase of $61.1 million (14.5 percent) All Funds (increases of $9.1 million in General Fund and decrease of $2.5 million in Other Funds) from the 2012-13 levels.

The Executive Budget recommends a workforce of 4,379 FTEs for the Department. This is an increase of 204 FTEs from the 2012-13 budget. The increase is primarily driven by additional revenue generating initiatives. The Agency plans on hiring 200 auditors in SFY 2013-14 and four support staff.

Major budget actions include:

- Augmenting audit and collection activities to strengthen taxpayer compliance and increase revenue to the State.
- Implementing a re-registration initiative for the STAR property tax exemption to eliminate waste, fraud and abuse in the STAR program.
- Consolidating the call center operations of several State agencies into a new Tax Contact Center to drive savings and increase effectiveness.

- Leveraging the operational and technological capabilities of the Department’s print facility to assume the print operations of several agencies to achieve savings.

- Collaborating with the Division of Budget and the Office of Information Technology to effectuate the Governor’s vision to transform the State’s delivery of IT services to maximize existing resources, meet agency business needs with world-class customer service, create a talented, innovative IT workforce, and provide significant cost savings.

- Continuing to expand and enhance the Department's Business Analytics capabilities in order to drive efficiencies, increase revenue collections, and mitigate fraudulent activities.

DIVISION OF TAX APPEALS

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$3,121,000	$3,121,000	$0	0%
Total All Funds:	**$3,121,000**	**$3,121,000**	**$0**	**0%**

The Division of Tax Appeals provides the public with a due process system for resolving disputes with the Department of Taxation and Finance. The Division of Tax Appeals is headed by the Tax Appeals Tribunal, which is comprised of three commissioners appointed by the Governor and confirmed by the Senate. Under the direction of the Tax Tribunal, dispute adjudication is provided through small claims hearings, formal hearings, and the Tribunal appeals process.

Overview of Executive Budget Proposal

The Division of Tax Appeals is supported solely with State tax dollars. The Executive Budget recommends a General Fund appropriation of $3.121 million which is the same as the current year.

The Division employs a workforce of 27 Full Time Equivalents (FTEs).

The Executive Budget recommends a $3.1 million General Fund appropriation and a workforce of 27 FTEs for the Division of Tax Appeals. This represents the same levels of funding and workforce as in 2012-13.

The Executive Budget recommends a workforce of 27 FTEs for the Department. This is the same as the current year.

NEW YORK STATE THRUWAY AUTHORITY

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Capital Projects	$2,000,000	$2,000,000	0	0
General Fund	--	$24,000,000	$24,000,000	--
Total All Funds:	**$2,000,000**	**$26,000,000**	**$24,000,000**	**1300%**

The New York State Thruway Authority is responsible for the operation and maintenance of the 570-mile toll highway system, officially known as the Governor Thomas E. Dewey Thruway, which stretches from Pennsylvania to New York City. This system includes the 426-mile mainline connecting New York City and Buffalo – New York State's largest two cities.

In addition, the Thruway Authority has jurisdiction over the State canal system through its subsidiary, the New York State Canal Corporation. The Canal Corporation oversees the operations, maintenance, development, and improvement of the 524-mile canal system, including the system's 57 locks, 16 lift bridges, and various dams, reservoirs, and water control facilities.

Overview of Executive Budget Proposal

For SFY 2013-14, the Executive recommends a total of $2 million in capital appropriations to the Thruway Authority and the Canal Development Program. This is the same level of funding as SFY 2012-13. It recommends about $9.44 million in reappropriations

Typically, the State budget contains only this single canal development appropriation for the Thruway Authority. All other Thruway and canal-system programs are supported by the Authority's self-generated revenues – the majority of which are derived from Thruway tolls. However, this year the Executive Budget also contains a $24 million General Fund appropriation in the State Operations budget for "the cost of goods and services incurred after December 31, 2012 by the New York State Thruway Authority on behalf of the State of New York." The State further accepted responsibility for operating expenditures for Troop T, the state police force that patrols the Thruway. This represents an annual impact of over $55 million. Current law requires the Thruway Authority to reimburse the State for any enforcement assistance that it requests from the Division of State Police.

Article VII

- ***Guarantees Operating Assistance and Fee Exemption to Temporarily Avert Toll Hikes.*** The Executive proposes legislation that would repeal the current law that requires the Thruway to reimburse the State for expenses related to enforcement assistance it requests for its roads, and would replace it with a new section. This section provides that the state troopers will provide enforcement assistance to the Thruway at a level "consistent with historical precedents," and that the State shall bear any cost outside of an agreement between the State Police and Thruway Authority determining what goods and services the Thruway will provide for the troopers. It also provides that the State shall be "responsible for additional goods and services" worth $24 million every year, which shall be treated OF costs to the State rather than operating costs of the Authority. Finally, the legislation also exempts the Thruway Authority from the annual cost recovery charge assessed on public authorities who have at least three gubernatorial appointees. In 2012, the Thruway Authority budgeted over $4.7 million to pay this fee.

DEPARTMENT OF TRANSPORTATION

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$97,550,900	$97,550,900	$0	0%
Special Revenue-Other	$4,405,687,800	$4,236,066,000	($169,621,800)	-4%
Special Revenue-Federal	$69,851,000	$77,557,000	$7,706,000	11%
Capital Projects Fund	$4,994,209,000	$4,725,157,800	($269,051,200)	-5.4%
Fiduciary Fund	$50,000,000	$50,000,000	0	0%
Total All Funds	**$9,617,298,700**	**$9,186,331,700**	**($430,967,000)**	**-4.42%**

The Department of Transportation (DOT) is responsible for maintaining, improving, and rehabilitating New York State's highway and bridge system which is composed of over 38,000 State highway lane miles and over 7,500 bridges. The Department is also responsible for overseeing and administering programs that provide capital funding to local roads and bridges such as the State-funded Marchiselli Program and the Consolidated Local Highway Improvement Program (CHIPs), as well as partially funding rail, airport, and canal programs. DOT further administers State-aid provided to regional transit systems for both operating assistance and capital investment.

The Department also closely coordinates 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 New York State.

Overview of Executive Budget Proposal

The Executive Budget recommends over $9.186 billion for the Department. This is a decrease of over $430 million or 4.69% from the 2012-13 budget.

The Executive Budget recommends a workforce of 8,337 FTEs for the Department, a decrease of 155 FTEs from the 2012-13 budget. The decrease reflects a transfer of staff to the Office of Information Technology Services (133 FTEs), and reductions in the State workforce due to attrition (22 FTEs). The 2012 Enacted Budget reduced DOT by an additional 91 FTEs.

New York Works Infrastructure Investment: The Executive Budget includes $300 million of new State funding for infrastructure projects. It includes $200 million for core infrastructure improvements like highways, bridges, and the Thruway. The other $100 million is coming from the Regional Economic Development Councils Capital Projects Fund for transportation projects that are expected to have economic development benefits. It has the potential to be open to other types of alternative transportation projects, as opposed to funding only bridge and highway projects. However, this final $100 million has conditional appropriation language that stipulates: "All or a portion of the funds appropriated hereby may be sub-allocated or transferred to any department, agency, or public authority."

DOT Operational Efficiencies in SFY 2013-14

- ***Operational and Administrative Efficiencies.*** DOT plans to implement a range of efficiencies to reduce operating costs, including: attrition, restacking and shared services opportunities, and savings from prior estimates for rail operations. Projected savings for 2013-14 are $32.2 million, and $24.5 million for 2014-15.

State Transit Operating Aid and Mass Transit Initiatives in SFY 2013-14

The Executive Budget proposes over $4.74 billion in transit aid, an increase of almost $319 million from the 2012 Enacted Budget. The MTA will receive nearly $4.3 billion, an increase of $295 million, or about 7%, more than the 2012 Enacted Budget. This includes General Fund support of approximately $307 million to offset the revenue impact of the 2011 MTA payroll tax exemptions. Non-MTA downstate transit systems will be provided over $284 million, an increase of over $23 million, or 9%, in aid. Upstate transit systems will receive more than $175 million, equivalent to what it received in the 2012 Enacted Budget.

The Executive also proposes transferring $20 million from the Mass Transportation Operating Assistance account to pay debt service on bonds previously issued for the MTA capital program.

The table below outlines the overall amount of transit aid provided to each of the major regional transit systems in the SFY 2013-14 Executive Budget Proposal, as well as the year-to-year change in assistance.

State Transit Operating Assistance, SFY 2013-14 Executive Budget

	Proposed 2013-14	Enacted 2012-13	Change	Percent
MTA	$4,287,399,600	$3,992,150,600	$295,249,000	7.40%
Rockland	$3,110,600	$ 2,849,500	$261,100	9.16%
Staten Island Ferry	$30,344,600	$27,797,600	$2,547,000	9.16%
Westchester	$50,932,000	$ 46,657,000	$4,275,000	9.16%
MTA Long Island Bus	$61,601,500	$56,431,000	$5,170,500	9.16%
Suffolk	$23,960,700	$21,949,600	$2,011,100	9.16%
NYC DOT	$81,091,000	$74,284,600	$6,806,400	9.16%
Other Systems	$29,414,700	$26,945,800	$2,468,900	9.16%
Supplemental Aid	$4,312,000	$4,312,000	$0	0%
Total Non-MTA	$284,767,100	$261,227,100	$23,540,000	9.01%
TOTAL DOWNSTATE	**$4,572,166,700**	**$4,253,377,700**	**$318,789,000**	**7.49%**
Upstate Aid				
CDTA	$31,203,800	$31,203,800	$ 0	0%
CNYRTA	$28,484,100	$ 28,484,100	$ 0	0%
RGRTA	$32,665,800	$ 32,665,800	$ 0	0%
NFTA	$ 44,926,600	$44,926,600	$0	0%
Other Systems	$36,265,700	$36,265,700	$0	0%
Supplemental Aid	$1,960,000	$1,960,000	$0	0%
TOTAL UPSTATE	**$175,506,000**	**$175,506,000**	**$0**	**0%**
Total All Transit	**$4,747,672,700**	**$4,428,883,700**	**$318,789,000**	**5.22%**

Included in the overall amount of transit operating assistance provided to the MTA, is continued funding to the Reduced Fare for School Children Program. The SFY 2013-14 Executive Budget Proposal includes approximately $25.3 million to offset the costs to the MTA for this Program, maintaining the same level of aid as the prior year.

Transportation Capital Infrastructure in SFY 2013-14

The Executive's proposal includes roughly $4.3 billion in SFY 2013-14 for Capital Projects. DOT is currently entering what would be the fourth year of a five-year capital program funding phase. Highlights for capital spending in SFY 2013-14 are bulleted below:

- The recommended core highway investment level for SFY 2013-14 is about $2.15 billion compared with $3.12 billion estimated for FY 2012-13. This a reduction of about $971 million compared with FY 2012-13, mainly due to the expiration of last year's New York Works funding.

- The Executive projects $320 million in SFY 2013-14 obligations for preventative highway maintenance, equipment and facilities, a reduction of $16 million from estimated obligations for 2012.

- The Executive incorporates Right of Way and Consultant Engineering expenditures into the Core Highway Program and NY Works lines. The 2012-13 budget projected obligation levels of $96 million and $270 million, respectively. These were respective increases of $101 million and $27 million, based mainly on appropriations increases from the NY Works Program.

- The SFY 2013-14 Executive Proposed Budget provides $363.1 million for the Consolidated Highway Improvement Program (CHIPs) and $39.7 million for the Federal Marchiselli Program, maintaining SFY 2012 Enacted Budget funding levels.

- The most recent five-year Federal Transportation act, SAFETEA-LU, expired in 2009. In July 2012, Congress passed MAP-21, which provides $105 billion for surface transportation programs through 2014. The Federal aid appropriation for SFY 2013-14 will be $2 billion, which includes provisions for State and local highway and bridges, engineering, rail and community enhancement programs, maintaining the same level of funding as in the prior year.

- The Executive proposes $37 million for non-MTA Transit, down $3 million from 2012 and down $13 million from 2011.

- The Executive also proposes a total of $54 million for passenger rail and freight projects. This is down relative to the $57 million scheduled for 2012, but up compared to the $47 million that was actually obligated in 2012. These funds include $44 million to subsidize Amtrak service from Albany to Montreal and Albany to Buffalo.

- Finally, the Executive’s proposal includes $4 million in SFY 2013-14 for aviation capital, down $2 million from 2012 and down $10 million from 2011.

A table comparing the proposed obligations for 2013-14 with the obligations for 2012-13 is included below.

Executive Proposed DOT 2013-14 Capital Plan Obligations (with 2012-13 comparison)				
OBLIGATIONS ($ millions)	**2012-13 Estimated**	**2013-14 Proposed**	**Year-to-Year Change**	**% CHANGE**
Core Highway Program (including Design/Build contracts) (1)	$1,955	$1,948	($7)	0.35%
New York Works - Highway Program(1)	$1,164	$200	($964)	-83%
Administration	$99	$94	($5)	-5%
State Forces Engineering/Program Mgmt	$378	$398	$20	5%
Preventive Maintenance	$336	$320	($16)	-5%
Maintenance Facilities	$18	$18	$0	0%
Other Federal Programs	$87	$103	$16	18%
Rail Development	$47	$54	$7	15%
Aviation Systems	$6	$4	($2)	-33%
Non-MTA Transit	$40	$37	($3)	-7%
New York Works - Regional Councils (1)	$0	$100	$100	----
Capital Aid to Locals	$403	$403	$0	0%
Total Obligations	**$4,533**	**$3,679**	**($854)**	**-19%**

Over the past several years, the amount of revenue being deposited into the DHBTF has been out-matched by the level of obligated expenditures and debt service payments that have to be made from the Fund. To address this issue, General Fund transfers to the DHBTF have been enacted in order to fill the "gap" in the Dedicated Fund since SFY 2008-09. For SFY 2013-14, the Executive recommends a transfer of approximately $624.6 million from the General Fund to the DHBTF. This represents an increase of approximately $81.6 million or 15% compared to the transfer that was recommended for SFY 2012-13. It should be noted that the original estimate for 2012-13 was $543 million, and was modified to nearly $449 million in this year's financial plan. So the recommended $624 million for FY 2013-14 may be subject to significant variation in next year's budget.

Proposed Article VII Legislation

- ***Maintain CHIPs and Marchiselli Funds.*** The Executive Budget would authorize funding for the Consolidated Local Street and Highway Improvement Program (CHIPs) and Marchiselli program for SFY 2013-14. Funding is maintained at SFY 2012-13 levels.

- ***Design-Build Expansion.*** The Public Protection and General Government budget proposes Article VII legislation that would authorize any state agency or authority, excluding SUNY and CUNY, to enter into design-build contracts. It also permits these entities to enter into design-build-finance contracts, in which a private bidder can propose to design, construct, and privately finance the acquisition, construction, demolition, substantial repair, or replacement of a public asset. In 2011, the "Infrastructure Investment Act" was chaptered, which authorized the Thruway Authority, Department of Transportation, Offices of Parks, Recreation, and Historic Preservation, Department of Environmental Conservation, and Bridge Authority to use design-build rather than the conventional design-bid-build procurement model. The law expires in December of 2014.

- ***Basing Transmission Tax Revenues on Population.*** The Executive Budget includes Article VII legislation that would redistribute the statewide transmission tax between the upstate Public Transportation Systems Operating Assistance Account (PTOA) and downstate Metropolitan Mass Transportation Operations Assistance Account (MMTOA) transit accounts based on regional population, continuing the 54/26-downstate/upstate ratio.

- ***Compliance with Motor Carrier Safety Improvement Regulations.*** The Executive Budget includes legislation to bring New York into compliance with Federal Motor Carrier Safety Administration regulations, with respect to cell phone and texting prohibitions for commercial driver's license (CDL) holders. This legislation provides for suspension of a CDL if the operator violates State or local law regarding cell phone use or texting, provides that no operator may use a cell phone or mobile device while operating a commercial motor vehicle during a temporary slowdown or traffic jam, and further prohibiting motor carriers from allowing or requiring drivers to use cell phones or mobile devices while operating a commercial motor vehicle. Failure to comply with federal regulations would subject the State to losing up to $64 million in federal highway aid and $8 million in FMCSA program funding.

- ***MTOA Debt-Service Sweep.*** The Public Protection and General Government legislation contains language that would transfer $20 million from the Metropolitan Transportation Operating Assistance account (MTOA) to the State's General Debt Service Fund, to assist the state in providing debt service payments for MTA capital borrowing that it had agreed to reimburse in prior years.

TRIBAL STATE COMPACT

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
Special Revenue-Other	$54,000,000	$50,800,000	($3,200,000)	-6.29%
Total All Funds:	**$54,00,000**	**$50,800,000**	**($3,200,000)**	**-6.29%**

Overview of the Executive Budget Proposal

State Finance Law requires that, in instances where the State receives Native American casino revenues pursuant to a compact with the respective Tribe, the State must provide local host governments with up to 25 percent of the State's share of compact revenues. Accordingly, the SFY 2012-13 Executive Budget recommends $50.8 million, which represents 25 percent of the State's estimated revenues from Native American casinos located in Buffalo, Niagara Falls, Salamanca and Hogansburg.

HUDSON RIVER VALLEY GREENWAY COMMUNITIES COUNCIL

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$321,000	$321,000	$0	0%
Total All Funds:	**$321,000**	**$321,000**	**$0**	**0%**

The Hudson River Valley Greenway Communities Council (Greenway Council) was established to coordinate activities associated with the development and enhancement of local land use planning techniques and the creation of a voluntary regional planning compact for the Hudson River Valley with local and county governments to the Greenway Council is made available to Greenway Communities, in the form of planning grants, compact grants and technical assistance through the "Greenway Communities Program".

Overview of Executive Budget Proposal

The Executive Budget proposal recommends a General Fund appropriation totaling $321,000 for State Fiscal Year (SFY) 2013-2014, remaining at the same level as provided in the SFY 2012-2013 enacted budget.

HUDSON RIVER VALLEY GREENWAY HERITAGE CONSERVANCY (HERITAGE CONSERVANCY)

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$166,000	$166,000	$0	0%
Total All Funds:	**$166,000**	**$166,000**	**$0**	**0%**

The purpose of the Hudson River Valley Greenway Heritage Conservancy (Heritage Conservancy) is to continue and advance the state's commitment to the preservation, enhancement and development of the world-renowned scenic, natural, historic, cultural and recreational resources of the Hudson River Valley while continuing to emphasize economic development activities and maintaining the tradition of municipal home rule.

Overview of Executive Budget Proposal

The Executive recommends a General Fund appropriation totaling $166,000 for State Fiscal Year (SFY) 2013-2014, remaining at the same level as provided in the SFY 2012-2013 enacted budget.

GREEN THUMB PROGRAM

Funding Source	Adjusted Appropriation 2012-13	Executive Recommendation 2013-14	Change	Percent Change
General Fund	$2,831,000	$2,831,000	$0	0%
Total All Funds:	**$2,831,000**	$2,831,000	$0	**0%**

The Green Thumb Program was developed to allow income-eligible senior citizens of New York State the opportunity to be considered for part-time employment in State agencies.

Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2013-14 is $2,831,000, remaining at the same level as provided in the SFY 2012-2013 enacted budget.

JUDICIARY

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
OPERATING BUDGET				
General Fund	$1,756,572,965	$1,756,360,952	($212,013)	(0.01%)
Special Revenue-Fed	$10,500,000	$9,000,000	($1,500,000)	(14.29%)
Special Revenue-Other	$204,921,050	$204,874,917	$2,953,867	1.44%
TOTAL OPERATING FUNDS	$1,971,994,015	$1,973,235,896	$1,241,854	0.06%
GENERAL STATE CHARGES				
General Fund	$544,896,158	$634,428,210	$89,532,052	16.43%
Special Revenue-Fed	$0	$0	$0	0%
Special Revenue Other	$22,743,164	$26,232,397	$3,489,233	15.34%
TOTAL GENERAL STATE CHARGES	$ 567,639,322	$660,660,607	$93,021,285	16.39%
TOTAL ALL FUNDS	$2,639,583,337	$2,660,128,900	$20,545,563	78%

The Judiciary is one of the three branches of New York State Government. Article VI of the State Constitution establishes a Unified Court System (UCS), defines the organization and jurisdiction of the courts and provides for the administrative supervision of the courts by a Chief Administrator on behalf of the Chief Judge of the State of New York. Pursuant to the Unified Court Budget Act, the cost of operating the UCS, excluding town and village courts, is borne by the State. The Judiciary provides a forum for the resolution of civil claims and family disputes, criminal charges and charges of juvenile delinquency, disputes between citizens and their government, and challenges to government actions. It also supervises the administration of estates, considers adoption petitions, and presides over dissolution of marriages, and provides protection for children and the mentally ill. In addition, the Judiciary regulates the admission of lawyers to the New York State Bar and regulates their conduct.

The Judiciary's General Fund Operating Budget request is $1.75 billion. The request a decrease of $212,013 from the current fiscal year budget, a reduction of .012% This is the second negative budget request in two years that is being presented in the face of a number of cost increases, including the second phase of the judicial salary increase, and contractually-required increments for eligible non-judicial employees

This budget request will require that the court system continue to seek ways to reduce costs, especially in the area of non-personal service. Since the vast majority of the Judiciary budget supports personnel, many of whom are required by law to maintain open courtrooms, the Early Retirement Incentive, a hiring freeze and targeted layoffs, the non-judicial workforce of the court system has been reduced by almost ten percent to a level that is below the staffing levels of a decade ago despite an increased workload.

It can be expected in the coming year that the Judiciary will seek to expand e-filing, transfer to Internet Protocol telephones, consolidate and transfer offices and programs that provide services to the public and utilize web based training for Judges. This type of web based training can probably used in training other judicial and non-judicial employees such as the court officers.

LEGISLATURE

Funding Source	Adjusted Appropriation 2012-2013	Executive Recommendation 2013-2014	Change	Percent Change
General Fund	$217,844,801	$217,844,801	0	0
Special Revenue-Other	$1,600,000	$1,600,000	0	0
Total All Funds:	**$219,444,801**	**$219,444,801**	**0**	**0**

The recommended General Fund appropriation of $217,844,801 for FY 2013-14 for the Legislature represents no change from the amount appropriated for each of the last three years, and an overall decrease of 3.7% over the past five years. Over this same period, the Consumer Price Index will have increased by 8.9 percent. Over the past twenty-two years, the Legislative Budget has grown at only 22% of the rate of inflation.

The Executive recommended appropriations of $1,600,000 for Special Revenue Fund-Other and $500,000 for Grants and Bequests Funds for FY 2013-2014 represent no change from the amounts appropriated for FY 2012-13. No tax revenues are required for either Special Revenue Funds or Grants and Bequests Funds.