

New York State Senate

SFY 2011-12 Enacted Budget Summary



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Overall Financial Plan Impact

- All Funds spending for SFY 2011-12 is estimated to remain consistent with the Executive proposal at \$132.5 billion, a decrease of \$3.6 billion from the previous year.
- General Fund spending (including transfers) for SFY 2011-12 is estimated at \$56.8 billion. Preliminary estimates are subject to revision when the SFY 2011-12 Financial Plan is released in mid April.¹
- The spending estimate for SFY 2011-12 includes \$54 M in additional cuts agreed to by the Legislature. The estimate also reflects a voluntary reduction of \$170 million from the Judiciary and assumes that below financial plan spending levels from SFY 2010-11 will continue in SFY 2011-12.
- The Enacted Budget closes a projected \$10 billion budget gap for 2011-12.
- The SFY 2011-12 Enacted Budget reduces out year spending gaps from \$63 billion to \$9 billion. The gap for next year 2012-13 is reduced to \$2.2 billion from \$15 billion.
- The budget assumes state workforce savings by requiring the President of the Civil Services Commission to investigate and report the statewide impact of any state workforce reductions and state agency redesign initiatives to the Legislature.

¹ Release of the Executive's 2011-12 Enacted Budget Financial Plan in April

SUMMARY OF SFY 2011-12 ENACTED BUDGET SPENDING
(millions of dollars)

	General Fund	State Funds	All Funds
Education	18,595	24,957	30,498
Economic Development / Government Oversight	132	1,617	1,634
Parks / Environment	225	871	1,237
Transportation	100	6,910	8,502
Health / Mental Hygiene / Medicaid	13,157	26,709	52,443
Higher Education	3,756	9,527	9,783
Human Services	3,474	4,135	9,768
Public Protection	2,964	3,813	4,388
General Government	599	1,004	1,124
Local Government Assistance	736	736	736
General State Charges	3,851	3,851	3,851
Debt Service	-	6,083	6,083
Elected Officials / Other	3,394	3,106	2,969
Unadjusted Total Spending	50,983	93,319	133,016
Adjustments For Enacted Budget			
Executive Reductions	(54)	(54)	(54)
Judiciary Reduction	(170)	(170)	(170)
Reduced Current Services Spending	(257)	(257)	(257)
Adjusted Spending	50,502	92,838	132,535

SUMMARY OF GENERAL FUND CHANGES IN SPENDING` <i>(millions dollars)</i>			
ADDS		REDUCTIONS	
Education	272	Litigation Re-estimate	(21)
Higher Education	86	Anti-Tobacco Funding	(17)
Health / Medicaid	180	Youth Facility DOJ	(7)
Other	33	Stem Cell	(5)
Human Services	91	NYHELPS	(4)
Total Spending	662	Total Reductions	(54)
NET CHANGE IN SPENDING			608

SUMMARY OF STATE OPERATIONS SPENDING <i>(millions of dollars)</i>			
	General Fund	State Funds	All Funds
Education	41	132	383
Economic Development / Government Oversight	49	401	415
Parks / Environment	207	401	446
Transportation	1	105	116
Health / Mental Hygiene / Medicaid	246	3,712	3,989
Higher Education	981	5,285	5,532
Human Services	324	745	1,386
Public Protection	2,829	3,143	3,279
General Government	571	862	924
Elected Officials / Other	2,328	2,045	2,080
Total Spending	7,577	16,831	18,550

SUMMARY OF AID TO LOCALITIES SPENDING
(millions of dollars)

	General Fund	State Funds	All Funds
Education	18,553	24,766	30,017
Economic Development / Government Oversight	83	1,029	1,029
Parks / Environment	19	79	370
Transportation	100	4,511	5,096
Health / Mental Hygiene / Medicaid	13,091	21,879	47,299
Higher Education	2,578	2,632	2,640
Human Services	3,151	3,288	8,091
Public Protection	135	319	714
General Government	28	29	85
Local Government Assistance	736	736	736
Elected Officials / Other	459	542	311
Total Spending	38,933	59,810	96,388

SUMMARY OF CAPITAL SPENDING
(millions of dollars)

	State Funds	All Funds
Education	26	26
Economic Development / Government Oversight	76	76
Parks / Environment	351	367
Transportation	2,267	3,260
Health / Mental Hygiene / Medicaid	144	144
Higher Education	1,078	1,078
Human Services	21	21
Public Protection	343	373
General Government	69	69
Judiciary	9	6
Other - Misc Adjustment	(136)	(86)
Total Spending	4,248	5,334

SFY 2011-12 ENACTED BUDGET GAP CLOSING ACTIONS

SFY 2011-12 ENACTED BUDGET GAP CLOSING MEASURES	2011-12	
	Executive	Enacted
Current Services Budget Gaps	(10,001)	(10,001)
Spending Reductions / Offsets		
Local Assistance		
Medicaid	2,850	2,740
Public Health / Aging	81	52
School Aid	2,851	2,670
School Aid - Lottery Aid Revenue	155	147
STAR	125	125
Special Education	155	98
Education / Arts	26	0
Human Services / Labor / Housing	385	285
Local Government Aid	334	325
Mental Hygiene	307	307
Higher Education	69	50
Public Safety	24	18
Economic Development / Gaming / Regulatory	17	14
Tax and Finance	12	12
Environment / Energy	6	(9)
Repeal Member Item Fund Deposit	85	85
Other Executive Actions	0	54
Agency Operations	1,374	1,300
Judiciary Spending Reduction	0	170
Continued Reduction in Spending Base From 10-11	0	273
Revenue		
Consensus Avail	0	155
Tax Efficiency	200	200
Abandoned Property	100	100
All Other Revenue Actions	40	25
Non-Recurring Actions	805	805
Gaps after Enacted Budget	0	0

Education

- \$230 million in school aid was restored using a formula designed to create a more regionally balanced distribution of the proposed school aid cut, while reducing the size of the Gap Elimination Adjustment for school districts. In future years school aid will be capped by a five year average of the personal income growth index. This index is based on the total personal income of the State as reported by The United States Department of Commerce.
- In 2012-13 the cap on school aid is estimated at 4.1 percent resulting in school aid growth of \$800 million. To accommodate this growth the 2011-12 enacted budget includes a two year school aid appropriation of \$26.7 billion. Of this amount 40 percent will be available for the 2011-12 State Fiscal Year payments for General Support for Public schools during the 2011-12 school year. No more than 18.42 percent of the appropriation shall be available for the 2011-12 school year tail payment which is made in the first quarter of the 2012-13 State Fiscal year. The remainder of the appropriation will be available to make payments during the 2012-13 State Fiscal Year in support of the 2012-13 General Support for Public Schools school year program which includes the \$800 M increase. In the 2013-14 school year and each year thereafter the cap will be based on the annual personal income growth index.
- The enacted budget allows school districts to access up to \$400 M from the Employee Benefit Accrued Liability excess reserve funds to offset the Gap Elimination Adjustment.
- \$190 million was restored and state savings were identified to mitigate costs shifts to school districts for summer school special education (\$57 million), schools for the blind and deaf (\$98 million) and State share of reimbursement for Committee on Special Education (\$35 million).
- \$500 million is included for competitive grants with \$50 million allocated each year for ten years. \$50 million is provided in SFY 2011-12 to equally fund both the new performance improvement awards (\$25 million) and the management efficiency awards grants (\$25 million). The grants will be available to all school districts via an application process developed by the commissioner of education.
- \$14 million was designated for Teacher Resource Centers to support all Centers and the services they provide for teacher in school districts and BOCES statewide.
- Libraries and Non-public schools will each receive \$3 million above the Executive proposal as a partial restoration of the cuts proposed by the Executive.

Medicaid Redesign Team Components

\$2.85 Billion in Savings

The total savings projected by the initiatives proposed by the Medicaid Redesign Team as amended and included in S.2809-D, Part H are projected to generate \$2.4 billion in Medicaid savings for SFY 2011-12, and \$3.7 billion in savings for SFY 2012-13. Other Medicaid spending re-estimates increase the MRT savings to \$2.85 billion. The enacted budget establishes a two-year Medicaid budget, thus savings are shown for both fiscal years. Below is a short list of the initiatives that estimated to result in savings. The SFY 2011-12 budget:

- *Institutes a cap on the Medicaid rate of growth. The Medicaid cap is based on the 10 year rolling average of the health component of the Consumer Price Index. The authority granted to the Executive to reduce spending to ensure Medicaid costs do not exceed the cap is effective for the period SFY 2011-12 and SFY 2012-13. To reduce Medicaid costs, a two percent across the board reduction or other option is to be determined through consultation with the various health care sectors. (\$345 million savings SFY 2011-12; \$357 million savings SFY 2012-13)*
- *Caps State Medicaid spending in SFY 2011-12 year at \$15.1 billion, and at \$15.7 billion in SFY 2012-13. If spending rises above that amount, the State is allowed to recoup the excess from the health care sector(s) or region(s) responsible. (\$640 million savings SFY 2011-12; \$1.53 billion savings SFY 2012-13)*
- *Requires individuals 21 years of age or older who need home and community-based long term care services to enroll in Medicaid managed long term care, phased in beginning April 1, 2012. (\$8.3 million savings SFY 2011-12; \$42.5 million savings SFY 2012-13)*
- *Implements behavioral health utilization thresholds. (\$13.3 million savings SFY 2011-12; \$13.3 million savings SFY 2012-13)*
- *Establishes limits for physical therapy, occupational therapy, speech therapy and pathology services for adults who are not developmentally disabled. (\$2.5 million savings SFY 2011-12; \$4.9 million savings SFY 2012-13)*
- *Expands the current State-wide patient centered medical home program to more payers and broadens participation. (\$17.1 additional cost to set up SFY 2011-12; \$31.2 additional cost SFY 2012-13 savings is anticipated overall through coordinated care)*
- *Establishes “health homes” to coordinate care for high-cost chronic condition populations. (\$33.2 million savings SFY 2011-12; \$112.4 million savings SFY 2012-13)*
- *Implements controls on certified home health agency (CHHA) utilization through provider-specific annual spending caps. Changes how CHHAs are reimbursed for Medicaid covered services by implementing payment methodology, based on 60-day episodes of care and adjusted by regional wages and case mix. (\$100 million savings SFY 2011-12; \$70 million savings SFY 2012-13)*

- Prevents excessive spending by limiting Level I Personal Care services to eight hours per week. (*\$57 million savings SFY 2011-12; \$57 million savings SFY 2012-13*)
- Authorizes the State to contract with a behavioral health organization (BHO) to coordinate care for Medicaid recipients with behavioral health diagnoses. (*\$5.0 million savings SFY 2011-12; \$15.0 million savings SFY 2012-13*)
- Repeals the drug carve-out and bundles prescription drugs into Medicaid Managed Care (MMC). Drugs were a Fee for Service benefit under Medicaid while all other benefits were covered under managed care (some counties still have fee for service benefits because there are not enough managed care plans available to provide coverage). This will require managed care plans to cover and manage the prescription benefit for Medicaid. (*\$50 million savings SFY 2011-12; \$100 million savings SFY 2012-13*)
- Implements utilization controls for Medicaid coverage of enteral formula, prescription footwear and compression stockings to certain medically necessary circumstances, and authorizes the Commissioner to require prior authorization for more than five opioid prescriptions in a 30 day period. (*\$1.1 million savings SFY 2011-12; \$1.1 million savings SFY 2012-13*)
- Authorizes the establishment of accountable care organization (ACO) demonstrations. Accountable care organizations are authorized under the Federal Health Care Reform, the intent of the language is to create the ability in statute for ACOs to operate in New York but allowing flexibility to accept the Federal definition of an ACO once that is determined. (*\$0 savings SFY 2011-12; \$0 savings SFY 2012-13*)
- Delays calculation of the trend factor for Hospitals, Nursing Homes and Home Care until the SFY beginning April 1, 2013; exempts pediatric nursing homes from the delay. (*\$184.8 million savings SFY 2011-12; \$304.7 million savings SFY 2012-13*)
- Authorizes the Commissioner, at his discretion, to discontinue reimbursement of equity in the capital component of proprietary nursing homes rates. The language was amended to allow flexibility to the commissioner in the event that the for-profit nursing home industry is able to indentify an alternative to generate the same savings. (*\$43.5 million savings SFY 2011-12; \$43.5 million savings SFY 2012-13*)
- Authorizes the Commissioner to conduct studies to determine actual medical care costs, including expenses for special education and special transportation, incurred by public school districts and state operated/supported schools. (*\$50 million savings SFY 2011-12; \$100 million savings SFY 2012-13*)
- Requires participating Medicaid providers to utilize a verification organization to review services set forth in a claim prior to submission and requires providers to reconcile exception and conflict reports. (*\$80.3 million savings SFY 2011-12; \$159.9 million savings SFY 2012-13*)
- Reduces Medicaid reimbursement for drugs from Average Wholesale Price (AWP) minus 16.25 percent to AWP minus 17 percent reduces the dispensing fee paid to pharmacies by \$1. Allows the Department of Health to move to an alternative methodology for determining the base acquisition cost of drugs. (*\$30.2 million savings SFY 2011-12; \$15.1 million savings SFY 2012-13*)
- Requires previously exempt classes of drugs including atypical anti-psychotics, anti-depressants, anti-retrovirals and immunosuppressants to be included under prior authorization requirements of the

State's preferred drug program. (*\$6.4 million savings SFY 2011-12; \$3.2 million savings SFY 2012-13*)

- Establishes the Medical Indemnity Fund (MIF), which is intended to provide for the future health care costs of those who have either: been found by a jury or court to have sustained a birth-related neurological injury as a result of medical malpractice; or sustained a birth-related neurological injury as a result of alleged medical malpractice, and have settled a lawsuit or claim. For SFY 2011-12 through SFY 2013-14, the MIF will be funded at appropriated levels; and it shall be restored to prior year levels, adjusted for the Consumer Price Index (CPI), every year thereafter. Monies for the MIF ultimately result from a Hospital Quality Contributions of 1.6 percent of revenue from inpatient obstetrical services. The Commissioner is authorized to increase or reduce contribution rates to ensure that total annual contributions, which are deposited in the HCRA resources fund, total \$30 million for SFY 2011-12—and for amounts increased by the 10-year rolling average of the health care portion of the CPI, each year thereafter.

Wage Parity

- The enacted budget requires Certified Home Health Agencies (CHHAs), the Long Term Home Health Care Program (LTHHCP), and managed care plans to pay a living wage to their home care services employees in certain counties.
- The living wage requirements will be phased-in and are limited to Nassau, Suffolk and Westchester counties and New York City.
- The phase-in of the implementation of the mandate for Nassau, Suffolk, and Westchester counties begins March 1, 2013, one year after New York City.

Minimum Rate of Home Care Aide Total Compensation for New York City:

- From 3/1/12 to 2/28/13 -- 90 percent of total compensation mandated.
- From 3/1/13 to 2/18/14 – 95 percent of total compensation mandated.
- From 3/1/14 and after – No less than prevailing rate, or total compensation mandated

Minimum Rate of Home Care Aide Total Compensation for Nassau, Suffolk, Westchester:

- From 3/1/13 to 2/28/14 – 90 percent of total compensation mandated.
- From 3/1/14 to 2/28/15 – 95 percent of total compensation mandated.
- From 3/1/15 to 2/28/16 – 100 percent of total compensation mandated.
- From 3/1/16 and after – 115 percent of total compensation mandated by NYC; or total compensation mandated by Nassau, Suffolk or Westchester (whichever is less).

New York State Medical Indemnity Fund

- The Enacted Budget for SFY 2011-12 includes several provisions that establish and finance the Medical Indemnity Fund (MIF)
- The MIF is intended to provide for the future health care costs of infants who have suffered birth-related neurological injuries.
- The MIF will cover the medical costs of individuals (qualified plaintiffs) that have either:
 - Been found by a jury or court to have sustained a birth-related neurological injury as a result of medical malpractice; or
 - sustained a birth-related neurological injury allegedly as a result of medical malpractice, and have settled a lawsuit or claim.
- While health insurers (other than Medicaid and Medicare) will remain as the primary payers of medical expenses, the MIF will pay for otherwise uncovered qualifying health care costs.
- Plaintiffs, defendants or any person authorized to act on behalf of a party may submit an application to the Superintendent of the new Department of Financial Services (the fund administrator).
- Hospitals will contribute an amount equal to 1.6 percent of revenue from inpatient obstetrical services; however, the Commissioner of Health, in consultation with the Director of Budget, has the authority to increase or reduce the rate to ensure that annual contributions total \$30 million, adjusted for the 10-year rolling average of the medical component of the CPI.
- The Commissioner of Taxation is directed to pay claims from the MIF Account after the fund administrator certifies that costs are “qualifying health care costs.” Health care providers must accept MIF payments for medical care, and therefore are not allowed to pursue payment from the enrollee.

Mandate and Local Government Relief

As part of the SFY 2011-12 Enacted Budget the Legislature provided mandate relief in the following areas:

Medicaid

In the SFY 2011-12 Enacted Budget, Counties were seeking a number of actions that would provide relief from state mandated services. For SFYs 2011-12 and 2012-13, the Medicaid budget includes a global cap on spending, an across the board reduction and other measures that counties were seeking to provide mandate relief including:

- Controlling Utilization of Medicaid funded services:

Implementing behavioral health utilization thresholds; establishing limits for physical therapy, occupational therapy, speech therapy and pathology services for adults who are not developmentally disabled; implementing controls on certified home health agency (CHHA) utilization through provider-specific annual spending caps and episodic pricing methodologies; and preventing excessive spending by limiting Level I Personal Care services to eight hours per week.

- Allowing payments under Nursing Home Rebasing to go forward:

Also extends rebasing payments to October 1, 2011 with the option, if it fits within the State financial plan, to extend further to January 1, 2012. Provides supplemental payments, funded by the nursing home industry, to nursing homes that are adversely impacted by the cost savings measures that will go into effect along with rebasing. Establishes the framework for a statewide pricing methodology (Medicaid reimbursement) for nursing homes to begin either on October 1, 2011 or January 1, 2012.

- Giving counties greater ability to collect on Medicaid liens by expanding the definition of estates:

Specifically, the language allows the Commissioner of Health to establish regulations *expanding* the definition to also include any other property in which the individual has an legal title or interest at the time of death, including jointly held property, retained life estate, and interests in trusts.

- Managing Behavioral Health:

Authorizes the State to contract with a behavioral health organization (BHO) to coordinate care for Medicaid recipients with behavioral health diagnoses. The intent is to better manage and coordinate both the physical and behavioral health care of this subset of Medicaid recipients.

- Repeal the drug carve-out and bundle prescription drugs into Medicaid Managed Care (MMC):

Drugs had been a Fee for Service benefit under Medicaid while all other benefits are covered under managed care. This will require managed care plans to cover and manage the prescription benefit for Medicaid.

- According to a Lewin Group study conducted in 2010, the State could save hundreds of millions of dollars by maximizing the use of generic drugs and implementing more aggressive Medicaid pharmacy management techniques.

- The Part D wrap around coverage for exempted classes and the exemption of these classes (atypical anti-psychotics, antidepressants, immunosuppressants and anti-retrovirals) from the Preferred Drug List are both eliminated.

Parks and Recreation

- The Executive eliminates reimbursement to Counties for boating law enforcement activities on New York waterways. The Legislature restores \$2.5 M to reimburse Counties for patrolling the waterways.

Local Government

- The Legislature restores \$176,000 for mandated assessor training which provides instruction in the real property tax administration, exemption administration, equalization rates, public relations and other administrative duties.
- The SFY 2011-12 Executive proposed budget included a lump sum appropriation of various aid to localities core criminal justice programs. In addition to a reduction of 12 percent offset by \$4.2 million for probation aid and probation violation centers. Under this lump sum proposal there was no guarantee that any of the traditional programs would be guaranteed or at what level. The Westchester County Policing Program was one of the programs, and was funded at \$2.1555 M in SFY 2010-11. The Legislature rejected the lump sum and lined out the various criminal justice aid to localities programs, and provided \$3 million to partially restore the Executive's proposed reduction. For SFY 2011-12 the Westchester County Policing Program will be funded at \$1,984,000.
- The New York Diesel Emissions Reduction Act compliance deadline went into effect on December 31, 2010. The Legislature extended the deadline for two years until December 31, 2012 to provide some mandate relief to localities. Below are the notes from Gov. Cuomo's Mandate Relief Team Report on this DERA issue. "Municipalities are required to comply with all components of the law when contracting with DOT. Currently DOT has arterial maintenance agreements with 38 municipalities. This is a deterrent to municipalities' willingness to enter into shared service agreements with DOT. The estimated savings to localities who have arterial maintenance agreements with DOT is \$1,890,000.

Human Services "Cost Shift" Restorations

Committee on Special Education

- The Executive budget proposed eliminating the State's 36.8 percent share of room and board expenditures associated with Committee on Special Education (CSE) placements to achieve \$69.2 million in State savings. Under this proposal, the school districts' share would have increased from 20 percent to 56.8 percent and the local districts' share would have remained unchanged at 43.2 percent.
 - The Legislature provided \$34.6 million to restore the State's share to 18.4 percent, or by 50 percent, thereby increasing the school districts' share only to 38.4 percent. The local districts' share will remain unchanged at 43.2 percent.

Detention Services

- The Executive Budget proposed capping the State's 49 reimbursement to local districts for detention services on July 1, 2011 at \$15 million, or at \$30 million on an annual basis. In SFY 2010-11, detention services expenditures were uncapped at \$72 million. If family court judges continued to

place youth in detention, this proposal would have resulted in a \$23.2 million cost shift to localities in SFY 2011-12, increasing to \$46.2 million in SFY 2012-13.

- The Legislature provided \$23.2 million to fully restore detention services to \$76.2 million in SFY 2011-12, however the funding stream will be capped. Counties and the City of New York will receive an allocation based on prior year detention expenditures, and will be eligible to receive 49 percent reimbursement for detention and 62 percent reimbursement for alternative to detention expenditures up to their respective allocations.

Title XX

- The Executive Budget proposed eliminating \$36.9 million in Title XX discretionary funding to offset Child Welfare Services expenditures by achieving \$22.4 million in State savings and \$14.5 million in local savings. Title XX discretionary funding is allocated to local districts and can be used for 22 allowable purposes, including child care and senior services.
 - The Legislature provided \$22.4 million to fully restore Title XX discretionary funds, allowing counties and the City of New York to maintain current discretionary expenditures.

Homeless Services in New York City

- The Executive Budget proposed reducing State reimbursement for adult homeless shelter expenditures in New York City by \$15.9 million. Under this proposal the City would be required to maintain services for the adult homeless population. Further, the Executive Budget proposed eliminating the State and federal share of the New York City Work Advantage Program, which provided rental supplements to public assistance recipients at risk of eviction. Combined, these actions would have resulted in an \$80.9 million reduction to the City's homeless services system.
 - The Legislature provided \$15 million for a new housing assistance program for New York City to assist in mitigating the impact of the Executive's proposed spending reductions. The program may be used to provide rental supplements or other homeless services, pursuant to a plan determined by the Office of Temporary and Disability Assistance in conjunction with New York City.

ECONOMIC DEVELOPMENT

The Enacted Budget provides \$335.3 million for economic development through the Department of Economic Development and the Empire State Development Corporation, and provides for the following:

- The Foundation for Science, Technology and Innovation (NYSTAR) is merged into the Department of Economic Development.
 - NYSTAR Programs are funded at \$44.96 million, same as SFY 2010-11;
 - Policy/program staff of NYSTAR are retained; and
 - Agency Consolidation savings to the State (\$2 million).
- Reduced funding for the I ♥ NY program by \$400,000, from \$4 million to \$3.6 million.
- Local tourism matching grants are maintained at SFY 2010-11 levels of \$3.8 million.
- Restore \$392,000 for the Gateway Centers at Binghamton and Beekmantown.
- \$130.55 million in capital funding for economic development projects subject to the recommendations of the regional economic development councils.
- \$50 million in capital funding for economic development initiatives in communities impacted by prison and youth facility closures.
- Creates the Economic Transformation and Facility Redevelopment Program to provide tax incentives for businesses locating in the communities impacted by prison and youth facility closures.
- Reprograms capital funding for economic development purposes through the elimination of funding for the Office for Technology data center and the re-programming of discretionary capital funding of the Executive.
- Eliminates \$25 million in capital funding for the Economic Development Fund and increases local assistance spending from this fund is increased by \$50 million.
- \$2 million in funding for CenterState Corporation for Economic Opportunity, an organization that develops economic development opportunities in Central New York.
- \$290,000 in funding for the Monroe County Department of Planning and Development
- \$250,000 in funding for military base re-use efforts at Seneca Army Depot and Griffis Air Force Base.
- The Excelsior Jobs Program is extended from five to ten years and is amended as follows:
 - The new jobs credit is amended to equal to the amount of personal income tax imposed on wages for each new job created;
 - The real property tax credit is amended to equal the property tax paid on the property including capital improvements; and
 - The R&D tax credit is increased from ten to fifty percent of the Federal credit, capped at three percent of expenditures.

Economic Transformation and Facility Redevelopment Program

The Executive plans to eliminate 3,700 prison beds and close OCFS and Mental Health facilities. Sixty days notice is required under the adopted budget. In order to mitigate the economic impact on the surrounding communities, the Enacted Budget includes \$50 million in Capital funding for affected communities and a tax incentive package for businesses locating within these communities. Included in the SFY 2011-12 enacted budget are the following job creating incentives:

- Businesses would be allowed to claim five refundable tax credits for redevelopment of the closed facilities and investment in the surrounding communities.
- Businesses would be required to apply with the Department of Economic Development and create at least 5 new jobs.
- Only new businesses that locate in the communities can claim the credits; cannot relocate jobs from other areas of the State.
- Businesses would have three years from the closure of the facility to apply for the tax credits.
- Businesses would be allowed to take the credits for a period of five years.
- For areas outside the MTA district, the tax credits will apply to redevelopment of facility and:
 - If job loss from the facility closure is less than 60 jobs, within a five mile radius of the closed facility or
 - If the job loss is 60 jobs or greater, within a ten mile radius of the closed facility
 - The Commissioner would have discretion to increase the radius based on other mitigating factors
- Within the MTA district, the tax credits will apply to the redevelopment of the facility and:
 - If less than 60 jobs lost from facility closure, within a one mile radius of the closed facility or
 - If greater than 60 jobs lost, within a five mile radius of the closed facility
- Within New York City, the tax credits only apply to redevelopment of the facility itself.

Available Tax Credits

- Jobs Credit – Equal to 6.85 percent of the gross wages paid on each new job
- Investment Tax Credit
 - Equal to 6 percent for investments by businesses locating in the surrounding communities, capped at \$4 million per entity.
 - Equal to 10 percent for investments related to redevelopment of the closed facility, capped at \$8 million.
- Real Property Tax Credit
 - Equal to 25 percent of real property taxes paid for businesses locating in the surrounding communities with local option to allow 25 percent credit.
 - Equal to 50 percent of real property taxes paid for redevelopment of the closed facility with local option to allow 50 percent credit.
 - Both credits would be phased out over 5 years
- Job Training Credit (Capped at \$4,000 per employee)
 - Equals 50 percent of training expenses for employees displaced as a result of facility closure.
- Sales Tax Credit
 - Refund of sales tax paid on the purchase of tangible personal property associated with the capital investments.
 - Local sales taxes would be exempt at the option of the locality.

RECHARGE NEW YORK POWER PROGRAM

- The Recharge New York Power Program (RNYPP) combines all existing Economic Development Power programs, including Power for Jobs, into a new permanent, 910 megawatt (MW) program administered by the Power Authority of the State of New York (NYPA) and the Economic Development Power Allocation Board (EDPAB) to foster job creation and retention in New York State.
- The new program consists of a combination of NYPA hydropower and competitively purchased market power for allocation to eligible businesses and other entities located in the State. It also reallocates hydroelectric power currently used by domestic and rural customers to businesses while mitigating cost impacts to households.
- The new program will ensure that NYPA resources dedicated to Recharge New York will not adversely affect current NYPA power recipients outside of economic development power programs.

Program Highlights

- Recharge New York will begin allocations for power discounts beginning on July 1, 2012. All current programs will be extended until June 30, 2012.
- Solicitations for awards under Recharge New York will begin on February 1, 2012.
- All current power program recipients will need to reapply for awards under Recharge New York.
- Recharge New York awardees can be granted discount contracts for up to seven years providing stability and long-term planning capability.
- Awards to new recipients will be made available. Businesses not currently receiving power benefits have been ineligible for State power programs since 2005.
- Recharge New York establishes a "Residential Consumer Electricity Cost Discount" program to provide \$100 million in monthly mitigation payments to current residential customers receiving hydroelectric power for three years. After year three payments will be gradually reduced so that in year six and each year following the mitigation payments will be set at \$30 million annually.
- Beginning with the second year of the Residential Consumer Electricity Cost Discount program, up to \$8 million annually would be set aside for an "Agricultural Consumer Electricity Cost Discount" program to provide supplemental discounts to agricultural producers who receive electric service at the current residential rate.

Criteria for Eligibility

- Nearly all businesses, in the State including non-profits but excluding retail, entertainment and accommodation firms are eligible. Awards will be based on criteria including:
 - significance of electricity costs to the applicant;
 - extent to which an award of power will result in new capital investments in the State;
 - whether a power allocation is consistent with regional economic development strategies and priorities;
 - types of facilities the applicant proposes to construct, enlarge or install;
 - applicant's anticipated payroll, salaries and benefits;
 - number of jobs the applicant would create or retain in relation to the size of the RNYPP power allocation requested;

- risk that the applicant would leave the State, curtail operations or lose jobs without an RNYPP allocation;
- significance of the applicant's facilities to the local economy;
- extent to which the applicant has invested in energy efficiency measures, will agree to make tangible investments in energy efficiency measures, or will agree to participate in energy audits of its facilities;
- whether the applicant receives benefits under other NYPA hydropower based programs;
- extent to which a power allocation might result in an unfair advantage as compared to its competitors in the State; and,
- if the applicant is a not-for-profit corporation, the extent to which the applicant provides critical services or substantial benefits to the local community.

Term of Contracts:

- Recharge New York establishes an initial term of up to 7 years for RNYPP allocations and contracts, and authorizes further extensions of allocations and contracts.
- The program authorizes reductions of RNYPP allocations at facilities if actual metered load is less than the allocation taking into account construction schedules and economic conditions.
- It also provides for mandatory energy audits performed by participating businesses at their own expense once during the contract term or at least every 5 years unless waived for good cause.

Transitional Discount:

- Applicants who are in substantial compliance with contractual commitments and receiving benefits under the existing Power for Jobs, Energy Cost Savings Benefit, Economic Development, High Load Factor or Municipal Distribution Agency programs, but who will not receive a recommendation from the EDPAB for an RNYPP allocation, will be provided with a "transitional electricity discount" that will end on June 30, 2016.

Executive Reorganization Act of 2011 (SAGE Bill)

The Enacted Budget includes the Executive Reorganization Act of 2011, which permits the Governor to submit a comprehensive reorganization plan that encompasses the consolidation, coordination and potential abolishment of State agencies in the control of the Governor. The act is deemed repealed on May 31, 2014.

The bill contains the following procedural limitations:

The Legislature is required to vote up or down on the Governor's reorganization plan without amendment within 30 days of submission of the reorganization plan.

- Prior to legislative action, the Governor is permitted to amend his reorganization plan once and the Legislature would have an additional 30 days to vote on the amended reorganization plan, again without legislative amendment.
- The Governor can only submit one reorganization plan annually and must do so before May 30 of any given year.

A reorganization plan must:

- Provide fiscal information, including:
 1. Anticipated savings and costs associated with each significant modification of any agency functions;
 2. Anticipated number and type of positions eliminated or created by the reorganization plan;
 3. Estimated fiscal and service impacts; and (4) estimated long-term fiscal impacts;
- Provide for all actions necessary to effectuate a merger, consolidation or abolishment of an agency and contain a projected timetable for completion of the implementation plan; and
- Specify each function abolished or merged and set forth every law and chapter that will be directly impacted.

A reorganization plan cannot:

1. Abolish or modify any entity whose primary function is to service the Legislature or Judiciary;
 2. Abolish or modify any agency or entity established by the State Constitution, including the board of regents, the comptroller and attorney general; and
 3. Abolish or modify an agency administered by a constitutionally established agency or entity, such as the Department of Education;
- Abolish any function required by federal law/interstate compact;
 - Violate any covenant with bond holders;
 - Abolish any statutorily prescribed function – such function can be assigned to a different agency;
 - Limit or alter the senate's advice and consent powers – if an agency is substantially modified and that agency's head is confirmed by the Senate, then the reorganization plan must provide for the re-nomination and confirmation of the modified agency head; and
 - Contain appropriations or re-appropriations.

State Operations Appropriation Bill S.2800-E / A.4000-E

Adirondack Park Agency

- The Legislature concurs with the Executive recommendation of \$5.3 million.

Aging, Office for the

- Reduces funding by \$5.11 million from SFY 2010-11 appropriations.

Agriculture and Markets

- The Legislature allocates an additional \$411,000 for the Cornell Pro-Dairy Program.

Alcoholic Beverage Control Board

- The Legislature concurs with the Executive's recommended appropriation level of \$16.8 million, a decrease of \$5.5 million, or 24.5 percent from SFY 2010-11.

Audit and Control

- The Legislature concurs with the Executive Budget proposal for State Operations of \$252.3 million.

Banking Department

- The Legislature concurs with the Executive's proposed appropriation level of \$106 million, an increase of \$1 million or 1.0 percent from SFY 2010-11 levels.
 - The Banking Department will merge with the Insurance Department into the newly created Department of Financial Services on October 3, 2011, and funding will be transferred to the new agency.

Budget

- The Legislature concurs with the Executive proposal of \$53.6 million.

Children and Family Services

- The Legislature concurs with the Executive's All Funds Recommendation of \$529.2 million, a decrease of \$5.2 million or 1.0 percent from SFY 2010-11 levels, with the following modifications:
 - The Legislature denies the Executive proposal to permanently repeal the 12-month closure notification requirement of youth facilities operated by the Office of Children and Family Services.
 - The Legislature amends the 12-month notification requirement for SFY 2011-12 only and requires a 60 day notification prior to any facility closure in the 2011-12 fiscal year..
 - The Legislature amends the Executive proposal to increase staff in the Youth Facility program by 414 employees by delaying the increase and reducing the cash available for such purpose by \$7 million.

Civil Service

- The Legislature concurs with the Executive Budget request of \$59.7 million.

Collective Bargaining Agreements

- The Legislature concurs with the Executive Budget request of \$5.8 million.

Correction, State Commission of

- The Legislature denies the merger of the State Commission of Corrections into the Division of Criminal Justice Services and restores the Commission as a separate entity. Further the Legislature restores the Executive proposed ten percent reduction to this agency for an All Funds recommendation of \$2.9 million, same as SFY 2010-11 levels.

Corrections and Community Supervision

- The Legislature concurs with the Executive's All Funds recommendation of \$2.6 billion a decrease of \$257 million or six percent from SFY 2011-12 levels, with the following modifications:
 - The Legislature includes language to notwithstanding the one-year prison closure notification and adaptive reuse plan to allow the Executive to close correctional facilities in SFY 2011-12 as the Executive determines to be necessary for the cost-effective and efficient operations of the correctional system. The Executive will provide at least sixty days notice prior to any such closures, to the Temporary President of the Senate and the Speaker of the Assembly.
 - The Legislature concurs with the Executive proposal to merge the Department of Correctional Services and the Division of Parole into a new Department of Corrections and Community Supervision for a savings of \$6 million in SFY 2011-12. The Legislature however modifies the merger by creating a Parole Board Program within the new Department for the Board of Parole with distinct appropriations and duties.

Council on the Arts

- The Legislature concurs with the Executive proposal and reduces the state operations for the council of the arts by 10 percent a \$263,000 reduction.
- The Legislature concurs with the executive proposal to reduce grants for the council of the arts by 10 percent a \$3.5 million reduction.

Criminal Justice Services

- The Legislature concurs with the Executive's All Funds recommendation of \$114 million a decrease of \$22.5 million or sixteen percent from SFY 2010-11 levels, with the following modifications:
 - The Legislature denies the Executive's proposal to merge the Office of Victims Services, the Office for the Prevention of Domestic Violence and the State Commission of Corrections into the Division of Criminal Justice Services and reduces All Funds spending in the Division of Criminal Justice Services by \$18 million related to the denial of the proposed merger.

Deferred Compensation Board

- The Legislature concurs with the Executive Budget request of \$931,000.

Developmental Disabilities Planning Council

The Legislature concurs with the Executive's recommended appropriation level of \$4.8 million

Economic Development

- The Legislature adds \$850,000 in All Funds spending for the Administration Program to pay for administrative services related to the merger of NYSTAR into the Department.
- The Legislature concurs with \$385,000 in All Funds spending for the Clean Air Program.
- The Legislature adds \$1 million in All Funds spending for the Economic Development Program to reflect increased Federal funding.
- The Legislature concurs with \$3.6 million for the I ♥ NY marketing program.
- The Legislature concurs with \$3.994 million in All Funds spending for the Marketing and Advertising program.

Education Department, State

- The Legislature concurs with the Executive proposal to reduce State Education Department funding by 10 percent, a \$4.26 million reduction.

City University of New York

- The Legislature agrees to reduce the Senior Community College offset by \$40 million.

Elections

- The Legislature concurs with the Executive proposal of \$12.5 million.

Employee Relations

- The Legislature concurs with the Executive Budget request of \$6.8 million.

Energy Research and Development Authority

- The Legislature concurs with the Executive recommendation of \$8 million.

Environmental Conservation

- The Legislature concurs with the Executive recommendation of \$440.5 million.
- The Legislature provides \$200,000 to establish a conditional shellfish harvesting program.

Environmental Facilities Corporation

- The Legislature concurs with the Executive recommendation of \$12.3 million.

Executive Chamber

- The Legislature concurs with the Executive proposal of \$17.9 million.

Financial Services

- The Legislature modifies the Executive's proposal and merges the Banking Department and, Insurance Department into the newly created Department of Financial Services. This new Department will come into effect on October 3, 2011.
- The Legislature denies merging the Consumer Protection Board in with the Department of Banking and the Department of Insurance.
- The Legislature amends the Department of Financial Regulation by renaming the entity the Department of Financial Services and only merging the Banking Department and the Insurance Department.
- The Department of Financial Services will have a State Operations appropriation level of \$329.4 million, a decrease of \$2.5 million from SFY 2010-11 levels.

Foundation for Science, Technology, and Innovation:

- The Legislature adds \$150,000 to fund administrative costs for the operations of the Foundation prior to its merger with the Department of Economic Development.

General Services

- The Legislature concurs with the Executive proposal of \$462 million.

General State Charges

- The Legislature concurs with the Executive Budget request of \$3 billion.

Greenway Heritage Conservancy of the Hudson River Valley

- The Legislature concurs with the Executive recommendation of \$166,000.

Health, Department of

- Reduces \$36.4 million in funding from SFY 2010-11 levels by instituting ten percent across the board reductions including personal service, non-personal service, and fringe benefit savings.
- Restores \$6.8 million to New York State Veteran Homes, which are located in New York City, Oxford, Montrose and Batavia. Veteran Homes, under the Executive's proposal, were slated for a \$9.7 million reduction.

Higher Education Services Corporation

- Reduces the NYHELPS Program by \$1.5 million.

Homeland Security

- The Legislature concurs with the Executive's All Funds recommendation of \$135.5 million a decrease of \$1.2 million or 0.8 percent from SFY 2010-11 levels.

Human Rights

- The Legislature concurs with the Executive's All Funds recommendation of \$21.3 million, a decrease of \$1.5 million or 6.4 percent from SFY 2010-11 levels.

Housing and Community Renewal

- The Legislature concurs with the Executive recommendation of \$91.9 million.

Hudson River Valley Greenway Communities Council

- The Legislature concurs with the Executive recommendation of \$185,000.

Indigent Legal Services

- The Legislature reduces the Executive's All Funds recommendation of \$3 million, an increase of \$1.5 million or 50 percent from SFY 2010-11 levels, with the following modification:
 - The Legislature denies the Executive proposed increase of \$1.5 million in State Operations spending and restores funding to the prior year levels.

Inspector General

- The Legislature concurs with the Executive proposal of \$5.6 million.

Insurance and Securities Funds Reserve Guarantee

- The Legislature concurs with the Executive's proposed appropriation level of \$1.6 billion, no change from SFY 2010-11 levels.

Insurance Department

- The Legislature concurs with the Executive's proposed appropriation level of \$223.2 million, a decrease of \$2.4 million or 1 percent from SFY 2010-11 levels.
- The Insurance Department will merge with the Banking Department into the newly created Department of Financial Services on October 3, 2011.

Interest on Lawyer Account

- The Legislature concurs with the Executive's All Funds recommendation of \$1.8 million an increase of \$16,000 or 0.9 percent from SFY 2010-11 levels.

Judicial Commissions

- The Legislature concurs with the Executive Budget request of \$5.5 million.

Labor

- The Legislature concurs with the Executive Budget request of \$9 billion, of which approximately \$8.4 billion relates to the Unemployment Insurance Benefit Fund and approximately \$574 million relates to Federal grants for work force development and work place safety initiatives.

Law

- The Legislature concurs with the Executive Budget request of \$209 million.

Lieutenant Governor

- The Legislature concurs with the Executive proposal including the 10 percent General Fund State Operations reduction.

Local Government Assistance

- The Legislature concurs with the Executive proposal of \$3.2 million for the New York State Financial Control Board.

Lottery

- The Legislature concurs with the Executive's proposed appropriation level of \$89.7 million, a decrease of \$5.6 million from SFY 2010-11 levels.
- The Legislature concurs with the Executive's proposal to increase the Division's Full Time Employee (FTE) headcount by 52. There is additional revenue associated with these employees in the State Financial Plan.

Division of Military and Naval Affairs

- The Legislature concurs with the Executive's All Funds recommendation of \$66.9 million, a decrease of \$1.7 million or 2.5 percent from SFY 2010-11 levels.

Mental Health, Office of

- Appropriates \$375,000 in new funding as a result of a Federal Court Case, *DIA, Inc. vs. Paterson*. This amount is proposed for the appointment of a monitor per the court case.
- Reduces funding by \$105.2 million, a 10 percent reduction in non-federally supported State Operations costs, associated with inpatient design administrative efficiencies and negotiated workforce savings.
- Amends the Executive's proposal by inserting language that sets forth criteria and actions that must be taken by the Commissioner in regards to the closure of State-operated beds and wards.

Alcoholism and Substance Abuse Services

- Reduces funding by \$11.4 million from SFY 2010-11 levels by instituting a ten percent across the board reduction to State Operations, including personal service, non-personal service and fringe benefit savings.

Miscellaneous Items

- The Legislature concurs with the Executive Budget request for the following:
 - Green Thumb Program, \$2.8 million;
 - Reserve For Federal Audit Disallowances (no cash), \$200 million;
 - Special Emergency Appropriation (no cash), \$100 million; and,
 - Special Federal Emergency Appropriation (no cash), \$1 billion.

Mortgage Agency (SONYMA)

- The Legislature concurs with the Executive recommendation of \$76.8 million.

Motor Vehicles

- The Legislature concurs with the Executive proposal of \$121.3 million.

Olympic Regional Development Authority

- The Legislature concurs with the Executive recommendation of \$5,054,000.

Parks, Recreation and Historic Preservation

- The Legislature concurs with the Executive recommendation of \$214.27 million.

People with Developmental Disabilities, Office for

- Reduces funding by a total of \$113 million by instituting a 10 percent reduction to State Operations, including personal service, non-personal service and fringe benefit savings.

Power Authority Asset Transfer

- The Legislature concurs with the Executive recommendation of \$318 million.

Prevention of Domestic Violence, Office for the

- The Legislature denies the merger of the Office for the Prevention of Domestic Violence into the Division of Criminal Justice Services and restores the Office as a separate entity. Further the Legislature restores the Executive proposed ten percent reduction to this agency for an All Funds recommendation of \$3.4 million, same as SFY 2010-11 levels.

Public Employment Relations Board

- The Legislature concurs with the Executive Budget request of \$4.1 million.

Public Integrity

- The Legislature concurs with the Executive Budget request of \$3.9 million.

Public Service

- The Legislature concurs with the Executive recommendation of \$78.89 million.

Racing and Wagering Board, State

- The Legislature concurs with the Executive recommendation with the following modification:
 - The Legislature recommends an appropriation level of \$22.3 million, a decrease of \$220,000 from SFY 2010-11 levels and \$2.5 million below the Executive's original proposal of \$24.8 million.
 - The Legislature decreases the Racing and Wagering Board's Regulation of Racing Account appropriation by \$2.5 million.

Racing Reform Program

- The Legislature concurs with the Executive's proposed Reappropriation level of \$2 million, no change from SFY 2010-11.

Regulatory Reform

- The Legislature concurs with the Executive proposal to eliminate the Governor's Office of Regulatory Reform.

State, Department of

- The Legislature concurs with the Executive proposal with the following modifications:
 - Moves most of the duties of the Consumer Protection Board to the Department of State instead of merging it in to the Department of Financial Services for a savings of \$200,000.
 - Rejects the elimination of the \$101,600 salary of the State Athletic Commission Chairman. Funding of \$154,000 is provided which includes non-personal service expenses and fringe benefits above the salary amount.
 - Restores \$1.1 million to the Tug Hill Commission which includes a 10 percent General Fund State Operations reduction from the prior year level.

State Police

- The Legislature concurs with the Executive's All Funds recommendation of \$677 million, a decrease of \$45.8 million or six percent from SFY 2010-11 levels.

State University of New York

- The Legislature restores \$60 million in funding for the SUNY Hospitals at Stony Brook, Brooklyn, Syracuse and Long Island Hospital.
- The Legislature restores \$135 million for the acquisition of Community General Hospital of greater Syracuse by the State University hospital at Syracuse.
- The Legislature restores \$4.1 million to the Long Island Veterans home.

Statewide Financial System

- The Legislature concurs with the Executive Budget request of \$45 million.

Tax Appeals

- The Legislature accepts the Executive's proposed appropriation level of \$3.02 million, a decrease of \$32,000 from SFY 2010-11.

Taxation and Finance

- The Legislature concurs with the Executive's proposal to reduce State Operations by 10 percent, or \$74.3 million from SFY 2010-11 levels. The All Funds State Operations appropriation level will be \$452.3 million.

Technology

- The Legislature concurs with the Executive proposal of \$434 million.

Temporary and Disability Assistance

- The Legislature concurs with the Executive's All Funds Recommendation of \$427.3 million, an increase of \$1.0 million or 0.2 percent from SFY 2010-11 levels.

Transportation

- The Legislature concurs with the Executive proposal \$47.4 million.

Veterans' Affairs

- The Legislature concurs with the Executives All Funds recommendation of \$7.8 million, a decrease of \$645,000 or 7.7 percent from SFY 2010-11 levels, with the following modification:
 - The Legislature provides \$500,000 for the establishment of a State Veterans' Cemetery pursuant to a project approved by the United States Department of Veterans' Affairs.

Victim Services, Office of

- The Legislature denies the merger of the Office of Victim Services into the Division of Criminal Justice Services and restores the Office as a separate entity.

Welfare Inspector General

- The Legislature concurs with the Executive's All Funds recommendation of \$1.6 million, a decrease of \$42,000 or 2.6 percent from SFY 2010-11 levels.

Workers' Compensation Board

- The Legislature concurs with the Executive Budget request of \$205 million.

Aid To Localities S.2803-D/A.4003-D

Aging

- The Legislature concurs with the Executive recommendation with the following modifications:
- Denies the Executive's proposed elimination of and restores \$3.8 million for NY-Connects.
- Denies the Executive's elimination of aging programs to create a local competitive grant programs and restores these programs at fifty percent:
 - Congregate Services Initiative - \$403,000;
 - Retired and Senior Volunteer Program (RSVP) - \$116,500 ;
 - EAC/Nassau Senior Respite Program - \$118,000;
 - Home AIDS of Central NY Senior Respite Program - \$71,000;
 - New York Foundation for Home Sharing and Respite Care Program - \$86,000;
 - Foster Grandparents program - \$98,000;
 - Elderly Abuse and Outreach - \$245,000;
 - New York Statewide Senior Action Council Inc. - \$31,500;
 - Regional Caregiver Centers for Excellence - \$115,000;
 - Community Empowerment Initiatives - \$122,500; and
 - Enriched Social Adult Day Services - \$122,500.

Agriculture and Markets

- The Legislature denies the Executive proposal to reduce and/or eliminate local agriculture program funding and replace it with a \$1.2 million competitive grant program.
- The Legislature restores funding for the following programs:
 - \$1,221,000 for the Farm Viability Institute;
 - \$713,000 for the Wine and Grape Foundation;
 - \$500,000 for Cornell Integrated Pest Management;
 - \$384,000 for Farm Net (Farm Family Assistance);
 - \$340,000 for Agriculture and Domestic Arts Production;
 - \$300,000 for North Country Agriculture;
 - \$206,000 for the Apple Association;
 - \$192,000 for Future Farmers of America (FFA);
 - \$150,000 for the Center for Dairy Excellence;
 - \$128,000 for the New York State Seed Lab;
 - \$100,000 for the Rollover Tractor Program;
 - \$100,000 for Cornell Rabies;
 - \$100,000 for Long Island Rabies;
 - \$100,000 for the Maple Producers Association;
 - \$80,000 for Agriculture in the Classroom;
 - \$66,000 for the Association of Agriculture Teachers; and
 - \$62,000 for the Golden Nematode program at Cornell.
- The Legislature denies the Executive proposal to include a lump sum for the Cornell Diagnostic Laboratory Programs and instead provides specific funding lines:
 - \$3,750,000 for the "Core" Diagnostic Laboratory;
 - \$1,174,000 for Quality Milk Promotion;
 - \$360,000 for Cattle Health Assurance;

- \$480,000 for the Johnes Disease Program;
- \$150,000 for the Cornell Rabies Program; and
- \$252,000 for the Avian Disease Program.

Alcoholism and Substance Abuse

- The Legislature concurs with the Executive recommendation of \$454.12 million.
- The Legislature amends the Executive’s language by specifying that the New York City Education Department receives \$14.7 million of the \$42.6 million appropriation for Substance Abuse Prevention and Treatment Agency grants.

Arts, Council of the

- The Legislature concurs with the Executive proposal to reduce grant funding by \$4 million from a total of \$35.2 million to \$31.6 million.

Audit & Control

- The Legislature concurs with the Executive Budget request of \$32 million.

Banking Department

- The Legislature concurs with the Executive’s proposed appropriation level of \$850,000, no change from SFY 2010-11 levels.
- The Banking Department will merge with the Insurance Department into the newly created Department of Financial Services on October 3, 2011.

Children and Family Services

- The Legislature modifies the Executive’s All Funds Recommendation of \$3.1 billion, a decrease of \$162.4 million or 4.9 percent from the SFY 2010-11 levels, as follows;
- The Legislature denies the Executive proposal to create the \$35.4 million Primary Prevention Program and provides discrete restorations for the following 9 prevention programs:
 - Home Visiting, \$23.3 million;
 - Community Optional Preventive Services, \$12.1 million;
 - Youth Development and Delinquency Program/Special Delinquency Prevention Program (YDDP/SDPP), \$14.1 million;
 - Runaway Homeless and Youth Act, \$2.36 million;
 - Caseload Reduction, \$757,200;
 - Hoyt Children and Family Trust Fund, \$621,850;
 - Kinship Caretaker Relative, \$338,750;
 - Settlement Houses, \$450,000; and
 - Post Placement Services, \$311,700.
- The Legislature denies the Executive proposal to eliminate the \$3.5 million Special Revenue account for the Hoyt Children and Family Trust Fund.
- The Legislature denies the Executive’s proposal to utilize discretionary Title XX funding to support Child Welfare Services expenditures and restores \$225 million.

- The Legislature modifies the Executive proposal to eliminate the 36.8 percent State share of Committee on Special Educations maintenance costs by restoring the State’s share to 18.4 percent, or by 50 percent, and restores \$34.65 million.
- The Legislature provides language that would allow funding from the Foster Care Block Grant to be used for the Kinship Guardianship Assistance program on a one-year pilot basis.
- The Legislature restores \$38.0 million to increase capped detention services reimbursement from \$15 million to \$76.2 million for Calendar Year 2011. Within the amount appropriated, localities may receive 49 percent State reimbursement for local secure and non-secure detention expenditures or 62 percent State reimbursement for local alternative to detention expenditures up to their respective allocations.
 - In conjunction with the restoration, the Legislature reduces funding by \$23.0 million for the Supervision and Treatment for Juveniles Program, and eliminates the 38 percent local match for SFY 2011-12..

City University of New York

- The Legislature restores \$5.2 million to Community Colleges.
- The Legislature restores \$1.3 million to SUNY/CUNY Child care.
- The Legislature rejects the \$40 million Executive proposal to increase the Senior College Revenue Offset account to authorize spending related to an increase in tuition for the spring semester..

Department of Corrections and Community Supervision

- The Legislature concurs with the Executive’s All Funds recommendation of \$17 million a decrease of \$5 million or 22 percent from SFY 2011-12 levels.

Division of Criminal Justice Services

- The Legislature concurs with the Executive’s All Funds recommendation of \$232.5 million, a decrease of \$45.9 million or sixteen percent from SFY 2010-11 levels, with the following modifications:
 - Denies the merger of the Office for the Prevention of Domestic Violence, the Office of Victim Services and the State Commission of Corrections and restores the agency’s aid to localities funding to the same level of funding as in SFY 2010-11.
 - Include \$2 million for Federal Edward Byrne Justice Assistance Grant (JAG) appropriation for targeted drug, violence, crime control and treatment and prevention programs.
- The Legislature modifies the Executive proposal related to Aid to Localities programs, by providing the following funding:
 - \$3 million in funding to partially restore the Executive’s 12 percent reduction and denial of the recommendation to combine various criminal justice Aid to Localities programs into one appropriation.
 - \$2.8 million for civil or criminal legal services.
 - \$1.2 million for domestic violence services.
 - \$1 million for indigent legal services for incarcerated persons.
 - \$650,000 for civil or criminal legal services for domestic violence programs.
 - \$600,000 for Oneida County operation and consolidation of public safety answering points.
 - \$250,000 for the New York State Defenders Association.

Economic Development

- The Legislature includes \$34.05 million for the High Technology Program as a result of the merger of NYSTAR into DED.
- The Legislature concurs with the Executive's proposal for \$3.82 million in funding for the Local Tourism Matching Grants Program.
- The Legislature restores \$392,000 in funding for Gateway information centers.
- The Legislature includes \$343,000 for the Research and Development Program as a result of the merger of NYSTAR into DED.
- The Legislature includes \$1.47 million for the Training and Business Assistance Program as a result of the merger of NYSTAR into DED.

Education Department

The Legislature

- Restores \$230 million (\$170 million fiscal year) in School Aid.
- Concurs with the Executives proposal for two new school grant programs to be funded at \$500 million over 10 years, \$50 million each year will be provided with \$25 million for the performance improvement awards and \$25 million for the management efficiency award grants in the 2011-12 school year.
- Restores \$57 million for summer school special education programs.
- Restores \$14.3 million for Teacher Centers.
- Restores \$7 million to the State Education Department for the administration of regents exams.
- Restores \$3 million in additional non public school aid.
- Restores \$3 million in library funding.
- Provides \$1.86 million in small government assistance to school districts that received assistance in the prior year.
- Restores \$1.5 million, for the Consortium for Workers Education Program.
- Restores \$940,000 for the High Needs Nursing Program.
- Restores \$894,000 for the Primary Mental Health project.
- Restores \$700,000 for the administration of the GED program.
- Restores \$500,000 to public television and radio
- Restores \$490,000 to the Mentoring and Tutoring Program.
- Restores \$450,000 for the Teacher Corps Program Awards.
- Restores \$368,000 for the National Board for Professional Teaching Standards Certification Program.
- Provides \$100,000 for the National History Association.
- Rejects the cost shift of \$98 million and ensures full reimbursement for the 4201 Blind and Deaf Schools.

Elections

- The Legislature concurs with the Executive proposal of \$1 million to provide accessibility to disabled voters, the same level of funding as 2010-11.

Empire State Development Corporation:

- The Legislature rejects \$35.9 million for the proposed merger of the Foundation for Science, Technology, and Innovation (NYSTAR) into the Urban Development Corporation (d.b.a. Empire State Development Corporation).
- The Legislature rejects \$1 million for the administrative costs of ESDC associated with the merger of NYSTAR.
- The Legislature concurs with \$79.1 million for the Economic Development Program with the following modifications:
 - Provide \$62.4 million in funding for economic development purposes
 - Restore \$2 million in CenterState Corporation for Economic Opportunity grants;
 - Restore \$250,000 for military base reuse efforts;
 - Provide \$2 million for initiatives of the Monroe County Department of Planning and Development; and
 - Provide \$2 million for the WNY STAMP project.

Energy Research and Development Authority

- The Legislature concurs with the Executive recommendation of \$8.1 million.

Environmental Conservation

- The Legislature restores \$200,000 for Community Integrated Pest Management.

Financial Services Department of

- The Legislature modifies the Executive's proposal by merging the Banking Department and Insurance Department into the newly created Department of Financial Services. This new Department will become effective on October 3, 2011.
- The Department of Financial Services will have an Aid To Localities appropriation level of \$225.6 million.

Health

- Modifies the Executive's proposal by restoring \$22.3 million for the Elderly Pharmaceutical Insurance Coverage Program premium assistance.
- Modifies the Executive's proposal by restoring \$6 million, or 50 percent, of the ten percent reduction in Early Intervention (EI) reimbursement and for the rejection of mandatory direct billing for large EI providers.
- Modifies the Executive's proposal by allocating \$2.4 million for expansion of the geographical region for reimbursement under Federally Qualified Health Centers.
- Modifies the Executive's proposal by appropriating \$120.5 million for the rejection of Medical Malpractice proposals.
- Modifies the Executive's proposal by appropriating \$800,000 for exempting pediatric nursing homes from the elimination of the Medicaid Inflationary Trend Factor.
- Denies the Executive's proposal by restoring \$28.3 million related to the rejection of Spousal Refusal elimination.
- Modifies the Executive's proposal by restoring \$300,000 for the Adelphi Breast Cancer Hotline.

- Modifies the Executive’s proposal by decreasing the HCRA contribution to the Medical Indemnity Fund by \$13 million, from \$43 million to \$30 million.
- Modifies the Executive’s proposal by appropriating \$50 million for the institution of a comprehensive industry approved package for nursing homes.
- Denies the Executive’s proposal by restoring \$7.5 million for the rejection of increasing co-payments for public health programs.
- Modifies the Executive’s proposal by decreasing Tobacco Prevention and Control Funding by \$17 million.
- Denies the Executive’s proposal by rejecting \$1 million in funding for the Public Health Services Corps.
- Modifies the Executive’s proposal by restoring \$7.76 million to the Roswell Park Cancer Institute.
- Modifies the Executive’s proposal by delaying the implementation of Patient Centered Medical Homes, saving \$8.7 million.
- Denies the Executive’s proposal by rejecting the elimination of “prescriber prevails” under Medicaid fee-for-services plans.
- Modifies the Executive’s proposal by shifting family planning State funded programs into the Medicaid program, saving the State \$8 million.
- Denies the Executive proposal to eliminate Priority Health programs and create a local competitive grant program; restores these programs at fifty percent:
 - Osteoporosis Prevention - \$32,500;
 - Public Health Leaders of Tomorrow - \$277,000;
 - Study of Racial Disparities - \$147,500;
 - Statewide Health Broadcasts - \$41,750;
 - Public Health Genomics – \$25,000;
 - Sudden Infant Death Syndrome Centers - \$19,500;
 - Tick-Borne Disease Institute - \$73,500;
 - Comprehensive Care Centers for Eating Disorders - \$12,500;
 - Safe Motherhood Initiative - \$36,750;
 - Minority Male Wellness - \$26,950;
 - Latino Outreach Program - \$36,750;
 - Health Promotions Initiative - \$570,000;
 - Office of Minority Health - \$266,000;
 - Statewide Maternal Mortality Reviews - \$33,125;
 - Infertility Program - \$923,500;
 - Infertility Program - \$110,000;
 - Maternity and Early Childhood Foundation - \$299,500;
 - Brain Trauma Foundation - \$245,000;
 - Cardiac Services - \$690,900;
 - Falls Prevention - \$150,000;
 - Lead Poisoning - \$100,000;
 - Long Term Care Community Coalition - \$34,500;
 - Medicaid Collaborative Services - \$95,600;
 - Upstate SUNY Medical - \$19,500;
 - Workforce Studies - \$196,000;
 - Gateway Institute - \$110,000;
 - Teaching Hospital Compliance - \$1,250,000;
 - Quality Improvement Programs - \$184,000;
 - Transplant Awareness \$122,500; and
 - Associated COLA adjustment for above restorations- \$47,200.

Homeland Security and Emergency Services

- The Legislature concurs with the Executive's All Funds recommendation of \$682.7 million an increase of \$25 million or three percent from SFY 2010-11 levels.
- The Legislature further includes language within the Statewide Public Safety Communications Account appropriation of \$45 million to allow grants to counties for the development, consolidation or operation of public safety communications systems or networks designed to support statewide interoperable communications for first responders also be used to support the effective operation of public safety answering points.

Housing and Community Renewal

- The Legislature denies the Executive's recommendation to merge the Neighborhood Preservation programs (NPP) and Rural Preservation Programs (RPP), and allocates the following appropriations:
 - Restore funding for NPP to \$8,479,000 from \$6,010,000; and
 - Restore funding for RPP to \$3,539,000 from \$0.

Hudson River Valley Greenway Communities Council

- The Legislature concurs with the Executive recommendation of \$136,000.

Office of Indigent Legal Services

- The Legislature concurs with the Executive's All Funds recommendation of \$77 million, which is the same as last year's level.

Insurance Department

- The Legislature concurs with the Executive's proposed appropriation level of \$224.7 million, no change from SFY 2010-11 levels.
- The Insurance Department will merge with the Banking Department into the newly created Department of Financial Services on October 3, 2011.

Interest on Lawyer Account

- The Legislature concurs with the Executive's All Funds recommendation of \$45 million, which is the same as last year's level.

Labor, Department of

- The Legislature amends the Executive proposal for Aid to Localities as follows:
 - The Legislature appropriates \$2.3 million for the following work force development initiatives:
 - Work Force Development Institute, \$1.8 million;
 - Summer of Opportunity Youth Employment Program – Rochester, \$250,000; and,
 - Hillside Works, \$100,000.

Local Government Assistance

- The Legislature concurs with the Executive proposal with the following exceptions:
 - Restores \$6.3 million for 17 municipalities, who host VLT facilities.
 - Restores \$1.96 million or 50 percent to the counties of Oneida and Madison for interim financial assistance for county revenue shortfalls related to the non-payment of Oneida Indian real property taxes.
 - Restores \$217,300 million in Small Government Assistance for forest property tax exemptions to the counties of Essex, Franklin and Hamilton. In addition, \$1.9 million in Small Government Assistance for school districts was restored in the education appropriations.

Video Lottery Terminal Aid Restoration

SFY 2011-12 VLT Aid Restoration	
(in dollars)	
Genesee County	
City of Batavia	284,000
Town of Batavia	104,000
Genesee County	129,000
Total	517,000
Erie County	
Town of Hamburg	557,000
Erie County	186,000
Total	743,000
Ontario County	
Town of Farmington	1,143,000
Ontario County	381,000
Total	1,524,000
Saratoga County	
City of Saratoga Springs	1,496,000
Saratoga County	499,000
Total	1,995,000
Sullivan County	
Village of Monticello	188,000
Town of Thompson	408,000
Sullivan County	199,000
Total	795,000
Oneida County	
Town of Vernon	150,000
Village of Vernon	89,000
Oneida County	166,000
Total	405,000
Tioga County	
Town of Nichols	104,000
Tioga County	184,000
Total	288,000
Total for All Municipalities	6,267,000

Final SFY 2011-12 Local Assistance - AIM Impact
SFY 2011-12 Local Assistance -- AIM Impact
No Change From Executive Proposal
(2% City Reduction Amounts in Dollars)

	After 2% Reduction	Amount of 2% Reduction		After 2% Reduction	Amount of 2% Reduction
<u>Long Island</u>			<u>Central New York</u>		
Glen Cove	2,837,667	(57,911)	Auburn	4,982,093	(101,675)
Long Beach	3,152,704	(64,341)	Binghamton	9,249,457	(188,764)
Total	5,990,371	(122,252)	Cortland	2,018,330	(41,190)
<u>Hudson Valley</u>			Fulton	1,626,822	(33,200)
Beacon	1,537,478	(31,377)	Ithaca	2,610,398	(53,273)
Kingston	3,069,151	(62,636)	Little Falls	866,034	(17,674)
Middletown	2,705,826	(55,221)	Norwich	1,089,279	(22,230)
Mount Vernon	7,155,691	(146,035)	Ogdensburg	1,708,659	(34,871)
New Rochelle	6,162,927	(125,774)	Oneida	1,700,877	(34,712)
Newburgh	4,464,656	(91,115)	Oswego	2,451,698	(50,035)
Peekskill	2,219,384	(45,293)	Rome	9,083,340	(185,374)
Port Jervis	1,406,263	(28,699)	Sherrill	372,689	(7,606)
Poughkeepsie	4,248,021	(86,694)	Syracuse	71,758,584	(1,464,461)
Rye	1,208,024	(24,653)	Utica	16,110,473	(328,785)
White Plains	5,463,256	(111,495)	Watertown	4,703,208	(95,984)
Yonkers	108,215,479	(2,208,479)	Total	130,331,941	(2,659,834)
Total	147,856,156	(3,017,471)	<u>Rochester-Region</u>		
<u>Capital Region / North Country</u>			Canandaigua	1,119,304	(22,843)
Albany	12,607,823	(257,302)	Corning	1,499,556	(30,603)
Amsterdam	2,866,670	(58,503)	Elmira	4,578,801	(93,445)
Cohoes	2,742,886	(55,977)	Geneva	1,942,613	(39,645)
Glens Falls	1,607,009	(32,796)	Hornell	1,497,788	(30,567)
Gloversville	2,302,592	(46,992)	Rochester	88,234,464	(1,800,703)
Hudson	1,456,991	(29,734)	Total	98,872,526	(2,017,806)
Johnstown	1,388,910	(28,345)	<u>Western NY</u>		
Mechanicville	662,392	(13,518)	Batavia	1,750,975	(35,734)
Oneonta	2,231,857	(45,548)	Buffalo	161,285,233	(3,291,535)
Plattsburgh	2,648,880	(54,059)	Dunkirk	1,575,527	(32,154)
Rensselaer	1,137,317	(23,211)	Jamestown	4,572,280	(93,312)
Saratoga Springs	1,649,701	(33,668)	Lackawanna	6,309,821	(128,772)
Schenectady	11,205,994	(228,694)	Lockport	2,650,525	(54,092)
Troy	12,279,463	(250,601)	Niagara Falls	17,794,424	(363,151)
Watervliet	1,210,193	(24,698)	North Tonawanda	4,335,111	(88,472)
Total	57,998,678	(1,183,646)	Olean	2,239,826	(45,711)
			Salamanca	928,131	(18,941)
			Tonawanda	2,602,104	(53,104)
			Total	206,043,957	(4,204,978)

Mental Health

- The Legislature concurs with the Executive recommendation of \$1.257 billion.

Metropolitan Transportation Authority

- The Legislature concurs with the Executive's proposal to provide a maximum of \$2.151 billion in contingent appropriations for Metropolitan Transportation Authority operations during SFY 2012-13 if the SFY 2012-13 budget is not enacted.

Military and Naval Affairs

- The Legislature concurs with the Executive's All Funds recommendation of \$650,000, which is the same as last year's level.

Mortgage Agency (SONYMA)

- The Legislature concurs with the Executive recommendation of \$96.37 million.

Motor Vehicles

- The Legislature concurs with the Executive proposal for \$20.6 million in Federal funding for highway safety projects.

National and Community Service

- The Legislature concurs with the Executive's All Funds recommendation of \$350,000, consistent with SFY 2010-11 levels.

Parks, Recreation and Historic Preservation

- The Legislature restores \$2.92 million in funding to fully reimburse 50 percent of municipalities' costs for Navigation Law Enforcement.
- The Legislature restores \$100,000 for Historic Homes.

People with Development Disabilities

- The Legislature concurs with the Executive's recommendation of \$2.342 billion.

Prevention of Domestic Violence

- The Legislature denies the Executive's proposal to merge the Office for the Prevention of Domestic Violence within the Division of Criminal Justice Services and restores the Office as a separate entity.

Public Service

- The Legislature concurs with the Executive recommendation of \$1.5 million.

Quality of Care Commission

- The Legislature concurs with the Executive recommendation of \$648,000.

State, Department of

- The Legislature concurs with the Executive proposal of \$67 million, a \$38 million decrease from SFY 2010-11. This decrease is attributable to the termination of American Recovery and Reinvestment Act funding for the Community Services Block Grant Program.

State University of New York

- The Legislature restores \$13 million to SUNY Community Colleges.
- The Legislature expands eligibility to the TAP program - \$3 million.

Taxation and Finance

- The Legislature modifies the Executive's proposal by recommending an Aid To Localities funding level of \$926,000, a decrease of \$11.4 million or 92 percent from SFY 2010-11 levels.
- The Legislature restores \$176,000 of the Executive's proposed \$376,000 reduction in local assessor training mandate aid.
- The Legislature concurs with eliminating \$5.08 million in railroad real property aid.
- The Legislature concurs with the Executive's proposal to reduce local re-assessment aid by \$6.15 million.

Technology

- The Legislature concurs with the Executive proposal to reappropriate \$1.5 million in local broadband internet services.

Temporary and Disability Assistance

- The Legislature modifies the Executive's All Funds recommendation of \$5.1 billion, a decrease of \$368.8 million or 6.8 percent from SFY 2010-11 levels, as follows;
- The Legislature provides \$15 million for a new homeless housing program in New York City which will provide rental supplements or other services to low-income households in order to prevent evictions or address homelessness.
- The Legislature amends the proposal to reduce the State share of the Safety Net Assistance program from 50 percent to 30 percent by further reducing the State share to approximately 29 percent. This action increases State savings from \$61.6 million to approximately \$76.6 million, or by \$15 million.
- The Legislature provides additional funding as follows:
 - \$50,000 for the Niagara Community Action Program; and
 - \$50,000 for the Carolyn House- YWCA.
- Temporary Assistance for Needy Families (TANF)
 - The Legislature denies the Executive's proposal to set aside \$10 million in the Flexible Fund for Family Services to allow districts to access for consolidated services.
 - The Legislature reduces the Flexible Fund for Family Services by \$9 million.

- The Legislature restores \$24.9 million in funding for the following TANF programs:
 - ACCESS-Welfare to Careers, \$250,000;
 - Advantage Afterschool, \$500,000;
 - BRIDGE, \$102,000;
 - Caretaker Relative, \$51,000;
 - Centro of Oneida, \$25,000;
 - Child Care CUNY, \$141,000;
 - Child Care SUNY, \$193,000.
 - Child Care Demonstration Projects, \$3,395,000;
 - Community Solutions to Transportation, \$112,000;
 - Disability Advocacy Program, \$98,000;
 - Displaced Homemakers, \$546,000;
 - Emergency Homeless Needs, \$176,000;
 - Non-Residential/Domestic Violence, \$510,000;
 - Preventive Services, \$610,000;
 - Refugee Resettlement, \$102,000;
 - Rochester-Genesee Regional Transportation Authority, \$82,000;
 - Settlement Houses, \$500,000;
 - Strengthening Families through Stronger Fathers, \$200,000;
 - Summer Youth Employment, \$15,500,000;
 - Supportive Housing for Families and Young Adults, \$508,000;
 - Supplemental Homeless Intervention Program, \$205,000;
 - Wage Subsidy, \$950,000; and
 - Wheels for Work, \$144,000.

Transportation

- The Legislature concurs with the Executive proposal which includes funding to the MTA and non-MTA transit systems. Transit Systems will receive an additional \$45 million or one percent increase. This increase is a result of an increase in dedicated transit revenues and the restoration of the SFY 2010-11 General Fund FMAP reductions.

Tribal State Compact

- The Legislature accepts the Executive's proposed appropriation level of \$44.3 million, an increase of \$5.2 million from SFY 2010-11.

Veterans' Affairs

- The Legislature modifies the Executives All Funds recommendation of \$8.5 million, an increase of \$80,000 or 0.9 percent from SFY 2010-11 levels, as follows;
- The Legislature provides additional funding as follows:
 - \$50,000 for the New York Veterans of Foreign Wars Buffalo Service Organization;
 - \$75,000 for the New York Veterans' of Foreign Wars New York City Service Organization;
 - and
 - \$25,000 for the Vietnam Veterans of America New York State Council.

Office of Victim Services

- The Legislature denies the Executive's proposal to merge the Office of Victim Services within the Division of Criminal Justice Services and restores the Office as a separate entity.

Payment to the City of New York

- The Legislature concurs with the Executive in agreeing to make the annual \$170 million payment to the City of New York to provide debt funding for the defeasement of former Municipal Assistance Corporation obligations.

Workers' Compensation Board World Trade Center Program

- The Legislature concurs with the Executive Budget reappropriation of \$39 million for the Workers' Compensation Board World Trade Center Program.

Capital Projects S. 2804-C/A. 4004-C

Adirondack Park Agency

- The Legislature concurs with the Executive recommendation of \$500,000.

Agriculture and Markets

- The Legislature concurs with the Executive recommendation of \$3 million.

Alcoholism and Substance Abuse Services

- The Legislature concurs with the Executive recommendation of \$97.6 million.

Children and Family Services

- The Legislature concurs with the Executive's All Funds recommendation of \$37.7 million, consistent with SFY 2010-11 levels.

City University of New York

- The Legislature concurs with the Executive's All Funds recommendation of \$336.5 million.

Corrections and Community Supervision, Department of

- The Legislature concurs with the Executive's All Funds recommendation of \$320 million, which is the same as last year's level.

Education

The Legislature concurs with the Executive proposal of \$17.4 million for the Education Department

Empire State Development Corporation:

- The Legislature rejects \$25 million in All Funds spending for the Economic Development Fund.
- The Legislature concurs with \$130.55 million in All Funds spending for the Regional Economic Development Councils.
- The Legislature amends All Funds spending for the Economic Transformation Program to decrease funding from \$100 million to \$50 million. This program provides capital funding for communities impacted by the closure of prisons and youth facilities.
- The Legislature amends the re-programming of \$180.5 million in reappropriations for various economic development capital programs to provide for the re-programming of funds from the OFT data center and economic development programs of the Executive.
- The Legislature rejects the re-programming of \$100 million in capital funding from the NYS Capital Assistance Program to the Metropolitan Transportation Authority (MTA) capital plan.

Energy Research and Development Authority

- The Legislature concurs with the Executive recommendation of \$15.3 million.

Environmental Conservation

- The Legislature amends the Executive proposal by outlining the following programs under the Environmental Protection Fund:
 - +\$500,000 for capital improvements at Belleayre Mountain;
 - +\$225,000 for Niagara River Greenway;
 - +\$300,000 for Buffalo Waterfront;
 - +\$100,000 for Hoyt Lake;
 - +\$125,000 for Hyde Park;
 - +\$250,000 for the Darwin Martin House;
 - +\$250,000 for Olmsted Park;
 - +\$50,000 for Gray Cliff Estates;
 - +\$297,000 for Non-Agricultural Non-Point Source Pollution Reduction; and
 - -\$297,000 reduction to Agricultural Non-Point Source Pollution Reduction.

Environmental Facilities Corporation

- The Legislature concurs with the Executive recommendation of \$343,000.

General Services

- The Legislature concurs with the Executive proposal of \$84 million, a \$14 million decrease from the SFY 2010-11 levels.

Health

The Legislature concurs with the Executive proposal of \$90.4 million

Homeland Security and Emergency Services, Division of

- The Legislature concurs with the Executive's All Funds recommendation to eliminate \$42 million in capital spending for the State Preparedness Training Center and subsequent reappropriation of \$37 million.

Housing and Community Renewal

- The Legislature reduces Capital Funding for the Public Housing Modernization Program by \$6.4 million and allocates as follows:
 - \$3.2 million in additional funding for Low Income Housing Trust Fund;
 - \$1 million in additional funds for the Access to Home Program; and
 - \$2.2 million in additional funds for the Main Street Program.

Mental Health

- The Legislature concurs with the Executive recommendation of \$220.9 million

Metropolitan Transportation Authority

- The Legislature concurs with the Executive proposal to reappropriate previous year's capital commitments in the amount of roughly \$1 billion in capital project and bond act funding.
- The Legislature denies the Executive proposal to redirect \$100 million in economic development capital for MTA purposes.

Military and Naval Affairs, Division of

- The Legislature concurs with the Executive's All Funds recommendation of \$39.2 million and increase of \$8.5 million or 27.6 percent from last year's level.

Motor Vehicles

- The Legislature concurs with the Executive proposal of \$201 million in capital appropriations from the Dedicated Highway and Bridge Trust Fund which accounts for 59 percent of the Department of Motor Vehicles budget. This is a \$16.7 million decrease from the SFY 2010-11 level.

Parks, Recreation and Historic Preservation

- The Legislature concurs with the Executive recommendation of \$46.8 million.

People with Developmental Disabilities

- The Legislature concurs with the Executive recommendation of \$152 million.

State Equipment Finance Program

- The Legislature concurs with the Executive's All Funds recommendation of \$92.751 million.

State, Department of

- The Legislature concurs with the Executive proposal for \$5.2 million in solid and hazardous waste management capital reappropriations.

State Police, Division of

- The Legislature concurs with the Executive's All Funds recommendation of \$11.5 million, which is the same as last year's level.

Technology

- The Legislature denies the \$99.5 million capital reappropriation for the State Data Center for which has been in enacted budgets since 2006. The Executive had not designated a site for this project.

Temporary and Disability Assistance

- The Legislature concurs with the Executive's All Funds Recommendation of \$30.0 million, consistent with SFY 2010-11 levels.

Thruway Authority

- The Legislature concurs with the Executive proposal for \$2 million in Canal System capital which has been the amount appropriated since 2006.

Transportation

- The Legislature concurs with the Executive proposal of \$3.99 billion in capital which is a \$398 million decrease over the SFY 2010-11 level. This decrease includes the 10 percent operations reductions through the Dedicated Highway Bridge and Trust Fund that funds a portion of the Department of Transportation operations.

Part A – Extends various criminal justice programs that would otherwise expire in 2011

The Legislature modifies the Executive proposal to extend various provision for three years which would expire in 2011. Instead the Legislature extends these provisions for two years, and include an extension for the Interstate Compact for Adult Supervision; the ability of State correctional facilities to house local inmates; the Recruitment and Retention program within the Division of Military and Naval Affairs for five years, and the extension for Armory Rentals for two years.

Part B – Disposition of certain monies recovered by the New York City County District Attorneys

The Legislature modifies the Executive proposal to make permanent and change the distribution of certain monies recovered by District Attorneys in New York City. Instead the Legislature extends this provision for one year.

Part C – Eliminate the prison closure notification requirement and modify requirement for prison closure plans

The Legislature denies the Executive’s Article VII proposal to permanently waive all notification (Correction Law §79-a) and modify the adaptive reuse plan requirements (Correction Law §79-b) as they pertain to state prison closures. The Legislature authorizes the Executive to close correctional facilities in State Fiscal Year (SFY) 2011-12 by providing at least sixty days notice prior to such closure.

Part D –Public Safety Communications Account

The Legislature modifies the Executive proposal that would deny the transfer of \$1.5 million from the Public Safety Communications Account to the Emergency Services Revolving Loan Fund. Instead the Legislature denies the transfer for two years. In addition, the Legislature modifies the amount of funding from the Public Safety Communications Account be available for county public safety answering points from \$9.3 million to \$18 million, of which the additional \$9 million for grants would be used for operations, consolidations of public safety answering points in SFY 2012-13.

Part E - Compensation for the Commissioners of the State Liquor Authority

The Legislature concurs with the Executive proposal to change the compensation structure for the commissioners of the State Liquor Authority, other than the Chairman, from an annual salary of \$90,800 a year to a per diem of \$260 a day. This will save the State Liquor Authority approximately \$220,000 a year when fringe benefits are included.

Part F – Elimination of Election Law Print and Publication -- Intentionally Omitted

Part G - Private roup Self Insured Workers’ Compensation Trusts

The Legislature amends the Executive proposal related to the closure of most Workers’ Compensation Group Self-Insured Trusts. Relieves fully and partially funded trusts from administrative assessments until 2016. Lessens the “exit fee” for closed groups executing a “loss portfolio transfer”. Increases the security requirements for remaining trusts to more closely match the security requirements of individual self-insurers.

Part H – Compensation for Commissioners of the State Civil Service Commission

The Legislature concurs with the Executive’s proposal to remove from the statutory salary list all board members, except the President, of the Civil Service Commission and provide those members with per diem compensation.

Part I – Reduce Aid and Incentives for Municipalities (AIM)

The Legislature concurs with the Executive proposal to reduce AIM funding by two percent (19.6 million) for all cities, towns and villages. Total AIM funding for SFY 2011-12 will be roughly \$715 million. This section also eliminates New York City from the AIM funding program. The SFY 2010-11 enacted budget eliminated the \$302 million AIM funding for New York City for one year.

Part J – Video Lottery Terminal (VLT) Aid

The Legislature denies the Executive proposal to eliminate VLT aid to host communities. The Legislature amends the formula to distribute \$6.3 million to 17 host communities through a formula which restores 45 percent of the aid that these communities received in SFY 2008-09.

Part K – Citizen Empowerment Tax Credit and Local Government Performance and Efficiency

Programs

This section creates local government incentive programs which will provide \$75 million in grants to municipalities that consolidate. There is no funding included in the financial plan for this program in SFY 2011-12. The Local Government Performance and Efficiency Grants will provide achievement grants of up to \$25 per capita capped at \$5 million. The Citizen Empowerment Tax Credits would provide a bonus of 15 percent of a consolidated governments tax levy. The Legislature modified the Executive proposal by increasing the amount of the Citizen Empowerment Tax Credits that would be dedicated to direct tax relief from 50 to 70 percent.

Part L - PILOT Payments

The Legislature accepts Executive's proposal to clarify that the State will assume responsibility for payment in lieu of taxes (PILOT) agreements previously entered into by the City of Rochester on lands in Hemlock and Canadice Lake watersheds recently acquired by the State from the City of Rochester.

Part M – Lapse aged State and local reappropriations – Intentionally Omitted

Part N Intentionally Omitted { may be found in Part BB of ELFA }

Part O – Repeal Community Projects Fund -- Intentionally Omitted

Part P – State University Downstate

Authorizes SUNY Downstate Medical to assume the obligations of Long Island College Hospital

Part Q – Legislative Commissions

Extends authorization for Legislative Commissions for one year, through June 30, 2012.

Part R – District Attorney and Indigent Legal Attorney Loan Forgiveness Program

The Legislature modifies the District Attorney and Indigent Legal Attorney Loan Forgiveness Program to make a technical change to ensure that residency requirements are met and to grandfather in the eligibility of certain district attorneys who met the eligibility requirements prior to a change in the statute in SFY 2009-10.

Part S – Community General Hospital

This part authorizes SUNY Upstate, with Comptroller approval, to provide for the continuation of pension benefits for Community General Hospital (CGH) employees if CGH is acquired by SUNY Upstate.

EDUCATION LABOR AND FAMILY ASSISTANCE

ARTICLE VII BUDGET LEGISLATION S.2808-D/A.4008-D

Part A -- School aid apportionment, transportation, and other lower education provisions

- The Legislature rejects the Executive's proposal to eliminate the State aid appropriation for the Blind and Deaf 4201 schools. Alternatively, school districts will submit payment in the first instance, the state will reimburse districts 50 percent of the cost in 2011-2012 school year, and the remainder in the 2012-2013 school year;
- The Legislature rejects the Executive's BOCES proposal limiting reimbursements to approved costs, and shifting funding to a State sharing ratio. The Legislature further rejects the proposal to eliminate reimbursements of certain non-instructional shared services provided by BOCES;
- The Legislature rejects the Executive's proposal that recommends the creation of a six tiered priority pool with Commissioner discretion for building aid projects.
- The Legislature rejects the Executive's proposal with respect to the Energy Performance Contracts which removes eligibility for an additional apportionment for the debt service expenditures;
- The Legislature rejects the Executive's cost effectiveness proposal for the school bus transportation system where schools must demonstrate to the Commissioner that they have implemented a majority of the cost effective management best practices or entered into a cost effective share transportation arrangement or receive a reduction in transportation aid;
- The Legislature rejects the Executive proposal to limit the ability of school districts to lease and purchase buses or bus parts based on mileage and age of the bus or having demonstrated cost savings to the Commissioner;
- The Legislature rejects the Executive's proposal of calculating the Foundation Aid State sharing ratio for each district instead of the 70 percent flat rate of State reimbursement;
- The Legislature amends the Executive's proposed Gap Elimination Adjustment formula. The amended formula mitigates some of the disparities of the reductions in an effort to work towards achieving a regionally balanced distribution of the funding reductions for school districts;
- The Legislature provides language to maintain small government assistance for those school districts that received aid in 2010-2011;
- The Legislature amends the Executive's proposal by requiring BOCES to access excess fund reserves from their employee benefit accrued liability reserve funds above incurred or accrued liabilities and redistribute them to component districts as well as allowing school districts to withdraw excess funds and use them to offset the Gap Elimination Adjustment reductions;
- The Legislature extends the ability for districts to access building reorganization incentive aid for those districts with claims prior to July 1, 2012 so long as they have established complete and final plans that were approved prior to July 1, 2010;
- The Legislature concurs with the Executives proposal to freeze charter school tuition at the 2010-11 level; and
- The Legislature concurs with the Executive proposal to recalibrate the reimbursement to schools that have sold a building in the district to no longer include reimbursement for the sold building.

Part A-1 -- Procurement flexibility

- The Legislature amends the Executive’s proposal to give more flexibility to school districts in purchasing textbooks, library materials, software and hardware. The amended language does not include library materials in the list of interchangeable items.

Part B -- School District Performance Improvement Award Grant and School District Management Efficiency Awards Programs

- The Legislature amends the Executive’s proposal with respect to the two competitive grant programs totaling \$500 million (\$250 million each): School District Performance Improvement Award Grant and School District Management Efficiency Awards Program;
- Eligibility for the Management Efficiency Awards Program is amended as follows: school districts will be eligible for the Management Efficiency Grant if they provide the results of the implemented efficiency programs from the last two years or if such efficiency programs will be implemented during the 2012-13 school year. School districts that entered shared service agreements may be eligible for an award if they establish long term efficiencies or cost saving measures;
- For the Performance Improvement Award Grant the Commissioner will have to develop competitive requests for grant proposals that will be required to be approved by the Director of Budget. This Grant will be distributed based on the priority to the districts that have the greatest educational needs; and
- For both programs: no school district that receives the Grant will be awarded more than 40 percent of the total amount of grant awards.

Part C -- Transfer of the assets of the New York State Theater Institute

- The Legislature concurs with the Executive’s proposal to eliminate the statutory authorization for the New York State Theater Institute (“NYSTI”) and to provide for the transfer of all its rights and property to the Office of General Services.
- The Legislature and Executive adopted modified Article VII language which would authorize the Commissioner of the Office of General Services to transfer the property to the Sage Colleges at such time and upon terms and conditions, including consideration, as he or she may fix and determine.

Part D - Enhance flexibility for SUNY and CUNY in the areas of procurement and participation in public-private partnerships

- The Legislature modified the Executive proposal as it related to Procurement Flexibility.
 - Accept authorizing SUNY Trustees to accept conditional gifts of real and personal property;
 - Accept authorizing SUNY & CUNY to: (1) purchase goods; (2) execute contracts for construction and construction-related services; and (3) execute printing contracts without prior approval of the Comptroller and Attorney General;
 - Accept authorizing the SUNY Hospitals to: (1) purchase goods and; (2) enter into joint and group purchasing arrangements for goods without prior approval of the Comptroller and Attorney General;

- Accept authorizing the State University Construction Fund and City University Construction Fund to: (1) purchase goods; and (2) execute contracts for services without prior approval of the Comptroller and Attorney General;
- Accept increasing the threshold for State University Construction Fund projects that require a performance bond from \$50,000 to \$250,000; and
- Accept the June 30, 2016 sunset for all procurements proposals.

Part E - Reduce the maximum TAP award for students matriculated in certain two-year degree programs to \$4,000

- The Legislature accepts the Executive’s proposal to reduce the maximum TAP award for students matriculated in certain two-year degree programs to \$4,000 and modifies the appropriation language to exempt public community colleges.

Part F- Include pension and annuity income for Tuition Assistance Program eligibility determinations

- The Legislature accepts the Executive’s proposal to include pension and annuity income for tuition assistance eligibility determinations.

Part G- Amend the eligibility requirements for the Tuition Assistance Program (TAP) related to students in default on certain student loans

- The Legislature accepts the Executive’s proposal to amend the eligibility requirements for TAP as it relates to students in default on certain student loans.

Part H - Continue Tuition Assistance Award (TAP) schedule for students who are married with no children

- The Legislature accepts the Executive’s proposal to continue the TAP award schedule for students who are married with no children.

Part I - Increase academic standards for non-remedial Tuition Assistance Program (TAP) recipients

- The Legislature accepts the Executive’s proposal to increase academic standards for non-remedial TAP recipients, but adds clarifying language that students who qualify remain subject to all other academic standards.

Part J - Eliminate Tuition Assistance Program (TAP) eligibility for graduate students

- The Legislature accepts the Executive’s proposal to eliminate TAP eligibility for graduate students.

Part K- Extend the Regents Physician Loan Forgiveness Program until the end of the 2015-16 school year

- The Legislature accepts the Executive’s proposal to extend the Regents Physician Loan Forgiveness Program until the end of the 2015-2016 academic year.

Part L - Extend Patricia K. McGee Nursing Faculty Scholarship and the Nursing Faculty Loan Forgiveness Incentive programs until June 30, 2016

- The Legislature accepts the Executive's proposal to extend the Patricia K. McGee Nursing Faculty Scholarship and Nursing Faculty Loan Forgiveness Incentive Programs until 2016.

Part M - Extend the Regents Licensed Social Worker Loan Forgiveness Program until June 30, 2016

- The Legislature accepts the Executive's proposal to extend the Regents Licensed Social Worker Loan Forgiveness Program until June 30, 2016.

Part N - Establish STAR Program Cost Containment Measures

- The Legislature amends the Executive's proposal to establish STAR Program Cost Containment Measures. An application to renounce the exemption can be filed no later than 10 years after such exemption was granted (20 years in the Executive's proposal). Also, the Legislature rejects the creation of the uniform statewide assessment calendar.

Part O - Eliminate the 36.8 percent State Share of Committee on Special Education Maintenance Costs and Increase the School District Share from 20 Percent to 56.8 Percent

- The Legislature modifies the Executive proposal to eliminate the 36.8 percent State share of Committee on Special Educations maintenance costs by restoring the State's share to 18.4 percent, or by 50 percent.
- The School Districts' share will increase from 20 percent to 38.4 percent and the Local Districts' share will remain unchanged at 43.2 percent.
- The Legislature restores \$34.6 million to support this modification.

Part P – Establish the Primary Prevention Incentive Program and Eliminate Various Contract Programs

- The Legislature denies the Executive's proposal to establish a Primary Prevention Incentive Program.

Part Q – Establish Various Juvenile Justice Reforms

- The Legislature amends the Executive's proposal to reform juvenile justice as follows:
 - Amends the proposal to eliminate the 12- month notification requirement by notwithstanding the requirement for SFY 2011-12 only and requiring a 60 day notification prior to any facility closure. The Legislature further requires OCFS to consider a list of criteria in determining facility closures.
 - Amends the proposal to create a Supervision and Treatment Services for Juveniles program by establishing additional reporting requirements. Further, the Legislature rejects the proposal to exclude PINS youth from eligibility for State reimbursement for the Supervision and Treatment Services Program.
 - Amends the proposal to cap local detention cost reimbursements to local governments on July 1, 2011 by capping detention at \$76.2 million for Calendar Year 2011 and providing 49 percent State reimbursement for local secure and non-secure detention expenditures or 62 percent State reimbursement for local alternative to detention expenditures.

- Amends the proposal to eliminate the placement of Persons in Need of Supervision (PINS) in detention by rejecting the proposal to exclude PINS youth in detention, and expanding placement options for PINS youth to include foster care when appropriate.
- Amends the Executive proposal to create a risk assessment tool linked to eligibility of reimbursement by requiring localities to implement a risk assessment tool for the purposes of making a determination and rejecting the proposal to only provide reimbursement for youth determined to be “high-risk”.

Part R - Modify the Fee Structure for Statewide Central Registry Clearance Checks

- The Legislature amends the Executive’s proposal to increase and implement a new \$60 fee for providing background checks within the Statewide Central Registry (SCR) by reducing the proposed fee increase to an individual to \$25 and by requiring OCFS to identify ways to automate the search of records to become more cost effective.

Part S - Authorize the Pass-Through of any Federal Social Security Income Cost of Living Adjustment Which Becomes Effective on or After January 1, 2012

- The Legislature concurs with the Executive’s proposal to authorize the federal Supplemental Security Income (SSI) cost of living adjustment pass-through.

Part T - Implements Full-Family Sanctions Upon the Second Instance of Non-Compliance With Work Participation Requirements for Public Assistance Recipients

- The Legislature rejects the Executive’s proposal to implement full-family sanctions on an individuals’ second instance of non-compliance with public assistance work requirements and restores \$12,500,000.

Part U - Delay the Scheduled Public Assistance Grant Increase Until July of 2012

- The Legislature concurs with the Executive proposal to delay the third public assistance grant increase to July of 2012, for a State savings of \$29 million.

Part V - Consolidate the Neighborhood Preservation Program and Rural Preservation Program into a single, competitive, performance-based program

- The Legislature denies the Executive’s proposal to repeal Article 16 and 17 of the private housing fund to consolidate the Neighborhood and Rural Preservation Programs into a single competitive based program to be funded at \$6,000,010. This is half of the total from last year of \$12 million for both programs. Accordingly, the Legislature appropriates \$8,479,000 for the Neighborhood Preservation Program and \$3,539,000 for the Rural Preservation Program and modifies the proposal to maintain the programs as individual entities. These funding levels are in proportion to amounts received by each program last year.

Part W - Make permanent the Unemployment Insurance (UI) Interest Assessment Surcharge

- The Executive proposed to make permanent the ability of the Department of Labor’s to assess a surcharge on employers for payment of interest due on federal government loans for unemployment

insurance benefits. The Legislature modified the proposal to provide the authority to the Department of Labor through December 31, 2013.

Part X - Allows transfer of surplus funds from the Catskills flood remediation program

- The Legislature includes language to authorize the New York State Mortgage Agency to transfer certain moneys, in relation to the use of surplus funds from the greater Catskills flood remediation program.

Part Y – Require OCFS to Report on Operating Costs of the Youth Facility System

- The enacted budget requires the Office of Children and Family Services to report annually to the Legislature and local social services districts on information pertaining to the per-diem rate determinations for children in OCFS placements, including but not limited to the total operating cost of the youth facility system.

Part Z - TAP Award Parity

- The enacted budget provides TAP awards for students who attend institutions that are not currently under the direct supervision of SED.

Part AA – Technical Chapter Amendment to Department of Financial Services

- The Legislature and Governor concur in consolidating the Banks and Insurance Departments, this legislation makes technical changes to correct errors in the original chapter.

Part BB – Administration of Certain Funds and Accounts and Debt Management Provisions

- The Legislature amends various transfers to and from the General Fund and amends bond caps in relation to the authorization of bond issuances for capital programs of the State.

Part CC -- Conform the Vehicle and Traffic Law to Federal Requirements, Governing Operators of Commercial Motor Vehicles and Medical Certification Requirements

- The Legislature amends provisions of law relating to commercial vehicle operators to conform New York law to Federal requirements and to ensure the continued receipt of \$35 million in federal highway aid this year.

Health and Mental Hygiene Article VII Budget Bill

S.2809-D/A4009-D

Part A: Improve public health services and achieve savings by modifying Elderly Pharmaceutical Insurance Coverage (EPIC), Early Intervention (EI), and General Public Health Work (GPHW), and implementing various other changes.

- Restores \$22.3 million to the Executive's proposed reduction of \$34.3 million to EPIC to continue the majority of premium assistance.
- Restores half or \$5.5 million of the Executive's proposed 10 percent across the board cut to EI providers.
- Requires agreement of Individual Family Services Plan (IFSP) teams, and parents of children receiving EI under an IFSP prior to being approved for the service.
- Reduces funding for various public health programs operated through the Department of Health (\$8.6 million) and State Office for the Aging (\$2.17 million).
- Delinks funding for the Empire State Stem Cell Fund from any potential health plan conversion proceeds to allow for spending from current HCRA resources.
- Makes a technical amendment to the Breast and Cervical Cancer Detection and Education Program
- Amends the Executive's proposal to clarify the cost components of the methodology used to determine fees that support the Department of Health's oversight system for clinical laboratories and blood banks; includes public posting and language changes regarding charges related to federal grants and patents.
- Amends the Executive's proposal to authorize the Commissioner of Health to distribute funds available under the HEAL program through grants to general hospitals and nursing homes without a competitive bid or RFP by authorizing the disbursement of HEAL funds without adhering to the State's procurement process.
- Extends an increase approved in the SFY 2010-11 budget for certain maximum monetary penalties for violations of the Public Health Law or its associated regulations; revenues from the penalties are dedicated to supporting the Patient Safety Center; expires 2014.
- Provides for a three year extension of the health occupation development and work place demonstration programs.
- Extends statutory language authorizing a streamlined process for contracts for the purchase of goods and services, for State hospitals operated by DOH, up to threshold amounts to 2016.
- Extends the authorization for Dormitory Authority of the State of New York to bundle Primary Care Development Corporation projects and refinance them at lower cost for four years.

Part B: Extend the reimbursement cap, authorize certain Medicaid payments and extend authorization to collect nursing home assessment revenue.

- Authorise supplemental Medicaid payments for professional services provided by physicians, nurse practitioners, and physician assistants participating in practice plans affiliated with SUNY hospitals. These amounts will increase fees for such professional services to an amount equal to the average commercial rate that would otherwise be received by these professionals. SUNY will be responsible for payment of 100 percent of the non-federal share of such supplemental non-Medicaid payments.
- Requires hospitals to submit additional data to the Department of Health for the purpose of calculating provider-specific disproportionate share hospital caps, in accordance with the Federal requirements.
- Authorizes Medicaid payments for nursing homes with discrete units for treating patients with Huntington disease. The aggregate amount for such rate add-ons for the period July 1, 2011 through December 31, 2011 shall be \$850,000 and \$1.7 million for the 2012 calendar year and each year thereafter.
- Allows prior year Medicaid payments to be made to adult day health care providers treating patients with AIDS. Rates of payment to residential health care facilities and diagnostic treatment centers for adult day health care services provided to AIDS/HIV patients will be increased by an aggregate amount of \$1.867 million. This part also provides for the adjustment of payments in the aggregate amount of \$236,000 based on each eligible providers' reported Medicaid visits.

Part C: Extends the Health Care Reform Act (HCRA) and other laws traditionally extended through HCRA.

- Extends effective dates including the continuation of the Medicaid inpatient hospital reimbursement methodology as well as the collection and allocation of the HCRA surcharge; includes extending the allocation of HCRA surcharge dollars between the Hospital Bad Debt and Charity Care Pool and the Health Care Initiatives Pool through March 31, 2014.
- Provides funding for various administrative costs of the Department of Health to assist in the implementation of HCRA programs.
- Extends revenue earmarks from the HCRA Resources Account to DOH for costs related to the administration of programs (e.g. Tobacco Control, etc.) through March 31, 2014. Authorizes the Commissioner of Health to transfer to the credit of the Department of Health's Special Revenue Funds including: provider collection monitoring account, child health insurance plan program, health occupation development, workplace demonstration program, tobacco control programs, and cancer services, pilot health insurance account, primary care initiatives account, health care delivery administration account, bad debt and charity care.
- Extends the authorization for the collection of the Covered Lives Assessment through March 31, 2014.

- Extends the Health Care Initiatives allocations through March 31, 2014 and Tobacco Control and Insurance Initiatives allocations through March 31, 2014.
- Modifies and extends the State’s authority to transfer funds from HCRA to the General Fund for purposes related to subsidizing Health Care Efficiency and Affordability Law for New Yorkers (HEAL-NY) capital grants and debt service costs through March 31, 2015.
- Extends the authorization for certain provisions historically extended with HCRA. Includes extending the authorization for hospital admission billing through March 31, 2014, extending the authorization for the Ambulatory Care Pilot through March 31, 2014 (this language is needed to provide State authority to set various reimbursement rates), and extending the Council on Health Care Financing through March 31, 2014.
- Permanently extends allocations for the Rural Health Network Development grant program along with allocations for the Rural Health Care Access Development program.
- Extend the Physician’s Excess Medical Malpractice Program through June 30, 2014.
- Extends the Primary Care Case Management Program (through March 31, 2014), the Upstate Personal Care and Home Care Workforce Recruitment and Retention Programs (through March 31, 2014), and the Entertainment Industry Worker Insurance Demonstration Program (through March 31, 2014).
- Extends the authorization for Area Health Education Centers (AHEC), the Empire Clinical Research Investigator Program (ECRIP) and the Doctors Across New York program, including programs such as the Physician Loan Repayment and Practice Support Programs, each State fiscal year from April 1, 2011 through March 31, 2014:
 - Ambulatory care training: \$4,300,000
 - Physician Loan Repayment Plan: \$1,700,000
 - Physician Practice Support: \$4,300,000
 - Study on Physician Workforce: \$516,000
 - Diversity in Medicine-Post Baccalaureate Program: \$1,700,000
 - Community based training for medical students \$1,320,000
 - Post Secondary Training for Healthcare Professionals who Achieve Specific Program Outcomes: \$880,000
- Extends authorization for State-only grant payments for clinic bad debt and charity care. Authorizes the commissioner to make additional payments for uncompensated care to voluntary non-profit diagnostic and treatment centers that are eligible for distributions in the amount of \$7,500,000 for the period January 1, 2011 through December 31, 2011.
- Extends hospital indigent care payments through December 31, 2014 and reserves funds (\$36 million) each year through December 31, 2014 for distribution as high need adjustments. Authorizes each eligible rural hospital to receive \$140,000 on an annualized basis for the periods January 1, 2000 through December 31, 2014, provided as a disproportionate share payment.
- Clarifies that, similar to physicians employed by a hospital, private practice physicians who bill discretely in a hospital or clinic are not required to pay HCRA surcharges.

Part D: Extends various provisions of the Public Health, Social Services and Mental Hygiene laws, including continued authorization of previously enacted Medicaid savings initiatives.

- Extends authorization for up to \$300 million annually for nursing home “upper payment limit” (UPL) payments for non-state operated public nursing homes for the state fiscal year beginning April 1, 2012 and for the state fiscal year beginning April 1, 2013.
- Extends unconsolidated law authorizing “intergovernmental transfer” (IGT) payments to SUNY, county, and non-New York City “disproportionate share hospitals (DSH) through March 31, 2013.
- Extends authorization for bad debt and charity care allowances for certified home health agencies through June 30, 2013.
- Extends provisions to March 31, 2013 relating to Medicaid capital cost reimbursement and removes references to Medicare that are no longer relevant.
- Excludes Medicare from capital cost reimbursement.
- Continue the exclusion of the 1996-97 trend factor from nursing home and inpatient rates through March 31, 2013.
- Continues the 0.25 percent trend factor reduction for hospitals and nursing homes through March 31, 2013.
- Extends the requirement that nursing home, hospitals, certified home health care and long term home health care providers maximize Medicare revenues through February 1, 2013.
- Extends a \$1.5 million reconciliation limit for the certified home health care agency administrative and general cap through March 31, 2013.
- Extends to March 31, 2013 a limitation on the reimbursement of the long term home health care program administrative and general costs to a statewide average.
- Extends until July 1, 2014 certain income and benefit expansions relating to Child Health Plus and facilitated enrollment.
- Extends until March 31, 2016 authorization for partially capitated managed care plans to provide primary care and preventive services to Medicaid recipients as well as HIV special needs plans.
- Extends authorization for the Commissioner of Health to establish utilization thresholds for Medicaid services through July 1, 2014.
- Extends until March 31, 2016 authorization for the Medicaid program, subject to the availability of Federal financial participation, to cover Medicaid Managed Care (MMC) premiums for the six-month period beginning with enrollment in a MMC plan, even if the enrollee loses eligibility for Medicaid before the end of such period.

- Continues the statutory requirement that establishes limited licensed home care service agencies in adult homes or enriched housing programs as providers of personal care and limited medical services.
- Extends until March 31, 2016 the Medicaid managed care program.
- Extends Medicaid copayments until March 31, 2015.

Part E: Amend the Medicaid eligibility status of individuals served in Institutions for Mental Diseases (IMD)

- Reduces administrative burdens and protects individuals affected by mental illness by suspending, rather than terminating, Medicaid eligibility for individuals admitted to Institutions for Mental Diseases.

Part F: Establish a one-year deferral of the Human Services Cost of Living Adjustment.

- Delays the Human Services Cost of Living Adjustment (COLA) for one year, while providing for an additional future year of wage increases.

Part G: Ensure the efficient and cost-effective delivery of programs and services operated by the Office of Mental Health

- Suspends the 12-month notification requirement for closures, consolidations, and service reductions of mental health facilities and programs operated by the Office of Mental Health for state fiscal year 2011-2012.
 - Provisions require the Office of Mental Health to provide notice to the legislature, as well as post information on its public website: 30 days prior to anticipated closures and transfers of beds and wards; and 60 days prior to anticipated closures, transfers and other redesigns of facilities.
 - Prior to any significant service reduction, the Office of Mental Health must consider criteria, including: the size, scope and type of services provided by the hospital; the current and anticipated long-term need for the types of services provided by the facility; the proximity of the facility to other facilities with space that could accommodate anticipated need of impacted consumers and workforce; the anticipated savings based upon economies of scale or other factors; community-based mental health services available to impacted consumers; anticipated impact on access to mental health services.

Part H: Medicaid Redesign/Medicaid

- Delays calculation of the trend factor until the SFY beginning April 1, 2013; exempts pediatric nursing homes.
- Implements controls on certified home health agency (CHHA) utilization through provider-specific annual spending caps.

- Implements CHHA episodic payments, based on 60-day episodes of care and adjusted by regional wages and case mix.
- Repeals the drug carve out and bundles prescription drugs into Medicaid Managed Care (MMC).
- Authorizes the Commissioner, at his discretion, to conduct studies to determine actual medical care costs, including expenses for special education and special transportation, incurred by public school districts and state operated/supported schools.
- Authorizes the Commissioner to discontinue reimbursement of equity in the capital component of proprietary nursing homes rates.
- Authorizes the Commissioner to negotiate rebates directly with pharmaceutical manufacturers; and allows him or her to, following unsuccessful negotiations, to designate some or all of a manufacturer's drugs as "non-preferred."
- Enables New York City to provide increased payments, totaling up to \$200 million annually, to certain managed care providers sponsored by a public benefit corporation.
- Makes various changes to the Pharmacy and Therapeutics Committee (P&TC), including allowing the Commissioner to designate drugs to the Preferred Drug List (PDL) prior to review by the P&TC.
- Discontinues the State-only Medicaid wrap around coverage for Part D pharmaceuticals.
- Repeals provisions exempting atypical anti-psychotics, antidepressants, immunosuppressants and anti-retrovirals from prior authorization requirements.
- Limits payments for enteral formula, prescription footwear and compression stockings to certain medically necessary circumstances, and authorizes the Commissioner to require prior authorization for more than five **opioid** prescriptions in a 30 day period.
- Restricts the processing of nursing homes rate appeals to \$50 million for each fiscal year and extends the Commissioner's authority to negotiate agreements resolving multiple pending appeals.
- Authorizes implementation of behavioral health utilization thresholds, and establishes limits for physical therapy, occupational therapy, speech therapy and pathology services for adults who are not developmentally disabled.
- Eliminates the nursing adjustment for home care services provided by a certified home health agency (CHHA) or a long term home health care program (LTHHCP) to individuals diagnosed with acquired immune deficiency syndrome (AIDS).
- Removes restrictions on Medicaid coverage for smoking cessation counseling to expand access beyond pregnant women and youth between 10 and 20 years of age.
- De-links workers' compensation rates from hospital rates.
- Establishes living wage requirements for home- and community-based long term care providers.

- Expands the current State-wide patient centered medical home program to more payers and broadens participation.
- Authorizes the establishment of regulations incorporating quality measures relating to potentially preventable conditions and unnecessary surgical procedures—such as cesarean deliveries, coronary artery bypass grafts, and percutaneous coronary interventions.
- Coordinates care for high-cost chronic populations through Health Homes.
- Expands screening, brief intervention, and referral to treatment (SBIRT) for alcohol and drug use to facilities in addition to emergency rooms.
- Requires persons 21 years of age or older who need home and community-based long term care services to enroll in Medicaid managed long term care.
- Authorizes the State to contract with a behavioral health organization (BHO) to coordinate care for Medicaid recipients with behavioral health diagnoses.
- Requires hospitals, nursing homes, and assisted living residences to provide access to palliative care, including associated pain management services.
- Mitigates potential anti-trust issues to improve the health system through increased coordination, integration and collaboration.
- Establishes the medical indemnity fund to provide for the future health needs of neurologically impaired infants.
- Encourages the working poor and disabled to participate in the Medicaid Buy-In by establishing an exemption of retirement assets.
- Eliminates duplicative laboratory and hospital psychiatric surveillance activities.
- Clarifies requirements pertaining to adverse event reporting by hospitals and diagnostic and treatment centers.
- Requires participating Medicaid providers to utilize a verification organization to review services set forth in a claim prior to submission.
- Limits Medicaid co-insurance for Medicare covered Part B services when the total co-insurance amount would exceed the amount Medicaid would have paid under a Medicaid rate.
- Authorizes the establishment of accountable care organization (ACO) demonstrations.
- Limits bed hold payments to nursing homes that have at least 50 percent of eligible residents enrolled in Medicaid managed care.
- Establishes a housing disregard as incentive to join Medicaid managed long term care plans.

- Prevents excessive spending by limiting Level I Personal Care services to eight hours per week.
- Reduces Medicaid spending with a two percent across the board reduction or other option that is determined by consulting with the various health care section. Caps reductions at \$345 million for SFY 2011-12.
- Institutes a cap on the Medicaid rate of growth based on a 10 year rolling average of the health on the component of the Consumer Price Index.
- Nursing Home Rebasing: Extends rebasing payments to October 1, 2011 with the option, if it fits within the State financial plan, to extend further to January 1, 2012. Provides supplemental payments, funded by the nursing home industry, to nursing homes that are adversely impacted by the cost savings measures that will go into effect with rebasing. Commences a statewide pricing methodology for nursing home to begin either on October 1, 2011 or January 1, 2012.

Part A - Provide the annual authorization for the Consolidated Local Street and Highway Improvement Program (CHIPS) and Marchiselli programs. The Legislature concurs with the Executive's proposal to provide annual authorization for the Consolidated Highway Improvement Program (CHIPS) at \$363.1 million and for the Marchiselli program at \$39.7 million, for a total of \$402.8 million. The Legislature also concurs with the Executive's proposal to permit CHIPS funding to be used for four specific road resurfacing options until March 31, 2012.

Part B - Permanently extend Department of Transportation Single Audit Program. The Legislature concurs with the Executive's proposal to make permanent the Single Audit Program, which was first established in 1998.

Part C - Permanently extend suspension of drivers' licenses for certain alcohol-related charges. The Legislature concurs with the Executive's proposal to make permanent provisions of New York law that impose penalties required by Federal law for driving while intoxicated.

Part D - Permanently extend suspension/revocation of drivers' licenses for certain drug-related offenses. The Legislature concurs with the Executive's proposal to make permanent provisions of New York law that impose penalties required by Federal law for drug-related convictions.

Part E - Make permanent provisions relating to the Motor Vehicle Financial Security Act. The Legislature concurs with the Executive's proposal to make permanent certain provisions relating to the Motor Vehicle Financial Security Act, which require motorists to maintain vehicle insurance at all times as well as the related fines and penalties for noncompliance. Technical amendments were made.

Part F – Intentionally Omitted. { may be found in Part CC of ELFA }

Part G - Make permanent the general loan powers of the New York State Urban Development Corporation. The Legislature amends the Executive proposal to permanently allow ESDC to issue loans for economic development projects, to extend this authorization for only one year.

Part H – Linked Deposit Program Amendments. The Legislature concurs with the Executive's proposal to amend the Linked Deposit Program to increase the cap on the total amount of loans that a business can have with the Program from \$1 million to \$2 million. The Legislature also concurs with the proposal to authorize the extension of loans made under the Program for an additional four years.

Part I - Extend the New York State Higher Education Capital Matching Grant Program. The Legislature concurs with the Executive's proposal to extend the HESC matching grant program until March 31, 2012.

Part J - Clarify the State Governmental Cost Recovery Assessments. The Legislature accepts the Executive's proposal to increase the cost recovery assessment imposed on the State's public authorities from \$55 million to \$60 million. The Legislature modifies the Executive's proposal to repeal the imposition of

cost recovery assessment on Industrial Development Agencies prospectively, instead making the repeal retroactive.

Part K - Permanently establish the distribution formula for the Community Services Block Grant Program. The Legislature concurs with the Executive proposal.

Part L - Permanently establish the authority of the Secretary of State to charge increased fees for expedited handling of documents. The Legislature extended the ability for two years, rather than make this provision permanent.

Part M - Dissolve the Tug Hill Commission. The Legislature denies the Executive's proposal to dissolve the Tug Hill Commission.

Part N - Eliminate the salary for the Chair of the State Athletic Commission. The Legislature rejects the Executive's proposal to eliminate the salary for the Chair of the State Athletic Commission.

Part O - Eliminate statutory references to the Governor's Office of Regulatory Reform. The Legislature accepts the Executive's proposal to eliminate statutory references to the Governor's Office of Regulatory Reform associated with the Executive's proposal to eliminate the office.

Part P - Authorize and direct the Comptroller to receive for deposit to the credit of the General Fund a payment of up to \$913,000 from the New York State Energy Research and Development Authority. The Legislature concurs with the Executive's proposal to transfer \$913,000 from the Unrestricted Corporate Funds of the Authority to the General Fund to offset New York State's debt service requirements related to the Western New York Nuclear Service Center.

Part Q - Authorize the New York State Energy Research and Development Authority to finance a portion of its research, development and demonstration, and policy and planning programs, and to finance the Department of Environmental Conservation climate change program, from assessments on gas and electric corporations. The Legislature accepts the Executive's proposal to finance a portion of the Authority's research, development and demonstration, and policy and planning programs, and to finance the Department of Environmental Conservation's Climate Change Program, through an existing annual assessment on gas and electric corporations.

Part R - Authorize the Department of Health to finance certain activities with revenues generated from an assessment on cable television companies. The Legislature accepts the Executive's proposal to make the Department of Health's public service education expenses eligible for funding from the Department of Public Service's assessment on cable television companies.

Part S - Make permanent the current time frames for review of pesticide product registration applications and pesticide product registration fees. The Legislature modifies the Executive's proposal to make the current time frames and fee structure for the review of pesticide product registration applications permanent by instead extending the registration fee for a period of three years beginning on July 1, 2011 and ending on July 1, 2014.

Part T - Authorize the Commissioner of Agriculture and Markets to establish a competitive grants program to fund agricultural research, marketing and education initiatives. The Legislature rejects the

Executive's proposal to authorize the Commissioner of Agriculture and Markets to establish a competitive grants program for agricultural research, marketing and education initiatives, and this provision is intentionally omitted from the bill.

Part U - Implement key components of the Governor's Share NY Food initiative. The Legislature accepts the Executive's proposal to establish the "Share NY Food" initiative that would utilize available funds from the Upstate Agricultural Economic Development Fund, as well as federal funds, to improve farmers' market functions and expand access to fresh produce in underserved areas.

Part V - Repeal Article 4-A of the Navigation Law regarding reimbursements paid to certain governmental entities. The Legislature rejects the Executive proposal to eliminate reimbursements paid to local governments that voluntarily implement various boating enforcement and safety programs under Article 4-A of the Navigation Law.

Part W - Facilitate an efficient transfer of Tribal State Compact Revenue to the General Fund and make a technical correction to the distribution of the local share of such revenues associated with the Niagara Falls Casino to ensure that the formula is balanced.

Part X - Establish a surcharge on purses at harness and thoroughbred racetracks. The Legislature denies the Executive proposal to establish a surcharge on purses on New York races. This is intentionally omitted from the Executive's TED Article VII bill.

Part Y - Extend the renewal period for certain disciplines licensed by the Department of State. The Legislature concurs with the Executive proposal to increase from 2 to 4 years the period for appearance enhancement licenses.

Part Z – Intentionally Omitted. { may be found in Part U of the Revenue Article VII }

Part AA - Repeal Part LL of Chapter 59 of the Laws of 2009, which established the recreational marine fishing license; and establish a free registration system for saltwater recreational fishing. The Legislature repeals the marine recreational fishing license for two years until December 31, 2013; and refunds the amount paid by any person who purchased a lifetime recreational marine fishing license.

Part BB - Alters the requirements with respect to Ultra Low Sulfur Diesel engines. The Legislature extends the time period of compliance for retrofitting heavy-duty diesel vehicles owned by State agencies or public authorities, as well as contractors, subcontractors and material suppliers who work on public job sites, with best available retrofit technology pursuant to the Diesel Emissions Reduction Act (DERA) of 2006 from December 31, 2010 to December 31, 2012.

Part CC - Creates a new permanent, 910 megawatt (MW), Recharge New York power program administered by the Power Authority of the State of New York (NYPA) and the Economic Development Power Allocation Board (EDPAB) to foster job creation and retention in New York State. The new program would consist of a combination of NYPA hydropower and competitively purchased market power for allocation to eligible businesses and other entities located in the State. It would include reallocation of the hydroelectric power currently used by domestic and rural customers as well as ensure mitigation for cost impacts to these ratepayers.

Part DD – Extends for one year the requirement that the Urban Development Corporation submit a financial plan to the legislature. The Legislature agrees to extend for one year the reporting requirements for the Urban Development Corporation, including the requirement to submit a comprehensive financial plan for the corporation and its subsidiaries.

Part EE- Creates the New Market Tax Incentive. The Legislature agrees to permit the Urban Development Corporation to create limited liability companies for the purpose of taking advantage of the federal new markets tax credit program.

Revenue S.2811-C/A.4011-C

Part A – Abandoned Property Spin Up

The Legislature concurs with the Executive proposal by changing from five to three years the amount of time it takes for a condemnation award, credit balances arising from loans, bank accounts, lost cash, money on deposits to secure funds, court bail, certain trusts, escrow accounts and child or spousal support to be deemed abandoned property and collected by the state. Also changes from six years to three years the amount of time a surplus from the sale of pledged property will become abandoned property.

Part B - Tax Shelter Reporting

The Legislature amends the Executive proposal by extending the provisions of the tax law relating to tax shelter disclosure and penalties by four years until April 1, 2015. First enacted in 2005, these provisions require the disclosure of information necessary to detect the use of tax shelters by taxpayers.

Part C – Empire Zone Program Compliance – Intentionally Omitted

Part D – Offset of Lottery Winnings

The Legislature concurs with the Executive proposal to intercept lottery prizes for the payment of outstanding tax liabilities. Currently, the Tax Department is authorized to intercept a taxpayer's refund in order to pay outstanding tax liabilities, child support payments, education loans, or debts to state agencies. In addition, the Division of Lottery is authorized to intercept a lottery winner's awards for the payment of outstanding child support and the repayment of public assistance benefits.

Part E – Financial Services Investment Tax Credit

The Legislature concurs with the Executive proposal to extend the financial services investment tax credit for four years until October 1, 2015. The current credit is scheduled to sunset on October 1, 2011. The credit is extended for the corporation franchise tax, personal income tax, bank tax and insurance tax.

Part F - Low-Income Housing Credit

The Legislature concurs with the Executive to authorize an additional \$4 million in low-income housing credits for ten years, allowing the Commissioner of Housing and Community Renewal to allocate a total of \$32 million in these credits per year.

Part G – Excelsior Jobs Program Amendments

The Legislature concurs with the Executive's proposal to enhance the Excelsior Jobs Program to:

- Amend the calculation of the Excelsior New Jobs Tax Credit from a percentage of the salary and benefits, capped at \$5,000, to 6.85 percent of gross wages with no cap.
- Phase the real property tax credit down from 50 percent to five percent over ten years as opposed to a phase down to ten percent over five years.
- Apply the real property tax credit to the real property taxes assessed on the property after any improvements.
- Increase the research and development credit from 10 percent to 50 percent of the federal credit. The credit would be capped at three percent of qualified research and development expenditures.

The Legislature also amends the Executive's proposal to allow Agricultural Co-ops to participate in the program.

Part H – Limit the exemption provided for town or county cooperative insurance corporations under the Insurance Franchise Tax – Intentionally Omitted

Part I – Conform the New York State Insurance and Bank Laws to the Federal Dodd-Frank excess lines tax provisions and authorize New York State to participate in a national compact that collects and remits excess lines taxes to the states

The Legislature amends the Executive’s proposal to conform certain definitions and state regulation of excess line brokers in the Insurance Law with the Federal Dodd-Frank Wall Street Reform and Consumer Protection Act by allowing for New York State to tax 100 percent of the excess lines risk premium if the insured party is either a resident of New York State or 100 percent of the risk premium is located in New York State. The Legislature denies the authorization to allow New York State’s Superintendent of Insurance to enter into a multi-state agreement that authorizes participation in a national clearinghouse for the purpose of collecting, allocating and disbursing taxes on excess lines premiums to participating states.

Part J - 1985 Bank Tax Extension and Gramm Leach Bliley Extender

The Legislature concurs with the Executive proposal making permanent the major provisions of the 1985 and 1987 bank tax reforms and extending for two years the transitional provisions in New York’s bank tax enacted in response to the Federal Gramm-Leach-Bliley Act.

Part K – Modernize Fuel Definitions

The Legislature concurs with the Executive proposal changing the definitions of fuels in the tax law to match the definitions in Federal law. This will change the current assignment of taxation from the fuel’s level of “enhancement” to the federal basis of whether the fuel is dyed. Changes at the federal level regarding the use of low sulfur diesel and the changes enacted by New York State in 2010 requiring all home heating fuel to be low sulfur fuel has created a situation in New York that could force hundreds of thousands of New York taxpayers to pay taxes up front on exempt fuel products under the previous law. A homeowner that heats with oil could end up paying hundreds of dollars extra at the time of purchase and then have to apply for a refund from the state. This part rectifies the situation and will continue to allow up front exemptions for exempt products. This part does not change any tax rates. Additionally, the definition for E85 is changed to match federal standards to allow the alternative fuels exemption for all seasonal mixes of E85.

Part L – Alternative Fuels Exemption

The Legislature concurs with the Executive proposal extending the sunset date of the exemption for alternative fuels from September 1, 2011 to September 1, 2012. This provision of law allows E85, compressed natural gas, and hydrogen a full exemption and B20 a partial exemption from the motor fuel tax, the petroleum business tax, the fuel use tax and state and local sales taxes. The definition for E85 is changed to match federal standards to allow the alternative fuels exemption for all seasonal mixes of E85.

Part M – Streamline the Distribution of Motor Vehicle Fees

The Legislature concurs with the Executive proposal to streamline the disposition of revenues from motor vehicle taxes and fees. Currently, some motor vehicle fees are counted as miscellaneous receipts and flow directly into the General Fund while motor vehicle taxes and other fees flow to the Dedicated Funds Pool. Any excess over \$169.4 million then flows into the General Fund. This new method will not result in a General Fund or Dedicated Funds Pool receipt increase or decrease; the method will streamline the way the state accounts for Motor Vehicle Fee collections and disbursements.

Part N – Quick Draw – Intentionally Omitted

Part O – Authorizes a Free Play Allowance Program

The Legislature concurs with the Executive proposal to give the Division of Lottery the ability to authorize a free play allowance program for all nine Video Lottery Gaming (VLG) facilities. The free play allowance program will allow VLG facilities to offer free play credits up to an amount equal to 10 percent of net machine income without having to include them in the calculation of net machine income (NMI) distributions.

Part P – Additional 75 percent Instant Lottery Games

The Legislature concurs with the Executive proposal to expand from three to five the number of new instant scratch off games that may offer a 75 percent payout.

Part Q – Multi-Jurisdictional Lottery Game Higher Prize Payouts

The Legislature amends the Executive proposal allowing the Division of Lottery to increase the prize payouts to up to 55 percent on multi-jurisdictional lottery games. Currently, New York State only participates in the Mega millions and Powerball multi-jurisdictional lottery games. New York is the only state that has a prize payout limit.

Part R – Multi-Jurisdictional Video Lottery Gaming

The Legislature concurs with the Executive proposal to allow the Division of Lottery to enter into VLG agreements with other states for the purpose of creating multi-state progressive jackpot games. Currently, VLG facilities within the state work together in administering progressive jackpots.

Part S – Pari-Mutuel Tax

The Legislature concurs with the Executive proposal extending lower pari-mutuel tax rates and rules governing simulcasting of out-of-state races for one year.

Part T – Cigarette Registration Fee

Reduces the Cigarette Registration Fee from the current levels of \$1,000, \$2,500 and \$5,000, depending on gross sales of the establishment down to a flat fee of \$300. This reduction is retroactive beginning with the 2010 fee.

Part U – Tax Modernization

The Legislature concurs with the Executive recommendation to authorize the establishment of standards for Electronic Real Property Tax Administration, with an amendment to allow local discretion to opt into the program.

The Legislature concurs with the Executive recommendation to make requirements regarding placing final assessment rolls on local government websites consistent with existing website requirements for tentative assessment rolls.

The Legislature rejects the Executive proposal to implement an e-government data system.

The Legislature accepts the Executive recommendation allowing localities to use third party vendors for the collection of taxes, as amended to authorize the State Comptroller to issue guidelines to govern the use of such vendors.

The Legislature concurs with the Executive tax modernization program which will allow the Department of Taxation and Finance, with the permission of the taxpayer, to use secure electronic means to deliver documents to account holders.

The Legislature amends the Executive proposal to require tax preparers that prepare more than five returns to e-file and e-pay all of the returns that they prepare. Additionally for the tax filing season in 2011, if the total number of e-filers reaches sufficient numbers then there will be no mandates on individual tax filers. However, if there are still not a sufficient number of e-filers then in 2012 the Department will require e-filing and e-pay for all personal income taxpayers who use tax software to prepare their return. These provisions will sunset December 31, 2012.

The Legislature amends the Executive proposal to require sales tax vendors that have been delinquent in payments, to set up a segregated bank account in which the taxpayer will be required to make weekly deposits of sales tax collections. The Department would then sweep these accounts after the deposit. These provisions will sunset December 31, 2012.

The Legislature concurs with the Executive's proposal defining debit cards used for the issuance of tax refunds the same as a state issued check for the purposes of abandoned property.

Part V – Economic Transformation and Facility Redevelopment Program

The Legislature provides an economic development incentive package for the redevelopment of communities impacted by prison and youth facility closures. The incentive package would be limited to businesses locating within a specified distance from the closed facility and will be available for a five year period. This package includes five refundable tax incentives for job creation and capital investments as follows:

- New Jobs Tax Credit - A tax credit equal to the product of 6.85 and wages paid for each new employee.
- Investment Tax Credit – A tax credit equal to 6 percent of capital investments made in the area surrounding the closed facility and 10 percent for redevelopment of the facility. These credits would be capped at \$4 million and \$8 million, respectively
- Job Training Credit – Businesses will be allowed a tax credit equal to training expenses in relation to hiring a displaced worker from the closed facility. The tax credit would be capped at \$4,000 per employee.
- Real Property Tax Credit – A tax credit equal to 25 percent of property taxes paid for businesses locating in the area surrounding the closed facility and 50 percent of property taxes paid for the redevelopment of the closed facility. The credits will be phased out over the five year tax benefit period.
- Sales Tax Refund – Businesses or contractors of businesses will be allowed a refund of sales taxes paid for purchases made in relation to a capital construction project.
- In addition, \$50 million in capital funding is also available for communities impacted by prison and youth facility closures. Those funds are appropriated in the capital projects bill.

Legislative and Judiciary

Legislature

- Overall Legislative Budget appropriation levels for SFY 2011-12 are the same as SFY 2010-11 and total \$200 million. The Senate budget provides appropriations of \$91 million. Projected spending is estimated to decline by more than 10 percent from the current year levels.
- The Senate Budget provides appropriations totaling \$91.9 million for SFY 2011-12.
- The Assembly Budget provides appropriations totaling \$108.1 million for SFY 2011-12.

Senate disbursements for SFY 10-11 are projected to be \$99 M

Judiciary

- The Legislature concurs with the Unified Court System (UCS) Budget request of \$2.55 billion, which reflects a voluntary reduction of \$170 million or 6.3 percent.
- UCS took reductions in the following areas:
 - Civil Legal Services, \$12.5 million, this amount reflects a 50 percent reduction in the additional requested appropriation authority of \$25 million to implement the recommendations of the Chief Judge's Task Force to expand access to civil legal services in New York;
 - Justice Court Assistance Program (JCAP), \$2.5 million, this amount reflects a 50 percent reduction in grants and support to town and village courts;
 - General State Charges, \$10 million to reflect savings on employee benefits that may arise due to downsizing;
 - Judiciary-Wide Maintenance Undistributed reduction of \$54 million, this would allow UCS greater flexibility in the implementation of its containment program.
 - Other reductions of approximately than \$91 million;

DEBT SERVICE BUDGET BILL (S.2802)

The Debt Service Budget bill would meet all the existing legal requirements for the payment of State debt service obligations during SFY 2011-2012. The bill contains all of the Executive's recommended appropriation levels for these purposes.

- **Appropriations would pay the debt service on \$52.4 billion of outstanding bonds and \$5.5 billion in bonds to be issued throughout the fiscal year.** The bond issuances for SFY 2011-12 would fund existing capital programs; there are no new capital programs to be funded with bonds in SFY 2011-12.
- **Total cash expenditures for debt service are estimated at \$6.083 billion** for SFY 2011-12, an increase of \$598 million (or 10.9 percent) from estimated SFY 2010-11 spending. This increase is due to increased debt service costs for SUNY/CUNY educational facilities as well as the Dedicated Highway and Bridge Trust Fund.
- The bill contains **appropriation authority totaling \$9.3 billion** for the payment of interest and principal on general obligation bonds, contractual and lease obligation payments of the State and for certain State entities. This represents a decrease of \$408.6 million (or 4.4 percent) over available SFY 2010-11 appropriations.
- **Appropriations for General Fund supported debt service total \$4.6 billion.** This represents an increase of \$196 million, or 4.4 percent, from SFY 2010-11 appropriation levels. Payments on General Obligation bonds and transfers from the General Fund to support lease-purchase and contractual obligation payments for bonds issued by State public authorities to support the capital program are included in these appropriations.
- **Appropriations from Other Funds (non-General Fund) total \$2.14 billion.** This represents an increase of \$26.5 million, or 1.25 percent, from SFY 2010-11 appropriation levels. Payments from debt service funds supported by specific revenues (such as the Dedicated Highway Trust Fund) are included in these appropriations.
- **Appropriation from the Debt Reduction Reserve Fund totals \$250 million.** This appropriation would be used to either defease outstanding bonds or for hard dollar capital spending. However, there is no cash spending associated with this appropriation for SFY 2011-12.
- **Contingent appropriations total \$2.14 billion.** This represents a decrease of \$631 million, or 22.8 percent, from SFY 2011-12 appropriation levels. These appropriations provide a cushion for the payment of debt service on the State's variable rate bonds should interest rates exceed projections and payments for interest rate exchange agreements should the existing agreements be terminated. These appropriations also include the payment of debt service on the tobacco settlement bonds should the settlement payments under the Master Settlement Agreement be insufficient for the payment of debt service.

MERGER OF STATE ENTITIES

Article VII BUDGET LEGISLATION S.2812-C / A.4012-C

Part A Merger of the Department of Banking, Department of Insurance and the Consumer Protection Board into the Department of Financial Services

The Legislature modified the Executive's Article VII Legislation to effectuate this merger. This new Department of Financial Services will be a streamlined and efficient oversight agency for the financial services industry. The Legislature rejected merging the Consumer Protection Board with the Department of Banking and the Department of Insurance, and instead folds it in to the Dept. of State. The Legislation provides for separate divisions of Banking and Insurance, headed by separate deputy superintendents, with separate assessments and programs for appropriations, so as to maintain a regulatory firewall between separate entities, while still allowing for administrative efficiencies through back office and support consolidation.

Part B Merger of the Department of Correctional Services and the Division of Parole into the Department of Corrections and Community Supervision

The Legislature modifies the Executive's Article VII proposal to allow the merger of the Department of Correctional Services and the Division of Parole into the Department of Corrections and Community Supervision (DCCS). The Board of Parole will become a separate program within the new Department with distinct appropriations. The Board of Parole will maintain its current authority with regard to parole revocation hearing officers, setting conditions of parole, and granting early release from parole and all but the more minor offenses, and as to these cases, the Board will be consulted in developing the rules and regulations for granting such merit terminations. The new Department will also be required to provide the Legislature with an annual report with regard to the number of parolees and the frequency and severity of recidivism.

Part C Merger of Division of Criminal Justice Services with the Office of Victim Services, and Office for the Prevention of Domestic Violence and State Commission on Correction

The Legislature denies the merger of the Office of Victim Services, the Office for the Prevention of Domestic Violence and the State Commission on Correction and instead restores these agencies as separate entities.

Part D Merger of the Foundation for Science, Technology, and Innovation (NYSTAR)

The Legislature modifies the Executive's proposal to Merge NYSTAR into Empire State Development Corporation. Instead NYSTAR will be merged into the Department of Economic Development and a separate division will be created as the Division of Science, Technology and Innovation. Those employees involved with the various programs of NYSTAR will be retained by the new division.

Part E Agency Reorganization SAGE Commission (Formerly S.2813):

The Legislature modifies the Executive's proposal to enact legislation that permits the Governor to examine the organization of all State agencies and recommend structural changes through a reorganization plan.