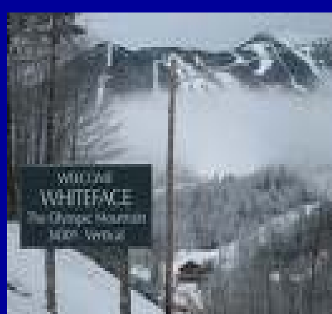
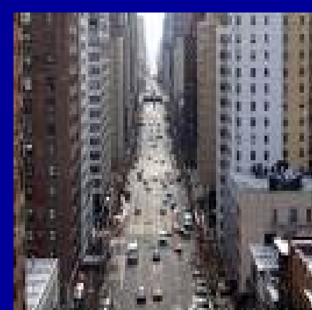
# Senate Finance Majority
# Staff Analysis of the 2010-11 Executive Budget





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Chair, Senate Finance Committee

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January 2010

Dear Colleagues;

On Tuesday, January 19th, Governor Paterson proposed his Executive Budget. As a conference, our priorities for the budget are clear: it must create jobs, control spending, and protect already overburdened taxpayers. While everyone is in agreement regarding the seriousness and scope of this economic crisis, it's also clear that in order to meet our objectives, the Executive Budget will need significant modification to meet the standard of fiscal prudence.

**Changing Course**
In less than 20 years, the State Budget grew nearly 100-percent—an unsustainable pattern that well outpaced the race of inflation. Instead of capitalizing on the economic largesse of the 1990's and early 2000's, prior leadership employed a borrow-and-spend tradition. Poor fiscal choices then are hurting us now. For instance, New York's debt service load will increase by 17% this year, a clear indicator of the lack of fiscal stewardship of the past.

Structural reforms to the budget are more than a step in the right direction, they are the only path to long-term fiscal health. It is disappointing that the Executive Budget just barely explores structural changes to state and budgetary operations. We must be thinking creatively; it is time for innovative budget reforms.

**Modifications are Necessary**
Nowhere in the Governor's plan is there a short- or long-term guarantee to provide property tax relief. The Senate Majority is committed to developing a long-term plan for homeowners, and one of the many ways we can free up funds for such a plan is through reducing the scope of government.

The Governor's across-the-board cuts for government are typical – and not nearly enough.

The Legislature has an obligation to the public to enact a budget that creates jobs, controls spending, and provides relief. The data prepared by Finance Committee staff will provide greater insight into specific programmatic proposals within the Governor's budget which must be discussed in depth, opposed when necessary, and made stronger when appropriate to maintain New York's status as the Empire State.

Sincerely,

Carl Kruger

Senator Carl Kruger
Chair, Senate Finance Committee

# STAFF ANALYSIS OF THE
# SFY 2010-11 EXECUTIVE BUDGET

As prepared by the Senate Finance Committee Staff


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# Schedule Of Joint Legislative Public Hearings On

# 2010-2011 Executive Budget Proposal

| **Date** | **Location** | **Time** | **Topic** |
|---|---|---|---|
| January 25 | Hearing Room B | 10:00 AM | Local Government |
| January 26 | Hearing Room B | 9:30 AM | Environmental Conservation |
| January 27 | Hearing Room B | 9:30 AM | Higher Education |
| February 1 | Hearing Room B | 9:30 AM | Economic Development |
| February 1 | Hearing Room B | 1:00 PM | Taxes |
| February 2 | Hearing Room B | 10:00 AM | Education |
| February 3 | Hearing Room B | 9:30 AM | Mental Health |
| February 3 | Hearing Room B | 1:00 PM | Housing |
| February 8 | Hearing Room B | 9:30 AM | Public Protection |
| February 8 | Hearing Room B | 1:00 PM | Transportation |
| February 9 | Hearing Room B | 10:00 AM | Health/Medicaid |
| February 10 | Hearing Room B | 9:30 AM | Workforce |
| February 10 | Hearing Room B | 12:00 PM | Human Services |

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## FINANCIAL PLAN OVERVIEW

| STATE RECEIPTS (billions of dollars) | | | | |
|---|---|---|---|---|
| | | | Annual Change | |
| | SFY 2009-10 | SFY 2010-11 | Amount | Percent |
| General Fund | 53.554 | 54.570 | 1.016 | 1.9 |
| State Funds | 81.811 | 84.627 | 2.816 | 3.4 |
| All Funds | 131.059 | 133.001 | 1.942 | 1.5 |

- Total All Funds receipts are projected to reach $133 billion, an increase of $1.9 billion, or 1.5 percent from SFY 2009-10 estimates. All Funds tax receipts are projected to grow by nearly $3.4 billion or 5.6 percent. This increase is attributable to the full year impact of the temporary personal income tax rate increase, expiring Federal tax laws, and positive revenue actions proposed with this Budget. All Funds miscellaneous receipts are projected to decrease by $592 million, or 2.7 percent. All Funds Federal grants are projected to decrease by $840 million, or 1.7 percent.

- Total State Funds receipts are projected to be nearly $85 billion, an increase of $2.8 billion, or 3.4 percent from the SFY 2009-10 estimate.

- Total General Fund receipts are projected to be nearly $55 billion, an increase of $1.0 billion, or 1.9 percent from SFY 2009-10 estimates. General Fund tax receipts are projected to grow by 5.4 percent, while General Fund miscellaneous receipts are projected to decline by 17.2 percent, reflecting the loss of several onetime payments. Federal grant revenues are projected to decline by 11.8 percent due to a shift in the timing of payments.

- After controlling for the impact of policy changes, base tax revenue growth is projected to increase by 3.1 percent for SFY 2010-11. The projected rebound in economic activity would increase base growth in tax receipts for the first time since SFY 2007-08.

## DISBURSEMENTS

| DISBURSEMENTS (billions of dollars) | | | | |
|---|---|---|---|---|
| | SFY 2009-10 | SFY 2010-11 | Annual Change Amount | Annual Change Percentage |
| All Funds | 135.190 | 135.858 | 0.786 | 0.5 |
| State Funds* | 84.639 | 86.149 | 1.510 | 1.8 |
| State Operating Funds | 79.182 | 79.927 | 0.745 | 0.9 |
| General Fund** | 54.129 | 54.522 | 0.393 | 0.7 |

* Includes Capital Funds
** Includes transfers

All growth rates in the proposed budget are below the level of inflation and below the three year average growth in inflation embodied in the Governor's spending cap proposal.

## GENERAL FUND FINANCIAL PLAN GAPS

As shown in the following table, the projected General Fund budget gaps, absent any changes, would total approximately $60.8 billion over the next four years. The proposed Executive Budget would eliminate the projected $7.4 billion budget gap in SFY 2010-11 and reduce the projected out-year budget gaps by an additional $24.4 billion. Over the four year period, the budget gaps would be reduced by a total of approximately $31.8 billion, or 52.3 percent.

| GENERAL FUND FINANCIAL PLAN GAPS (billions of dollars) | | | |
|---|---|---|---|
| | Before Budget Actions | After Budget Actions | Percentage Decrease |
| SFY 2010-11 | 7.418 | 0.0 | 100.0 |
| SFY 2011-12 | 14.311 | 6.286 | 56.1 |
| SFY 2012-13 | 18.331 | 10.488 | 42.8 |
| SFY 2013-14 | 20.713 | 12.227 | 41.0 |
| **Four Year Total** | **60.773** | **29.001** | **52.3** |

All of these gap estimates assume that Federal Stimulus funds (FMAP, ARRA) and the Personal Income Tax Surcharge imposed in the current year budget expire as currently scheduled.

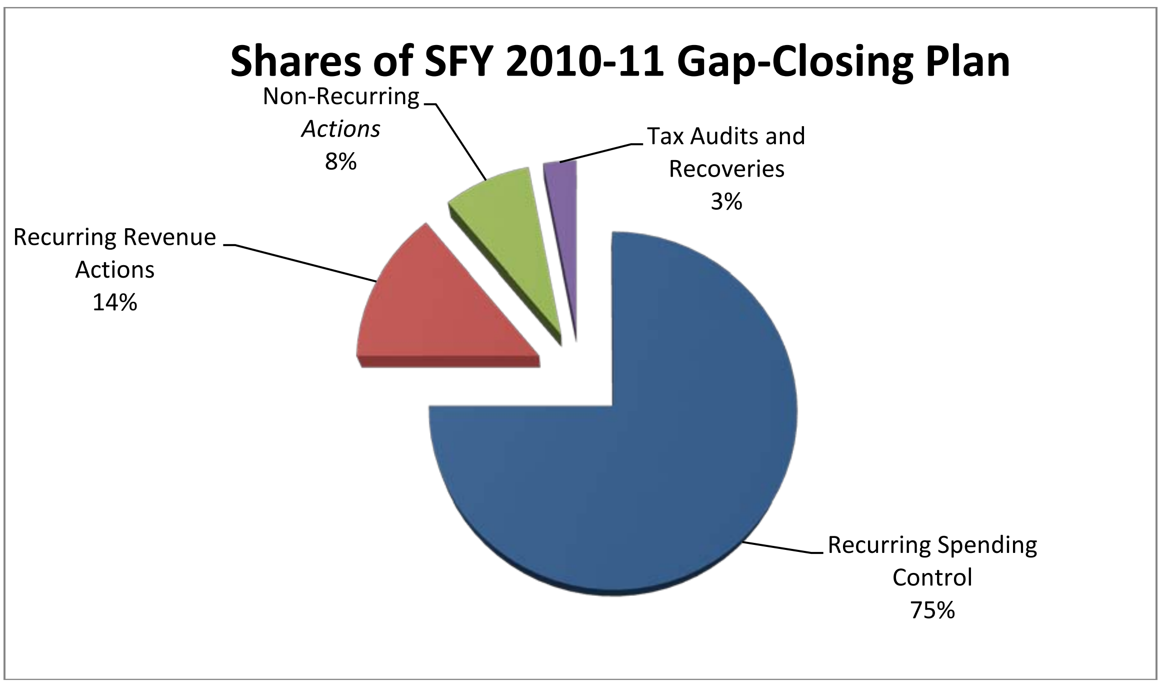
## GAP CLOSING PLAN

The Executive Budget would close an estimated General Fund gap of $7.42 billion including the $500 million rolled over from SFY 2009-10. The table below summarizes the budget gaps estimated prior to any actions proposed in the SFY 2010-11 budget and the gaps remaining after those actions.

| GAP CLOSING PLAN (billions of dollars) | | |
|---|---|---|
| | **Amount** | **Percentage** |
| Recurring Spending Actions | 5.562* | 75.0 |
| Recurring Revenue Actions | 1.070 | 14.4 |
| Tax and Audit Recoveries | 0.221 | 3.0 |
| Non-Recurring Actions | 0.565 | 7.6 |
| **Total** | **7.418** | **100.0** |

*Includes December 2009 DRP actions of $692 million.

Of the actions taken to close the gap in the SFY 2010-11 Executive Budget proposal, 92 percent of those actions are recurring. Only eight percent of the gap closing actions could be classified as “one shots.” The chart below summarizes the shares of the gap-closing plan by broad category.



| Combined General Fund and HCRA Gap-Closing Plan for 2010-11 | |
|---|---|
| (millions of dollars) | |
| | **2010-11** |
| **Current-Services Gap Estimates*** | **(7,418)** |
| **Approved Deficit Reduction Plan Actions**** | **692** |
| **Total Executive Budget Gap-Closing Actions** | **6,726** |
| **Spending Control** | **4,870** |
| ***Local Assistance*** | ***3,639*** |
| School Aid/Lottery Aid | 1,625 |
| Health Care | 823 |
| School Tax Relief Program | 213 |
| Human Services/Labor/Housing | 201 |
| Higher Education | 208 |
| Mental Hygiene | 46 |
| Education/Special Education | 139 |
| Local Government Aid | 325 |
| All Other | 59 |
| ***Bonded Capital Spending Reductions**** | ***10*** |
| ***State Agency Operations/Fringe Benefits*** | ***1,221*** |
| State Agency Operational Reductions | 709 |
| Workforce Savings | 250 |
| Fringe Benefits/Pension Amortization | 262 |
| ***Revenue Actions*** | ***1,070*** |
| Tax Actions | 799 |
| Syrup Excise Tax | 465 |
| Cigarette Tax | 201 |
| Sale of Wine in Grocery Stores | 92 |
| Informational Returns for Credit/Debit Cards | 0 |
| Film Credit | 0 |
| Empire Zone Replacement Program | 0 |
| Other Tax Actions | 32 |
| Medicaid Provider Assessment | 216 |
| Work-Zone Cameras for Speed Enforcement | 25 |
| Civil Court Filing Fees | 31 |
| All Other Revenue Actions | (1) |
| ***Tax Audit and Recoveries*** | ***221*** |
| ***Non-Recurring Resources*** | ***565*** |
| Federal TANF Resources | 261 |
| Physician Excess Medical Malpractice Payment Timing | 127 |
| Available Fund Balances/Resources | 95 |
| Lottery Investment Flexibility | 50 |
| School Aid Overpayment Recoveries | 32 |
| **Executive Budget Surplus/(Gap) Estimate** | **0** |

*Includes the carry-forward of the 2009-10 deficit into 2010-11.
**Recurring value of administrative and legislative actions approved in December 2009
***Estimated debt service savings from reducing planned capital spending financed with debt.

| NON-RECURRING RESOURCES (millions of dollars) | |
|---|---|
| | **SFY 2010-11** |
| Federal TANF Resources | 261 |
| Physician Excess Medical Malpractice Payment (Timing) | 127 |
| Lottery Investment Flexibility | 50 |
| School Aid Overpayment Recoveries | 32 |
| New York Power Authority Transfer | 65 |
| Workers' Comp Board – Assessment Surplus Recapture | 24 |
| Rescind Management/Confidential Vacation Exchange Program | 6 |
| **Total** | **565** |

The Emergency TANF Contingency Fund is a onetime ARRA authorization. Other non-recurring resources include altering the timing of a planned payment under the Physician's Excess Medical Malpractice program; investing a portion of lottery prize fund receipts in AAA-rated municipal bonds instead of U.S. Treasury bonds, subject to market conditions, to realize a onetime benefit due to differences in market rates; and recovering excess aid payments made to school districts in prior years.

## EDUCATION

The State Fiscal Year (SFY) 2010-2011 Executive Budget provides for a $2.138 billion school year reduction. This reduction is based on a Gap Elimination Adjustment (GEA) formula that recognizes school districts' pupil need, wealth, tax effort and administrative efficiency. The Executive Budget recommendation provides for a partial restoration of the $2.138 billion GEA formula. This is achieved through the use of Federal American Recovery and Reinvestment Act (ARRA) funds in the amount of $726 million, bringing the total amount of the GEA reduction to $1.4 billion. Increases in Expense-Based-aids of $378.8 million provide for a net School Year reduction of $1.1 billion.

**Gap Elimination Adjustment:** The Executive Budget recommendation for State Aid to schools includes a $2.138 billion Gap Elimination Adjustment (GEA) for School Year 2010-2011. The GEA is applied to Formula Based Aids excluding Building Aid, Building Reorganization Aid and Universal Pre-Kindergarten (Pre-K). Contrary to the Deficit Reduction Assessment or other Gap Elimination Adjustments proposed by the Governor in the past, the Executive Budget recommendation includes an Administrative Efficiency Aid in the amount of $35 million which offsets part of the GEA reduction for 136 school districts other than the Big Five.

The minimum GEA reduction is 8 percent while the maximum reduction is 21 percent. However, a high need school district will not be reduced more than 5 percent of estimated Total General Fund Expense (TGFE).

The Executive Budget recommendation for a State aid to schools reduction of $2.138 billion is offset by a restoration of 33.95 percent of the GEA reduction through the use of American Recovery and Reinvestment Act (ARRA) funds. This restoration in the amount of $725.9 million reduces the GEA amount to $1.42 billion.

**Foundation Aid:** Foundation Aid was enacted in SFY 2007-2008 and was intended to be phased-in over a four year period. Unfortunately, the economic downturn has kept Foundation Aid frozen at the School Year (SY) 2008-2009 level of $14.892 billion in SY 2009-2010 and SY 2010-2011.

In the Executive Budget proposal, the Governor recommends freezing Foundation Aid for one more year through State Fiscal Year 2011-2012. In addition, the Executive would extend the phase-in process for Foundation Aid from seven to 10 years until SFY 2016-2017. Article VII legislation proposed by the Governor would amend the current phase-in foundation increase factor for Foundation Aid (see below):

| School Year | Current Law | Governor's New Proposal |
|---|---|---|
| **2010-2011** | 37.5% | **37.5%** |
| **2011-2012** | 53.1% | **37.5%** |
| **2012-2013** | 75.0% | **43.5%** |
| **2013-2014** | 100.0% | **53.5%** |
| **2014-2015** | N/A | **66.5%** |
| **2015-2016** | **N/A** | **81.5%** |

**Building Aid and Building Reorganization Aid:** Building Aid allows school districts to receive aid for approved building projects. The Executive fully funds the $218.5 million present law increase for Building Aid for 2010-2011. This is an increase of 9.7 percent over SY 2009-2010. For Building Reorganization Aid, the Executive provides for a present law amount increase of $3.37 million.

**Transportation Aid:** Transportation Aid reimburses school districts for approved transportation expenses including equipment, salary, and benefits. The Executive fully funds the $99.6 million present law increase for Transportation Aid. This is an increase of 6.4 percent over SY 2009-2010.

**Boards of Cooperative Educational Services (BOCES):** BOCES services are created when two or more school districts decide they have similar needs that can be met by a shared program. BOCES helps school districts save money by providing opportunities to pool resources and share costs. Sharing is an economical way for districts to provide programs and services that they might not be able to afford otherwise. It is often more efficient and less costly to operate one central service than it is to have separate programs in each school district. BOCES services are often customized offering districts the flexibility to meet their individual needs. The Governor’s Budget fully funds the $33 million increase in present law for BOCES Aid. This is an increase of 4.7 percent from SY 2009-2010.

**Excess Cost Aids:**

- The Executive recommends Article VII legislation that would rename three Excess Cost Aid categories (Public High Cost- Excess Cost, Private Excess Cost and Supplemental Excess Cost) to conform these school aid categories to a more modern terminology.

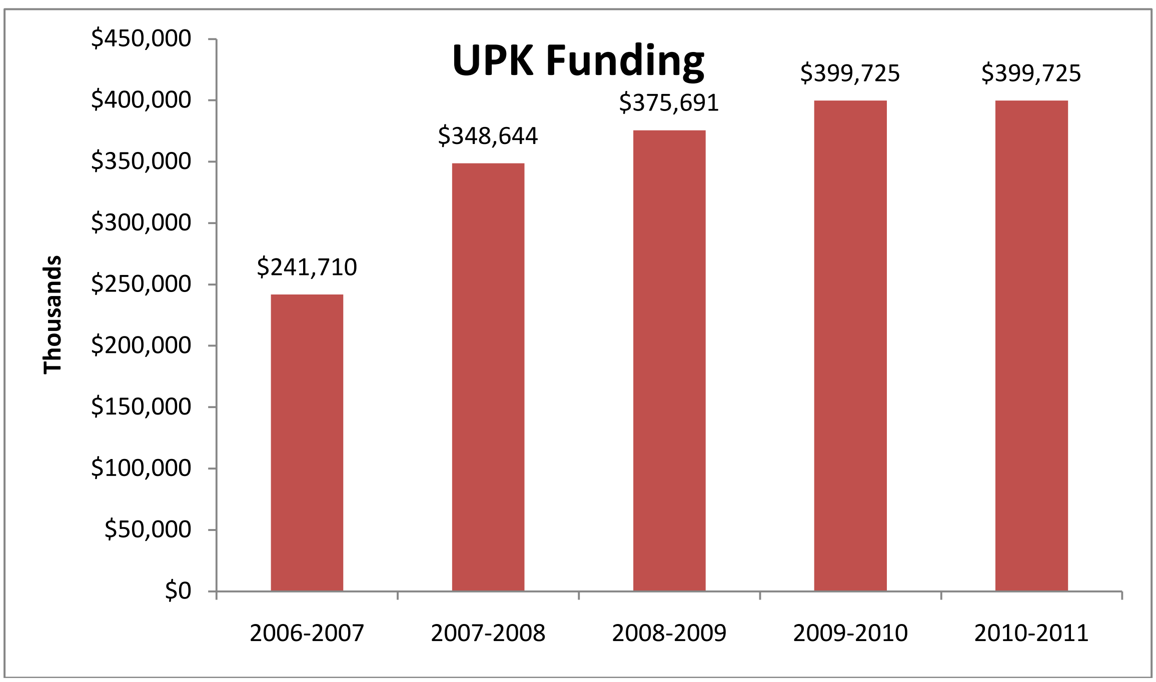
- Private Excess Cost Aid provides reimbursement for public school children with more severe disabilities who are placed in private school settings or in the State-operated schools in Rome and Batavia. The Executive recommendation for SY 2010-2011 provides present law funding in the amount of $328.9 million, an increase of $14 million or 4.46 percent more than in SY 2009-2010.

- Public High Cost - Excess Cost reimbursement for the additional costs associated with providing resource-intensive special education program for students with disabilities. The Executive Budget proposal includes present law funding in the amount of $454.1 million, an increase of $10.2 million or 2.3 percent more than in SY 2009-2010.

- Supplemental Excess Cost Aid is funded at $4.3 million, the same amount as in SFY 2009-2010.

**Universal Pre-K:** According to the National Institute for Early Education Research (NIEER), approximately 1.13 million children participate in State-funded Prekindergarten programs, about 24 percent of all 3 and 4-year-olds in the nation. State spending on Prekindergarten programs totals $4.6 billion.[1] More than half of the states in the nation established Prekindergarten programs during the last two decades. As State-created entities, these programs vary in design, eligibility requirements, hours of operation, and other standards.

The New York State Universal Prekindergarten (UPK) program was established under Chapter 436 of the Laws of 1997. During the 2004-05 school year, 192 districts (224 eligible) served approximately 57,000 students. In School Year 2009-2010, this number has increased considerably from 192 to 450 school districts and the number of 4-year old has increased from 57,000 to almost 107,700.




[1] W. Steven Barnett, (et.al.). The State of Preschool 2008, State Preschool Yearbook (New Brunswick: The National Institute for Early Education Research, 2008).

**Preschool Special Education**: The Governor is proposing to limit the growth in Preschool costs borne by counties and shift certain costs to school districts. The Executive proposal would limit the growth in the county share of costs for preschool special education to two percent per year beginning in the 2010-2011 school year and to assign any growth above two percent to the school district of residence. State funding is provided in the amount of $619.9 million, an increase of $29.9 million or 4.8 percent from last year. In addition, the Executive proposal would include $194 million in discretionary ARRA funds to supplement the program and increase funding to $813.9 million.

**Summer School Special Education**: The Executive recommends changing State reimbursement for summer school special education costs from a flat rate of 70 percent for all districts to the Foundation Aid State Sharing Ratio for each district starting in SY 2010-2011. This would result in a reduction of $35 million or 16.4 percent, decreasing the $247.2 million in SFY 2009-2010 to $212.2 million in SFY 2010-2011. In addition, the Executive would limit the portion of the current year appropriation that is available to pay prior year claims. The Executive proposal would limit claims for services prior to the 2009-2010 school year to $50 million.

# HIGHER EDUCATION

The SFY 2010-11 Executive Budget recommends an All Funds appropriation of $7.9 billion for New York State public and private higher education programs, a decrease of $5.4 billion or 40 percent from the current appropriation level. The funding decrease is mainly attributable to one of the Executive's key proposals – **The New York State Public Higher Education Empowerment and Innovation Act**. Among other things, the proposed legislation would remove campus-generated revenues from the State budget process, thus eliminating the need for legislative appropriation and oversight. In total, approximately $4.4 billion in various revenue accounts currently appropriated at SUNY would be eliminated from the budget process, including $2.3 billion in revenues from tuition and fees and other self-supporting programs.

In addition, approximately $2.1 billion of revenues generated by the three SUNY Hospitals would be removed from the budget process. The Executive proposal also discontinues the appropriation of approximately $800 million in tuition and fee revenues at CUNY. According to the Executive, the provisions contained in this proposal would grant the State's two public university systems greater operational flexibility and allow them to compete more effectively with other public higher education systems in the United States that set their own tuition levels and make disbursements without state appropriation authority. As shown in Table A, SUNY and CUNY resident tuition rates in 2009-10 are far below the national average. In addition, while the average national surcharge on nonresident students is 153 percent, SUNY's surcharge rate is 128 percent and CUNY's is approximately 109 percent. The data illustrates that SUNY and CUNY resident and nonresident tuition and fee rates have been artificially suppressed for a long time.

Included in the Executive proposals are a series of provisions intended to enhance SUNY and CUNY's regulatory and operational flexibility in the areas of procurement, land lease, and capital construction. Much of the Executive's recommendations related to regulatory and operational flexibility were proposed in 2008 by the Commission on Higher Education (CHE), which was established by former Governor Spitzer. Also, a report by the Governor's Task Force on Diversifying The New York Economy Through Industry-Higher Education Partnerships released in December 2009 recommended enhancing operational flexibility of New York universities to remove impediments to public-private partnerships. Both CUNY Chancellor Matthew Goldstein and SUNY Chancellor Nancy Zimpher have advocated for these operational flexibility provisions.

### *THE PUBLIC HIGHER EDUCATION EMPOWERMENT AND INNOVATION ACT*

The Executive Budget proposal includes a series of Article VII provisions intended to provide SUNY and CUNY greater flexibility in the areas of tuition setting, self-supporting programs, procurement and property management. The deregulation provisions would amend the education, public authorities and the State finance law to:

- Authorize SUNY and CUNY Trustees to institute a rational tuition policy that will ensure a fair, equitable and responsible tuition policy that would provide the universities with the discretion to raise tuition incrementally up to an annual cap of two and one half times the five-year rolling average of the Higher Education Price Index (HEPI), making it easier for students and families to anticipate and plan for the true cost of attendance over the course of a degree program.

- Authorize the SUNY and CUNY trustees to implement differential tuition rates for programs and campuses within their systems to enhance academic quality, based on the recommendation of the college president and in accordance with specific guidelines promulgated by the trustees.

- Provide SUNY and CUNY with greater operational flexibility regarding the procurement of goods and contractual services; the procurement and financing of construction services; and the lease of campus property.

- Authorize the lease of real property under the jurisdiction of SUNY to other entities in support of its educational purpose, and participation in public/private partnerships that would benefit SUNY's mission and diversify its revenue streams, subject to approval by a newly created State University Asset Maximization Review Board. This would help encourage greater business opportunities and innovative research partnerships, since many potential private companies are unwilling or unable to wait the months or years it takes for a project to make its way through the legislative and political process.

- Remove provisions of law subjecting SUNY and CUNY to pre-approval of contracts by the Office of the State Comptroller (OSC) in order to streamline the procurement of goods and services, while maintaining provisions requiring the post-audit of such contracts by OSC.

- Allow post-audit in lieu of pre-audit requirements for Attorney General approval of leases between SUNY and its alumni associations in support of dormitory projects.

- Prescribe specific semi-annual reporting requirements on revenues and expenditures at a campus-specific level to ensure continued transparency and accountability.

- Allow not-for-profit organizations affiliated with SUNY to participate in Office of General Services-maintained centralized contracts.

- Indemnify SUNY/CUNY students who are enrolled in required academic residency and internship programs.

- Authorize the State University Construction Fund (SUCF) to adopt its own procurement guidelines, pursuant to Article IX of Public Authorities Law.

- Permit SUNY Healthcare Centers to enter into contracts and participate in joint ventures, subject to annual reporting.

- Increase the threshold from $50,000 to $250,000 for projects that require performance bonds.

- Permit SUNY-affiliated nonprofit entities to utilize the Dormitory Authority financing services, and authorize SUNY's community colleges to use the Dormitory Authority financing services for building of student dormitories.

- Permit the State University Construction Fund (SUCF) to establish standards and guidelines for procurement consistent with that of public authorities and to use alternative construction methods.

**RATIONAL TUITION POLICY**

Currently, SUNY and CUNY retain operating control over all campus-generated revenues once appropriation authority has been enacted. Although the SUNY and CUNY boards are authorized by law to set tuition, they are forbidden from imposing differential tuition rates by campus or between like degree programs, or to adopt tuition rates prior to the enactment of the State budget. The result is that the boards of trustees tend to hold the line on tuition if State aid can be counted on for their financial health. In reality, over the past three decades, SUNY and CUNY tuition rates have been determined by the State budget process and tuition increases have been instituted almost exclusively to close State budget gaps.

Moreover, both systems are essentially treated as a unitary system, as the same tuition schedules have applied to the university centers, comprehensive universities, and technical colleges. In order to end the cycle of tuition-General Fund substitution, the Executive Budget recommends divorcing the setting of tuition rates and the spending of tuition revenues from the State appropriation requirement. In SFY 2009-10, SUNY tuition appropriations totaled $1.28 billion and CUNY's totaled $610 million. The Executive eliminates these appropriation lines from the SFY 2010-11 Executive Budget.

## Table A

**2008-09/2009-10 TUITION AND FEE RATES AT SUNY, CUNY AND SELECTED PUBLIC FLAGSHIPS**

| | 2008-09 | | 2009-10 | | 2009-10 |
|---|---|---|---|---|---|
| | Resident | Nonresident | Resident | Nonresident | Non-resident Surcharge |
| **Undergraduate Tuition and fees 4-Year Public Institutions** | | | | | |
| **SUNY** | **$ 5,860** | **$ 12,940** | **$ 6,170** | **$ 14,070** | **128%** |
| **CUNY** | **$ 4,300** | **$ 8,940** | **$ 4,900** | **$ 10,260** | **109%** |
| Purdue | $ 7,750 | $ 23,224 | $ 8,638 | $ 25,118 | **191%** |
| Penn State (University Park) | $ 13,014 | $ 24,248 | $ 14,426 | $ 26,020 | **80%** |
| Ohio State | $ 8,406 | $ 21,818 | $ 8,679 | $ 22,278 | **157%** |
| Rutgers | $ 10,263 | $ 20,477 | $ 11,886 | $ 22,796 | **92%** |
| University of Maryland | $ 8,005 | $ 21,345 | $ 8,053 | $ 23,990 | **198%** |
| University of Massachusetts | $ 11,946 | $ 20,169 | $ 11,732 | $ 23,229 | **98%** |
| University of Delaware | $ 8,646 | $ 21,126 | $ 9,486 | $ 23,186 | **144%** |
| University of Virginia | $ 9,490 | $ 29,790 | $ 9,628 | $ 31,628 | **229%** |
| University of California (UCLA) | $ 8,309 | $ 28,917 | $ 8,914 | $ 30,935 | **247%** |
| University of Michigan (Ann Arbor) | $ 11,037 | $ 33,069 | $ 11,659 | $ 34,937 | **200%** |
| **Average** | **$ 8,919** | **$ 22,172** | **$ 9,514** | **$ 24,037** | **153%** |

The Executive recommendation provides authorization for the SUNY and CUNY Trustees to implement modest predictable annual tuition increases not to exceed two and one-half percent the five year average rate of the Higher Education Price Index (HEPI). This rate is currently 3.9 percent. Therefore, if SUNY and CUNY Trustees raise tuition rates to the maximum allowed by the Governor's proposal, their tuition rates could increase by 9.7 percent in Academic Year 2010-11, corresponding to an increase of $482 at SUNY, from $4,970 to $5,455; and $446 at CUNY, from $4,600 to $5,046. Although these rates exceed the maximum TAP award, which is currently $5,000, the Executive Budget does not propose to raise the maximum TAP award to protect the students who currently receive full TAP awards based on their family income.

The 2010-11 budget request adopted by the SUNY Trustees called for a 2 percent or $100 increase, generating approximately $21 million. CUNY's 2010-11 budget request also contained a proposal to raise senior college annual tuition by 2 percent or $90 (see the tuition history chart below). The Executive proposal would reduce operating support for SUNY by $136.4 million and CUNY by $63.6 million. According to the Executive, these reductions are necessary to close the State's budget gap, and are not a continuation of the long-standing practice of offsetting the General Fund with new student tuition. It is plausible that if the Executive's tuition plan is approved, SUNY and CUNY Trustees may revise their respective tuition proposals.

| History of Tuition Increases at SUNY and CUNY | | | |
|---|---|---|---|
| | | Change From Prior Year | |
| | Tuition ($) | $ Change | % Change |
| **SUNY** | | | |
| 1982-83 | 1,050 | --- | --- |
| 1983-84 | 1,350 | 300 | 28.6% |
| 1991 | 1,650 | 300 | 22.2% |
| 1991-92 | 2,150 | 500 | 30.3% |
| 1992-93 | 2,650 | 500 | 23.3% |
| 1995-96 | 3,400 | 750 | 28.3% |
| 2003-04 | 4,350 | 950 | 27.9% |
| 2009-10 | 4,970 | 620 | 14.3% |
| *2010-11** | *5,070* | *100* | *2.0%* |
| *2010-11*** | *5,452* | *482* | *9.7%* |
| **CUNY** | | | |
| 1982-83 | 1,225 | --- | --- |
| 1983-84 | 1,250 | 25 | 2.0% |
| 1991 | 1,450 | 200 | 16.0% |
| 1991-92 | 1,850 | 400 | 27.6% |
| 1992-93 | 2,450 | 600 | 32.4% |
| 1995-96 | 3,200 | 750 | 30.6% |
| 2003-04 | 4,000 | 800 | 25.0% |
| 2009-10 | 4,600 | 600 | 15.0% |
| *2010-11** | *4,690* | *90* | *2.0%* |
| *2010-11*** | *5,046* | *446* | *9.7%* |

*Based on 2010-11 SUNY and CUNY Budget Requests adopted by their boards of trustees.
**Assumes maximum increase recommended by the Executive Budget.

## COMMUNITY COLLEGES' BASE OPERATING AID

The Executive recommendation reduces base aid for CUNY and SUNY community colleges by $285 per Full-Time Equivalent (FTE) student, from $2,545 to $2,260. The proposal would reduce base aid funding for SUNY community colleges by $53.8 million in the 2010-11 academic year. The proposed SFY 2010-11 State operating support for CUNY Community Colleges would be reduced by $21.9 million. Base aid was reduced by $130 per FTE student, from the 2009-10 enacted level of $2,675 to $2,545 as part of the DRP in December 2009 *(see SUNY and CUNY in agency detail section for other community college programs).*

## HIGHER EDUCATION CAPITAL PLANS

The SFY 2010-11 Executive Budget recommends $550 million in capital appropriations for SUNY State-operated and statutory colleges to continue addressing accumulated backlog of critical maintenance projects. In addition, the Executive recommends $22.4 million to support projects at SUNY community colleges. CUNY Senior colleges receive $284 million for critical maintenance, and $34.5 million for community colleges' capital projects. In SFY 2008-09, the Legislature enacted a new $6.2 billion five-year capital plan for SUNY and CUNY. The plans provided $4.1 billion for strategic initiative and critical maintenance projects at SUNY campuses, SUNY Hospitals, SUNY Dormitories, and SUNY Community Colleges. The CUNY system was provided $2.79 billion. While the SFY 2010-11 Executive Budget continues funding for the multi-year plans, a capital reduction plan (CRP) recommendation would reduce funding for projects at SUNY 2010-11 by $39 million and $467 million over five years, reducing SUNY's multi-year plan to $5.78 billion from $6.2 billion. The CUNY plan would be reduced by $24 million in 2010-11 and $256 million over five years, reducing CUNY's multi-year plan to $2.53 billion from $2.79 billion.

**HIGHER EDUCATION SERVICES CORPORATION (HESC)**

The rising costs of college education, student indebtedness and access to higher education remain a major concern to New York State citizens. While the Executive recommendations continue funding for the New York Higher Education Loan Program (NYHELPs), which was enacted last year, spending for the Tuition Assistance Program (TAP) and many of the scholarship programs administered by the Higher Education Services Corporation (HESC) are being reduced by a total of $93 million from the 2009-10 levels. The reduction is primarily attributable to the Executive's proposal to change eligibility criteria for TAP and reduce awards by $75 across the board as well as other reforms listed below. Approximately 300,000 students are projected to receive an average TAP award of $2,588 this year. Last year, 312,000 students received an average of $2,582 in awards.

**Changes to the Tuition Assistance Program (TAP)**

The SFY 2010-11 Executive Budget recommends the following changes to TAP:

- Reduce TAP Award across the Board by $75, for a savings of $23.6 million in SFY 2010-11.
- Strengthen academic standards by requiring that non-remedial students achieve a minimum of 15 credits and 1.8 Grade Point Average (GPA) after two semesters of study, instead of the current 15 credits and 1.5 GPA. This proposal would produce a savings of $8.4 million in SFY 2010-11.
- Eliminate TAP awards for graduate study. This proposal is expected to generate a savings of $3 million in SFY 2010-11.
- Establish default parity such that students in default on federal and other educational loans would no longer be eligible for TAP. Currently, only those in default of HESC loans are disqualified from receiving TAP. This reform proposal is expected to generate $4.1 million in savings to the General Fund in the first year of implementation.
- Reduce Maximum TAP Award for two-year degree programs from $5,000 to $4,000. Students enrolled in a two year-degree program would now be eligible for $4,000 per year. This proposal would save the State $28 million in SFY 2010-11.

- Create new TAP Award Schedules for Financially Independent Students. This plan would increase the award from $3,025 to $5,000 for orphans and wards of the court and other students under 22 years of age who are financially independent. A second schedule would decrease maximum awards for married independent students without children from $5,000 to $3,025. A net savings of $1.9 million is expected in SFY 2010-11.

- Expand TAP eligibility to students attending faith-based institutions not under the State Education Department's direct supervision and offering religious instructions or training members of the clergy. This TAP expansion would cost the State $18.3 million annually.

- Eliminate Private Pension and Annuity Exclusion which provides that the first $20,000 of private pension and annuity income be excluded from determining TAP income eligibility. This would save the State $2 million in SFY 2010-11.

**FINANCIAL AID AND OPPORTUNITY PROGRAMS**

The Executive Budget maintains funding for most higher education scholarship and grant programs for the SFY 2010-11 (see chart below). There are a few exceptions where funding is reduced or eliminated altogether. The Direct Institutional Aid for the Independent colleges and universities (BUNDY Aid) is being reduced by $748,000 or 1.9 percent, from $39.78 million to $39.02 million. The Regents Health Care Opportunity and Regents Professional Opportunity Scholarship Programs were allowed to sunset at the end of the current year. The Executive provides funding for existing recipients of the Volunteer Recruitment Scholarship program and the Maritime Cadet Appointment Program at SUNY Maritime College, both of which were discontinued last year.

The Executive Budget advances Article VII legislation related to financial aid programs as follows:

- Makes technical corrections to the New York Higher Education Loan Program (NYHELPs);

- Extends the McGee Nursing Faculty and Nursing Loan Forgiveness Programs;

- Extends the Regents Physician Loan Forgiveness Program;

- Makes technical correction to the District Attorney and Indigent Loan Forgiveness Program; and

- Extends the Social Worker and Mental Health Licensing Exemptions.

(See *Summary of Proposed Spending chart for appropriations for other programs at the end of this section*).

| SUMMARY OF PROPOSED SPENDING IN HIGHER EDUCATION - SFY 2010-11 EXECUTIVE BUDGET ($) | | | | |
|---|---|---|---|---|
| ***PROGRAMS*** | ***2009-10 ADJUSTED*** | ***2010-11 PROPOSED*** | ***CHANGE*** | ***% CHANGE*** |
| Direct Institutional (BUNDY AID) | 39,780,000 | 39,032,000 | (748,000) | -1.9% |
| Tuition Assistance Program (TAP) | 864,125,000 | 825,048,000 | (39,077,000) | -4.5% |
| Aid For Part-time Study (APTS) | 14,357,000 | 14,357,000 | 0 | 0.0% |
| Higher Education Opportunity Programs (HEOP) | 20,783,000 | 20,783,000 | 0 | 0% |
| Independent Colleges Nursing Programs | 941,000 | 941,000 | 0 | 0% |
| Educational Opportunity Program (EOP) | 19,180,000 | 19,180,000 | 0 | 0% |
| Educational Opportunity Centers (EOC) | 49,847,200 | 49,847,200 | 0 | 0% |
| Search for Education, Elevation and Knowledge (SEEK) | 17,100,000 | 17,191,300 | 91,300 | 0.53% |
| College Discovery (CD) | 813,100 | 813,100 | 0 | 0% |
| STEP | 9,774,000 | 9,774,000 | 0 | 0.0% |
| C-STEP | 7,406,000 | 7,406,000 | 0 | 0% |
| Liberty Partnerships | 10,842,000 | 10,842,000 | 0 | 0% |
| Native American Postsecondary Aid | 598,000 | 598,000 | 0 | 0.0% |
| Vietnam/Persian Gulf/Afghan Veterans Tuition Award | 8,000,000 | 12,113,000 | 4,113,000 | 51.4% |
| American Airlines Flight 587 Scholarship Program | 355,000 | 454,000 | 99,000 | 27.8% |
| World Trade Center Memorial Scholarship Program | 7,000,000 | 9,000,000 | 2,000,000 | 28.5% |
| American Airlines Flight 3407 Scholarship Program | 324,000 | 191,000 | 133,000 | -41% |
| Volunteer Recruitment Service Scholarship Program | 1,400,000 | 1,365,000 | (35,000) | -2.50% |
| Teacher Opportunity Corps | 671,000 | 671,000 | 0 | 0% |
| Senator McGee Nursing Faculty Scholarship/Loan Forgiveness Program | 3,933,000 | 3,933,000 | 0 | 0% |
| Math, Science and Engineering Teaching Incentive Program | 2,500,000 | 2,150,000 | (350,000) | -14% |
| Social Worker Loan Forgiveness Program | 978,000 | 978,000 | 0 | 0% |
| | | | | |
| **Operating Budget** | | | | |
| **SUNY** | | | | |
| SUNY State-operated Campuses | 2,292,848,000 | 2,297,110,000 | 4,262,000 | 0.19% |
| SUNY Tuition/Fees Revenues | 1,281,784,000 | 0 | (1,281,784,000) | -100% |
| SUNY Empire Innovation | 9,412,000 | 9,412,000 | 0 | 0% |
| SUNY Community College Base Aid | 451,501,226 | 437,760,386 | (13,740,840) | -3.04% |
| SUNY Community College Contract Courses | 1,880,000 | 1,880,000 | 0 | 0% |
| SUNY Rental Aid | 7,858,000 | 11,173,000 | 3,315,000 | +42% |
| SUNY Capital Plan | 595,700,000 | 572,426,000 | (23,274,000) | -3.915% |
| **CUNY** | | | | |
| CUNY Senior Colleges | 1,048,822,000 | 1,066,866,000 | 18,044,000 | 1.7% |
| CUNY Tuition/Fees Revenues | 610,191,000 | | (610,191,000) | -100% |
| CUNY Community College Base Aid | 173,280,230 | 175,522,500 | 2,242,270 | +1.29% |
| CUNY Community College Workforce Development | 1,880,000 | 1,880,000 | 0 | 0% |
| CUNY Capital Plan | 284,222,000 | 318,785,000 | 34,563,000) | +12.16% |
| CUNY Rental Aid | 6,308,280 | 8,132,120 | 1,823,840 | 28.9% |

## NEW YORK STATE'S HEALTHCARE REFORM

The SFY 2010-11 Executive Budget for Health and Medicaid includes several proposals that when implemented should improve the delivery of Healthcare in New York State. Building on the momentous reforms enacted by the Legislature as part of the SFY 2009-10 Budget, the Executive proposes to reform the way New York State pays for Healthcare.

The SFY 2010-11 Executive Budget includes initiatives that would continue rate reforms, simplify the eligibility process to ensure that are eligible individuals have access to health care, and maintain the integrity of the Medicaid program. The Executive proposals were developed to create Medicaid rates that are transparent, straightforward and ensure that high quality services are delivered to patients. Highlights of the SFY 2010-11 Healthcare Reform proposals are:

- **Hospital Reform:** The SFY 2009-10 Enacted Budget offered major changes to the way New York State pays for healthcare in an effort to shift the focus of healthcare towards primary care and preventive medicine. The SFY 2009-10 Enacted Budget shifted the focus from hospital inpatient services to primary care and hospital outpatient and clinic services. The SFY 2010-11 Executive Budget attempts to build on that reform by proposing several initiatives that would improve patient care. These initiatives include:

    - the Potentially Preventable Readmissions (PPR) proposal, which would develop benchmarks to measure the performance of hospitals and assist in reducing the number of times that patients are readmitted to a hospital for a clinically related illness;
    - the Obstetrical Access and Quality Pool, which would improve access and quality of care delivered for OB/GYN services offered at New York hospitals. The Executive proposes to redirect funds from Indirect Medical Education (IME) payment to pay for this new pool;
    - establishes a more transparent standard for allocating indigent care funds to hospitals. Under this proposal, Hospitals would receive funds from the indigent care pool based on the amount of charity care provided. Hospitals would no longer receive funds for instances of bad debt;

- **Nursing Home Reform:** The SFY 2009-10 Enacted Budget maintained a reimbursement system that would establish Medicaid rates that used more recent cost reporting data (rebasing). In addition, the SFY 2009-10 Enacted Budget authorized the implementation of value based purchasing also known as regional pricing. The Executive now proposes to maintain the rebasing reimbursement system until February 28, 2011 and then transition to the regional pricing system on March 1, 2011.

- **Home Care Reform:** The SFY 2010-11 Executive Budget includes proposals to transition to refined episodic pricing that encourages quality of care. In addition the Executive proposes increased utilization review and case management services for long term care clients to ensure that they are being directed to the most appropriate type of care.

Finally, in addition to these reform measures, the Executive also proposed initiatives that would streamline Medicaid eligibility. While ensuring that New York State has access to allow wage and income reporting and employment data, the Executive proposes to streamline the over-burdensome enrollment processes that only serve to reduce individuals' access to healthcare. Allowing self attestation of interest income, options for easy transfer of child from Medicaid to the Child Health Plus Program (CHP), as well as participating in the federal Transitional Medical Assistance (TMA) Expansion Option, would reduce the number of eligible individuals that are not insured under Medicaid.

## MEDICAID COST CONTAINMENT

The State Fiscal Year (SFY) 2010-11 Executive Budget proposes $1.8 billion in cost savings and revenue actions for Healthcare and Medicaid spending. Of this amount, approximately $800 million represent reductions to various Medicaid programs and services. These proposed reductions to the Medicaid program would result in loss of revenue to various providers including, hospitals, nursing homes and home care services. The following charts detail the proposed fiscal implications of the SFY 2010-11 Executive Budget on each of the healthcare providers throughout New York State.

# HEALTHCARE PROVIDER FACILITY IMPACT OF MEDICAID REDUCTIONS

HIGHLIGHTS

| 2010/11 Executive Budget Proposals-Public Hospitals<br>Gross Impacts--Effective 4/1/10 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Provider Name** | **Eliminate balance of 2010 Trend Factor (1.7%)** | **Increase Inpatient Cash Assessment (0.35% to 0.75%)** | **Reduction of IME payments from 4.2% to 3.2%** | **Align Misallocated IME funds to Base Price** | **Reinvest IME funds for Obstetrical Access and Quality** | **Indigent Care Reform / Uninsured Services** | **Total Hospital Impacts** |
| **STATEWIDE TOTALS:** | **($22,414,540)** | **($23,201,478)** | **($26,914,899)** | **$12,179,925** | **$7,797,971** | **($1,748,590)** | **($54,301,610)** |
| **HHC** | | | | | | | |
| JACOBI MEDICAL CENTER | ($1,744,939) | ($1,307,736) | ($2,649,390) | $1,088,307 | $886,869 | $0 | ($3,726,889) |
| LINCOLN MEDICAL | ($1,533,746) | ($1,199,633) | ($2,240,218) | $1,041,537 | $553,365 | $0 | ($3,378,695) |
| NORTH CENTRAL BRONX HOSPITAL | ($506,883) | ($361,701) | ($354,683) | $284,291 | $399,781 | $0 | ($539,194) |
| CONEY ISLAND HOSPITAL | ($824,188) | ($847,730) | ($647,969) | $422,483 | $179,440 | $0 | ($1,717,963) |
| KINGS COUNTY HOSPITAL CENTER | ($2,373,409) | ($1,498,390) | ($3,741,651) | $1,310,251 | $925,346 | $0 | ($5,377,854) |
| WOODHULL MEDICAL | ($1,294,212) | ($1,097,377) | ($1,105,144) | $575,171 | $420,675 | $0 | ($2,500,887) |
| BELLEVUE HOSPITAL CENTER | ($2,521,201) | ($1,721,501) | ($3,128,664) | $1,346,893 | $386,275 | $0 | ($5,638,198) |
| HARLEM HOSPITAL CENTER | ($994,852) | ($770,989) | ($1,448,821) | $535,510 | $399,682 | $0 | ($2,279,470) |
| METROPOLITAN HOSPITAL CENTER | ($1,067,939) | ($875,897) | ($1,024,190) | $412,295 | $266,574 | $0 | ($2,289,157) |
| GOLDWATER MEM HOSP | ($1,240,518) | ($1,552,843) | $0 | $0 | $0 | $0 | ($2,793,361) |
| COLER MEMORIAL HOSP | ($584,803) | ($1,068,665) | $0 | $0 | $0 | $0 | ($1,653,468) |
| ELMHURST HOSP CTR | ($1,696,362) | $0 | ($1,906,791) | $921,002 | $579,458 | $0 | ($2,102,694) |
| QUEENS HOSPITAL CENTER | ($903,066) | ($688,029) | ($991,851) | $602,998 | $521,598 | $0 | ($1,458,350) |
| **SUBTOTAL [HHC]** | **($17,286,118)** | **($12,990,491)** | **($19,239,372)** | **$8,540,738** | **$5,519,063** | **$0** | **($35,456,180)** |

# HEALTHCARE PROVIDER FACILITY IMPACT OF MEDICAID REDUCTIONS

HIGHLIGHTS

| PUBLICS | | | | | | | |
|---|---|---|---|---|---|---|---|
| CLIFTON-FINE HOSP | ($850) | ($14,131) | $0 | $0 | $0 | ($71,183) | ($86,164) |
| ERIE COUNTY MEDICAL CENTER | ($511,380) | ($971,831) | ($761,766) | $379,357 | $0 | $0 | ($1,865,620) |
| HELEN HAYES HOSPITAL | ($37,159) | ($174,333) | $0 | $0 | $0 | $0 | ($211,491) |
| LEWIS COUNTY GENERAL HOSP | ($15,359) | ($80,257) | $0 | $17,461 | $21,275 | ($182,459) | ($239,339) |
| MASSENA MEMORIAL HOSPITAL | ($35,460) | ($64,427) | $0 | $39,701 | $35,489 | ($35,818) | ($60,514) |
| NASSAU UNIV MED CTR | ($868,583) | ($1,064,034) | ($1,325,485) | $654,336 | $430,345 | $0 | ($2,173,422) |
| ROSWELL PARK | ($89,371) | ($468,454) | $0 | $0 | $0 | $0 | ($557,825) |
| STATE UNIV HOSP / DOWNSTATE | ($838,479) | ($1,231,121) | ($1,403,904) | $607,859 | $652,064 | $0 | ($2,213,582) |
| SUMMIT PARK HOSPITAL | ($110,154) | ($155,113) | $0 | $0 | $0 | ($1,467,350) | ($1,732,616) |
| UNIV HOSP AT STONY BROOK | ($751,338) | ($2,106,501) | ($1,475,573) | $578,187 | $540,880 | $0 | ($3,214,344) |
| UNIV HOSP SUNY HLTH SCIENCE | ($536,711) | ($995,884) | ($1,161,538) | $447,127 | $2,448 | $0 | ($2,244,559) |
| WESTCHESTER MEDICAL CENTER | ($1,315,246) | ($2,816,146) | ($1,547,260) | $899,339 | $573,078 | $0 | ($4,206,235) |
| WYOMING CO COMMUNITY HOSP | ($18,332) | ($68,754) | $0 | $15,820 | $23,329 | $8,220 | ($39,717) |
| **SUBTOTAL [PUBLICS]** | **($5,128,422)** | **($10,210,986)** | **($7,675,526)** | **$3,639,187** | **$2,278,908** | **($1,748,590)** | **($18,845,430)** |

| Gross Impacts - Effective 4/1/10 | | | | |
|---|---|---|---|---|
| NURSING HOME | NYPHRM REGION | ELIMINATE BALANCE OF 2010 TREND - 1.7% (2) | INCREASE NH ASSESSMENT FROM 6% TO 7% (non-reimbursable) | TOTAL IMPACT |
| **TOTALS:** | | **$ (9,827,861)** | **$ (5,653,172)** | **$ (15,481,034)** |
| (1) Does not include Other Actions: Carve out NH Drugs, Rate appeal settlement, Reduce Bed Hold Days. Does not include UPL/IGT payments for public facilities | | | | |
| (2) Does not include impact of trend reduction on ALPs | | | | |
| (3) Does not include quality incentive pool, effective April 1, 2010 and Regional Pricing, effective March 1, 2011 | | | | |
| CAYUGA COUNTY NURSING HOM | CENTRAL | $ (58,116) | $ (34,594) | $ (92,710) |
| CHEMUNG COUNTY HEALTH CEN | CENTRAL | $ (203,828) | $ (68,109) | $ (271,938) |
| STEUBEN COUNTY INFIRMARY | CENTRAL | $ (99,611) | $ (54,356) | $ (153,967) |
| VAN DUYN HOME AND HOSPITA | CENTRAL | $ (505,925) | $ (254,128) | $ (760,053) |
| WILLOW POINT NURSING HOME | CENTRAL | $ (326,328) | $ (152,447) | $ (478,775) |
| **Subtotal (Central)** | | **$ (1,193,808)** | **$ (563,634)** | **$ (1,757,442)** |

| | | | | |
|---|---|---|---|---|
| A HOLLY PATTERSON EXTENDE | LONG ISLAND | $ (59,072) | $ (31,537) | $ (90,610) |
| A HOLLY PATTERSON EXTENDE | LONG ISLAND | $ (740,464) | $ (414,871) | $ (1,155,335) |
| A HOLLY PATTERSON EXTENDE | LONG ISLAND | $ (61,724) | $ (33,250) | $ (94,974) |
| JOHN J FOLEY SKILLED NURS | LONG ISLAND | $ (25,459) | $ (19,957) | $ (45,416) |
| JOHN J FOLEY SKILLED NURS | LONG ISLAND | $ (338,448) | $ (199,353) | $ (537,800) |
| LONG ISLAND STATE VETERAN | LONG ISLAND | $ (444,712) | $ (236,586) | $ (681,298) |
| **Subtotal (Long Island)** | | $ (1,669,879) | $ (935,554) | **$ (2,605,433)** |
| NEW YORK STATE VETERANS H | NEW YORK CITY | $ (298,847) | $ (153,152) | $ (451,999) |
| ALBANY COUNTY NURSING HOM | NORTHEASTERN | $ (314,932) | $ (144,711) | $ (459,643) |
| CLINTON COUNTY NURSING HO | NORTHEASTERN | $ (82,956) | $ (45,974) | $ (128,930) |
| FULTON COUNTY RESIDENTIAL | NORTHEASTERN | $ (150,343) | $ (89,460) | $ (239,803) |
| GLENDALE HOME-SCHDY CNTY | NORTHEASTERN | $ (171,286) | $ (108,740) | $ (280,025) |
| HORACE NYE HOME | NORTHEASTERN | $ (100,847) | $ (40,914) | $ (141,761) |
| PLEASANT VALLEY | NORTHEASTERN | $ (102,152) | $ (69,914) | $ (172,066) |
| SARATOGA COUNTY MAPLEWOOD | NORTHEASTERN | $ (245,808) | $ (126,202) | $ (372,010) |
| VAN RENSSELAER MANOR | NORTHEASTERN | $ (398,036) | $ (234,293) | $ (632,329) |
| WESTMOUNT HEALTH FACILITY | NORTHEASTERN | $ (68,989) | $ (45,687) | $ (114,676) |
| **Subtotal (Northeastern)** | | **$ (1,635,349)** | **$ (905,894)** | **$ (2,541,243)** |

| | | | | |
|---|---|---|---|---|
| GOLDEN HILL HEALTH CARE C | NORTHERN METROPOLITAN | $ (261,821) | $ (133,696) | $ (395,517) |
| HELEN HAYES HOSPITAL RHCF | NORTHERN METROPOLITAN | $ (2,916) | $ (4,057) | $ (6,974) |
| NYS VETERANS HOME AT MONT | NORTHERN METROPOLITAN | $ (175,526) | $ (90,556) | $ (266,082) |
| PINE HAVEN HOME | NORTHERN METROPOLITAN | $ (98,952) | $ (51,420) | $ (150,372) |
| SULLIVAN COUNTY ADULT CAR | NORTHERN METROPOLITAN | $ (164,677) | $ (82,096) | $ (246,773) |
| SUMMIT PARK NURSING CARE | NORTHERN METROPOLITAN | $ (443,123) | $ (237,297) | $ (680,419) |
| THE VALLEY VIEW CENTER FO | NORTHERN METROPOLITAN | $ (409,873) | $ (245,255) | $ (655,128) |
| **Subtotal (Northern Metropolitan** | | **$ (1,556,888)** | **$ (844,377)** | **$ (2,401,265)** |
| LIVINGSTON COUNTY CENTER | ROCHESTER | $ (261,089) | $ (187,143) | $ (448,232) |
| MONROE COMMUNITY HOSPITAL | ROCHESTER | $ (729,364) | $ (424,910) | $ (1,154,274) |
| ONTARIO COUNTY HEALTH FAC | ROCHESTER | $ (83,927) | $ (51,599) | $ (135,526) |
| WAYNE COUNTY NURSING HOME | ROCHESTER | $ (164,367) | $ (103,119) | $ (267,486) |
| **Subtotal Rochester** | | **$ (1,238,747)** | **$ (766,771)** | **$ (2,005,518)** |
| FRANKLIN COUNTY NURSING H | UTICA | $ (66,816) | $ (37,773) | $ (104,589) |
| LEWIS COUNTY GENERAL HOSP | UTICA | $ (145,727) | $ (70,065) | $ (215,791) |
| NYS VETERANS HOME | UTICA | $ (275,270) | $ (138,210) | $ (413,480) |
| OTSEGO MANOR | UTICA | $ (138,065) | $ (72,825) | $ (210,890) |
| **Subtotal Utica** | | **$ (625,879)** | **$ (318,873)** | **$ (944,751)** |

| | | | | |
|---|---|---|---|---|
| CHAUTAUQUA COUNTY HOME | WESTERN | $ (175,969) | $ (107,310) | $ (283,279) |
| ERIE COUNTY HOME | WESTERN | $ (611,442) | $ (614,413) | $ (1,225,855) |
| ERIE COUNTY MEDICAL CENTE | WESTERN | $ (132,867) | $ (68,600) | $ (201,467) |
| ERIE COUNTY MEDICAL CENTE | WESTERN | $ (17,655) | $ (9,926) | $ (27,581) |
| GENESEE COUNTY NURSING HO | WESTERN | $ (130,137) | $ (73,068) | $ (203,206) |
| THE PINES HEALTHCARE & RE | WESTERN | $ (111,099) | $ (55,897) | $ (166,996) |
| THE PINES HEALTHCARE & RE | WESTERN | $ (108,635) | $ (67,835) | $ (176,471) |
| THE VILLAGES OF ORLEANS H | WESTERN | $ (87,628) | $ (47,893) | $ (135,521) |
| WESTERN NEW YORK STATE VE | WESTERN | $ (120,113) | $ (65,141) | $ (185,255) |
| WYOMING COUNTY COMMUNITY | WESTERN | $ (112,917) | $ (54,836) | $ (167,753) |
| **Subtotal Western** | | **$ (1,608,464)** | **$ (1,164,919)** | **$ (2,773,383)** |
| **TOTALS** | | **$ (9,827,861)** | **$ (5,653,172)** | **$ (15,481,034)** |

# HEALTHCARE PROVIDER FACILITY IMPACT OF MEDICAID REDUCTIONS

HIGHLIGHTS

| NURSING HOME | NYPHRM REGION | ELIMINATE BALANCE OF 2010 TREND - 1.7% (2) | INCREASE NH ASSESSMENT FROM 6% TO 7% (non-reimbursable) | TOTAL IMPACT |
|---|---|---|---|---|
| **TOTALS:** | | **$ (3,115,310)** | **$ (1,436,002)** | **$ (4,551,312)** |
| (1) Does not include Other Actions: Carve out NH Drugs, Rate appeal settlement, Reduce Bed Hold Days. Does not include UPL/IGT payments for public facilities | | | | |
| (2) Does not include impact of trend reduction on ALPs | | | | |
| (3) Does not include quality incentive pool, effective April 1, 2010 and Regional Pricing, effective March 1, 2011 | | | | |
| COLER MEMORIAL HOSPITAL S | NEW YORK CITY | $ (1,092,125) | $ (449,505) | $ (1,541,630) |
| COLER-GOLDWATER SPECIALTY | NEW YORK CITY | $ (778,106) | $ (312,520) | $ (1,090,626) |
| DR SUSAN SMITH MCKINNEY N | NEW YORK CITY | $ (462,483) | $ (225,873) | $ (688,356) |
| NEW GOUVERNEUR HOSPITAL S | NEW YORK CITY | $ (286,833) | $ (147,934) | $ (434,766) |
| SEA VIEW HOSPITAL REHABIL | NEW YORK CITY | $ (26,306) | $ (13,328) | $ (39,633) |
| SEA VIEW HOSPITAL REHABIL | NEW YORK CITY | $ (469,458) | $ (286,843) | $ (756,301) |
| **TOTALS** | | **$ (3,115,310)** | **$ (1,436,002)** | **$ (4,551,312)** |

| 2010-11 Executive Budget Proposals<br>Personal Care Agency Impacts*<br>2010-11 NYC and Non-NYC Gross Annual Impact | | | |
|---|---|---|---|
| **NYC and Non-NYC** | **Eliminate the Balance of 2010 Trend factor - 1.7%** | **Increase Cash Assessment from .35% to .70% (1)** | **Total Impact** |
| **TOTALS:** | ($34,570,331) | ($6,801,213) | ($41,371,544) |
| NYC Personal Care Agencies | ($27,677,966) | ($5,435,409) | ($33,113,375) |
| Non-NYC Personal Care Agencies | ($6,892,365) | ($1,365,803) | ($8,258,168) |
| TOTAL: | ($34,570,331) | ($6,801,213) | ($41,371,544) |

* Does not include savings from proposal to manage personal care utilization for over 12 hours

(1) Assessment increase reflects 1 month cash lag.

**2010-11 Executive Budget Proposals**
**Long Term Home Health Care Program Impacts***
**2010-11 Gross Annual Impact by Provider**

| Provider Name | Eliminate the Balance of 2010 Trend - 1.7% | Increase Assessment from .35% to .70%(2) | Total Impact |
|---|---|---|---|
| **GRAND TOTAL** | **$ (10,507,920)** | **$ (2,595,270)** | **(13,103,190)** |
| ALLEGANY COUNTY HEALTH DEPARTM | $ (7,164) | $ (4,032) | $ (11,196) |
| BETH ABRAHAM HOSPITAL - LTHHCP | $ (1,694) | $ (367,527) | $ (369,221) |
| BETHEL NURSING HOME | $ (23,393) | $ (5,802) | $ (29,194) |
| BROOKHAVEN MEMORIAL HOSPITAL - | $ (11,840) | $ (2,383) | $ (14,223) |
| CABRINI CENTER FOR NURSING & REHABILITAT | $ (41,547) | $ (9,867) | $ (51,415) |
| CATTARAUGUS COUNTY HEALTH DEPARTMENT | $ (12,232) | $ (3,180) | $ (15,412) |
| CAYUGA COUNTY HEALTH DEPARTMEN | $ (537) | $ (199) | $ (736) |
| CENTER FOR NURSING AND REHABILITATION | $ (650,008) | $ (162,307) | $ (812,315) |
| CLINTON COUNTY DEPARTMENT OF HEALTH | $ (16,946) | $ (511) | $ (17,457) |
| COBBLE HILL HEALTH CENTER | $ (40,714) | $ (3,085) | $ (43,799) |
| COLD SPRINGS (Un. Pres.) | $ (97,044) | $ (19,844) | $ (116,888) |
| COMMUNITY HEALTH CENTER OF ST. | $ (51,529) | $ (13,340) | $ (64,869) |
| CONSOLATION NURSING HOME | $ (36,710) | $ (7,387) | $ (44,097) |
| CORTLAND MEMORIAL HOSPITAL -LT | $ (23,051) | $ (5,537) | $ (28,588) |
| DELAWARE COUNTY LTHHCP | $ (2,749) | $ (504) | $ (3,254) |
| DOMINICAN SISTERS FAMILY HEALTH SERVICE, | $ (93,017) | $ (19,022) | $ (112,039) |
| DUTCHESS COUNTY HEALTH DEPARTM | $ (5,088) | $ (1,119) | $ (6,207) |
| ELANT AT GOSHEN (1) | $ - | $ (19,415) | $ (19,415) |
| ELIZABETH SETON PEDIATRIC CENTER | $ (47,136) | $ (8,895) | $ (56,031) |
| EMPIRE STATE HOME CARE SERVICES-LTHHCP | $ (86,182) | $ (17,958) | $ (104,140) |
| FAMILY CARE CERT SERV | $ (71,276) | $ (8,970) | $ (80,246) |
| FINGER LAKES VISITING NURSE SERVICE | $ (1,081) | $ (1,368) | $ (2,448) |

| | | | |
|---|---|---|---|
| FLUSHING MANOR NURSING HOME | $ (47,949) | $ (38,709) | $ (86,658) |
| FRANKLIN COUNTY PUBLIC HEALTH SERVICE | $ (7,475) | $ (1,923) | $ (9,398) |
| FRANKLIN GENERAL HOSPITAL -LTH | $ (225,198) | $ (20,453) | $ (245,651) |
| GENESEE COUNTY HEALTH DEPARTME | $ (5,298) | $ (9,615) | $ (14,913) |
| GENESEE REGION HOME CARE (1) | $ - | $ (10,031) | $ (10,031) |
| GOOD SAMARITAN HOSP. / SUFFERN | $ (87,023) | $ (24,811) | $ (111,834) |
| GOOD SAMARITAN HOSPITAL LTHHCP | $ (38,949) | $ (56,467) | $ (95,416) |
| GURWIN JEWISH GERIATRIC CENTER- LTHHCP | $ (39,697) | $ (620) | $ (40,317) |
| HEBREW HOME FOR THE AGED | $ (93,620) | $ (36,241) | $ (129,862) |
| HEBREW HOSPITAL HOME, INC. | $ (198,409) | $ (27,410) | $ (225,820) |
| HERKIMER COUNTY LTHHCP | $ (2,614) | $ (7,857) | $ (10,471) |
| HILLSIDE MANOR HRF | $ (185,699) | $ (4,780) | $ (190,479) |
| HOME CARE OF COLUMBIA GREENE - | $ (129,360) | $ (525) | $ (129,885) |
| HUDSON VALLEY NURSING CENTER | $ (46,276) | $ (59,635) | $ (105,911) |
| IDEAL SENIOR LIVING CENTER | $ (21,633) | $ (6,705) | $ (28,339) |
| INDEPENDENT LIVING FOR SENIORS | $ (3,482) | $ (587) | $ (4,068) |
| ISABELLA HOME NURSING HOME | $ (266,552) | $ (62,311) | $ (328,864) |
| JEFFERSON COUNTY PHNS | $ (34,001) | $ (41,043) | $ (75,044) |
| JEWISH HOME AND HOSPITAL/BRONX DIV | $ (238,167) | $ (2,301) | $ (240,467) |
| JEWISH HOME HOSP F/T AGED | $ (247,382) | $ (8,709) | $ (256,091) |
| KINGSBRIDGE HEIGHTS NURSING HO | $ (220,317) | $ (2,706) | $ (223,022) |
| LITSON CERTIFIED CARE, DBA WILLCARE | $ (13,557) | $ (1,612) | $ (15,169) |
| LONG BEACH MEDICAL CENTER | $ (42,962) | $ (3,537) | $ (46,498) |
| LUTHERAN AUGUSTANA CENTER | $ (17,828) | $ (19,147) | $ (36,976) |
| MONTEFIORE HOSPITAL AND MEDICA | $ (618,589) | $ (124,766) | $ (743,355) |
| MORNINGSIDE HOUSE NURSING HOME COMPANY, | $ (158,428) | $ (35,591) | $ (194,019) |
| NEW YORK CONGREGATIONAL | $ (52,591) | $ (4,399) | $ (56,990) |
| NIAGARA COUNTY HEALTH DEPARTMENT | $ (15,248) | $ (10,425) | $ (25,673) |

| | | | |
|---|---|---|---|
| NYACK HOSPITAL - LTHHCP | $ (48,951) | $ (1,191) | $ (50,142) |
| ONTARIO COUNTY LTHHCP | $ (2,358) | $ (5,017) | $ (7,375) |
| ORANGE COUNTY DEPARTMEN OF HEALTH | $ (20,883) | $ (2,065) | $ (22,949) |
| OSWEGO COUNTY HEALTH | $ (8,564) | $ (1,596) | $ (10,160) |
| OTSEGO COUNTY PHNS | $ (10,431) | $ (22,598) | $ (33,029) |
| PARK RIDGE NURSING HOME | $ (103,436) | $ (67,361) | $ (170,796) |
| PARKER JEWISH INSTITUTE FOR HEALTH CARE | $ (319,180) | $ (3,180) | $ (322,360) |
| PUTNAM HOSPITAL CENTER - LTHHC | $ (13,288) | $ (6,293) | $ (19,581) |
| ROSA COPLON LONG TERM HOME HEALTH CARE P | $ (14,073) | $ (1,867) | $ (15,940) |
| SCHERVIER NURSING CARE CENTER | $ (175,242) | $ (46,781) | $ (222,023) |
| SCHOFIELD RESIDENCE LTHHCP | $ (47,277) | $ (11,731) | $ (59,008) |
| SHOREFRONT JEWISH GERIATRIC | $ (524,546) | $ (92,495) | $ (617,040) |
| SISTERS OF CHARITY | $ (38,683) | $ (7,983) | $ (46,666) |
| SOUTH NASSAU COMMUNITIES HOSPITAL | $ (62,016) | $ (11,245) | $ (73,261) |
| SPLIT ROCK LONG TERM HOME CARE PROGRAM | $ (38,543) | $ (8,330) | $ (46,873) |
| ST JOSEPHS HOSPITAL NURSING HO | $ (217,082) | $ (41,793) | $ (258,875) |
| ST. CABRINI NURSING HOME, INC. | $ (61,981) | $ (14,049) | $ (76,030) |
| ST. JOHNLAND NURSING CENTER, INC. | $ (19,207) | $ (3,721) | $ (22,929) |
| ST. LAWRENCE COUNTY PNHS | $ (11,952) | $ (2,933) | $ (14,886) |
| ST. MARY'S HOSPITAL FOR CHILDREN | $ (659,520) | $ (131,444) | $ (790,964) |
| ST. VINCENT'S CATHOLIC MED. CTR. | $ (607,833) | $ (121,290) | $ (729,123) |
| STEUBEN COUNTY PHNS | $ (3,407) | $ (915) | $ (4,322) |
| SUFFOLK COUNTY HEALTH DEPT. | $ (9,764) | $ (2,502) | $ (12,266) |
| SULLIVAN COUNTY | $ (30,193) | $ (5,977) | $ (36,170) |
| TIOGA COUNTY PUBLIC HEALTH NUR | $ (1,944) | $ (900) | $ (2,844) |
| UNITED HEBREW GERIATRIC CENTER | $ (79,464) | $ (8,151) | $ (87,615) |
| UNITED ODD FELLOW AD REBEKAH | $ (15,317) | $ (5,814) | $ (21,131) |
| VILLAGE CENTER FOR CARE | $ (101,451) | $ (18,883) | $ (120,334) |

| | | | |
|---|---|---|---|
| VISITING NURSE ASSOCIATION OF UTICA AND | $ (13,326) | $ (41,941) | $ (55,267) |
| VISITNG NURSE ASSOCIATION OF LONG ISLAND | $ (61,368) | $ (16,414) | $ (77,782) |
| VNA HEALTH CARE SERVICES, INC. | $ (151,358) | $ (2,834) | $ (154,192) |
| VNA OF ALBANY, SARATOGA & RENN | $ (56,913) | $ (14,401) | $ (71,314) |
| VNA OF BROOKLYN | $ (342,194) | $ (32,653) | $ (374,848) |
| VNA OF CENTRAL NEW YORK, INC. | $ (24,206) | $ (12,144) | $ (36,350) |
| VNA OF WESTERN NY, INC. | $ (20,957) | $ (74,860) | $ (95,817) |
| VNS LTHHCP | $ (1,998,737) | $ (396,577) | $ (2,395,314) |
| VNS OF ITHACA AND TOMPKINS CO. | $ (4,369) | $ (3,988) | $ (8,357) |
| VNS OF ROCHESTER & MONROE CO. | $ (97,683) | $ (16,377) | $ (114,060) |
| VNSA OF SCHENECTADY COUNTY | $ (26,454) | $ (664) | $ (27,118) |
| WARREN COUNTY PHNS | $ (10,940) | $ (21,764) | $ (32,704) |
| WASHINGTON COUNTY PHNS | $ (8,144) | $ (5,047) | $ (13,191) |
| WINTHROP UNIVERSITY HOSPITAL | $ (65,442) | $ (2,333) | $ (67,775) |
| **TOTAL GROSS LAG:** | **(10,507,920)** | **(2,595,270)** | **(13,103,190)** |

| 2010/11 Executive Budget Proposals<br>Personal Care Agency Impacts*<br>2010-11 Gross Annual Impact by Provider | | | | |
|---|---|---|---|---|
| Provider No. | Provider Name | Eliminate the Balance of 2010 Trend - 1.7% | Increase Cash Assessment from .35% to .70% (1) | Total Impact |
| | TOTALS: | $ (6,892,365) | $(1,365,803) | $ (8,258,168) |
| 0054673659 | A & A STAFFING HEALTH CARE | $ (89,886) | (17,812) | $ (107,698) |
| 0048589629 | A & B HEALTH CARE SERVICES | $ (24,943) | (4,943) | $ (29,886) |
| 0128098243 | A & T HEALTHCARE | $ (57,235) | (11,342) | $ (68,576) |
| 0128098235 | A & T HEALTHCARE | $ (36,875) | (7,307) | $ (44,182) |
| 0128098213 | A & T HEALTHCARE | $ (36,522) | (7,237) | $ (43,759) |
| 0128098239 | A & T HEALTHCARE | $ (36,220) | (7,177) | $ (43,398) |
| 0207459143 | ABET UNIVERSAL SERVICES | $ (6,884) | (1,364) | $ (8,248) |
| 0035467829 | ABLE HEALTH CARE SERVICE INC. | $ (35,563) | (7,047) | $ (42,610) |
| 0035467851 | ABLE HEALTH CARE SERVICE INC. | $ (19,452) | (3,855) | $ (23,307) |
| 0035467859 | ABLE HEALTH CARE SERVICE INC. | $ (13,680) | (2,711) | $ (16,390) |
| 0134883801 | ACCENT HEALTH CARE SERVICES INC | $ (4,700) | (931) | $ (5,632) |
| 0134883841 | ACCENT HEALTH CARE SERVICES, INC. | $ (6,364) | (1,261) | $ (7,625) |
| 0134883845 | ACCENT HEALTH CARE SERVICES, INC. | $ (1,036) | (205) | $ (1,242) |
| 0134883846 | ACCENT HEALTH CARE SERVICES, INC. | $ (1,016) | (201) | $ (1,218) |
| 0099157559 | ACCENTCARE OF NY | $ (130,502) | (25,860) | $ (156,362) |
| 0099157513 | ACCENTCARE OF NY | $ (16,705) | (3,310) | $ (20,015) |
| 0099157539 | ACCENTCARE OF NY | $ (199) | (40) | $ (239) |
| 0179766248 | ACCESS TO INDEPENDENCE AND MOBILITY | $ (27,575) | (5,464) | $ (33,039) |
| 0179766250 | ACCESS TO INDEPENDENCE AND MOBILITY | $ (10,468) | (2,074) | $ (12,542) |

| | | | | |
|---|---|---|---|---|
| 0179766207 | ACCESS TO INDEPENDENCE AND MOBILITY | $ (9,677) | (1,918) | $ (11,595) |
| 0090862743 | ACCREDITED AIDES PLUS | $ (22,549) | (4,468) | $ (27,017) |
| 0081103206 | ACCREDITED CARE INC. | $ (10,382) | (2,057) | $ (12,440) |
| 0112364201 | ACCU CARE HEALTH SERVICES | $ (3,452) | (684) | $ (4,136) |
| 0106459341 | ADEPT HEALTH CARE SERVICE, INC. | $ (6,395) | (1,267) | $ (7,662) |
| 0106459301 | ADEPT HEALTH CARE SERVICE, INC. | $ (3,169) | (628) | $ (3,797) |
| 0106459345 | ADEPT HEALTH CARE SERVICE, INC. | $ (124) | (25) | $ (148) |
| 0118018931 | AFTERCARE NURSING SERVICE INC | $ (662) | (131) | $ (793) |
| 0118018914 | AFTERCARE NURSING SERVICES, INC. | $ (36,492) | (7,231) | $ (43,724) |
| 0118018906 | AFTERCARE NURSING SERVICES, INC. | $ (1,699) | (337) | $ (2,035) |
| 0035466951 | AIDES AT HOME | $ (54,792) | (10,858) | $ (65,649) |
| 0035466929 | AIDES AT HOME | $ (10,715) | (2,123) | $ (12,838) |
| 0302858027 | ALL ABOUT YOU HOME CARE,INC | $ (13,174) | (2,610) | $ (15,784) |
| 0084696029 | ALL METRO HEALTH CARE | $ (80,732) | (15,998) | $ (96,730) |
| 0084696059 | ALL METRO HEALTH CARE | $ (35,707) | (7,076) | $ (42,782) |
| 0084696001 | ALL METRO HEALTH CARE | $ (27,805) | (5,510) | $ (33,315) |
| 0084696014 | ALL METRO HEALTH CARE | $ (24,653) | (4,885) | $ (29,539) |
| 0084696051 | ALL METRO HEALTH CARE | $ (19,734) | (3,911) | $ (23,644) |
| 0084696046 | ALL METRO HEALTH CARE | $ (11,412) | (2,261) | $ (13,673) |
| 0084696027 | ALL METRO HEALTH CARE | $ (9,765) | (1,935) | $ (11,700) |
| 0084696033 | ALL METRO HEALTH CARE | $ (4,693) | (930) | $ (5,623) |
| 0084696045 | ALL METRO HEALTH CARE | $ (3,421) | (678) | $ (4,099) |
| 0084696041 | ALL METRO HEALTH CARE | $ (2,932) | (581) | $ (3,513) |
| 0084696054 | ALL METRO HEALTH CARE | $ (1,252) | (248) | $ (1,500) |
| 0084696019 | ALL METRO HEALTH CARE | $ (1,120) | (222) | $ (1,342) |
| 0084696011 | ALL METRO HEALTH CARE | $ (154) | (30) | $ (184) |

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|---|---|---|---|---|
| 0174093602 | ALLEGANY COUNTY ARC | $ (2,135) | (423) | $ (2,558) |
| 0104012414 | AMAK HEALTHCARE | $ (10,626) | (2,106) | $ (12,732) |
| 0256956010 | ANGEL HOME HEALTH CARE | $ (5,352) | (1,060) | $ (6,412) |
| 0256956019 | ANGEL HOME HEALTH CARE | $ (5,352) | (1,060) | $ (6,412) |
| 0256956001 | ANGEL HOME HEALTH CARE | $ (5,258) | (1,042) | $ (6,300) |
| 0099143359 | ANY-TIME HOME CARE | $ (250,765) | (49,692) | $ (300,457) |
| 0099143313 | ANY-TIME HOME CARE | $ (53,845) | (10,670) | $ (64,515) |
| 0099143355 | ANY-TIME HOME CARE | $ (39,654) | (7,858) | $ (47,512) |
| 0099143335 | ANY-TIME HOME CARE | $ (38,048) | (7,540) | $ (45,587) |
| 0099143301 | ANY-TIME HOME CARE | $ (27,034) | (5,357) | $ (32,391) |
| 0099143352 | ANY-TIME HOME CARE | $ (25,395) | (5,032) | $ (30,427) |
| 0099143310 | ANY-TIME HOME CARE | $ (25,226) | (4,999) | $ (30,225) |
| 0099143341 | ANY-TIME HOME CARE | $ (17,507) | (3,469) | $ (20,977) |
| 0099143339 | ANY-TIME HOME CARE | $ (17,215) | (3,411) | $ (20,626) |
| 0099143345 | ANY-TIME HOME CARE | $ (15,150) | (3,002) | $ (18,152) |
| 0099143346 | ANY-TIME HOME CARE | $ (10,407) | (2,062) | $ (12,470) |
| 0099143319 | ANY-TIME HOME CARE | $ (3,706) | (734) | $ (4,441) |
| 0177645235 | ARDEN HILL LIFE CARE CENTER | $ (619) | (123) | $ (741) |
| 0173391733 | ARISE, INC. | $ (16,657) | (3,301) | $ (19,958) |
| 0173391737 | ARISE, INC. | $ (14,471) | (2,868) | $ (17,339) |
| 0085078429 | ATTENTIVE CARE | $ (23,712) | (4,699) | $ (28,410) |
| 0085078451 | ATTENTIVE CARE | $ (12,324) | (2,442) | $ (14,767) |
| 0090869001 | ATTENTIVE CARE | $ (8,672) | (1,718) | $ (10,390) |
| 0090869041 | ATTENTIVE CARE | $ (2,312) | (458) | $ (2,770) |
| 0090869046 | ATTENTIVE CARE | $ (1,417) | (281) | $ (1,698) |
| 0090869045 | ATTENTIVE CARE | $ (1,314) | (260) | $ (1,574) |

| | | | | |
|---|---|---|---|---|
| 0090866355 | BERMAC | $ (27,616) | (5,472) | $ (33,088) |
| 0090866313 | BERMAC | $ (3,587) | (711) | $ (4,298) |
| 0090866319 | BERMAC | $ (33) | (7) | $ (40) |
| 0078841859 | BEST CARE | $ (69,263) | (13,725) | $ (82,988) |
| 0078841829 | BEST CARE | $ (34,471) | (6,831) | $ (41,302) |
| 0078841851 | BEST CARE | $ (30,875) | (6,118) | $ (36,993) |
| 0124688629 | BETTER HOME HEALTH CARE | $ (62,987) | (12,482) | $ (75,468) |
| 0089645105 | CAYUGA HEALTH ASSOC. | $ (4,033) | (799) | $ (4,832) |
| 0194568827 | CENTER FOR DISABILITY RIGHTS | $ (189,713) | (37,594) | $ (227,307) |
| 0194568834 | CENTER FOR DISABILITY RIGHTS | $ (63,542) | (12,592) | $ (76,134) |
| 0194568861 | CENTER FOR DISABILITY RIGHTS | $ (8,193) | (1,624) | $ (9,817) |
| 0194568848 | CENTER FOR DISABILITY RIGHTS | $ (6,399) | (1,268) | $ (7,667) |
| 0194568858 | CENTER FOR DISABILITY RIGHTS | $ (5,885) | (1,166) | $ (7,052) |
| 0194568818 | CENTER FOR DISABILITY RIGHTS | $ (3,771) | (747) | $ (4,518) |
| 0194568860 | CENTER FOR DISABILITY RIGHTS | $ (2,991) | (593) | $ (3,584) |
| 0194568850 | CENTER FOR DISABILITY RIGHTS | $ (2,767) | (548) | $ (3,315) |
| 0194568836 | CENTER FOR DISABILITY RIGHTS | $ (2,532) | (502) | $ (3,033) |
| 0194568812 | CENTER FOR DISABILITY RIGHTS | $ (499) | (99) | $ (598) |
| 0194568825 | CENTER FOR DISABILITY RIGHTS | $ (162) | (32) | $ (194) |
| 0194568833 | CENTER FOR DISABILITY RIGHTS | $ (158) | (31) | $ (189) |
| 0161414410 | CENTER FOR THE DISABLED | $ (646) | (128) | $ (774) |
| 0081104106 | CHAUTAUQUA OPPORTUNITIES | $ (13,625) | (2,700) | $ (16,325) |
| 0090452704 | COMMUNITY CARE OF WNY | $ (4,292) | (851) | $ (5,143) |
| 0090452760 | COMMUNITY CARE OF WNY | $ (3,701) | (733) | $ (4,434) |
| 0090452718 | COMMUNITY CARE OF WNY | $ (3,318) | (658) | $ (3,976) |
| 0105254243 | COMMUNITY HEALTH AIDE SERVICES | $ (9,174) | (1,818) | $ (10,992) |

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|---|---|---|---|---|
| 0105254235 | COMMUNITY HEALTH AIDE SERVICES | $ (2,803) | (556) | $ (3,359) |
| 0179301715 | COMMUNITY WORK AND INDEPENDENCE | $ (581) | (115) | $ (696) |
| 0179301756 | COMMUNITY WORK AND INDEPENDENCE INC | $ (23,619) | (4,680) | $ (28,299) |
| 0179301757 | COMMUNITY WORK AND INDEPENDENCE INC | $ (12,372) | (2,452) | $ (14,824) |
| 0170770805 | COMPREHENSIVE TECHNOLOGY CTR | $ (8,381) | (1,661) | $ (10,042) |
| 0170770849 | COMPREHENSIVE TECHNOLOGY CTR | $ (1,213) | (240) | $ (1,453) |
| 0166411759 | CONCEPT: CARE INC | $ (9,445) | (1,872) | $ (11,317) |
| 0240779859 | CONCEPTS OF INDEPENDENT CHOICES | $ (96,047) | (19,033) | $ (115,079) |
| 0240779809 | CONCEPTS OF INDEPENDENT CHOICES | $ (15,103) | (2,993) | $ (18,096) |
| 0240779801 | CONCEPTS OF INDEPENDENT CHOICES | $ (9,429) | (1,869) | $ (11,298) |
| 0240779829 | CONCEPTS OF INDEPENDENT CHOICES | $ (6,731) | (1,334) | $ (8,065) |
| 0240779846 | CONCEPTS OF INDEPENDENT CHOICES | $ (5,279) | (1,046) | $ (6,325) |
| 0240779845 | CONCEPTS OF INDEPENDENT CHOICES | $ (5,213) | (1,033) | $ (6,246) |
| 0240779820 | CONCEPTS OF INDEPENDENT CHOICES | $ (1,676) | (332) | $ (2,008) |
| 0240779812 | CONCEPTS OF INDEPENDENT CHOICES | $ (838) | (166) | $ (1,005) |
| 0240779839 | CONCEPTS OF INDEPENDENT CHOICES | $ (838) | (166) | $ (1,004) |
| 0240779819 | CONCEPTS OF INDEPENDENT CHOICES | $ (838) | (166) | $ (1,004) |
| 0188056001 | CONSUMER DIRECTED CHOICES | $ (76,646) | (15,188) | $ (91,835) |
| 0188056045 | CONSUMER DIRECTED CHOICES | $ (64,360) | (12,754) | $ (77,113) |
| 0188056046 | CONSUMER DIRECTED CHOICES | $ (56,796) | (11,255) | $ (68,051) |
| 0188056019 | CONSUMER DIRECTED CHOICES | $ (7,877) | (1,561) | $ (9,438) |
| 0188056010 | CONSUMER DIRECTED CHOICES | $ (179) | (35) | $ (214) |
| 0284382311 | CORTLAND COUNTY DEPT OF HEALTH DIV_ NUR | $ (316) | (63) | $ (379) |
| 0128870633 | ENABLE | $ (92,956) | (18,420) | $ (111,376) |
| 0215044310 | ENS HLTH CARE MGMT (Interim Health Care) | $ (465) | (92) | $ (557) |
| 0215044301 | ENS HLTH CARE MGMT (Interim Healthcare) | $ (6,406) | (1,269) | $ (7,676) |

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| 0215044356 | ENS HLTH CARE MGMT (Interim Healthcare) | $ (1,540) | (305) | $ (1,845) |
| 0215044345 | ENS HLTH CARE MGMT (Interim Healthcare) | $ (527) | (105) | $ (632) |
| 0215044357 | ENS HLTH CARE MGMT (Interim Healthcare) | $ (271) | (54) | $ (325) |
| 0215044341 | ENS HLTH CARE MGMT (Interim Healthcare) | $ (4) | (1) | $ (5) |
| 0091458529 | EXTENDED CARE HEALTH SERVICE | $ (30,055) | (5,956) | $ (36,011) |
| 0091458551 | EXTENDED CARE HEALTH SERVICE | $ (19,766) | (3,917) | $ (23,683) |
| 0066058651 | FAMILY AIDES INC | $ (39,155) | (7,759) | $ (46,914) |
| 0035471029 | FAMILY AIDES INC | $ (12,148) | (2,407) | $ (14,556) |
| 0035471059 | FAMILY AIDES INC | $ (3,340) | (662) | $ (4,002) |
| 0091164243 | FAMILY AIDES INC | $ (2,602) | (516) | $ (3,118) |
| 0055587146 | FAMILY AND CHILD SERVICE | $ (498) | (99) | $ (596) |
| 0059034503 | FAMILY AND CHILDREN'S SOCIETY OF BROOME COUNTY | $ (13,264) | (2,628) | $ (15,892) |
| 0116872108 | FAMILY HOME CARE, INC. | $ (5,043) | (999) | $ (6,043) |
| 0116872122 | FAMILY HOME CARE, INC. | $ (4,036) | (800) | $ (4,836) |
| 0116872132 | FAMILY HOME CARE, INC. | $ (902) | (179) | $ (1,081) |
| 0116872112 | FAMILY HOME CARE, INC. | $ (227) | (45) | $ (272) |
| 0116872126 | FAMILY HOME CARE, INC. | $ (182) | (36) | $ (219) |
| 0116872124 | FAMILY HOME CARE, INC. | $ (111) | (22) | $ (134) |
| 0054661259 | FAMILY SERVICE SOCIETY OF YONKERS | $ (58,924) | (11,676) | $ (70,600) |
| 0090645007 | FAMILY SERVICES OF CHEMUNG | $ (10,923) | (2,165) | $ (13,088) |
| 0054660359 | FAMILY SERVICES OF WESTCHESTER | $ (35,844) | (7,103) | $ (42,946) |
| 0182358734 | FINGER LAKES HOME CARE | $ (2,127) | (422) | $ (2,549) |
| 0177646154 | FINGER LAKES INDEPENDENCE CENTER | $ (33,024) | (6,544) | $ (39,568) |
| 0141900729 | FIRST CHOICE HOME CARE | $ (54,110) | (10,723) | $ (64,833) |
| 0296979956 | FORT HUDSON HOMECARE | $ (205) | (41) | $ (246) |
| 0296979957 | FORT HUDSON HOMECARE | $ (205) | (41) | $ (246) |

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| 0205618251 | FRIENDS HOME CARE | $ (9,516) | (1,886) | $ (11,402) |
| 0148777829 | G.E.M HEALTH CARE AGENCY INC. | $ (19,832) | (3,930) | $ (23,762) |
| 0147051158 | GENESEE REGION HOME CARE OF ONTARIO COUN | $ (14,520) | (2,877) | $ (17,397) |
| 0147051149 | GENESEE REGION HOME CARE OF ONTARIO COUN | $ (1,217) | (241) | $ (1,458) |
| 0147051125 | GENESEE REGION HOME CARE OF ONTARIO COUN | $ (1,127) | (223) | $ (1,350) |
| 0147051127 | GENESEE REGION HOME CARE OF ONTARIO COUN | $ (214) | (43) | $ (257) |
| 0147051134 | GENESEE REGION HOME CARE OF ONTARIO COUNTY, INC. | $ (1,273) | (252) | $ (1,525) |
| 0035484351 | GENTIVA HEALTH SERVICES | $ (8,540) | (1,692) | $ (10,232) |
| 0080675314 | GENTIVA HEALTH SERVICES | $ (8,254) | (1,636) | $ (9,889) |
| 0090988435 | GENTIVA HEALTH SERVICES | $ (6,268) | (1,242) | $ (7,510) |
| 0090987552 | GENTIVA HEALTH SERVICES | $ (4,082) | (809) | $ (4,891) |
| 0055584447 | GENTIVA HEALTH SERVICES | $ (3,798) | (753) | $ (4,550) |
| 0055584428 | GENTIVA HEALTH SERVICES | $ (3,161) | (626) | $ (3,788) |
| 0055584417 | GENTIVA HEALTH SERVICES | $ (2,404) | (476) | $ (2,880) |
| 0055584418 | GENTIVA HEALTH SERVICES | $ (2,341) | (464) | $ (2,805) |
| 0090986655 | GENTIVA HEALTH SERVICES | $ (1,890) | (375) | $ (2,265) |
| 0055584401 | GENTIVA HEALTH SERVICES | $ (1,614) | (320) | $ (1,934) |
| 0065581233 | GENTIVA HEALTH SERVICES | $ (1,540) | (305) | $ (1,845) |
| 0055584441 | GENTIVA HEALTH SERVICES | $ (1,085) | (215) | $ (1,300) |
| 0080675303 | GENTIVA HEALTH SERVICES | $ (816) | (162) | $ (977) |
| 0065581237 | GENTIVA HEALTH SERVICES | $ (504) | (100) | $ (604) |
| 0080675353 | GENTIVA HEALTH SERVICES | $ (449) | (89) | $ (538) |
| 0080675336 | GENTIVA HEALTH SERVICES | $ (361) | (71) | $ (432) |
| 0055584446 | GENTIVA HEALTH SERVICES | $ (340) | (67) | $ (407) |
| 0080675360 | GENTIVA HEALTH SERVICES | $ (130) | (26) | $ (156) |
| 0080675307 | GENTIVA HEALTH SERVICES | $ (47) | (9) | $ (57) |

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| 0055584445 | GENTIVA HEALTH SERVICES | $ (30) | (6) | $ (36) |
| 0158266346 | GENTLE HOME HEALTH CARE | $ (1,592) | (316) | $ (1,908) |
| 0179472959 | GRACE CHURCH COMMUNITY CTR DBA NEIGHBORS PROGRAM | $ (11,044) | (2,189) | $ (13,233) |
| 0035807656 | GREATER ADIRONDACK HOME AIDES | $ (3,377) | (669) | $ (4,046) |
| 0035807657 | GREATER ADIRONDACK HOME AIDES | $ (2,306) | (457) | $ (2,763) |
| 0035807645 | GREATER ADIRONDACK HOME AIDES | $ (1,887) | (374) | $ (2,261) |
| 0206008435 | HAND IN HAND CARE | $ (4,163) | (825) | $ (4,988) |
| 0035468729 | HEALTH ACQUISITION CORP DBA ALLEN HEALTH CARE SERV | $ (46,206) | (9,156) | $ (55,363) |
| 0165664259 | HEALTH ACQUISITION CORP DBA ALLEN HEALTH CARE SERV | $ (34,126) | (6,762) | $ (40,888) |
| 0199214914 | HEALTH FORCE | $ (28,484) | (5,644) | $ (34,128) |
| 0095367744 | HEALTH SERVICES OF NORTHERN NY | $ (46,917) | (9,297) | $ (56,214) |
| 0081865329 | HELPING HANDS HOMEMAKING SERV | $ (39,940) | (7,915) | $ (47,855) |
| 0081865351 | HELPING HANDS HOMEMAKING SERV | $ (6,224) | (1,233) | $ (7,458) |
| 0198063421 | HERKIMER COUNTY PUBLIC HEALTH NURSING SERVICE | $ (2,791) | (553) | $ (3,344) |
| 0179895235 | HOLDEN HOME LICENSED HOME CARE AGENCY | $ (649) | (129) | $ (777) |
| 0091624350 | HOME & HEALTH CARE SERVICES | $ (3,368) | (667) | $ (4,035) |
| 0058802326 | HOME AIDES OF CENTRAL NEW YORK | $ (268) | (53) | $ (321) |
| 0058802333 | HOME AIDES OF CENTRAL NEW YORK, INC. | $ (20,169) | (3,997) | $ (24,166) |
| 0058802337 | HOME AIDES OF CENTRAL NEW YORK, INC. | $ (2,394) | (474) | $ (2,868) |
| 0090865443 | HOME AIDES OF ROCKLAND, INC. | $ (8,808) | (1,745) | $ (10,553) |
| 0089644211 | HOME CARE FOR CORTLAND COUNTY, INC | $ (5,194) | (1,029) | $ (6,223) |
| 0116304255 | HOME HEALTH CARE & COMPANION AGENCY, INC. | $ (19,919) | (3,947) | $ (23,867) |
| 0116304213 | HOME HEALTH CARE & COMPANION AGENCY, INC. | $ (2,571) | (510) | $ (3,081) |
| 0089174520 | HOME HEALTH CARE OF HAMILTON COUNTY, INC. | $ (890) | (176) | $ (1,066) |
| 0054665859 | HOME HEALTH SVS. WEST. JEWISH | $ (32,719) | (6,484) | $ (39,203) |
| 0091415437 | HOME SERVICE FOR OSWEGO CTY. / OSWEGO HOSPITAL | $ (3,359) | (666) | $ (4,025) |

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| 0099144203 | HOMEMAKERS OF BROOME, INC DBA CAREGIVERS | $ (3,173) | (629) | $ (3,802) |
| 0092127932 | HOMEMAKERS OF MOHAWK VALLEY, INC DBA CAREGIVERS | $ (4,875) | (966) | $ (5,841) |
| 0080671744 | HOMEMAKERS OF WESTERN NY, INC DBA CAREGIVERS | $ (22,179) | (4,395) | $ (26,574) |
| 0080671714 | HOMEMAKERS OF WESTERN NY, INC DBA CAREGIVERS | $ (9,649) | (1,912) | $ (11,562) |
| 0080671716 | HOMEMAKERS OF WESTERN NY, INC DBA CAREGIVERS | $ (7,695) | (1,525) | $ (9,220) |
| 0080671707 | HOMEMAKERS OF WESTERN NY, INC DBA CAREGIVERS | $ (7,116) | (1,410) | $ (8,527) |
| 0080671722 | HOMEMAKERS OF WESTERN NY, INC DBA CAREGIVERS | $ (6,665) | (1,321) | $ (7,985) |
| 0080671754 | HOMEMAKERS OF WESTERN NY, INC DBA CAREGIVERS | $ (5,750) | (1,140) | $ (6,890) |
| 0080671706 | HOMEMAKERS OF WESTERN NY, INC DBA CAREGIVERS | $ (3,129) | (620) | $ (3,749) |
| 0094476113 | HUDSON VALLEY HOME CARE | $ (563) | (112) | $ (675) |
| 0094476155 | HUDSON VALLEY HOME CARE | $ (99) | (20) | $ (118) |
| 0103038633 | INDEPENDENT HEALTH CARE SERVIC | $ (2,951) | (585) | $ (3,535) |
| 0173893055 | INDEPENDENT LIVING INC. | $ (40,443) | (8,014) | $ (48,457) |
| 0173893052 | INDEPENDENT LIVING INC. | $ (12,514) | (2,480) | $ (14,994) |
| 0173893035 | INDEPENDENT LIVING INC. | $ (12,337) | (2,445) | $ (14,782) |
| 0173893013 | INDEPENDENT LIVING INC. | $ (5,611) | (1,112) | $ (6,723) |
| 0059035403 | INTERIM HEALTHCARE OF BINGHAMTON, INC. | $ (2,460) | (487) | $ (2,948) |
| 0059035453 | INTERIM HEALTHCARE OF BINGHAMTON, INC. | $ (457) | (91) | $ (547) |
| 0080672614 | INTERIM HEALTHCARE OF BUFFALO, INC. | $ (31,284) | (6,199) | $ (37,483) |
| 0080672631 | INTERIM HEALTHCARE OF BUFFALO, INC. | $ (3,879) | (769) | $ (4,648) |
| 0297024927 | INTERIM HEALTHCARE OF ROCHESTER | $ (14,773) | (2,927) | $ (17,700) |
| 0058800533 | INTERIM HEALTHCARE OF SYRACUSE,INC. | $ (2,231) | (442) | $ (2,673) |
| 0167928559 | J & K HEALTHCARE SERVICES | $ (2,861) | (567) | $ (3,427) |
| 0217724651 | J&P WATSON DBA INTERIM HEALTHCARE | $ (33,263) | (6,591) | $ (39,855) |
| 0217724659 | J&P WATSON DBA INTERIM HEALTHCARE | $ (23,596) | (4,676) | $ (28,272) |
| 0217724643 | J&P WATSON DBA INTERIM HEALTHCARE | $ (15,754) | (3,122) | $ (18,876) |

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| 0115759702 | JAN & BEV'S HOME CARE INC | $ (3,723) | (738) | $ (4,461) |
| 0177190243 | JAWANIO, INC. | $ (23,458) | (4,649) | $ (28,107) |
| 0150897429 | JZANUS HOME CARE INC. | $ (39,844) | (7,896) | $ (47,739) |
| 0150897451 | JZANUS HOME CARE INC. | $ (31,145) | (6,172) | $ (37,316) |
| 0091059035 | LITSON HOME CARE | $ (22,971) | (4,552) | $ (27,523) |
| 0091059052 | LITSON HOME CARE | $ (6,898) | (1,367) | $ (8,265) |
| 0091059055 | LITSON HOME CARE | $ (5,987) | (1,186) | $ (7,173) |
| 0091059013 | LITSON HOME CARE | $ (2,755) | (546) | $ (3,301) |
| 0217285646 | LIVING RESOURCES HOME CARE AGENCY,INC | $ (2,690) | (533) | $ (3,223) |
| 0217285645 | LIVING RESOURCES HOME CARE AGENCY,INC | $ (108) | (21) | $ (130) |
| 0217285601 | LIVING RESOURCES HOME CARE AGENCY,INC | $ (58) | (12) | $ (70) |
| 0217285641 | LIVING RESOURCES HOME CARE AGENCY,INC | $ (2) | (0) | $ (2) |
| 0144435729 | LONG ISLAND CARE AT HOME | $ (35,092) | (6,954) | $ (42,046) |
| 0179473829 | LONG ISLAND CENTER FOR INDEPENDENT LIVING | $ (228,660) | (45,312) | $ (273,972) |
| 0166968559 | LOWER WEST SIDE HOUSEHOLD SERVICES CORP | $ (2,586) | (512) | $ (3,098) |
| 0156052126 | MADISON COUNTY HEALTH DEPARTMENT | $ (895) | (177) | $ (1,072) |
| 0136467629 | MARIAN CARE INC. | $ (26,492) | (5,250) | $ (31,741) |
| 0231917559 | MAXIM OF NY LLC | $ (33,236) | (6,586) | $ (39,822) |
| 0231917531 | MAXIM OF NY LLC | $ (4,132) | (819) | $ (4,950) |
| 0231917533 | MAXIM OF NY LLC | $ (3,734) | (740) | $ (4,474) |
| 0231917527 | MAXIM OF NY LLC | $ (1,646) | (326) | $ (1,973) |
| 0197888514 | MENORAH LICENSED HOME CARE | $ (1,770) | (351) | $ (2,120) |
| 0088797614 | MERCY HOMECARE | $ (8,641) | (1,712) | $ (10,353) |
| 0088797631 | MERCY HOMECARE | $ (5,475) | (1,085) | $ (6,560) |
| 0174097235 | MID-HUDSON MANAGED HOME CARE, INC. | $ (11,185) | (2,217) | $ (13,402) |
| 0174097255 | MID-HUDSON MANAGED HOME CARE, INC. | $ (4,539) | (899) | $ (5,438) |

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| 0254840113 | MOUNTAINVIEW HOME CARE AGENCY | $ (2,644) | (524) | $ (3,168) |
| 0106927229 | NEW YORK HEALTH CARE INC | $ (9,979) | (1,977) | $ (11,956) |
| 0106927243 | NEW YORK HEALTH CARE INC | $ (8,677) | (1,720) | $ (10,397) |
| 0106927235 | NEW YORK HEALTH CARE INC | $ (6,288) | (1,246) | $ (7,534) |
| 0106927259 | NEW YORK HEALTH CARE INC. | $ (1,076) | (213) | $ (1,289) |
| 0177973531 | NIAGARA HOME CARE | $ (2,017) | (400) | $ (2,417) |
| 0089173616 | NORTH COUNTRY HOME SERVICES, INC. | $ (36,575) | (7,248) | $ (43,823) |
| 0089173609 | NORTH COUNTRY HOME SERVICES, INC. | $ (24,684) | (4,891) | $ (29,575) |
| 0089173615 | NORTH COUNTRY HOME SERVICES, INC. | $ (10,461) | (2,073) | $ (12,534) |
| 0089173656 | NORTH COUNTRY HOME SERVICES, INC. | $ (514) | (102) | $ (616) |
| 0089173657 | NORTH COUNTRY HOME SERVICES, INC. | $ (60) | (12) | $ (72) |
| 0150251029 | NURSES ON HAND REGISTRY | $ (21,274) | (4,216) | $ (25,489) |
| 0268995838 | OTSEGO COUNTY PUBLIC HEALTH | $ (539) | (107) | $ (646) |
| 0211146629 | PATHWAYS TO INDEPENDENT LIVING | $ (207,581) | (41,135) | $ (248,715) |
| 0185593014 | PEDIATRIC HOME NURSING SERVICES, INC. | $ (4,974) | (986) | $ (5,960) |
| 0108728729 | PEOPLE CARE INC | $ (37,870) | (7,504) | $ (45,374) |
| 0108728759 | PEOPLE CARE INC | $ (15,147) | (3,002) | $ (18,149) |
| 0108728751 | PEOPLE CARE INC | $ (11,969) | (2,372) | $ (14,340) |
| 0104801714 | PEOPLE INC. | $ (31,430) | (6,228) | $ (37,659) |
| 0104801731 | PEOPLE INC. | $ (942) | (187) | $ (1,129) |
| 0054668559 | PERSONAL TOUCH HOME CARE | $ (105,265) | (20,859) | $ (126,124) |
| 0042019551 | PERSONAL TOUCH HOME CARE | $ (57,086) | (11,312) | $ (68,398) |
| 0042019529 | PERSONAL TOUCH HOME CARE | $ (27,587) | (5,467) | $ (33,054) |
| 0166341459 | PHC SERVICES LTD | $ (46,744) | (9,263) | $ (56,007) |
| 0166341429 | PHC SERVICES LTD | $ (8,308) | (1,646) | $ (9,954) |
| 0134254329 | PREMIER HOME HEALTH SERVICES INC. | $ (25,368) | (5,027) | $ (30,395) |

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| 0134254351 | PREMIER HOME HEALTH SERVICES INC. | $ (20,290) | (4,021) | $ (24,311) |
| 0134254313 | PREMIER HOME HEALTH SERVICES INC. | $ (5,973) | (1,184) | $ (7,156) |
| 0255401635 | PRIORITY HOME CARE | $ (43,188) | (8,558) | $ (51,746) |
| 0172952459 | PRIORITY HOME CARE, INC | $ (36,898) | (7,312) | $ (44,210) |
| 0047617351 | RECCO HOME CARE | $ (128,383) | (25,441) | $ (153,824) |
| 0035486129 | RECCO HOME CARE | $ (69,314) | (13,735) | $ (83,049) |
| 0098972659 | RECCO HOME CARE | $ (52,671) | (10,437) | $ (63,109) |
| 0161452029 | REGION CARE INC | $ (25,319) | (5,017) | $ (30,336) |
| 0097412132 | RESOURCE CENTER FOR INDEPENDENT LIVING, INC. | $ (71,372) | (14,143) | $ (85,515) |
| 0097412128 | RESOURCE CENTER FOR INDEPENDENT LIVING, INC. | $ (22,305) | (4,420) | $ (26,725) |
| 0097412112 | RESOURCE CENTER FOR INDEPENDENT LIVING, INC. | $ (20,587) | (4,080) | $ (24,667) |
| 0097412138 | RESOURCE CENTER FOR INDEPENDENT LIVING, INC. | $ (20,112) | (3,985) | $ (24,098) |
| 0097412108 | RESOURCE CENTER FOR INDEPENDENT LIVING, INC. | $ (11,600) | (2,299) | $ (13,899) |
| 0097412121 | RESOURCE CENTER FOR INDEPENDENT LIVING, INC. | $ (10,104) | (2,002) | $ (12,106) |
| 0097412126 | RESOURCE CENTER FOR INDEPENDENT LIVING, INC. | $ (9,382) | (1,859) | $ (11,242) |
| 0097412124 | RESOURCE CENTER FOR INDEPENDENT LIVING, INC. | $ (6,986) | (1,384) | $ (8,370) |
| 0097412147 | RESOURCE CENTER FOR INDEPENDENT LIVING, INC. | $ (6,295) | (1,247) | $ (7,543) |
| 0097412117 | RESOURCE CENTER FOR INDEPENDENT LIVING, INC. | $ (4,355) | (863) | $ (5,218) |
| 0166603143 | ROCKLAND INDEPENDENT LIVING CENTER, INC. | $ (40,937) | (8,112) | $ (49,049) |
| 0035587148 | SCHUYLER COUNTY HOME HEALTH AGENCY | $ (811) | (161) | $ (972) |
| 0097443829 | SELFHELP | $ (6,688) | (1,325) | $ (8,013) |
| 0268996714 | SIBLEY NURSING PERSONNEL SERVICE | $ (3,319) | (658) | $ (3,977) |
| 0268996722 | SIBLEY NURSING PERSONNEL SERVICE | $ (2,248) | (445) | $ (2,693) |
| 0268996725 | SIBLEY NURSING PERSONNEL SERVICE | $ (73) | (14) | $ (87) |
| 0268996727 | SIBLEY NURSING PERSONNEL SERVICE | $ (73) | (14) | $ (87) |
| 0268996744 | SIBLEY NURSING PERSONNEL SERVICE | $ (70) | (14) | $ (84) |

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|---|---|---|---|---|
| 0268996732 | SIBLEY NURSING PERSONNEL SERVICE | $ (68) | (13) | $ (81) |
| 0108549651 | SOUTH SHORE HOME HEALTH SERVICE | $ (158,197) | (31,349) | $ (189,546) |
| 0108549629 | SOUTH SHORE HOME HEALTH SERVICE | $ (32,925) | (6,525) | $ (39,450) |
| 0108549659 | SOUTH SHORE HOME HEALTH SERVICE | $ (9,916) | (1,965) | $ (11,881) |
| 0073741702 | SOUTHERN TIER HOME HEALTH | $ (2,634) | (522) | $ (3,156) |
| 0124722713 | ST. FRANCIS HOME CARE SERVICES | $ (2,833) | (561) | $ (3,395) |
| 0095390244 | ST. LAWRENCE COMMUNITY DEV. PR | $ (13,015) | (2,579) | $ (15,595) |
| 0200188901 | ST. PETER'S LICENSED HOME CARE | $ (1,283) | (254) | $ (1,538) |
| 0200188941 | ST. PETER'S LICENSED HOME CARE | $ (521) | (103) | $ (624) |
| 0200188919 | ST. PETER'S LICENSED HOME CARE | $ (30) | (6) | $ (36) |
| 0105243754 | STAFKINGS HEALTHCARE SYSTEMS | $ (5,514) | (1,093) | $ (6,606) |
| 0105243733 | STAFKINGS HEALTHCARE SYSTEMS | $ (4,495) | (891) | $ (5,386) |
| 0105243703 | STAFKINGS HEALTHCARE SYSTEMS | $ (2,711) | (537) | $ (3,248) |
| 0105243737 | STAFKINGS HEALTHCARE SYSTEMS | $ (2,326) | (461) | $ (2,787) |
| 0105243705 | STAFKINGS HEALTHCARE SYSTEMS | $ (2,158) | (428) | $ (2,586) |
| 0105243748 | STAFKINGS HEALTHCARE SYSTEMS | $ (675) | (134) | $ (808) |
| 0105243753 | STAFKINGS HEALTHCARE SYSTEMS | $ (460) | (91) | $ (551) |
| 0105243749 | STAFKINGS HEALTHCARE SYSTEMS | $ (273) | (54) | $ (327) |
| 0105243707 | STAFKINGS HEALTHCARE SYSTEMS | $ (243) | (48) | $ (291) |
| 0105243732 | STAFKINGS HEALTHCARE SYSTEMS | $ (232) | (46) | $ (278) |
| 0105243708 | STAFKINGS HEALTHCARE SYSTEMS | $ (155) | (31) | $ (186) |
| 0105243711 | STAFKINGS HEALTHCARE SYSTEMS | $ (153) | (30) | $ (183) |
| 0105243722 | STAFKINGS HEALTHCARE SYSTEMS | $ (146) | (29) | $ (175) |
| 0105243750 | STAFKINGS HEALTHCARE SYSTEMS | $ (146) | (29) | $ (175) |
| 0121121028 | SUPERIOR HOME HEALTH CARE | $ (5,511) | (1,092) | $ (6,602) |
| 0121121021 | SUPERIOR HOME HEALTH CARE | $ (5,186) | (1,028) | $ (6,214) |

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|---|---|---|---|---|
| 0175102831 | THE DALE ASSOCIATION | $ (20,694) | (4,101) | $ (24,794) |
| 0264010029 | TLCHCS OF LONG ISLAND LLC | $ (12,536) | (2,484) | $ (15,020) |
| 0263808031 | TLCHCS OF WESTERN NEW YORK | $ (2,685) | (532) | $ (3,217) |
| 0264007714 | TLCHCS OF WESTERN NY LLC | $ (18,823) | (3,730) | $ (22,553) |
| 0121932329 | TRI-COUNTY HOME NURSING SERVICE | $ (59,800) | (11,850) | $ (71,650) |
| 0091093055 | ULSTER CO. HOME HEALTH | $ (41,668) | (8,257) | $ (49,925) |
| 0174106044 | UNITED CEREBRAL PALSY ASSOC. OF THE NORTH COUNTRY | $ (59,842) | (11,858) | $ (71,700) |
| 0174106016 | UNITED CEREBRAL PALSY ASSOC. OF THE NORTH COUNTRY | $ (14,512) | (2,876) | $ (17,388) |
| 0174106022 | UNITED CEREBRAL PALSY ASSOC. OF THE NORTH COUNTRY | $ (8,706) | (1,725) | $ (10,431) |
| 0035491255 | UNLIMITED CARE | $ (75,597) | (14,980) | $ (90,577) |
| 0035491259 | UNLIMITED CARE | $ (53,638) | (10,629) | $ (64,267) |
| 0035491213 | UNLIMITED CARE | $ (44,526) | (8,823) | $ (53,350) |
| 0035491229 | UNLIMITED CARE | $ (37,825) | (7,495) | $ (45,320) |
| 0035491235 | UNLIMITED CARE | $ (28,062) | (5,561) | $ (33,623) |
| 0035491239 | UNLIMITED CARE | $ (22,290) | (4,417) | $ (26,707) |
| 0035491251 | UNLIMITED CARE | $ (12,691) | (2,515) | $ (15,206) |
| 0035491210 | UNLIMITED CARE | $ (10,746) | (2,129) | $ (12,875) |
| 0035491225 | UNLIMITED CARE | $ (872) | (173) | $ (1,045) |
| 0035491219 | UNLIMITED CARE | $ (796) | (158) | $ (953) |
| 0035491250 | UNLIMITED CARE | $ (309) | (61) | $ (370) |
| 0035491218 | UNLIMITED CARE | $ (292) | (58) | $ (349) |
| 0035491236 | UNLIMITED CARE | $ (285) | (56) | $ (341) |
| 0035491234 | UNLIMITED CARE | $ (268) | (53) | $ (321) |
| 0035491212 | UNLIMITED CARE | $ (245) | (49) | $ (293) |
| 0035491201 | UNLIMITED CARE | $ (242) | (48) | $ (290) |
| 0035491227 | UNLIMITED CARE | $ (169) | (34) | $ (203) |

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|---|---|---|---|---|
| 0113351351 | UTOPIA HOME CARE | $ (130,251) | (25,811) | $ (156,062) |
| 0113351329 | UTOPIA HOME CARE | $ (64,316) | (12,745) | $ (77,061) |
| 0072228929 | VIP HEALTH CARE SERVICES | $ (38,877) | (7,704) | $ (46,581) |
| 0078581959 | VIP HEALTH CARE SERVICES | $ (31,968) | (6,335) | $ (38,303) |
| 0090863643 | VIP HEALTH CARE SERVICES | $ (6,544) | (1,297) | $ (7,841) |
| 0146034259 | VISITING NURSE ASSOCIATION HOME HEALTH SERVICES | $ (27,355) | (5,421) | $ (32,775) |
| 0146034239 | VISITING NURSE ASSOCIATION HOME HEALTH SERVICES | $ (122) | (24) | $ (146) |
| 0170109117 | VISITING NURSES HOME CARE CORP | $ (49,441) | (9,797) | $ (59,238) |
| 0170109147 | VISITING NURSES HOME CARE CORP | $ (15,880) | (3,147) | $ (19,026) |
| 0170109128 | VISITING NURSES HOME CARE CORP | $ (14,117) | (2,797) | $ (16,914) |
| 0170109156 | VISITING NURSES HOME CARE CORP | $ (12,841) | (2,545) | $ (15,386) |
| 0170109145 | VISITING NURSES HOME CARE CORP | $ (9,829) | (1,948) | $ (11,777) |
| 0170109101 | VISITING NURSES HOME CARE CORP | $ (5,943) | (1,178) | $ (7,121) |
| 0170109119 | VISITING NURSES HOME CARE CORP | $ (4,826) | (956) | $ (5,783) |
| 0170109157 | VISITING NURSES HOME CARE CORP | $ (4,137) | (820) | $ (4,957) |
| 0170109110 | VISITING NURSES HOME CARE CORP | $ (3,780) | (749) | $ (4,529) |
| 0170109141 | VISITING NURSES HOME CARE CORP | $ (2,542) | (504) | $ (3,046) |
| 0170109138 | VISITING NURSES HOME CARE CORP | $ (2,208) | (438) | $ (2,646) |
| 0170109146 | VISITING NURSES HOME CARE CORP | $ (2,083) | (413) | $ (2,496) |
| 0170109112 | VISITING NURSES HOME CARE CORP | $ (1,999) | (396) | $ (2,395) |
| 0035584427 | VNS-ROCHESTER | $ (86) | (17) | $ (104) |
| 0166045759 | WARTBURG RESIDENTIAL COMMUNITY INC. | $ (38,674) | (7,664) | $ (46,337) |
| 0233334258 | WAYNE COUNTY PUBLIC HEALTH SERVICES | $ (1,102) | (218) | $ (1,320) |
| 0092528252 | WELLNESS HOME CARE | $ (5,107) | (1,012) | $ (6,119) |
| 0145838259 | WESTCHESTER CARE AT HOME | $ (43,985) | (8,716) | $ (52,701) |
| 0240778916 | WESTERN NY INDEPENDENT LIVING PROJECT | $ (259) | (51) | $ (310) |

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|---|---|---|---|---|
| 0081106914 | WILLCARE INC. | $ (30,778) | (6,099) | $ (36,877) |
| 0081106906 | WILLCARE INC. | $ (12,208) | (2,419) | $ (14,627) |
| 0081106904 | WILLCARE INC. | $ (4,959) | (983) | $ (5,942) |
| 0081106931 | WILLCARE INC. | $ (825) | (163) | $ (988) |
| 0240778914 | WNY INDEPENDENT LIVING PROJECT | $ (34,980) | (6,932) | $ (41,912) |
| 0035590461 | YATES COUNTY PUBLIC HEALTH | $ (1,928) | (382) | $ (2,310) |
| | | | | |
| * Does not include savings from proposal to manage personal care utilization for over 12 hours | | | | |
| (1) Assessment increase reflects one month cash lag. | | | | |

**2010-11 Executive Budget Proposals**
**Certified Home Health Agency Impacts**
**2010-11 Gross Annual Impact by Provider**

| Op. Cert. | Provider Name | Eliminate the Balance of 2010 Trend - 1.7% | Increase Cash Assessment from .35% to .7% (1-month lag) | Total Gross Impact |
|---|---|---|---|---|
| | **TOTALS:** | **($17,747,234)** | **($8,141,674)** | **($25,888,908)** |
| | ABLE HEALTH CARE SERV INC | ($224,881) | ($49,464) | ($274,345) |
| | ALBANY COUNTY DOH DIV OF NURS | ($2,187) | ($446) | ($2,633) |
| | ALLEGANY DEPT OF HEALTH | ($3,867) | ($4,551) | ($8,418) |
| | ALPINE HOME HEALTH CARE | ($105,030) | ($25,217) | ($130,248) |
| | ALWAYS THERE FAMILY HOME HEALTH SER | ($21,561) | ($15,229) | ($36,790) |
| | AMERICARE CERTIFIED SS INC | ($2,925,946) | ($664,204) | ($3,590,151) |
| | AT HOME CARE | ($4,557) | ($17,681) | ($22,238) |
| | BROOKDALE HSP MED CTR | ($1,058) | ($1,580) | ($2,638) |
| | BROOKHAVEN MEMORIAL HOSPITAL | ($50,324) | ($31,552) | ($81,876) |
| | BROOKLYN HOSPITAL CENTER | ($271,746) | ($91,484) | ($363,230) |
| | CAH ORANGE CNTY DOH DIV PHN | ($1,580) | ($4,924) | ($6,504) |
| | CALVARY HOSPITAL INC | ($11,394) | ($5,149) | ($16,543) |
| | CATHOLIC HOME CARE | ($16,151) | ($80,046) | ($96,197) |
| | CATTARAUGUS CNTY DOH | ($10,092) | ($15,233) | ($25,325) |
| | CAYUGA COUNTY HOME CARE AGENC | ($9,939) | ($12,849) | ($22,788) |
| | CCH HM CARE & PALLIATIVE SER | ($4,727) | ($5,924) | ($10,651) |
| | CHEMUNG COUNTY DOH | ($21,524) | ($6,862) | ($28,386) |
| | CHENANGO CTY PUB HLTH NUR SER | ($282) | ($58) | ($340) |
| | CLINTON CTY DOH DIV OF NURSE | ($33,508) | ($17,982) | ($51,490) |
| | COLUMBIA CY DEPT OF HEALTH | ($641) | ($3,145) | ($3,786) |
| | COM HLTH CTR OF SMH & NLH INC | ($9,183) | ($15,761) | ($24,944) |
| | CORTLAND COUNTY DOH DIV NRSNG | ($5,191) | ($7,782) | ($12,973) |
| | DATAHR HOME HLTH CARE | ($7,626) | ($2,937) | ($10,563) |
| | DELAWARE COUNTY PHNS | ($4,519) | ($5,019) | ($9,538) |
| | DOMINICAN SISTER FAMILY HEALT | ($29,022) | ($86,289) | ($115,311) |
| | DUTCHESS CNTY DOH | ($1,166) | ($853) | ($2,020) |
| | EDDY VNA TWIN COUNTIES | ($28,556) | ($41,792) | ($70,347) |
| | EMPIRE ST HM CARE SER | ($217,534) | ($91,646) | ($309,180) |
| | ESSEX COUNTY NURSING SERVICE | ($7,318) | ($6,155) | ($13,473) |
| | EXCELLENT HOME CARE SVS LLC | ($648,430) | ($142,904) | ($791,334) |
| | EXTENDED HOME CARE | ($847,699) | ($184,659) | ($1,032,358) |
| | FAM CERT SVCS BKLYN/QUEENS | ($1,152,794) | ($261,265) | ($1,414,059) |
| | FAMILY AIDES CERT.NASSAU/SUFF | ($13,132) | ($34,746) | ($47,878) |

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|---|---|---|---|---|
| | FINGER LAKES VNS INC | ($15,444) | ($24,044) | ($39,489) |
| | FIRST TO CARE HOME CARE | ($226,488) | ($79,732) | ($306,220) |
| | FRANKLIN HOSPITAL | ($29,626) | ($42,035) | ($71,661) |
| | FRANKLIN CNTY PUBLIC HLTH SER | ($22,358) | ($10,763) | ($33,120) |
| | FULTON NURSING SERVICE CO | ($1,048) | ($2,083) | ($3,131) |
| | GAMZEL NY INC | ($1,390,842) | ($378,993) | ($1,769,835) |
| | GENESEE COUNTY HLTH HHA CO | ($1,765) | ($3,936) | ($5,701) |
| | GENTIVA HEALTH SERVICES | ($2,282) | ($8,385) | ($10,667) |
| | GENTIVA HEALTH SERVICES | ($1,681) | ($9,193) | ($10,874) |
| | GENTIVA HEALTH SERVICES | ($1,621) | ($7,061) | ($8,682) |
| | GENTIVA HEALTH SERVICES | ($1,935) | ($14,909) | ($16,844) |
| | GENTIVA HEALTH SERVICES | ($21,366) | ($25,896) | ($47,262) |
| | GENTIVA HEALTH SERVICES | ($20,671) | ($32,543) | ($53,213) |
| | GENTIVA HEALTH SERVICES | ($462) | ($520) | ($983) |
| | GENTIVA HEALTH SERVICES | ($15,344) | ($8,804) | ($24,149) |
| | GIRLING HEALTH CARE OF NEW YORK INC | ($679,207) | ($185,545) | ($864,752) |
| | GOOD SAMARITAN HOSP MED CTR | ($57,475) | ($43,759) | ($101,234) |
| | GOOD SAMARITAN HSP SUFFERN | ($4,929) | ($55,567) | ($60,496) |
| | GREENE CY PUBLIC HLTH NURSING | ($615) | ($4,372) | ($4,987) |
| | HAMILTON CO NURSE SVC PSSHSP | ($961) | ($1,606) | ($2,567) |
| | HCR | ($334,869) | ($106,441) | ($441,310) |
| | HEALTH SERV NORTHERN NEW YORK | ($18,573) | ($20,507) | ($39,080) |
| | HERKIMER COUNTY PHNS | ($740) | ($1,134) | ($1,874) |
| | HIRAM CERTIFIED HOME CARE CO | ($73) | ($2,300) | ($2,373) |
| | HOME CARE BUFFALO INC | ($692) | ($834) | ($1,526) |
| | HOSPITALS HOME HEALTH CARE | ($3,656) | ($10,906) | ($14,562) |
| | HUDSON VALLEY HOME CARE INC | ($1,894) | ($13,122) | ($15,016) |
| | JACOBI MEDICAL CENTER | ($286,401) | ($126,279) | ($412,680) |
| | JAMAICA HOSPITAL MED CTR | ($2,270) | ($4,160) | ($6,430) |
| | JEFFERSON CTY PUB HLTH SERVIC | ($16,502) | ($16,903) | ($33,404) |
| | LAWRENCE HM CARE/WESTCHESTER | ($2,185) | ($34,851) | ($37,036) |
| | LEWIS CNTY PUBLIC HLTH AGENCY | ($5,778) | ($4,435) | ($10,213) |
| | LIFETIME CARE | ($136,284) | ($192,622) | ($328,906) |
| | LITTLE SISTERS OF ASSUM | ($1,911) | ($1,392) | ($3,302) |
| | LIVING RES CERTIFIED HHA | ($16,373) | ($3,651) | ($20,024) |
| | LIVINGSTON CO DEP HLTH HHA | ($2,414) | ($6,621) | ($9,035) |
| | LONG BEACH MEDICAL CENTER | ($12,387) | ($7,729) | ($20,116) |
| | LONG ISLAND JEWISH MED CTR | ($14,748) | ($61,746) | ($76,494) |
| | MADISON CNTY PUB HLTH DEPART. | ($6,404) | ($7,022) | ($13,426) |
| | MCAULEY-SETON HOME CARE CORP. | ($9,271) | ($59,746) | ($69,016) |
| | MERCY CENTER FOR HLTH SVC | ($108) | ($22) | ($130) |
| | METROPOLITAN JEWISH HM CARE | ($653,253) | ($203,009) | ($856,262) |
| | MJGC HOME CARE | ($496,876) | ($141,567) | ($638,443) |
| | MONTEFIORE MEDICAL CTR AI | ($160,503) | ($97,195) | ($257,698) |
| | NIAGARA CNTY HLTH DEPT | ($8,438) | ($4,174) | ($12,612) |

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|---|---|---|---|---|
| | NORTH SHORE UNIV HOSP AMB SVC | ($121,273) | ($125,428) | ($246,702) |
| | NYACK HSP | ($1,758) | ($21,579) | ($23,337) |
| | OLOM HOME CARE ST MARY'S MHC KIDS | ($42,087) | ($10,625) | ($52,712) |
| | ONTARIO HOME HEALTH AGCY CO | ($5,295) | ($4,544) | ($9,839) |
| | ORLEANS COUNTY DOH HHA | ($2,081) | ($3,182) | ($5,263) |
| | OSWEGO DEPT HLTH DIV OF NU CO EICM | ($8,396) | ($6,323) | ($14,720) |
| | OUR LADY OF LOURDES MEM | ($5,317) | ($6,914) | ($12,230) |
| | PECONIC BAY MED CTR | ($846) | ($10,958) | ($11,804) |
| | PEOPLE HOME HLTH SERV CERTI | ($4,412) | ($1,225) | ($5,637) |
| | PERSONAL TOUCH HOME AIDES NY | ($819,817) | ($181,971) | ($1,001,788) |
| | PRIME HOME HEALTH SRVCS | ($84,912) | ($29,666) | ($114,578) |
| | PTS OF WESTCHESTER INC | ($1,933) | ($6,497) | ($8,431) |
| | PUTNAM DOH NUR SERCS HM HH CO | ($577) | ($6,111) | ($6,688) |
| | PUTNAM HOSPITAL CENTER | ($2,116) | ($5,549) | ($7,664) |
| | SARATOGA PUBLIC HLTH NURSING | ($3,107) | ($6,678) | ($9,785) |
| | SCHOHARIE COUNTY DOH DIV NURS | ($3,638) | ($4,714) | ($8,351) |
| | SCHUYLER HOME HLTH AGCY CO | ($2,323) | ($3,112) | ($5,435) |
| | SELFHELP SPECIAL FAM HC INC | ($57,836) | ($15,462) | ($73,298) |
| | SETON HEALTH SYSTEM | ($4,485) | ($18,205) | ($22,690) |
| | SOUTH NASSAU COMMUNITIES HSP | ($1,541) | ($27,237) | ($28,779) |
| | ST CAMILLUS HOME CARE AGENCY | ($11,400) | ($9,467) | ($20,867) |
| | ST ELIZABETH MED CTR | ($1,666) | ($4,324) | ($5,990) |
| | ST FRANCIS HOSPITAL | ($5,635) | ($21,015) | ($26,651) |
| | ST LAWRENCE CNTY PUB HLTH NUR | ($26,601) | ($10,742) | ($37,344) |
| | ST PETERS HOSPITAL ALBANY | ($1,273) | ($17,838) | ($19,111) |
| | ST VINCENTS HSP MED CTR NY | ($376,629) | ($232,614) | ($609,244) |
| | ST.JOSEPH'S HSP HLTH CTR | ($41,116) | ($65,306) | ($106,422) |
| | STEUBEN CO PUB HLTH & NSG SRV | ($9,411) | ($10,025) | ($19,436) |
| | SUFFOLK DOH SVCS BUR PUB H CO | ($8,728) | ($2,988) | ($11,715) |
| | SULLIVAN CNTY PUB HLTH SER | ($4,311) | ($8,728) | ($13,039) |
| | TIOGA COUNTY HEALTH DEPT | ($2,469) | ($4,627) | ($7,095) |
| | TLCHCS OF ERIE NIAGARA LLC | ($17,289) | ($51,900) | ($69,189) |
| | TLCHCS OF NASSAU SUFFOLK LLC | ($11,682) | ($37,103) | ($48,785) |
| | TOMPKINS COUNTY HM HLTH CARE | ($3,588) | ($5,785) | ($9,374) |
| | TWIN TIER HOME HEALTH INC | ($4,897) | ($18,710) | ($23,607) |
| | ULSTER CNTY DOH NURS DIV | ($843) | ($374) | ($1,217) |
| | VILLAGE CENTER FOR CARE | ($584,365) | ($132,513) | ($716,878) |
| | VIP HEALTH SERVICES INC | ($42,677) | ($18,484) | ($61,161) |
| | VISIT NUR SVC WESTCHEST | ($45,307) | ($73,332) | ($118,639) |
| | VISITING NUR SER/HOSPICE SUF | ($10,123) | ($46,461) | ($56,584) |
| | VISITING NURS SVC/SCHTD & SAR CNTY | ($11,602) | ($27,096) | ($38,698) |
| | VISITING NURSE ASSOC CENTRAL | ($39,795) | ($29,745) | ($69,540) |
| | VISITING NURSE ASSOC LI NHID | ($8,691) | ($40,429) | ($49,119) |
| | VNA OF ALBANY & SARATOGA | ($36,335) | ($26,009) | ($62,345) |

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|---|---|---|---|---|
| | VNA OF BROOKLYN | ($306,291) | ($162,616) | ($468,907) |
| | VNA OF HUDSON VALLEY | ($4,810) | ($43,065) | ($47,876) |
| | VNA OF STATEN ISLAND | ($34,339) | ($43,560) | ($77,899) |
| | VNA OF UTICA ONEIDA | ($12,431) | ($25,756) | ($38,187) |
| | VNA OF WESTERN NY INC | ($79,866) | ($123,163) | ($203,029) |
| | VNS ITHACA & TOMPKINS CO INC | ($545) | ($1,481) | ($2,026) |
| | VNS OF ROCHESTER | ($104,048) | ($126,522) | ($230,570) |
| | VNSNY COMMUNITY HEALTH SERVICES | ($3,051,446) | ($2,011,253) | ($5,062,699) |
| | WARREN COUNTY HEALTH SERV | ($9,469) | ($14,110) | ($23,579) |
| | WASHINGTON PUB HLTH NURSSV CO | ($10,283) | ($13,001) | ($23,284) |
| | WAYNE COMM NURSING CARE | ($9,198) | ($4,391) | ($13,588) |
| | WESTCHESTER COUNTY DOH | ($15,398) | ($4,171) | ($19,569) |
| | WHITE PLAINS HOSPITAL CENTER | ($355) | ($9,058) | ($9,413) |
| | WILLCARE | ($37,588) | ($35,653) | ($73,240) |
| | WILLCARE | ($70,285) | ($54,931) | ($125,216) |
| | WINTHROP-UNIVERSITY HOSPITAL | ($6,085) | ($34,909) | ($40,993) |
| | WYOMING COUNTY DEPT H H A | ($3,020) | ($6,390) | ($9,410) |
| | YAI HOME HEALTH SERVICES | ($124,309) | ($28,464) | ($152,772) |
| | YATES COUNTY HOME HEALTH | ($5,393) | ($4,089) | ($9,482) |
| | **TOTAL GROSS IMPACT:** | **($17,747,234)** | **($8,141,674)** | **($25,888,908)** |

## TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDING

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

The SFY 2010-11 Executive Budget projects a public assistance caseload of 555,494, a 5.2 percent increase from the current year estimate of 527,792. Although the caseload is down from an all time high of 1.7 million in 1994, it has steadily increased since September 2008 as a result of the strained economy and increased unemployment rates. The projected amount New York needs to allocate from the TANF block grant for the Federal share has increased from $723.5 million in SFY 2009-10 to $1.3 billion in SFY 2010-11 resulting in a decrease of $576.5 million in the availability of TANF surplus funds.

As a result of increased caseload and past investments in non-recurring benefits and job subsidy programs, New York State has become eligible for Federal TANF Contingency Funds (TCF) and TANF Emergency Contingency Funds (TECF) amounting to $1.22 billion or fifty percent of the State's TANF block grant amount. Of this amount, $583.2 million has been obligated or expended and a proposal for the utilization of the remaining $638.3 million is included within the Executive Budget proposal.

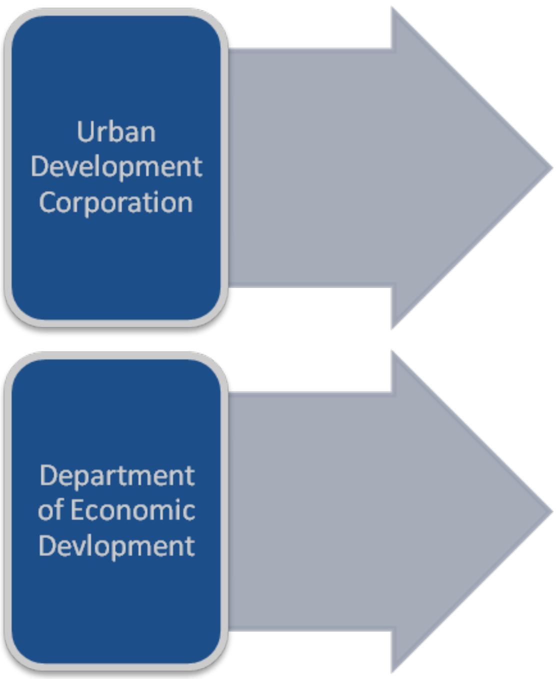
The Executive Budget utilizes $285.7 million of TCF funds to partially fund the Federal Share of the Public Assistance caseload increase, which would otherwise be a General Fund cost to the State or a decrease in funding to the Flexible Fund for Family Services (FFFS) or Child Care. An additional $260.6 million of TCF funds is included within the Financial Plan to offset the increased State share of Public Assistance costs for the purposes of providing General Fund relief. The remaining $92 million is included within the TANF surplus proposal show below.

The following chart details the Executive's proposed spending for the available surplus:

**TANF Surplus Funding**
**SFY 2010-11**
**(amounts in thousands)**

| Program | 2009-10 Enacted | 2010-11 Executive |
|---|---|---|
| Earned Income Tax Credit (EITC) Offset | $457,651 | $0 |
| Child Care Subsidies | $392,967 | $392,967 |
| Child Care Migrant Workers | $1,754 | $0 |
| Child Care SUNY/CUNY | $3,400 | $0 |
| Child Care Demonstration Projects | $10,900 | $0 |
| Transportation | $11,325 | $0 |
| Non-Residential Domestic Violence | $3,000 | $0 |
| Summer Youth Employment | $35,000 | $0 |
| Refugee Resettlement | $1,425 | $0 |
| Bridge | $8,503 | $0 |
| Wage Subsidy | $14,000 | $0 |
| Transitional Jobs Program | $5,000 | $10,000 |
| Green Jobs Program | $5,000 | $3,000 |
| Health Care Outreach Program | $5,000 | $5,000 |
| ATTAIN | $7,000 | $0 |
| Educational Resources | $3,000 | $0 |
| Local Interagency VESID Employment Services (LIVES) | $1,500 | $0 |
| Supplemental Homeless Intervention Program | $5,000 | $0 |
| Supportive Housing for Families | $5,000 | $0 |
| Emergency Homeless | $2,000 | $0 |
| Disability Advocacy Program (DAP) | $1,000 | $2,500 |
| ACCESS Welfare to Careers | $500 | $0 |
| Career Pathways | $10,000 | $0 |
| Displaced Homemakers | $5,600 | $0 |
| Strengthening Families through Stronger Fathers | $2,764 | $0 |
| Settlement Houses | $6,000 | $0 |
| Advantage Afterschool | $11,391 | $0 |
| Alternatives to Detention/ Alternatives to Residential Placement | $10,752 | $0 |
| Community Reinvestment | $5,000 | $0 |
| Preventive Services | $18,792 | $0 |
| Caretaker Relative-Kinship | $1,998 | $0 |
| Home Visiting | $5,822 | $0 |
| Nurse Family Partnership | $5,000 | $0 |
| Intensive Case Services | $3,000 | $11,313 |
| Emergency Food Supplement | $0 | $10,000 |
| Local Family Support Fund | $0 | $41,500 |
| Flexible Fund for Family Services | $964,600 | $964,600 |
| **Total** | **$2,030,644** | **$1,440,880** |

## AGENCY CONSOLIDATIONS AND MERGERS




### Job Development Corporation

JDC would have a workforce of 406 reflecting the transfer of all 168 staff from DED and 238 staff from Empire State Development Corporation. The resulting savings would be $4.7 million.

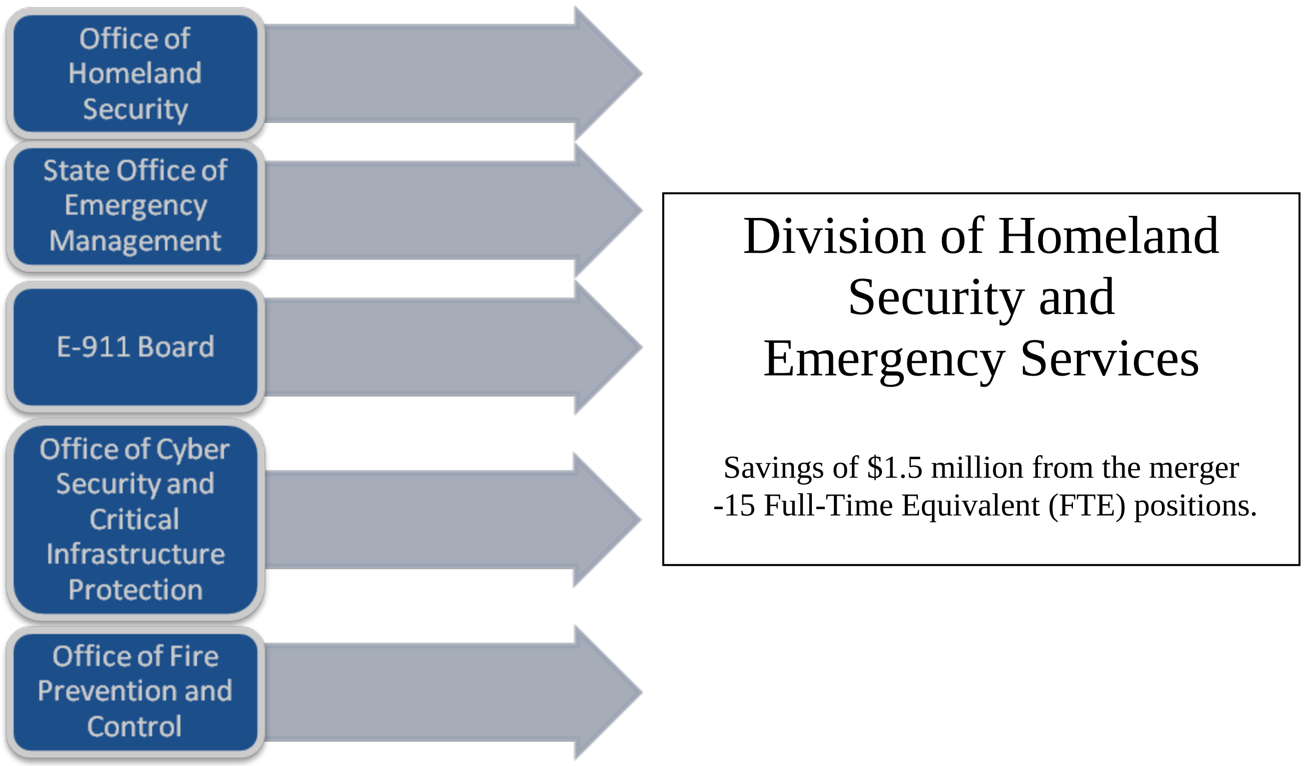
**Other Consolidations/Mergers:**

The Office of Real Property Service would merge into the New York State Department of Taxation and Finance (298 staff/1.9 million savings).

The State Employment Relations Board (SERB) would merge into the Public Employment Relations Board (PERB) (-10 staff/ $1.3 million savings).

The Crime Victims Board, the Division of Probation and Correctional Alternatives, and the Office for the Prevention of Domestic Violence would merge into the Division of Criminal Justice Services (25 staff /$1.9 million savings).

The State University Construction Fund (SUCF) would no longer be included in the State appropriation process as part of the New York State Public Higher Education Empowerment and Innovation Act proposed in the SFY 2010-11 Executive Budget. This Act includes provisions that align the State University Construction Fund's operating budget structure with that of other public benefit corporations, such as the City University Construction Fund and the Dormitory Authority of the State of New York (135 staff/$19.5 million). The Fund's operations are supported entirely from proceeds of revenue bonds issued to finance the construction and reconstruction of academic facilities.

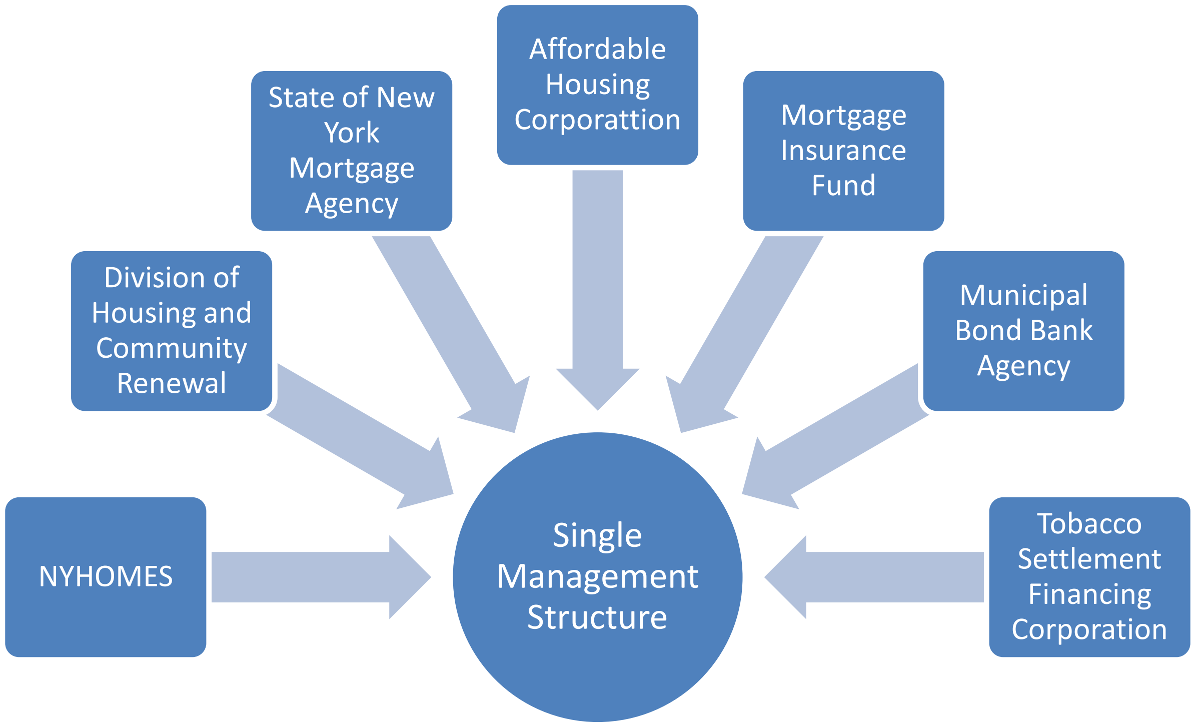



**Other Consolidations/Mergers:**

The Authorities Budget Office would merge into the Department of State (DOS) resulting in the transfer of 11 Full-Time Equivalent (FTE) positions. The Authorities Budget Office is not funded by General Fund appropriation but rather by assessments to public authorities. Those assessments of $1.32 million in State Special Revenue Funds will transfer to DOS and are proposed to increase to $1.8 million in SFY 2010-2011.

The Office of Fire Prevention and Control, Fire Academy and related fire programs would be transferred from the Department of State (DOS) to the Division of Homeland Security and Emergency Services (DHSES) resulting in the transfer of a net 104 FTEs for a total of $11.188 million.

The Local Wireless Public Safety Account (E911), and the Emergency Service Revolving Loan Fund ($11.6 million) would be transferred from DOS. This action would result in the transfers of Federal Special Revenue Funds ($3.3 million) and Other Special Revenue Funds ($1.4 million) to the new Division of Homeland Security and Emergency Services.




The SFY 2010-2011 Executive budget proposes the consolidation of administration and program operations of State Of New York Mortgage Agency, Affordable Housing Corporation, Mortgage Insurance Fund, Municipal Bond Bank Agency, and Tobacco Settlement Financing Corporation, into a single management structure composed of a consolidation of the Division of Housing and Community Renewal (DHCR) and the NYHomes public benefit corporations into the Housing and Finance Agency. This would achieve savings of $3.5 million, equally divided between Personal and Non-Personal Services.

## PRISON CLOSURES

The SFY 2010-11 Executive Budget includes a proposal to close two minimum security correctional facilities and the minimum portion of a third facility, as well as one medium security facility. The facilities proposed to be closed are: Lyon Mountain minimum security facility located in Clinton County; Moriah Shock Incarceration located in Essex County; the minimum security portion of Butler located in Wayne County, and Ogdensburg medium security located in St. Lawrence County. In addition, the Executive proposes the consolidation of dorms at several medium security correctional facilities, however, the Commissioner of the Department of Correctional Services (DOCS) has not determined which dorms would be consolidated.

The Executive's proposal would follow the one-year notification statute which governs the closure of correctional facilities and requires DOCS to notify all employee labor organizations, and other employees and local government officials a year in advance. According to DOCS, employees affected by the proposed prison closure would be afforded an opportunity to transfer to other facilities.

The Executive's principal rationale for the closures is the declining prison population. Since 1999, the State's prison population has decreased from a high of almost 71,538 inmates to a population of 57,600 anticipated by the end of the calendar year 2009, a decrease of 13,938 inmates. The Executive projects that the inmate population will continue to decline by an additional 778 inmates by the end of 2011.

The Executive anticipates that the closure of the aforementioned correctional facilities and dorm consolidations would generate operating savings of $7 million in SFY 2010-11 and $52.2 million when fully annualized in SFY 2011-12.

The following tables list the number of employees affected; the estimated cost/savings achieved by the closure; and, the number of inmates/capacity levels at each of the facilities proposed for closure:

**SFY 2010-11 Executive Proposed Correctional Facility Closures – Employee Impact**

| Employee Impact: | Butler (Wayne) | Lyon Mountain (Clinton) | Ogdensburg* (St. Lawrence) | Moriah Shock* (Essex) | Total |
|---|---|---|---|---|---|
| **Security** | (75) | (64) | (217) | (69) | **(425)** |
| **Program** | (2) | (9) | (28) | (16) | **(55)** |
| **Support** | (2) | (19) | (35) | (21) | **(77)** |
| **Health** | (1) | (1) | (11) | (2) | **(15)** |
| **Total** | **(80)** | **(93)** | **(291)** | **(108)** | **(572)** |

***Ogdensburg and Moriah Shock are slated for closure in April 2011.**
**Dorm Consolidations are anticipated to result in a reduction of 65 FTE.**
**Dorm Consolidations are yet to be determined by the Commissioner of DOCS.**

| Prison Closure Cost/Savings SFY 2010-11/SFY 2011-12 | | |
|---|---|---|
| | Cost/Savings | |
| **Facility** | **SFY 2010-11** | **SFY 2011-12** |
| **Lyon Mountain** | $1,776,000 | $7,245,300 |
| **Butler** | $1,270,000 | $5,182,900 |
| **Ogdensburg*** | $0 | $23,910,500 |
| **Moriah Shock*** | $0 | $9,500,000 |
| **Facility Closures Total** | **$3,046,000** | **$45,838,700** |
| **Dorm Consolidations Subtotal** | **$3,954,000** | **$6,410,000** |
| **Total** | **$7,000,000** | $52,248,700 |

Ogdensburg and Moriah savings would be realized in SFY 2011-12 since they are slated for closure in April of SFY 2011. However, the Executive anticipates $4.8 million in reductions attributable to the attrition of personnel at these facilities prior to the closure date which will assist in meeting the Department's $35 million non-personal service across the board reductions ($1.3 million Moriah, and $3.5 million Ogdensburg).

**SFY 2010-11 Executive Proposed Correctional Facility Closures - Capacity/Inmate Impact**

| Facility | County | Total Number of Beds | Total Number of Inmates | Capacity Level |
|---|---|---|---|---|
| **Lyon Mountain** | Clinton | 162 | 135 | 83.33% |
| **Butler** | Wayne | 288 | 72 | 25.00% |
| **Odgensburg** | St. Lawrence | 612 | 474 | 77.45% |
| **Moriah Shock** | Essex | 300 | 170 | 56.67% |

*Total number of inmates as reported on 12/31/09 by the Department of Correctional Services.*

## ECONOMIC DEVELOPMENT

### TAX INCENTIVES

**Excelsior Jobs Program - $1.25 billion**

This program is the Executive's proposed replacement for the Empire Zone program that will sunset in June 2010. Companies that pledge to create at least 50 new jobs and retain them for five years may apply to the new Job Development Corporation (JDC) to qualify for benefits. Companies must be in target industries, such as high technology, biotechnology, clean energy, finance, and manufacturing industries. Once companies are admitted to the new program, they would be able to claim the following three fully refundable credits: (1) the Excelsior Jobs Credit to be earned on a per job created basis to companies in the program; (2) the Excelsior Investment Credit to be earned at a rate of two percent of qualified investments; and (3) the Excelsior Research and Development Credit to be earned at a rate of 10 percent of the amount of the Federal Research and Development credit earned. These credits would be capped at $50 million in SFY 2012-13, $100 million in SFY 2013-14, and $150 million in SFY 2014-15.

**Film Tax Credit - $2.1 billion**

The Executive proposes extending the film production credit through 2014. This proposal would also impose additional criteria that a production must meet in order to become eligible for the credit. Productions must shoot 10 percent of total production days at a qualified New York production facility and place a credit in the film recognizing New York's financial assistance for the production to become eligible. This proposal would also include a delayed payout structure for the credit. This proposal would reduce revenues by $2.1 billion from SFY 2012-13 through SFY 2018-19.

### NEW PROGRAMS

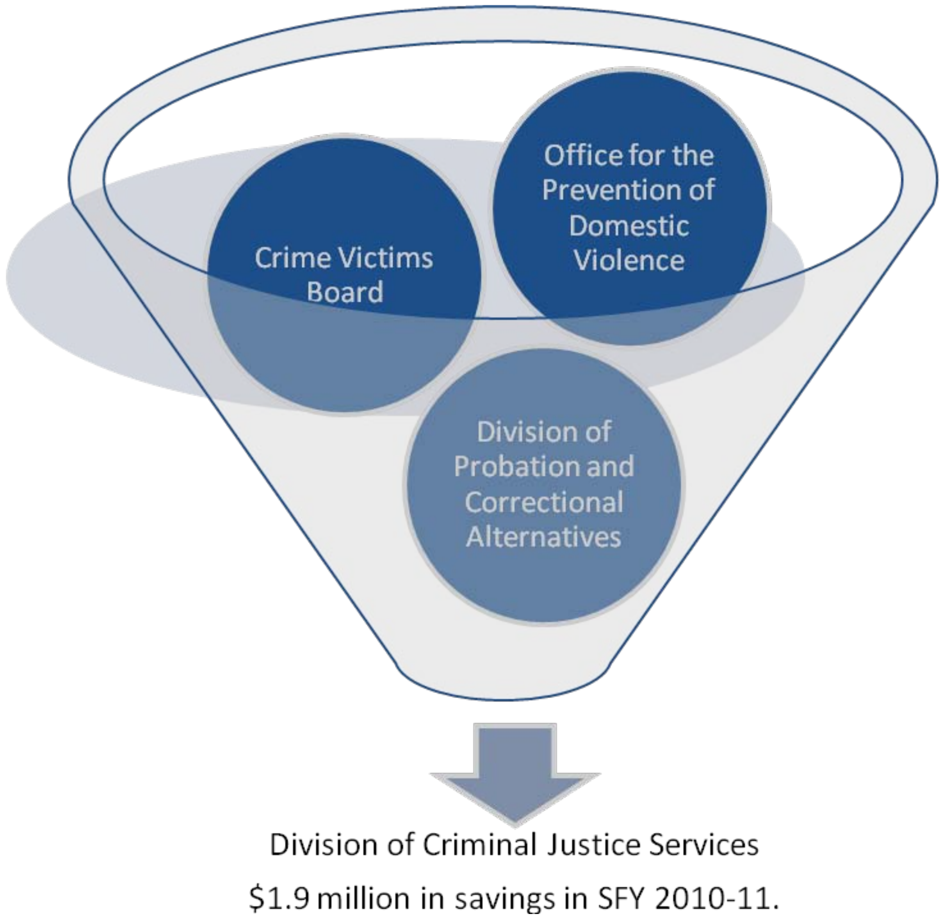
**New Technology Seed Fund - $25 million**

This program would provide funding to " investment intermediaries" (for profit businesses, universities, not-for-profit corporations, or local development corporations) selected on a competitive basis that will seek out and support early-stage companies in their efforts to take cutting edge research from the laboratory to the marketplace. Seed Funds may support equipment, supplies and research and development related operational costs. Fund Investors must match State monies either with their own funds or with other sources at least on a 1:1 basis when making investments. The proposed sources of capital for the Fund include $15 million from Liberty Bond fees and $10 million from funds held in the "UDC Lockbox".

**Small Business Revolving Loan Fund - $25 million**

This program would make low interest loans to qualified lenders selected through a competitive process. Lenders would in turn make loans to businesses with fewer than 100 employees that are unable to obtain credit or reasonable terms for credit. The fund would be divided into a micro-loan category for loans under $25,000 and a small loan category for loans over $25,000 but less than $125,000. Loans may be used for working capital, debt refinancing, the acquisition of real property, and the acquisition of machinery and equipment. All loans made with State funds must have a 50 percent match from the participating lender. The New York Power Authority (NYPA) will provide $25 million to establish the fund.

## CRIMINAL JUSTICE MERGERS




The SFY 2010-11 Executive Budget proposes that the Crime Victims Board (CVB), the Office for the Prevention of Domestic Violence (OPDV) and the Division of Probation and Correctional Alternatives (DPCA) merge into the Division of Criminal Justice Services (DCJS) and become specialized offices with the Division.

Under the Executive's proposal each of the offices would continue their principal missions headed by a director that would report to the Commissioner of DCJS. This would save $1 million to $1.9 million (based on the rate of attrition) in SFY 2010-11 and $1.9 million when fully annualized in SFY 2011-12. The merger would impact 25 Full-Time Equivalent (FTE) positions: DCJS (12); DPCA (2); CVB (8); and OPDV (3).

The merger is anticipated to foster improved coordination of policies and programs and consolidate grant operations. The Executive would preserve the missions of the agencies. Each of the new offices within DCJS would be headed by a Director that would oversee the activities of the office and would report to the Commissioner of DCJS. In addition each director would coordinate and recommend policy in their respective program area. The duties of the Offices are outline below. Furthermore the merger would provide for the transfer of employees, records, continuity of authority, continuation of rules and regulations, and the transfer of assets and liabilities from the agencies to DCJS.

*Office of Victim Services, formerly CVB*

- Provide assistance to victims for losses they incurred as a result of a crime;
- Make grants to local agencies, which assist witnesses and victims; and
- Serve as the Sate's advocate for crime victims' rights, needs and interests.

In addition, a Crime Victims Compensation Appeals Board would be created to review claims appeals and affirm or modify the decision of the Office regarding the claim. The Executive provides appropriations totaling $78.7 million under the Assistance to Crime Victims Program for funding associated with crime victim services.

*Office of Probation and Correctional Alternatives formerly DPCA*

- Oversee county probation department and community correction programs;
- Provide training and technical assistance; and
- Monitor outcome related to the supervision and treatment of offenders; and focus on evidence based practices, performance measurement, enhanced training and education for local providers.

The Executive provides appropriations totaling $64.1 million under the Probation and Correctional Alternatives Program for funding associated with probation and alternatives to incarceration services.

*Office for the Prevention of Domestic Violence formerly OPDV*

- Conduct domestic violence training for judges, prosecutors, police, attorneys, probation and parole personnel, social services and health care providers; and
- Provide information and guidance on domestic violence for the entire State.

In addition, the Director of the Office would also serve as a Special Advisor to the Governor on all matters related to Domestic Violence. The Executive provides appropriations totaling $4.6 million for domestic violence services.

## LABOR

The Executive Budget decreases the appropriation for unemployment benefits by $3.8 billion to $7.2 billion due to the elimination of a one-time American Recovery and Reinvestment Act (ARRA) appropriation from SFY 2009-10. The Executive proposes deficiency Article VII legislation to increase the Unemployment Insurance (UI) Benefit-Enterprise Funds appropriation by $1 billion, increasing the appropriation from $6 billion to $7 billion, in order to accommodate the increased spending on UI as a result of the economic downturn. At the same time, this proposal would recognize recent federal action, which increased the number of weeks of UI eligibility for claimants. Since this appropriation is covered by taxes on employers, it has no impact on the State.

Congress passed legislation between June 2008 and December 2009, which extended eligibility weeks for unemployment benefits after the exhaustion of the 26 weeks of regular benefits. New York State has a total of 73 weeks of additional benefits available, 53 are known as Emergency Benefits, and 20 weeks are known as Extended Benefits. To be eligible for the 20 weeks of Extended Benefits, a person must meet the following criteria:

- Have filed their initial claim for regular unemployment benefits effective on or before Monday, September 8, 2008;
- Exhaust 33 weeks of Emergency Benefits on or before the week ending November 1, 2009; and
- Start claiming Extended Benefits on or before the week ending November 8, 2009.

As of November 2009, the most recent month for which data is available, the State economy still showed no signs of recovering from the current recession. Though employment is expected to remain flat on an annual average base, it is projected that there will be quarterly net job growth starting in the first quarter of 2010. The unemployment rate is expected to remain around 10 percent for the majority of 2010.

## SIGNIFICANT LEGISLATION PROPOSED BY THE EXECUTIVE

### Pension Reform Bill

The Executive Budget proposes Article VII legislation to allow State and local governments outside of New York City to amortize a portion of pension contribution costs over a six-year period to achieve financial relief. If entities choose to participate they would have the ability to amortize the portion of their pension costs that exceed a contribution rate of 9.5 percent for New York State and Local Employees' Retirement System (ERS) and 17.5 percent for New York State and Local Police and Fire Retirement System (PFRS) in 2010-11. Each year through 2015-16 the rate thresholds for ERS and PFRS increase by 1 percent. This would also increase the minimum employer contribution rate from 4.5 percent to 5.5 percent. Amortized amounts would be repaid over a ten year period at an interest rate determined by the State Comptroller. **The estimated savings from this legislation would be $217 million for SFY 2010-11.**

**Proposed Workforce Changes in SFY 2010-11**

| - | FTE |
|---|---:|
| Starting Estimate 3/31/2009 | 196,375 |
| New Fills Anticipated | 16,065 |
| Anticipated Layoffs | (134) |
| Attrition | (16,605) |
| Estimate 3/31/2010 | 195,701 |

The Executive is estimating a total reduction in the State workforce of 674 Full Time Equivalents (FTEs). This reduction is going to be achieved through a small number of anticipated layoffs and through attrition offset by planned new fills for various agencies. Much of the attrition is anticipated to be achieved through the voluntary severance package offered by the Governor in 2009, offset by planned new fills for various agencies. See detailed breakout of the net change in FTEs by State agency in Table 1 below.

**Table 1. Detail of FTE Adjustments by State Agency**

| State Agencies Under Executive Control | Net Change in FTEs |
|---|---|
| Adirondack Park | (10) |
| Aging | (2) |
| Agriculture and Markets | (40) |
| Alcoholism and Substance Abuse Services | (3) |
| Authority Budget Office | (8) |
| Budget | (10) |
| Civil Service | (5) |
| Council on the Arts | (10) |
| Crime Victims Board | (87) |
| Economic Development | (178) |
| Executive Chamber | (5) |
| Housing and Community Renewal | (16) |
| Human Rights | (10) |
| Military and Naval Affairs | (97) |
| Prevention of Domestic Violence | (28) |
| Probation and Correctional Alternatives | (33) |
| Quality of Care and Advocacy for the Disabled | (2) |
| Real Property Services | (298) |
| State | (130) |
| Veterans' Affairs | (2) |
| Wireless Network | (6) |
| Children and Family Services | (79) |
| Correctional Services | (60) |
| Education | (83) |
| Environmental Conservation | (54) |
| General Services | (48) |
| Health | (12) |
| Labor | (10) |
| Mental Health | (128) |
| Motor Vehicles | (3) |
| Parks, Recreation, and Historic Preservation | (67) |
| Parole | (51) |
| State Police | (172) |
| Transportation | (91) |
| **TOTAL REDUCTIONS FOR STATE AGENCIES:** | **(1,838)** |

| State Agencies Under Executive Control | Net Change in FTEs |
|---|---|
| Alcoholic Beverage Control | 20 |
| Criminal Justice Services | 159 |
| Emergency Management and Homeland Security | 221 |
| Financial Management Systems | 70 |
| Insurance | 70 |
| Lieutenant Governor | 7 |
| Medicaid Inspector General | 69 |
| Public Service | 2 |
| Technology | 31 |
| Mental Retardation | 89 |
| Taxation and Finance | 444 |
| Temporary and Disability Assistance | 20 |
| Workers Compensation Board | 25 |
| **TOTAL ADDITIONS FOR STATE AGENCIES:** | **1,227** |

| Agencies Not Subject to Executive Control | Net Change in FTEs |
|---|---|
| Audit and Control | 0 |
| City University | 0 |
| Law | (100) |
| State University | 37 |
| State University Construction Fund | 0 |
| **SUBTOTAL:** | **(63)** |

| Agencies Not on the Budget | Net Change in FTEs |
|---|---|
| Roswell Park Cancer Institute | 0 |
| Science, Technology, and Innovation | 0 |
| State Insurance Fund | 0 |
| **SUBTOTAL FOR AGENCIES NOT ON BUDGET:** | **0** |
| **Net Workforce Change:** | **(674)** |

## AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Federal funding represents more than one third of total All Funds spending for the New York State Budget. With the passage of the American Recovery and Reinvestment Act (ARRA) in February 2009, Federal support has been especially critical in providing fiscal relief to New York State. When ARRA fiscal relief expires in late 2010, it will leave a shortfall of more than $4.4 billion, accounting for a substantial share of the State's overall out-year budget gap of $6.3 billion projected for State Fiscal Year (SFY) 2011-12.

### The American Recovery and Reinvestment Act Impact on New York

The American Recovery and Reinvestment Act will provide more than $31 billion in Federal assistance over two years to New York State. Key ARRA funding categories include:

- $7 billion for unemployment benefits, food stamp assistance and other forms of economic support for individuals and families threatened by the national recession;
- $4.5 billion for "shovel ready" infrastructure investments in transportation, clean water, drinking water and other projects, as well as support for a range of energy-related programs such as weatherization and smart grid improvements;
- $2.8 billion for education programs such as Pell Grants for college students and increases in Federal Title I and special education funding provided directly to school districts; and
- $14.1 billion for ARRA relief intended to help the State minimize cuts to essential services and reduce fiscal stress. Of this amount, more than $11 billion is realized through a temporary increase in the Federal Medical Assistance Percentage (FMAP) over a 27-month period ending December 2010. The remaining $3 billion comes from ARRA State Fiscal Stabilization Fund (SFSF) grants that are primarily intended to mitigate cuts to education funding.

When ARRA fiscal relief is fully exhausted in SFY 2011-12, New York's Financial Plan will face an annual Federal funding loss of approximately $4.4 billion in FMAP and SFSF funds. School districts will experience a nearly $1 billion annual loss of direct Title I and special education funding on top of a reduction in SFSF revenue provided through the State. Counties and New York City will lose $1 billion from their local share of FMAP funding.

**ARRA Fiscal Relief in the State Budget**
($ in millions)

| Category | SFY 2008-09 | SFY 2009-10 | SFY 2010-11 | SFY 2011-12 |
|---|---|---|---|---|
| FMAP | 1,299 | 3,702 | 3,387 | 0 |
| SFSF | 0 | 1,523 | 1,275 | 220 |
| **Total** | **1,299** | **5,225** | **4,662** | **220** |

**Job Creation and Infrastructure**

In December 2009, the House of Representatives passed the Jobs for Main Street Act. The United States Senate is expected to consider similar legislation in late January 2010. The Executive strongly urges action on a jobs bill. The Executive also calls on Congress to act in the coming year to reauthorize long term highway and transit investment legislation that will support the State's growing transportation needs. Finally, the jobs bill now under development in Congress should extend fiscal relief for states by continuing the FMAP and education funding provided under ARRA. The Executive maintains that a short-term extension of ARRA fiscal relief will help minimize immediate cuts to health care, education and other essential services, while providing the State with the additional time necessary to realign its spending with available revenues.

**Federal Health Care Reform**

Congress is considering historic health care reform legislation, which will improve our health care system and make substantial progress toward providing medical coverage for 2.5 million uninsured New Yorkers. The Executive has been urging Congressional leadership to enact a final bill that ensures equity for all states. Federal health care reform should not penalize New York for its leadership while rewarding other states that have historically provided less coverage for their uninsured populations. The Executive continues to work with the State's Congressional Delegation to secure passage of a final agreement that expands health care coverage while providing equitable Federal reimbursement for the cost of providing Medicaid services.

**New York's Balance of Payments Shortfall with the Federal Government**

New York sends substantially more revenue to the Federal government than it receives in the form of Federal spending and aid. In 2008, the State's negative balance of payments (BOP) between Federal taxes paid by its taxpayers and Federal spending in New York totaled $55.6 billion, the highest of any state in the nation. Over a ten-year period through 2008, the State's shortfall totaled more than $600 billion.

## LOCAL GOVERNMENT ASSISTANCE

**All Funds Summary of Spending**

| Category | 2009-10 (in millions) | 2010-11 (in millions) | Change (in millions) | Change Percent |
|---|---|---|---|---|
| AIM – New York City | $301.7 | $0.0 | ($301.7) | (100.0) |
| AIM – Other Municipalities | $750.3 | $734.8 | ($15.5) | (2.0) |
| **Total AIM** | **$1,051.3** | **$734.8** | **($317.2)** | **(30.1)** |
| VLT Impact Aid | $26.4 | $23.8 | ($2.6) | (10.0) |
| Other Local Aid Programs | $28.3 | $32.2 | $3.9 | 13.8 |

- The Executive recommends a total All Funds appropriation of $735 million for the Aid and Incentives for Municipalities (AIM) program. This represents a reduction of $317 million, or 30 percent, from the SFY 2009-10 Adjusted Budget.

- The Executive recommends eliminating Aid and Incentives for Municipalities (AIM) funding for New York City totaling $301.7 million.

- The Executive recommends eliminating AIM payments totaling $668,332 to Erie County, which has similarly low reliance on AIM as New York City. Erie County is the only county that currently receives funding under the AIM program.

- For municipalities besides New York City and Erie County, AIM funding is reduced by either 2 percent or 5 percent from SFY 2009-10 Enacted Budget levels This reduction is dependent on whether AIM accounts for more or less than 10 percent of the municipality's total revenues. The Executive recommends total AIM funding outside of New York City for SFY 2010-11 of $734.6 million, a reduction of $15 million from SFY 2009-10.

- The Executive preserves funding for all previously awarded grants under the Local Government Efficiency Grants (LGEG) program, but lowers the total amount available for new grants in SFY 2009-10 and SFY 2010-11 to $10 million each.

- The Executive would honor in full all grant awards made prior to December 1, 2009 for the Efficiency Incentive Grants (EIG) program for the City of Buffalo and Erie County, but reduce remaining available funds by 50 percent. This reduction would leave $12 million for new grants in addition to the $25 million previously awarded under this program.

- Although the amount available for new grant awards is reduced, total spending for both the LGEG and EIG programs is expected to increase in 2010-11 due to the payout of grants awarded in prior years. *(2010-11 Savings: $5 million; 2011-12 Savings: $9 million)*

- The Executive recommends reducing payments to each municipality that hosts a Video Lottery Terminal (VLT) facility by 10 percent, achieving a total savings of $2.65 million. The City of Yonkers and 15 upstate municipalities would receive a total of $23.8 million for SFY 2010-11 as a State reimbursement for public safety and other local costs resulting from VLT facilities.

**Gap Closing Actions**
**($ in millions)**

| Proposal | SFY 2010-11 | SFY 2011-12 |
|---|---|---|
| Eliminate AIM for New York City & Erie County | 302 | 302 |
| Reduce AIM for Other Municipalities | 15 | 15 |
| Scale Back Incentive Grant Programs | 5 | 9 |
| Reduce VLT Impact Aid | 3 | 3 |
| **Total** | **325** | **329** |

**Other Actions**

- **Enable Additional Local Justice Court Consolidation.** The Executive recommends that local governments be allowed to share court facilities through intermunicipal agreements and proposes some technical changes that would better allow town courts to take advantage of the existing consolidation process.

- **Increase Special District Accountability.** The Executive recommends a number of proposals to promote greater fiscal accountability and efficiency improvements in commissioner-run special districts including:

  - treating town improvement district commissioners the same as school board members and fire district commissioners by eliminating compensation and perquisites;
  - providing for improved management of all sanitary districts by transferring day-to-day management of commissioner-run sanitary districts to town boards; and
  - allowing citizens to petition to eliminate the offices of improvement district commissioners.

- **Promote Local Government Efficiency.** The Executive recommends empowering local governments to achieve efficiencies and share services by:

  - allowing counties to share directors of weights and measures;
  - giving additional residency requirement flexibility to fire districts; and

- allowing counties to enter into intermunicipal agreements with other local governments to collect property taxes.

- **Provide Revenue and Financing Flexibility for New York City.** The Executive recommends authorizing New York City to apply the Mortgage Recording Tax to cooperative apartments. Current apartments and homes are subject to the mortgage recording tax. The Executive also provides the City with greater financing flexibility in issuing Qualified School Construction Bonds authorized under the American Recovery and Reinvestment Act of 2009.

- **Provide Revenue and Investment Flexibility for Other Local Governments**. The Executive recommends providing municipalities with the following revenue options to help minimize the property tax burden:

  - authorization for cities and villages to increase the local gross receipts tax rate on utilities from 1% to a maximum of 3%;
  - charges for accident reports at levels authorized for the State Police;
  - fees for ambulance and emergency medical services provided by fire departments similar to a local government's ability to charge for freestanding ambulance agencies;
  - charges for additional police at paid-admission events; and
  - flexibility to deposit municipal funds in credit unions and savings banks.

## 2010-11 Executive Budget AIM Proposal

*Cities, Sorted by County*

| County | Municipality | 2009-10 AIM Funding | AIM Reliance Percentage[1] | 2010-11 Proposed AIM Funding | YTY Dollar Change | YTY Percent Change |
|---|---|---|---|---|---|---|
| Albany | ALBANY | $13,692,858 | 8.0% | $13,008,215 | ($684,643) | -5.0% |
| Albany | COHOES | $2,887,748 | 13.7% | $2,829,993 | ($57,755) | -2.0% |
| Albany | WATERVLIET | $1,314,343 | 9.7% | $1,248,626 | ($65,717) | -5.0% |
| Broome | BINGHAMTON | $9,737,955 | 13.0% | $9,543,196 | ($194,759) | -2.0% |
| Cattaraugus | OLEAN | $2,334,539 | 10.1% | $2,310,958 | ($23,581) | -1.0% |
| Cattaraugus | SALAMANCA | $987,846 | 6.1% | $957,606 | ($30,240) | -3.1% |
| Cayuga | AUBURN | $5,175,523 | 10.2% | $5,123,245 | ($52,278) | -1.0% |
| Chautauqua | DUNKIRK | $1,711,118 | 8.4% | $1,625,562 | ($85,556) | -5.0% |
| Chautauqua | JAMESTOWN | $4,965,773 | 5.9% | $4,717,484 | ($248,289) | -5.0% |
| Chemung | ELMIRA | $4,820,625 | 11.4% | $4,724,212 | ($96,413) | -2.0% |
| Chenango | NORWICH | $1,146,807 | 11.7% | $1,123,871 | ($22,936) | -2.0% |
| Clinton | PLATTSBURGH | $2,876,844 | 5.7% | $2,733,002 | ($143,842) | -5.0% |
| Columbia | HUDSON | $1,533,940 | 13.5% | $1,503,261 | ($30,679) | -2.0% |
| Cortland | CORTLAND | $2,192,027 | 9.6% | $2,082,426 | ($109,601) | -5.0% |
| Dutchess | BEACON | $1,669,794 | 7.4% | $1,586,304 | ($83,490) | -5.0% |
| Dutchess | POUGHKEEPSIE | $4,613,607 | 7.6% | $4,382,927 | ($230,680) | -5.0% |
| Erie | BUFFALO | $167,337,178 | 34.8% | $165,646,904 | ($1,690,274) | -1.0% |
| Erie | LACKAWANNA | $6,546,879 | 20.8% | $6,480,749 | ($66,130) | -1.0% |
| Erie | TONAWANDA | $2,739,531 | 13.7% | $2,684,740 | ($54,791) | -2.0% |
| Fulton | GLOVERSVILLE | $2,424,201 | 10.7% | $2,375,717 | ($48,484) | -2.0% |
| Fulton | JOHNSTOWN | $1,462,264 | 11.1% | $1,433,019 | ($29,245) | -2.0% |
| Genesee | BATAVIA | $1,863,631 | 7.6% | $1,806,581 | ($57,050) | -3.1% |

| County | Municipality | 2009-10 AIM Funding | AIM Reliance Percentage[1] | 2010-11 Proposed AIM Funding | YTY Dollar Change | YTY Percent Change |
|---|---|---|---|---|---|---|
| Herkimer | LITTLE FALLS | $911,772 | 10.8% | $893,537 | ($18,235) | -2.0% |
| Jefferson | WATERTOWN | $4,988,372 | 9.2% | $4,835,667 | ($152,705) | -3.1% |
| Madison | ONEIDA | $1,790,707 | 11.8% | $1,754,893 | ($35,814) | -2.0% |
| Monroe | ROCHESTER | $91,293,532 | 19.9% | $90,371,375 | ($922,157) | -1.0% |
| Montgomery | AMSTERDAM | $2,980,036 | 12.2% | $2,949,934 | ($30,102) | -1.0% |
| Nassau | GLEN COVE | $3,081,878 | 6.6% | $2,927,784 | ($154,094) | -5.0% |
| Nassau | LONG BEACH | $3,302,020 | 4.8% | $3,233,937 | ($68,083) | -2.1% |
| Niagara | LOCKPORT | $2,878,631 | 7.7% | $2,734,699 | ($143,932) | -5.0% |
| Niagara | NIAGARA FALLS | $18,734,214 | 18.3% | $18,359,530 | ($374,684) | -2.0% |
| Niagara | NORTH TONAWANDA | $4,564,065 | 10.4% | $4,472,784 | ($91,281) | -2.0% |
| Oneida | ROME | $9,563,065 | 17.6% | $9,371,804 | ($191,261) | -2.0% |
| Oneida | SHERRILL | $404,763 | 6.5% | $384,525 | ($20,238) | -5.0% |
| Oneida | UTICA | $16,791,715 | 23.6% | $16,622,101 | ($169,614) | -1.0% |
| Onondaga | SYRACUSE | $74,333,228 | 25.4% | $73,582,388 | ($750,840) | -1.0% |
| Ontario | CANANDAIGUA | $1,215,633 | 7.0% | $1,154,851 | ($60,782) | -5.0% |
| Ontario | GENEVA | $2,109,796 | 8.0% | $2,004,306 | ($105,490) | -5.0% |
| Orange | MIDDLETOWN | $2,938,692 | 7.7% | $2,791,757 | ($146,935) | -5.0% |
| Orange | NEWBURGH | $4,848,886 | 9.3% | $4,606,442 | ($242,444) | -5.0% |
| Orange | PORT JERVIS | $1,480,533 | 10.2% | $1,450,922 | ($29,611) | -2.0% |
| Oswego | FULTON | $1,766,826 | 7.1% | $1,678,485 | ($88,341) | -5.0% |
| Oswego | OSWEGO | $2,662,694 | 7.0% | $2,529,559 | ($133,135) | -5.0% |
| Otsego | ONEONTA | $2,349,730 | 11.4% | $2,302,735 | ($46,995) | -2.0% |
| Rensselaer | RENSSELAER | $1,202,530 | 8.0% | $1,165,717 | ($36,813) | -3.1% |
| Rensselaer | TROY | $12,927,988 | 15.5% | $12,669,428 | ($258,560) | -2.0% |
| Saratoga | MECHANICVILLE | $697,374 | 10.9% | $683,427 | ($13,947) | -2.0% |

| County | Municipality | 2009-10 AIM Funding | AIM Reliance Percentage[1] | 2010-11 Proposed AIM Funding | YTY Dollar Change | YTY Percent Change |
|---|---|---|---|---|---|---|
| Schenectady | SCHENECTADY | $11,797,825 | 12.2% | $11,561,868 | ($235,957) | -2.0% |
| St. Lawrence | OGDENSBURG | $1,855,708 | 9.8% | $1,762,923 | ($92,785) | -5.0% |
| Steuben | CORNING | $1,589,854 | 9.6% | $1,541,185 | ($48,669) | -3.1% |
| Steuben | HORNELL | $1,561,123 | 10.7% | $1,545,354 | ($15,769) | -1.0% |
| Tompkins | ITHACA | $2,835,051 | 4.6% | $2,693,298 | ($141,753) | -5.0% |
| Ulster | KINGSTON | $3,333,284 | 7.6% | $3,166,620 | ($166,664) | -5.0% |
| Warren | GLENS FALLS | $1,745,310 | 6.1% | $1,658,044 | ($87,266) | -5.0% |
| Westchester | MOUNT VERNON | $7,771,514 | 8.0% | $7,382,938 | ($388,576) | -5.0% |
| Westchester | NEW ROCHELLE | $6,693,312 | 5.2% | $6,358,646 | ($334,666) | -5.0% |
| Westchester | PEEKSKILL | $2,410,385 | 5.5% | $2,289,866 | ($120,519) | -5.0% |
| Westchester | RYE | $1,311,987 | 3.1% | $1,246,388 | ($65,599) | -5.0% |
| Westchester | WHITE PLAINS | $5,719,243 | 3.6% | $5,601,321 | ($117,922) | -2.1% |
| Westchester | YONKERS | $111,943,812 | 29.4% | $110,813,067 | ($1,130,745) | -1.0% |
| | **Cities Total [2]** | **$676,213,795** | | **$664,784,795** | **($11,429,000)** | **-1.7%** |

**Notes:**

(1) - AIM Reliance Percentage is SFY 2008-09 AIM funding as a percentage of 2008 total revenues.

(2) - Total excludes AIM funding for the City of New York.

**Distribution of VLT Aid to Municipalities**
**2010-11 Executive Budget**

| VLT Facility | Municipality | 2009-10 VLT Aid Payment | 10 Percent Reduction | 2010-11 Proposed Funding |
|---|---|---|---|---|
| **Yonkers** | **City of Yonkers** | **$19,600,000** | **($1,960,000)** | **$17,640,000** |
| **<u>All Other:</u>** | | | | |
| Batavia Downs | City of Batavia | $314,849 | ($31,485) | $283,364 |
| | Town of Batavia | $114,563 | ($11,456) | $103,107 |
| | Genesee County | $143,137 | ($14,314) | $128,823 |
| Fairgrounds (Buffalo) | Town of Hamburg | $1,236,683 | ($123,668) | $1,113,015 |
| | Erie County | $412,228 | ($41,223) | $371,005 |
| Finger Lakes | Town of Farmington | $1,269,695 | ($126,970) | $1,142,725 |
| | Ontario County | $422,267 | ($42,227) | $380,040 |
| Monticello | Village of Monticello | $416,006 | ($41,601) | $374,405 |
| | Town of Thompson | $906,436 | ($90,644) | $815,792 |
| | Sullivan County | $440,814 | ($44,081) | $396,733 |
| Vernon Downs | Village of Vernon | $195,861 | ($19,586) | $176,275 |
| | Town of Vernon | $331,125 | ($33,113) | $298,012 |
| | Oneida County | $366,851 | ($36,685) | $330,166 |
| Tioga Downs | Town of Nichols | $114,890 | ($11,489) | $103,401 |
| | Tioga County | $203,577 | ($20,358) | $183,219 |
| **Total Outside Yonkers** | | **$6,888,982** | **($688,898)** | **$6,200,084** |
| **Grand Total** | | **$26,488,982** | **($2,648,898)** | **$23,840,084** |

## Efficiency Incentive Grant Program Savings Proposal (in dollars)

| | | Program Experience As of 12/1/2009 | | 2010-11 Executive Budget | |
|---|---|---|---|---|---|
| **Fiscal Year of Appropriation** | **Appropriation Amount** | **Grants Awarded** | **Available for New Awards** | **50% Reduction** | **Available for New Awards** |
| **BFSA:** | | | | | |
| 2006-07 | 10,000,000 | 10,000,000 | - | - | - |
| 2007-08 | 11,760,000 | 5,500,000 | 6,260,000 | (3,130,000) | 3,130,000 |
| 2008-09 | 2,940,000 | - | 2,940,000 | (1,470,000) | 1,470,000 |
| | 24,700,000 | 15,500,000 | 9,200,000 | (4,600,000) | 4,600,000 |
| **ECFSA:** | | | | | |
| 2006-07 | 17,640,000 | 9,673,492 | 7,966,508 | (3,983,254) | 3,983,254 |
| 2008-09 | 6,860,000 | - | 6,860,000 | (3,430,000) | 3,430,000 |
| | 24,500,000 | 9,673,492 | 14,826,508 | (7,413,254) | 7,413,254 |
| **Grand Total** | **$49,200,000** | **$25,173,492** | **$24,026,508** | **($12,013,254)** | **$12,013,254** |

**Impact of 2010-11 Executive Budget Recommendations on Local Governments**
**Local Fiscal Years Ending in 2011**
($ in Millions)

| | Total | NYC | School Districts | Counties | Other Cities | Towns & Villages |
|---|---|---|---|---|---|---|
| **School Aid/Education** | **(1,166.2)** | **(469.0)** | **(703.0)** | **5.8** | **0.0** | **0.0** |
| - Reduce School Aid with a Gap Elimination Adjustment Offset with ARRA Funds | (1,086.0) | (418.0) | (668.0) | 0.0 | 0.0 | 0.0 |
| - Realign Reimbursement for Summer School Special Education | (86.0) | (51.0) | (35.0) | 0.0 | 0.0 | 0.0 |
| - Limit Preschool Special Education Costs for Counties / Other Reforms | 5.8 | 0.0 | 0.0 | 5.8 | 0.0 | 0.0 |
| **Revenue Actions** | **175.4** | **59.5** | **0.0** | **1.2** | **53.7** | **61.0** |
| - Increase Gross Receipts Tax Rate at Local Option | 110.2 | 0.0 | 0.0 | 0.0 | 53.3 | 56.9 |
| - Apply the Mortgage Recording Tax to Cooperatives | 76.0 | 71.0 | 0.0 | 0.7 | 0.3 | 4.0 |
| - Permit Wine Sales in Grocery Stores | 1.2 | 0.5 | 0.0 | 0.5 | 0.1 | 0.1 |
| - Increase State Cigarette Tax Rate | (12.0) | (12.0) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Human Services** | **(85.6)** | **(53.3)** | **0.0** | **(32.3)** | **0.0** | **0.0** |
| - Eliminate Funding for Summer Youth Employment Program | (35.0) | (19.5) | 0.0 | (15.5) | 0.0 | 0.0 |
| - Intercept Payments to Local Districts Deficient in Paying Youth Facility Costs | (20.4) | (17.4) | 0.0 | (3.0) | 0.0 | 0.0 |
| - Shift Title XX Funds to Support Adult Protective/Domestic Violence Programs | (17.9) | (13.3) | 0.0 | (4.6) | 0.0 | 0.0 |
| - Eliminate Funding for Comm. Solutions to Transp. & Non-Res. Dom. Violence Programs | (6.0) | (1.6) | 0.0 | (4.4) | 0.0 | 0.0 |
| - Reduce Funding for Community Optional Preventive Services | (2.9) | (0.5) | 0.0 | (2.4) | 0.0 | 0.0 |
| - Increase in Local Costs Associated with Staffing Ratios at Youth Facilities | (2.0) | (0.6) | 0.0 | (1.4) | 0.0 | 0.0 |
| - Reduce Funding for Youth Services Programs | (1.4) | (0.4) | 0.0 | (1.0) | 0.0 | 0.0 |
| **Health** | **27.2** | **10.5** | **0.0** | **16.7** | **0.0** | **0.0** |
| - Reform Early Intervention to Require 3rd Party Insurance / Parental Fees / Other | 38.3 | 16.4 | 0.0 | 21.9 | 0.0 | 0.0 |
| - Eliminate Reimbursement for Certain Optional General Public Health Works Services | (11.1) | (5.9) | 0.0 | (5.2) | 0.0 | 0.0 |
| **Mental Hygiene** | **(1.6)** | **(0.5)** | **0.0** | **(1.1)** | **0.0** | **0.0** |
| - Recoup Outstanding State Aid Payments | (1.6) | (0.5) | 0.0 | (1.1) | 0.0 | 0.0 |
| **Transportation** | **(8.9)** | **(3.9)** | **0.0** | **(5.0)** | **0.0** | **0.0** |
| - Reduce Transit Assistance (NYC, Suffolk, Rockland, Nassau, Westchester) | (8.9) | (3.9) | 0.0 | (5.0) | 0.0 | 0.0 |
| **Municipal Aid** | **(320.2)** | **(301.7)** | **0.0** | **(0.9)** | **(13.4)** | **(4.2)** |
| - Eliminate AIM for NYC & Erie Co. / Reduce AIM For Other Municipalities | (317.5) | (301.7) | 0.0 | (0.7) | (11.4) | (3.7) |
| - Reduce Aid to VLT Host Municipalities | (2.7) | 0.0 | 0.0 | (0.2) | (2.0) | (0.5) |
| **Public Protection** | **71.8** | **8.8** | **0.0** | **63.0** | **0.0** | **0.0** |
| - Increase Aid for Public Safety Communications Systems | 66.8 | 8.4 | 0.0 | 58.4 | 0.0 | 0.0 |
| - Expand Crimes Against Revenue Program to Increase Funding to DA's Offices | 10.0 | 6.5 | 0.0 | 3.5 | 0.0 | 0.0 |
| - Increase Indigent Defense Services Grants to Localities | 7.0 | 0.0 | 0.0 | 7.0 | 0.0 | 0.0 |
| - Reduce DCJS Local Aid Programs | (5.1) | (1.3) | 0.0 | (3.8) | 0.0 | 0.0 |
| - Create a Local Probation Aid Block Grant with Reduced Funding | (6.9) | (4.8) | 0.0 | (2.1) | 0.0 | 0.0 |
| **All Other Mandate Reforms / Local Impacts** | **31.7** | **1.0** | **7.8** | **9.4** | **8.6** | **4.9** |
| - Reform Wicks Law[1] | - | - | - | - | - | - |
| - Allow Local Governments to Amortize a Portion of Pension Rate Increases | 29.4 | 0.0 | 6.7 | 9.8 | 8.4 | 4.5 |
| - Repeal OGS Procurement Contract Fee | 2.4 | 0.0 | 1.1 | 0.8 | 0.2 | 0.3 |
| - Reduce Interest Rate on Judgments | 1.5 | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| - All Other Impacts | (1.6) | (0.5) | 0.0 | (1.2) | 0.0 | 0.1 |
| **Total 2010-11 Exec. Budget Actions** | **(1,276.4)** | **(748.6)** | **(695.2)** | **56.8** | **48.9** | **61.7** |
| Continuing Medicaid Cap & FHP Takeover Savings[2] | 1,325.4 | 862.7 | 0.0 | 462.7 | 0.0 | 0.0 |
| **Grand Total** | **49.0** | **114.1** | **(695.2)** | **519.5** | **48.9** | **61.7** |

(1) Reduces school district capital spending by over $200 million annually.

(2) Medicaid Cap Savings exclude proposed 2010-11 cost containment initiatives which – if enacted – will lower the State's cost for the cap

## MANDATE REFORM

- The Executive recommends eliminating or modifying more than 100 existing mandates across a broad range of State programs, producing an estimated local fiscal benefit of nearly $1 billion over the next three years.

- The Executive recommends strict protections to prevent the imposition of new unfunded mandates that drive up property taxes. More than half of these mandate reform initiatives are advanced with the SFY 2010-11 Executive Budget and require legislative action.

**The Major Statutory Reforms are**:

**Four-Year Moratorium on Unfunded Mandates:** Legislation advanced with the Executive Budget would protect local property taxpayers by imposing a four year moratorium on all significant unfunded statutory mandates affecting local governments. During this four-year period, this would include the approval of a constitutional amendment to protect localities from unfunded mandates. To ensure successful implementation of the proposed ban on unfunded mandates, the Executive proposes statutory changes to improve the existing legislative fiscal note requirement used to identify the estimated costs of any mandate.

**Wicks Law Reform:** Under current law, New York City, Buffalo and several other school districts have a full exemption from all Wicks law requirements. Remaining school districts are subject to Wicks-related cost increases for any project above $500,000 and $1.5 million for Upstate and Downstate, respectively. The Executive recommends ending this disparate treatment by advancing a permanent repeal of the Wicks Law for all school districts, saving $200 million annually in capital costs.

**County Mandated Services Reform:** Counties and New York City are required by the State to pay a share of the cost for a range of mandated services such as welfare, Medicaid and early childhood services. The SFY 2010-11 Executive Budget would provide substantial relief for counties across nearly the full range of mandated services with major initiatives that include:

- Preschool Special Education: Counties are required to share in the cost of a rapidly growing preschool special education program, even though county officials have little authority to determine how these services are provided. To provide relief from growing preschool special education costs, county financial exposure would be capped at a 2 percent annual growth rate with school districts assuming responsibility for any spending over this level. Currently, school districts have no cost share in this program. Program costs would be better managed through statutory changes to encourage the placement of children with nearby providers and by requiring the State Education Department to respond to county audits of preschool special education providers in a timely manner.

- Early Intervention: The Executive recommends requiring insurance companies to pay for services covered under the terms of their policy, instituting a parental fee on services that would vary based on income, and revising rates for home- and facility based care to encourage the use of less costly facility-based care.

- Medicaid: In addition to continuing the State's cap on the local Medicaid share and Family Health local share pick-up at a cost of $1.3 billion, the SFY 2010-11 Executive Budget would authorize a new demonstration program that gives counties that are closing or downsizing nursing homes the option to redirect these savings to enhance community-based long term care services and enable the placement of “hard to place” individuals in private nursing homes.

- Local Jails/Probation: In addition to regulatory changes advanced by the State Commission of Corrections, the Executive recommends several statutory changes to reduce the mandated cost-burden on county jails. These changes would include expanding the use of videoconferencing for certain court appearances and services to inmates and providing additional flexibility in housing inmates. County probation offices would also benefit from initiatives that streamline the presentencing investigation processes, eliminate funding-specific mandates for aid, and provide additional flexibility in the day-to-day operations of probation departments.

**Requiring the State Education Department and Office of Court Administration to Implement an Executive Order 17 Process:** The Executive recommends statutory changes that would require both the State Education Department and the Office of Court Administration to implement a mandate review process similar to Executive Order 17. The Executive Order is intended to discourage the promulgation of unfunded regulatory mandates by these non-Executive agencies, while providing relief from existing regulations. Since the Executive Order was issued in April 2009, the Governor’s mandate review process has increased state agency interaction with local governments in relation to the impact of proposed regulations on the affected municipalities. This had led to the modification of numerous regulations to ease the burden on local governments.

**Other School District Mandate Reforms:** The Executive recommends other reforms including lessening the administrative paperwork burden by streamlining and eliminating unnecessary reporting and planning requirements and by allowing school districts to file reports with the State Education Department electronically. School districts will also be given additional fiscal flexibility with additional transportation savings options and through the use of reserve funds.

**Procurement Flexibility:** The Executive would give school districts and other local governments significant additional procurement flexibility by: increasing bidding thresholds; allowing local governments to piggyback on other states’ and local governments’ contracts, as well as certain federal contracts; authorizing electronic bidding and reverse auctions; giving local governments the ability to award contracts based on best value; and providing local governments with the option of publishing bid notifications in the statewide procurement opportunities newsletter. The Executive would eliminate the fee imposed by the Office of General Services for use of State contracts.

## Other Mandate Reform Initiatives

**Local Fiscal Notes on Legislation** would be required a fiscal note on every bill that clearly estimates the budgetary impact on any legislation affecting local governments.

**Procurement Fee** would be repealed to local governments for their use of Office of General Services (OGS) centralized contracts.

**Competitive Bidding Thresholds** would be increased for local governments with more contracting flexibility by increasing local competitive bidding threshold. The competitive bidding contracts for public works contracts would increase from $35,000 to $50,000 and for purchase contracts the threshold would increase from $10,000 to $20,000.

**Electronic Bidding** requirement would be provided to local governments with the option of requiring that vendors submit bids electronically

**Reverse Auctions** would be allowed to enable local government to hold reverse auctions, in which vendors bid against one another for lower prices.

**Award on Best Value** would allow for service and technology contracts to be awarded by "best value." The State currently has this ability.

**Alternative Publication Options** would be provided to local governments with the option of publishing procurement notices in the Contract Reporter instead of publishing in newspapers.

**School District Planning and Reporting Streamlining** would eliminate duplicative or unnecessary planning and reporting requirements.

**Electronic Filing of Reports Authorization** would allow school districts to file reports with SED electronically.

**In Certain Transportation Contracts Piggybacking** would be allowed for school districts in an existing private transportation contract of another school district to provide student transportation outside of a pupil's home district.

**Regional Transportation Strategies and Bus Maintenance** would be promoted by **e**nabling school districts to reduce expenses by contracting with other entities, including other school districts, counties and municipalities to provide more efficient student transportation. School districts would also be authorized to partner on school bus maintenance.

**Eliminate State-Mandated Aging Out Notifications** Duplicative notices to parents of students that are aging-out of special education services would be eliminated.

**Reform Special Education Space Planning Requirements** The current five-year plan would be replaced with a general provision placing responsibility for determining the adequacy and appropriateness of facilities.

**Allow Withdrawal from Employee Benefit Accrued Liability Reserve Funds** School districts would be authorized to withdraw excess employee benefits reserves during the 2010-11 school year.

**Allow Pension Amortization/ Reform Pension Benefits** To address the substantial pension contribution increases that local governments and the State will face over the next five years due to investment losses experienced by the Common Retirement Fund, this proposal would give local governments and the State the option to amortize a portion of their pension costs from SFY 2010-11 through SFY 2015-16. Local governments and the State, if they choose to participate, would be permitted to amortize the portion of their respective pension costs exceeding a contribution rate of 9.5 percent for the New York State and Local Employees' Retirement System and 17.5 percent for the New York State and Local Police and Fire Retirement System in SFY 2010-11. The contribution rate above which future amortizations are allowed would be increased by one percentage point each year through SFY 2015-16. Repayment of the amortized amounts would be made over a ten-year period at an interest rate to be determined by the State Comptroller.

**Provide New York State Health Insurance Program (NYSHIP) Rate Relief** 2010 NYSHIP premiums, paid by local governments for employee health insurance, would be limited to a 3.3 percent rate increase. This administrative action taken in Fall 2009 is consistent with the Governor’s pledge that 2010 Empire Plan premiums charged to local participants would not increase by more than 3.5 percent.

**Limit Travel Requirements** Municipal staff participation in Individualized Family Service Plan meetings via phone or other means would be allowed, saving localities travel costs.

**Authorize a Long-Term Care Demonstration Program** Statute and regulations would be revised to facilitate county closure or downsizing of public nursing homes by allowing savings to be redirected to enhance community-based long-term care services and enable placement of "hard to place" individuals in private nursing homes.

**Streamline Review of Certificate of Need (CON) Construction Applications** The project cost thresholds that establish the level of review for CON construction applications submitted by Article 28 facilities (whether public, proprietary or voluntary) would be raised. Given that fees for these applications vary by level of review, the shift from more intensive levels of review to less intensive ones will result in cost reductions.

**Reduce Uniform Financial Reporting System Requirements** Local reporting requirements would be eased under Article 6 public health programs.

**Eliminate Unnecessary Consent for Medical Education** County medical examiners would be relieved from a regulatory provision that could have required these officials to obtain consent for HIV testing of cadavers donated for medical education.

**Modify Third Party Health Insurance Determination and Recovery Process** The determination of cost-effective Third Party Health Insurance and the pursuit of primary payment for medical costs, which currently lies with a county department of social services would be transferred to the Office of the Medicaid Inspector General (OMIG), relieving counties of the burden of performing it.

**Remove Unnecessary Inmate Classifications** The requirement that jails separately house inmates ages 19-21 would be eliminated, thereby providing jail administrators with additional flexibility in allocating space.

**Consolidate Probation Aid** All direct sources of funding provided to counties for a variety of probation functions would be consolidated into one grant which will provide counties with flexibility in applying for and reporting on the execution of their grant awards. A review will be undertaken of existing mandates associated with receipt of these funds and new regulations will issued.

**Increase Local Probation Staffing Flexibility** Local probation management would be provided additional flexibility regarding the recruitment, selection, and promotion of probation professional personnel.

**Permit Multi-year Contracts** Regulations would be amended to allow local social services districts to enter into multi-year contracts for the purchase of services, which they are currently prohibited from doing for longer than 12 months.

**Increase Flexibility in Local Consolidated Service Plans** The cycle would be extended from three to five years, the requirement would be eliminated for annual implementation reports, more flexibility would be provided for public participation in the planning process, unnecessary information would be eliminated from plans and districts would be allowed to report on updates to their plans as necessary.

**Eliminate Freshwater Wetland Maps Filing** The requirement that county clerks file freshwater wetlands maps that are now available on DEC's website would be eliminated, making it no longer essential that county clerks perform this service and incur modest fiscal impacts by it.

**Share Business Filings Electronically** An electronic process for the required sharing of business filings with county clerks would be created.

**Allow Shared Justice Court Facilities** Adjacent municipalities would be allowed to share court facilities as part of an intermunicipal agreement.

**Allow Shared Directors of Weights and Measures** Multiple counties would be allowed to share one Director of Weights and Measures pursuant to an intermunicipal agreement. The Agriculture and Markets Law currently requires each county to have its own Director of Weights and Measures, who must reside in the county.

**Allow Fire Districts/Companies to Have Additional Members from Outside of the Districts** Volunteer fire companies would be allowed to have additional members that do not reside in the fire district in which they serve upon approval by the Office of Fire Prevention and Control (there is currently a prohibition on allowing more than 45 percent of members to be from outside the district).

**Establish a Default Mutual Aid Agreement Across the State** A default intrastate emergency services mutual aid compact, which municipalities can opt-out of, would be created.

**Eliminate Special District Commissioner Compensation** Special district commissioners would be prohibited from receiving compensation for their services. However, such commissioners may still receive reimbursement for any actual and necessary expenses they incur in the performance of their official duties. This change brings special district commissioners into conformity with school board members and fire district commissioners, who are also barred from receiving compensation.

**Transfer Management of Sanitary Districts** Most of management responsibilities for commissioner-run town special districts providing sanitary, refuse, or garbage services would be transferred to town boards. Elected special district commissioners would be allowed to continue to hold referenda on whether the level of services provided to district residents should be changed. Towns already manage nearly all of these districts statewide. These amendments have the potential to improve management and reduce the costs of these special districts.

**Restore Process to Eliminate Town Improvement District Commissioners** The process by which town boards and citizens can remove the independently elected board of town improvement district commissioners would be restored and improved.

**Expand Tax Collection Options** Local governments would be provided with the option of entering into an agreement with the county for tax collection.

**Improve Assessment Disclosure Notices** More meaningful, well-timed assessment notices with electronic distribution would be authorized to achieve cost savings for local governments.

**Provide Deposit Flexibility** Local governments would be provided with more options to achieve interest revenue by allowing the deposits of municipal funds in local savings banks and credit unions. Current law limits municipal deposits to commercial banks and trust companies.

**Increase New York City Financing Flexibility** New York City would be provided with the option of using a sinking fund to take full advantage of qualified school construction bonding authorized under ARRA.

**Allow Electronic Delivery of Local Laws** Local governments would be allowed to submit all passed local laws to the Department of State electronically for filing. Currently, local governments are required to submit laws by mail or delivery to the Department of State.

**Allow Shared Business Analyses/Risk Assessments** Local governments would be allowed to adopt existing business analyses/risk assessments when the application they wish to use is the same as an existing application in another locality or to share resources in a collaborative effort to develop an online application. This regulatory change reduces a barrier to entry for local governments desiring to deliver more information and provide services online.

# PROPERTY TAX RELIEF

## BACKGROUND

The amount of property taxes paid by the State's homeowners has been a major issue for many years. Property taxes are a significant contributor to the overall tax burden on the State's taxpayers. Over the course of time, there have been attempts to mitigate the property tax burden on State homeowners.

In 1978, the Real Property Tax Circuit Breaker Credit was enacted. Specified New York taxpayers are allowed a refundable credit against their personal income tax liability for the amount of real property taxes that they pay. The credit is available to both homeowners and renters, but is extremely limited. In order to qualify for the credit, the taxpayer must have a total household income (the income of everyone living in the household, not just the taxpayer) of less than $18,000. In addition, the total value of the property must be less than $85,000 or, in the case of renters, the average monthly rent must be less than $450. This credit has not been amended since enactment. As a result, only 290,000 taxpayers currently qualify for the credit; with an average credit of $106.

In SFY 1997-98, the NYS STAR program was enacted, which provided a partial property tax exemption for the State's homeowners. The exemption was available to all homeowners, but the amount depended upon the age and income of the homeowner. Specifically, all homeowners are eligible for an exemption up to $30,000 of their home's assessed value with homeowners over the age of 65 receiving an exemption of up to $60,100. Seniors would also have to an income of less than $74,400 to receive the enhanced exemption. The taxpayer realizes their savings directly through an offset against their school property tax bills.

In SFY 2006-07, the STAR program was enhanced to provide the State's homeowners with rebate checks for their school property taxes paid. These checks were based upon the homeowner's STAR exemption amount and were sent by the Department of Taxation and Finance. In SFY 2007-08, the rebate check program was amended to apply income limits to those taxpayers receiving the checks; only homeowners with incomes less than $250,000 would receive rebate checks.

Due to State fiscal restraints, the scheduled increase in the rebate check program was postponed in SFY 2008-09 with the program being eliminated in SFY 2009-10. However, the original STAR program was left intact.

Although the current STAR program provides some property tax relief to the State's homeowners, the amount of the relief as well as the "pool" of recipients for this relief has long been criticized. Most critics state that the amount of the relief is too small and provides no benefit to those most overburdened with property taxes. In addition, as property values increase, the amount of the STAR exemption declines; thus, reducing the amount of the benefit.

Many feel that a new circuit breaker tax credit – a personal income tax credit based upon a taxpayer's income and property tax burden – is a more equitable means by which to provide property tax relief. There have been numerous bills introduced in the Senate to either amend the current circuit breaker credit or create a new real property tax circuit breaker credit.

**EXECUTIVE CIRCUIT BREAKER PROPOSAL**

The Executive proposes an amendment to the Tax Law which would allow taxpayers a credit against their personal income tax of the school property taxes they pay. The credit would be structured similar to the current real property circuit breaker credit and would be capped at $3,000. eligibility is dependent upon the total household income of the taxpayers. Taxpayers would have to be within statutory income thresholds to qualify for the credit but, there is no limit on the value of the house. The income threshold is dependent upon the region of the State in which the taxpayer lives. For the downstate region, which includes New York City and the counties of Nassau, Suffolk, Westchester, Putnam, Rockland, Orange, and Dutchess, households with incomes less than $300,000 would qualify for the credit. In the upstate region, the remaining counties within the State, households with incomes less than $200,000 would qualify for the credit.

The credit would be based upon the amount of school property taxes paid in excess of a statutory property tax burden; in other words, school taxes paid as a percentage of the taxpayer's household income. The amount of the tax burden to which the credit applies increases as total household income increases. The tax burden would also vary depending on the balance in the property tax circuit breaker reserve fund that would be established under this legislation. The following tables show the amount of the property tax burden to qualify for the credit at the various income levels and balance of the reserve fund.

| DOWNSTATE PROPERTY TAX BURDEN | | | |
|---|---|---|---|
| FUND BALANCE (Million of $) | INCOME THRESHOLD | | |
| | < $120,000 | $120,000 - $175,000 | $175,000 - $300,000 |
| 100 – 500 | 6 percent | 7 percent | 8 percent |
| 500 – 1,000 | 5 percent | 6 percent | 7 percent |
| 1,000 – 1,500 | 4 percent | 5 percent | 6 percent |
| 1,500 – 2,000 | 3 percent | 4 percent | 5 percent |
| > 2,000 | 2.5 percent | 3.5 percent | 4.5 percent |

| UPSTATE PROPERTY TAX BURDEN | | | |
|---|---|---|---|
| FUND BALANCE (Million of $) | INCOME THRESHOLD | | |
| | < $90,000 | $90,000 - $150,000 | $150,000 - $200,000 |
| 100 – 500 | 6 percent | 7 percent | 8 percent |
| 500 – 1,000 | 5 percent | 6 percent | 7 percent |
| 1,000 – 1,500 | 4 percent | 5 percent | 6 percent |
| 1,500 – 2,000 | 3 percent | 4 percent | 5 percent |
| > 2,000 | 2.5 percent | 3.5 percent | 4.5 percent |

This proposal also contains an adjustment factor which would function as an implicit property tax growth cap to ensure that the benefits of the tax credit do not disproportionately accrue to jurisdictions whose spending has outpaced the rate of inflation.

The Executive's proposal would create the Property Tax Circuit Breaker Reserve Fund. This fund would be the funding mechanism for the new school property tax circuit breaker credit. The fund would be comprised of any General Fund surplus remaining at the end of the fiscal year after deposits are made to the Tax Stabilization Reserve Fund and the Rainy Day Fund. The amount of the maximum balance of the Rainy Day Fund would be increased from three percent to ten percent of General Fund disbursements.

Moneys in the Circuit Breaker Reserve Fund could only be used for the payment of the school property tax circuit breaker credits. According to a schedule set by the Budget Director, the Comptroller would transfer money from the fund to the General Fund. As stated above, the amount of the credit would be determined by the amount of money in the fund.

# TRANSPORTATION

## SFY 2010-11 MAJOR BUDGET INITIATIVES

**Reductions in Preventive Maintenance and Snow/Ice Removal:** The Executive proposes to achieve $6 million in savings in SFY 2010-11 by implementing a more cost effective salt application technique and reducing the staffing level associated with preventive maintenance and snow/ice removal by 100 positions. The Department of Transportation (DOT) would achieve this reduction by hiring fewer workers to perform preventive maintenance and snow/ice activities during the SFY 2010-11 winter season.

**DOT Plan to Close Rest Areas:** The Executive also proposes an initiative to achieve approximately one million dollars in savings in SFY 2010-11 by closing highway rest areas. The rest area closure plan is still under development by the Department and may include proposals for both permanent and seasonal closures. Suitable locations would be identified based upon proximity to other available services. Once fully implemented, the Executive anticipates $2 million in annual savings from these closures.

**Return of I-84 Maintenance and Operation to DOT:** The Executive Budget Proposal also recommends that DOT re-assume responsibility for the operation and maintenance of I-84 from the Thruway Authority. The Thruway Authority currently maintains operating responsibility for I-84 under a contract with DOT. This proposal would eliminate that contract, and DOT would absorb the operational and maintenance costs of I-84 as a part of the State-owned highway system.

## TRANSPORTATION CAPITAL PROGRAMS

The previous $18.1 billion 2005-2010 DOT Capital Program entered its final year in SFY 2009-10. The Executive Budget therefore includes a proposal to establish a new two-year $7 billion DOT Capital Program. Projects in the final years of the previous plan will continue to be completed and paid out for a number of years to come. In fact, DOT is still administering a small portion of projects in the out-years of the 2000-2005 DOT Capital Program.

No new revenue is proposed to support the new two-year plan. Rather, the new DOT Capital Program would rely on financing derived from the following two sources:

- **Revenue from Existing Bonding Authority:** A portion of the new plan would be financed from bond proceeds generated utilizing the existing bonding authority of the Dedicated Highway and Bridge Trust Fund (DHBTF).

- **Federal Capital Aid:** The remainder of the two-year capital program is projected to be financed through the continued receipt of Federal capital infrastructure aid from the US Department of Transportation and Federal Highway Administration.

It should be noted, however, that the Federal government has not yet replaced the existing Federal transportation act (known as SAFETEA-LU) that expired on September 30, 2009 with a new multi-year Federal transportation act that would set forth the long-term financing proposal for Federal transportation capital aid. Since September of 2009, SAFETEA-LU has received a number of short-term extensions, allowing Federal capital aid to continue to flow to the states.

The table below outlines the Executive's Proposed Two-Year Capital Program by major categories of spending.

**Executive Proposed DOT Two-Year Capital Plan**

(in millions)

| OBLIGATIONS | 2010-11 | 2011-12 | TOTAL |
|---|---|---|---|
| State & Local System Construction Contracts | 1,830 | 1,794 | 3,624 |
| Administration | 122 | 126 | 248 |
| State Forces Engineering & Program Management | 413 | 446 | 859 |
| Consultant Engineering | 173 | 169 | 342 |
| Preventive Maintenance | 264 | 278 | 542 |
| Right of Way | 70 | 69 | 139 |
| Maintenance Facilities | 38 | 38 | 76 |
| Special Federal Programs | 42 | 32 | 74 |
| Rail Development | 52 | 68 | 120 |
| Aviation Systems | 14 | 14 | 28 |
| Non-MTA Transit Capital | 50 | 50 | 100 |
| Canal Infrastructure | 16 | 16 | 32 |
| CHIPS/Marchiselli | 403 | 403 | 806 |
| **TOTAL** | **3,487** | **3,503** | **6,990** |

Like DOT, the Metropolitan Transportation Authority entered the last year of its previous 2005-2009 Capital Program in calendar year 2009. With respect to State-supported capital aid for the MTA in SFY 2010-11, the Executive does not recommend any new capital appropriations – though capital funding will still be made available to the Authority through reappropriations in the SFY 2010-11 Executive Proposed Budget. Similarly, the Authority will continue to administer projects in the out-years of the previous plan for years to come. The MTA is still paying out projects that were included in its capital program from ten years ago.

However, the Authority cannot advance any new projects until a new MTA multi-year capital program is approved by both the MTA's Board and the Capital Program Review Board (CPRB). (New projects are defined as those projects that are not currently included in the 2005-2009 Capital Program or a previous capital program of the Authority.) In October of 2009, the Authority submitted a Proposed 2010-2014 MTA Capital Program to CPRB for approval. The Review Board had a ninety-day period to review the proposed plan. In December of 2009, the Executive's representative to the CPRB vetoed the Proposed 2010-2014 Capital Program. The Authority has yet to re-submit a new multi-year capital program to the CPRB for approval. It is anticipated that the Authority will re-submit a new multi-year capital plan in the near future.

# ENVIRONMENT

## SFY 2010-11 MAJOR BUDGET INITIATIVES

**Department of Environmental Conservation (DEC) Staffing Reductions:** The Executive recommends combined savings of approximately $34.2 million in personal service and non-personal service savings for SFY 2010-11. A portion of these savings can be attributed to the Executive's proposal for an overall staffing reduction of 54 positions from the staffing level of 3,368 in SFY 2009-10, bringing the total size of DEC's staff to 3,314 in SFY 2010-11. This reduction of 54 positions is primarily attributable to the loss of 83 positions through attrition. This loss of 83 positions is offset by an increase in 29 positions associated with increased oversight of drilling in Marcellus Shale (discussed below).

**Natural Gas Drilling in Marcellus Shale:** The Executive also recommends an increase of $2.5 million in funding for the DEC's Mineral Resources Program to support 29 additional staff associated with increased oversight of the natural gas drilling in the Marcellus Shale. These new employees would be assigned the tasks of reviewing drilling permit applications, reviewing pipeline applications, as well as overseeing drilling sites.

## ENVIRONMENTAL PROTECTION FUND

The Environmental Protection Fund (EPF) is the primary source of State capital funding intended to support a wide variety of programs that both protect the environment and enhance natural resources. The Fund was originally established and designed to be a dedicated trust fund that could withstand both good and bad fiscal times. However, in recent years the EPF has been used as a source of General Fund relief – with sweeps of the EPF being a common component of Executive Budget proposals over the past several State fiscal years. An estimated total of a half-billion dollars has been re-directed from the EPF to other State programs, while the overall level of capital appropriations from the Fund have decreased.

For SFY 2010-11, the Executive proposes total appropriations of approximately $143 million from the EPF, representing a reduction of $69 million or 32.6 percent from SFY 2009-10 appropriation levels adjusted by the SFY 2009-10 Deficit Reduction Program (DRP). The SFY 2009-10 DRP reduced EPF capital appropriations by $10 million, bringing the SFY 2009-10 enacted appropriation level from $222 million to a total of $212 million. As a point of comparison, $255 million was provided for the EPF Program in the SFY 2008-09 Enacted Budget representing an overall decrease of $112 million within only two years..

In addition, the Executive recommends Article VII legislation that would statutorily decrease the amount of Real Estate Transfer Tax (RETT) deposited to the EPF from $199.3 million to $132.3 million beginning in SFY 2010-11 – an overall decrease of $67 million in the amount of RETT currently deposited into the EPF – to align the amount of RETT revenue directed to the Fund with the size of the recommended reduction in EPF appropriations in SFY 2010-11. While no new sweeps of the Fund are proposed for SFY 2010-11, the long-term sustainability of the EPF should still be kept in mind since this proposal would reduce the financial resources of the Fund.

Moreover, the Executive also recommends the creation of several new EPF categories in SFY 2010-11 that would achieve savings for other State programs. A new category in the Parks, Recreation, and Historic Preservation Account would provide funding to help allay the costs of rehabilitation and improvements at facilities operated by the Office of Parks, Recreation and Historic Preservation. Another new category in the Fund would allow monies from the EPF to be used for the purpose of paying taxes on public lands and for certain real property tax payments.

Similarly, the Executive also proposes an increase of $25 million for the EPF category of Public Access and Stewardship, raising the overall appropriation from $5 million in SFY 2009-10 to $30 million in SFY 2010-11. This represents an increase five times greater than the SFY 2009-10 DRP-adjusted appropriation. Much of this increase is attributable to an new sub-allocation of approximately $15 million provided for the Office of Parks, Recreation, and Historic Preservation (OPRHP) within this EPF category, which is intended to provide funding for maintenance and improvements at Parks facilities.

# ECONOMICS, REVENUE AND CAPITAL

## ECONOMIC OUTLOOK

### National Economy

| UNITED STATES ECONOMIC INDICATORS | | | | | |
|---|---|---|---|---|---|
| Calendar Year Percent Change | | | | | |
| | Actual | Preliminary | Projected | | |
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| Real GDP | 0.4 | (2.5) | 2.8 | 3.3 | 3.6 |
| Personal Income | 2.9 | (1.4) | 4.2 | 4.6 | 6.0 |
| Wages | 2.1 | (3.3) | 4.1 | 4.4 | 6.7 |
| Consumption | (0.2) | (0.6) | 2.2 | 2.9 | 3.1 |
| Pre-Tax Corporate Profits | (11.8) | (5.1) | 12.7 | 9.4 | 6.6 |
| S&P 500 | (17.3) | (22.5) | 24.9 | 6.0 | 4.1 |
| Consumer Price Index | 3.8 | (0.3) | 2.2 | 2.0 | 2.2 |
| Non-Agricultural Employment | (0.4) | (3.7) | 0.0 | 1.5 | 2.1 |
| Unemployment | 5.8 | 9.3 | 9.8 | 9.1 | 8.2 |
| Source: NYS Division of Budget | | | | | |

At the beginning of 2009, the US economy had been in a recession for over a year. In addition, the economy was still reeling from the impact of the bursting of the housing market bubble, the subprime mortgage market collapse, and the subsequent financial market crisis. The Federal government was already utilizing monetary policy through the lowering of the federal funds rate and the implementation of the Troubled Asset Relief Program (TARP) to stimulate the economy and to avoid a meltdown of the banking sector. With the start of a new administration in the White House, the Federal government turned to fiscal policy to apply additional stimulus to the economy through the enactment of the American Recovery and Reinvestment Act (ARRA).

As the various monetary and fiscal policies of the Federal government were working their way through the economy in the first half of 2009, the economy started to strengthen and the nation's longest and most severe recession came to an end. While the National Bureau of Economic Research (NBER) has not yet declared the turning point for the economy, experts believe the downturn reached a trough in June 2009.

Although the economy realized growth in the second half of 2009, economic growth for the entire year, as measured by real GDP, declined by 2.5 percent. However, economic growth is projected to be maintained over the course of 2010 as the economy continues to recover. As a result, real GDP is projected to increase by 2.8 percent.

**2009:**

The financial market crisis and its impact on the nation's banks served to constrain credit conditions for all sectors of the economy; from municipalities to businesses to households. The systemic risk of the financial sector, as measured by the losses carried by the financial institutions, had subsided, giving way to a focus on default risk, particularly within the commercial real estate sector. Due to the uncertainty and risk, banks remained unwilling to lend funds, constraining households' and small businesses' ability to spend.

As banks became more unwilling to lend, firms were forced to cut production and investment at double-digit rates. As a result, private business investment in plant and equipment dropped considerably, raising many questions of the nation's future capacity for growth. Non-residential fixed investment declined in 2009 by 18.1 percent. The decline in production also impacted corporate profits which declined by 5.1 percent in 2009.

The tight credit conditions and their subsequent impact on spending and corporate profits served to depress employment growth. Since the start of the recession, 7.2 million jobs were lost. In 2009, non-agricultural employment declined by 3.7 percent. However, the labor market began to exhibit positive signs towards the end of 2009, job losses slowing to 11,000 in November, the fewest since the start of the recession. This was a signal that unemployment was at or nearing its peak. Monthly jobs lost in the second half of 2009 averaged 123,000 compared to a monthly average of 560,000 in the first half. In turn, the unemployment rate increased to 9.8 percent in 2009 from 5.8 percent in 2008.

With the increase in unemployment, wages and personal income over the course of 2009 declined. Wages decreased by 3.3 percent in 2009 and personal income declined by 1.4 percent. The smaller decline in personal income reflects the rebound in the stock market in the second half of the year which mitigated the decline in wage income.

The weakness in the labor, housing, and financial markets all placed downward pressure on household consumption through 2009. Although buoyed by the Federal "cash for clunkers" program and the first time homebuyers tax credit, consumption declined by 0.6 percent.

Inflation was not a factor in 2009. With the slowdown in the economy at not only the national level but the global level, the demand for oil was lower which, in turn, reduced oil prices. This, coupled with the decline in both consumer and business spending, had served to restrain inflation throughout the year. As a result, inflation, as measured by the change in the Consumer Price Index, decreased by 0.3 percent in 2009.

Due to the low inflation environment, the Federal Reserve maintained its policy of keeping the federal funds rate low in order to stimulate the spending. At each of its meetings in 2009, the Federal Reserve chose to keep rates at their historic lows. The Federal funds rate averaged 0.2 percent through 2009.

**2010:**

The national economy is projected to continue to recover in 2010. However, this recovery is projected to be slow, real GDP growing by 2.5 percent. The pace and shape of a U.S. recovery is still in doubt as consumer spending and nonresidential fixed investment will show little to negative growth.

The main drivers to economic expansion in early 2010 will be the quicker than anticipated turn in the inventory cycle and strong exports growth. Inventory decumulation has slowed dramatically as firms are beginning to boost production and global demand for U.S. goods and services increase. In addition, developing world economies, particularly China, have emerged from the recession quickly. This growth, coupled with a weak U.S. dollar, will contribute to strong export demand; real exports projected to increase by 8.6 percent in 2010. As the year progresses, these should generate output and manufacturing growth and job creation.

Non-residential investment will continue to be a drag on the economy, declining by 1.2 percent. Much of this decrease is due to an overbuilding in the commercial construction sector prior to the start of the recession. Nonresidential investment in structures is projected to fall 10.4 percent for 2010 after a 19.7 percent decline in 2009. The overall decline may have been much worse if not for positive growth in equipment and software investment, projected to increase 3.6 percent in 2010.

Although the economy is projected to recover in 2010, nonagricultural employment is not projected to grow in 2010; job growth of zero percent. The total unemployment rate is expected to average 9.8 percent in 2010, as those who gave up looking for jobs return to the labor force.

With the boost in production and the mitigation of job losses, wages are projected to increase by 4.1 percent in 2010. This increase, along with the projected increase in the S&P 500 by 24.9 percent, will result in projected personal income growth of 4.2 percent.

As income grows, so too will consumption. However, growth going forward will rely on a steady recovery in the housing market and continued expansive fiscal policy. The first-time home-buyers' credit program, which contributed to an 18.9 percent gain in real residential housing investment in the third quarter of 2009, has been extended through April 2010. Real residential investment is projected to rise 16.0 percent in 2010, after a 19.6 decline in 2009. Household spending is projected to post gains in the latter half of 2010, consistent with a gradually improving housing market. As a result, consumption is projected to increase 2.2 percent through 2010.

As the economy expands, inflation will also start to grow. The Consumer Price Index is projected to increase by 2.2 percent in 2010. These inflationary pressures will force the Fed to examine its current monetary policy. As a result, the federal funds target rate is projected to increase in the second half of 2010. The Federal Funds rate is projected to average 0.7 percent through 2010; increasing to 1.8 percent in the fourth quarter.

## New York Economy

| NEW YORK ECONOMIC INDICATORS | | | | | |
|---|---|---|---|---|---|
| Calendar Year Percent Change | | | | | |
| | Actual 2008 | Preliminary 2009 | Projected 2010 | 2011 | 2012 |
| Personal Income | 2.7 | (3.5) | 3.8 | 4.2 | 5.6 |
| Wages | 2.0 | (6.1) | 3.8 | 3.1 | 5.6 |
| Nonfarm Employment | 0.7 | (2.6) | (0.4) | 0.8 | 0.8 |
| Unemployment Rate | 5.4 | 8.4 | 9.2 | 8.5 | 7.7 |
| *Source: NYS Division of Budget* | | | | | |

The New York State economy did not go into the recession until 8 months after the national economy; entering the recession in August 2008. This is consistent with past cyclical activity, in which New York has often lagged the nation in both downturns and upswings. The lag in the current downturn is due largely to the fact that the housing market bubble was not as severe in New York as compared to other states such as California and Florida. The State economy is projected to enter into recovery in the first quarter of 2010.

New York State employment losses are expected to be less severe than the nation as a whole. The employment level is projected to fall 0.4 percent in 2010, following a decline of 2.6 percent in 2009. In addition, year over year growth in initial claims for unemployment insurance benefits peaked in April 2009. The state unemployment rate is projected to average 9.2 percent through 2010, after an average of 8.4 percent in 2009.

State wages took a much greater hit than the U.S. as a result of the financial downturn on Wall Street. Total State wages dropped 6.1 percent in 2009 compared to a 3.3 percent decline for the U.S. as a whole. Finance and insurance bonuses for New York were especially impacted by the recession, declining 40.2 percent in 2009. In 2010, State wages are projected to increase 3.8 percent, compared to a 4.1 percent increase for the U.S., driven by finance and insurance bonuses which are projected to increase by 21.3 percent. Much of the increase in bonuses is due to the expectation that firms will shift payments of wages from the first quarter of 2011 to the final quarter of 2010 in anticipation of tax increases resulting from the sunset of the Bush administration's 2001 Economic Growth and Tax Relief Reconciliation Act.

The residential housing market in New York performed favorably compared to the rest of the nation. Although housing starts fell sharply statewide in 2008 as the housing downturn deepened nationwide, the State's decline was not as deep as the nation's. Housing prices in New York City declined only 20.9 percent peak-to-trough compared to the national 10-city index decline of 33.5 percent. However, like the national economy, the State's real estate sector is projected to remain weak throughout 2010.

The wealth generated by financial institutions is projected to contribute to stronger household spending within New York as compared to the rest of the country. Demand for New York business services is expected to increase as corporate profits continue to improve. According to the Executive, personal income is projected to increase 3.8 percent in 2010 after a 3.5 percent decrease in 2009.

| General Fund Receipts | | | | |
|---|---|---|---|---|
| (Millions of Dollars) | | | | |
| | Projected 2009-10 | Proposed 2010-11 | Change | Percent Change |
| ***Personal Income Tax*** | | | | |
| Withholding | 29,198 | 30,715 | 1,517 | 5.2% |
| Estimated Payments | 9,517 | 11,294 | 1,777 | 18.7% |
| Final Returns | 1,836 | 1,893 | 57 | 3.1% |
| Other Payments | 1,266 | 1,316 | 50 | 3.9% |
| **Gross Collections** | **41,817** | **45,218** | **3,401** | **8.1%** |
| STAR Special Revenue Fund | (3,420) | (3,207) | 213 | -6.2% |
| Refunds | (6,587) | (8,075) | (1,488) | 22.6% |
| Revenue Bond Tax Fund | (8,807) | (9,286) | (479) | 5.4% |
| **Net Collections** | **23,003** | **24,650** | **1,647** | **7.2%** |
| | | | | |
| ***User Taxes and Fees*** | | | | |
| Sales and Use | 7,504 | 7,785 | 281 | 3.7% |
| Cigarette/Tobacco | 437 | 438 | 1 | 0.2% |
| Motor Vehicle Fees | 13 | 42 | 29 | 223.1% |
| Alcoholic Beverage | 275 | 368 | 93 | 33.8% |
| **Total** | **8,229** | **8,633** | **404** | **4.9%** |
| | | | | |
| ***Business Taxes*** | | | | |
| Corporate Franchise | 2,500 | 2,836 | 336 | 13.4% |
| Corporate Utilities | 739 | 705 | (34) | -4.6% |
| Insurance | 1,279 | 1,268 | (11) | -0.9% |
| Bank | 1,170 | 901 | (269) | -23.0% |
| **Total** | **5,688** | **5,710** | **22** | **0.4%** |
| | | | | |
| ***Other Taxes*** | | | | |
| Estate and Gift | 932 | 910 | (22) | -2.4% |
| Pari-mutuel | 20 | 20 | 0 | 0.0% |
| Other | 1 | 3 | 2 | 200.0% |
| **Total** | **953** | **933** | **(20)** | **-2.1%** |
| | | | | |
| **Total Tax Collections** | **37,873** | **39,926** | **2,053** | **5.4%** |
| Miscellaneous Receipts | 3,507 | 2,903 | (604) | -17.2% |
| | | | | |
| **Total Receipts** | **41,380** | **42,829** | **1,449** | **3.5%** |

Source: New York State Division of the Budget.

## ALL FUNDS RECEIPTS

| All Funds Receipts | | | | |
|---|---|---|---|---|
| (Millions of Dollars) | | | | |
| | Projected 2009-10 | Proposed 2010-11 | Change | Percent Change |
| ***Personal Income Tax*** | 35,230 | 37,143 | 1,913 | 5.4% |
| | | | | |
| ***User Taxes and Fees*** | | | | |
| Sales and Use | 10,668 | 11,066 | 398 | 3.7% |
| Cigarette/Tobacco | 1,335 | 1,526 | 191 | 14.3% |
| Motor Vehicle Fees | 982 | 1,176 | 194 | 19.8% |
| Motor Fuel Tax | 501 | 503 | 2 | 0.4% |
| Alcoholic Beverage | 275 | 368 | 93 | 33.8% |
| Syrup Tax | 0 | 450 | 450 | - |
| Highway Use Tax | 140 | 134 | (6) | -4.3% |
| Auto Rental Tax | 79 | 95 | 16 | 20.3% |
| Taxicab Surcharge | 14 | 85 | 71 | 507.1% |
| ***Total*** | 13,994 | 15,403 | 1,409 | 10.1% |
| | | | | |
| ***Business Taxes*** | | | | |
| Corporate Franchise | 2,962 | 3,276 | 314 | 10.6% |
| Corporate Utilities | 968 | 922 | (46) | -4.8% |
| Insurance | 1,412 | 1,400 | (12) | -0.8% |
| Bank | 1,363 | 1,076 | (287) | -21.1% |
| Petroleum Business Tax | 1,119 | 1,085 | (34) | -3.0% |
| ***Total*** | 7,824 | 7,759 | (65) | -0.8% |
| | | | | |
| ***Other Taxes*** | | | | |
| Estate and Gift | 932 | 910 | (22) | -2.4% |
| Real Estate Transfer Tax | 455 | 492 | 37 | 8.1% |
| Pari-mutuel | 20 | 20 | 0 | 0.0% |
| Other | 1 | 3 | 2 | 200.0% |
| ***Total*** | 1,408 | 1,425 | 17 | 1.2% |
| | | | | |
| ***Payroll Tax*** | 1,383 | 1,483 | 100 | 7.2% |
| | | | | |
| **Total Tax Collections** | **59,839** | **63,213** | **3,374** | **5.6%** |
| Miscellaneous Receipts | 22,133 | 21,541 | (592) | -2.7% |
| | | | | |
| **Total Receipts** | **81,972** | **84,754** | **2,782** | **3.4%** |

Source: New York State Division of the Budget

# PERSONAL INCOME TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 23,196.0 | 23,002.6 | 24,649.6 | 1,647.0 | 7.2 |
| All Funds | 36,840.0 | 35,229.5 | 37,143.0 | 1,913.5 | 5.4 |

***Summary:***

***General Fund***

The personal income tax, New York's largest source of revenue, accounts for almost 60 percent of General Fund receipts. The tax is imposed at a graduated rate (from 4 percent to 8.97 percent) on a taxpayer's taxable income: adjusted gross income less deductions. Following closely to the Federal definitions of adjusted gross income, New York's adjusted gross income is comprised of five major components: wages, capital gains, interest and dividends, taxable pensions, and business and partnership income. Similar to the Federal income tax, taxpayers are allowed to either itemize their deductions which are also closely aligned with Federal deductions or to take the standard deduction which ranges from $3,000 to $15,000 depending on the type of filer.

***Special Revenue Funds***

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

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

***Proposed Legislation:***

- The Executive proposes to require nonresident shareholders of S corporations to report the gains from the sale of assets of the corporation as New York source income. This proposal would increase revenues by $30 million in SFY 2010-11.

- The Executive proposes to treat compensation for past services (e.g. termination payments or not to compete payments) as taxable income for nonresidents. This proposal would increase revenues by $5 million in SFY 2011-12.

- The Executive proposes to treat legally performed same sex marriages the same as other marriages for the purposes of determining filing status. This proposal would have no fiscal impact.

- The Executive proposes to reduce the avoidance of tax by resident trusts through the use of nonresident trustees. This proposal would increase revenues by $25 million in SFY 2011-12.

- The Executive proposes to create a school property tax circuit breaker credit. This proposal would only provide tax savings if the State has a surplus at the end of its fiscal year and subsequent to any deposits to its reserve funds.

***Receipts:***

The continued impact of the recession upon all aspects of the economy, especially employment and the housing and financial markets, has caused income subject to the personal income tax to decrease drastically, with declines in most of the underlying components. This is especially apparent in capital gains. From 2003 to 2007, capital gains subject to the personal income tax increased by over 42 percent, on average. With the bursting of the housing market bubble and the collapse of the financial markets, capital gains decreased by 54.8 percent in 2008. Capital gains are estimated to continue to decline in 2009, decreasing by 40.4 percent, reflecting the continued weakness in the housing market. However, due to the economic recovery and the projected strengthening of the financial markets, capital gains are projected to rebound in 2010, increasing by 70.8 percent. Wages, the major component of income, are projected to increase by 3.8 percent; up from the decline of 6.1 percent in 2009. The other components of income are projected to increase by 11.0 percent.

In addition to the components of adjusted gross income that make up the base of the personal income tax, actual tax collections are comprised of a number of components: withholding, estimated payments, final returns, and delinquent collections which are subsequently reduced by refunds. Of these components, the most significant is withholding. Withholding accounts for approximately 66 percent of personal income tax collections. For SFY 2009-10, withholding is estimated to increase by $1,512 million, 5.5 percent, reflecting the impact of the personal income tax surcharge enacted with the SFY 2009-10 budget. Withholding is projected to increase in SFY 2010-11 by $1,517 million, or approximately 5.2 percent due to the continued impact of the rate increase as well as the projected increase in wages.

The amount of refunds paid to taxpayers negatively affects income tax collections. Refunds are impacted by the number and type of deductions and credits a taxpayer is allowed to claim. In SFY 2009-10 refunds are estimated to increase by $394 million, or 8.7 percent. This increase in refunds is due to increased refunds being claimed as a result of the economic slowdown offset by the Executive's decision to decrease the amount of refunds to be paid in the January to March period from $1.75 billion to $1.25 billion. For SFY 2010-11, refunds are projected to increase by $555 million, or 11.2 percent. This increase is not only reflects the continued impact of the recession on personal income but, reflects the shift of refunds from the current fiscal year into SFY 2010-11. In addition, the amount of refunds to be paid in January to March of 2011 is projected to revert back from $1.25 billion to $1.75 billion.

In SFY 2010-11, All Funds net personal income tax receipts are projected to increase by 5.4 percent, from $35.2 billion to $37.1 billion. SFY 2010-11 General Fund income tax collections are projected to increase by $1.65 billion from $23.0 billion to $24.65 billion mainly as a result of the projected recovery in the economy as well as the temporary rate increase.

The deposit to the STAR fund is projected to decrease by $212 million from $3.42 billion to $3.21 billion. This decrease in attributable to the Executive's proposals to increase the STAR floor, eliminate homes valued over $1.5 million from the STAR exemption, and limit the NYC rate reduction to the first $250,000 of income.

Deposits into the Revenue Bond Tax Fund are projected to increase by $479 million, from $8.8 billion to $9.3 billion. This increase reflects the projected increase in tax collections resulting from the economic recovery.

# ALCOHOLIC BEVERAGE CONTROL LICENSE FEES

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 43.7 | 52.0 | 139.0 | 87 | 167.3 |
| All Funds | 43.7 | 52.0 | 139.0 | 87 | 167.3 |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

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

***Proposed Legislation:***

- The Executive proposes to allow wine to be sold in licensed grocery stores and pharmacies. A onetime franchise fee dependent on gross store sales (excluding gas and cigarette taxes) and an annual $500 fee would be required. This proposal would increase fee receipts by $91 million for SFY 2010-11.

- The Executive proposes to authorize a medallion system, which would allow liquor stores to sell their licenses on a competitive market.

- In order to mitigate lost sales as a result of allowing grocery stores to sell wine, the Executive proposes to allow liquor stores to enter into cooperative purchasing agreements with other liquor stores, to sell to other retail establishments, to have more than one license, to have ATM's on the premises, to participate in the sale of lottery games, and to sell items complimentary to their primary business.

***Receipts:***

In SFY 2009-10, receipts from alcoholic beverage control license fees are estimated to total $52 million, an increase of $8.3 million from SFY 2008-09. Receipts for SFY 2010-11 are projected to be $139 million, an increase of $87 million from SFY 2009-10. This is due to the licensure of grocery stores and pharmacies to sell wine.

# ALCOHOLIC BEVERAGE TAXES

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 205.9 | 223.0 | 229.0 | 6.0 | 2.7 |
| All Funds | 205.9 | 223.0 | 229.0 | 6.0 | 2.7 |

***Summary:***

***General Fund***

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

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

***Special Revenue Funds***

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

***Proposed Legislation:***

- The Executive proposes to allow the sale of wine in grocery and drug stores, which is projected to increase wine sales. This proposal would increase collections by $6 million.

***Receipts:***

For SFY 2009-10, receipts are estimated to be $223 million, an increase of $17 million. This increase is primarily the result of the increase in the tax rates on wine and beer which was enacted in the SFY 2009-0 budget. Receipts from the alcoholic beverage tax for SFY 2010-11 are projected to total $229 million, an increase of $6 million. The total amount is comprised of: $162 million derived from liquor, $50 million derived from beer, and $17 million from wine and other specialty beverages.

# AUTO RENTAL TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 0.0 | 0.0 | 0.0 | 0 | 0 |
| All Funds | 60.7 | 79.0 | 94.7 | 15.7 | 19.9 |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

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

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

***Proposed Legislation:***

The Governor has not proposed any new legislation in the SFY 2010-11 Executive Budget.

***Receipts:***

For SFY 2009-10, receipts are estimated to total $79 million, an increase of $18.3 million. This increase is due to the rate increase enacted in 2009, as well as the imposition of the supplemental tax in the MCTD. Receipts for the auto rental tax are projected to total $94.7 million for the SFY 2010-11, an increase of $15.7 million above SFY 2009-10. This reflects the full year impact of the rate increase and supplemental tax.

# CIGARETTE AND TOBACCO TAXES

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 446.4 | 437.5 | 438.0 | 0.5 | 0.1 |
| All Funds | 1,340.4 | 1,335.5 | 1,526.0 | 190.5 | 14.3 |

***Summary:***

***General Fund***

New York imposes an excise tax on cigarette and tobacco products sold and/or used within the State. Currently New York State imposes a $2.75 per pack excise tax on cigarettes and a tax of 46 percent of the wholesale price on tobacco products and cigars, and a tax of 96 cents per ounce on snuff. New York State has the third highest excise tax on cigarettes in the country behind Rhode Island and Connecticut.

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

***Special Revenue Funds***

Beginning in SFY 2005-06, spending related to the Health Care Reform Act (HCRA) was included in the State's financial plan. As a result, a portion of the cigarette tax collections are deposited to the HCRA fund. Currently the percentage of cigarette tax being deposited to the HCRA Special Revenue Fund is 70.63 percent.

***Proposed Legislation:***

- The Executive proposes to increase the State cigarette excise and use taxes by $1.00 from $2.75 to $3.75 per pack. This proposal would increase collections by $218 million.
- The Executive proposes to increase the percentage of the State cigarette excise tax deposited into the Tobacco Control and Insurance Initiatives Pool from 70.63% to 75%.
- The Executive proposes to provide for a floor tax to be initiated to allow for the new tax rate on existing inventory.

***Receipts:***

All Funds receipts from cigarette and tobacco taxes are estimated to total $1,335.5 million in SFY 2009-10, a decrease of $4.9 million. On a General Fund basis, receipts are estimated to total $437.5 million, a decrease of $8.9 million.

For SFY 2010-11, All Funds receipts are projected to be $1,526 million, an increase of $190.5 million. This increase is primarily due to the increase in the excise tax. On a General Fund basis, receipts are projected to total $438 million, an increase of $0.5 million

# HIGHWAY USE TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| All Funds | 140.9 | 140.2 | 134.2 | (6.0) | (4.3) |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

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

All highway use tax receipts are deposited to the Dedicated Highway and Bridge Trust Fund.

***Proposed Legislation:***

The Executive has not proposed any new legislation.

***Receipts:***

Receipts from the highway use tax are estimated to total $140.2 million in SFY 2009-10, a decrease of $0.7 million. For SFY 2010-11, receipts are projected to be $134.2 million, a decrease of $6 million from SFY 2009-10.

# MOTOR FUEL TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | SFY 2009-10 to SFY 2010-11 % Change |
|---|---|---|---|---|---|
| General Fund | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| All Funds | 503.9 | 500.8 | 502.5 | 1.7 | 0.3 |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

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

***Proposed Legislation:***

The Executive has not proposed any new legislation.

***Receipts:***

In SFY 2009-10, receipts are estimated to total $500.8 million, a decrease of $3.1 million. In SFY 2010-11, receipts are projected to be $397 million for the Dedicated Highway and Bridge Trust Fund and  $106 million for the Dedicated Mass Transportation Trust Fund. This represents a $1 million increase for each fund from SFY 2009-10.

# MOTOR VEHICLE FEES

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | (42.0) | 12.7 | 42.3 | 29.6 | 233.1 |
| All Funds | 722.9 | 981.7 | 1,174.6 | 192.9 | 19.6 |

***Summary:***
***General Fund***

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

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

***Special Revenue Funds***

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

***Proposed Legislation:***

The Executive has not proposed new legislation.

***Receipts:***

All funds receipts for Motor Vehicle fees are projected to be $1,174.6 billion for SFY 2010-11, a $192.9 million increase from SFY 2009-10. General Fund receipts for Motor Vehicle Fees are projected to be $42.3 million for SFY 2010-11, a $29.6 million increase from SFY 2009-10. All Funds receipts from Motor Vehicle fees are estimated to total $981.7 million in SFY 2009-10, an increase of $258.8 million. This increase is primarily due to the 25 percent increase in license and registration fees enacted in the SFY 2009-10 budget. On a General Fund basis, receipts are estimated to be $12.7 million, representing the excess over the required $169 million deposit.

# SALES AND USE TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 7,701.1 | 7,503.8 | 7,785.0 | 281.2 | 3.7 |
| All Funds | 10,985.2 | 10,667.2 | 11,064.0 | 396.8 | 3.7 |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

Of the State portion of the sales tax, a quarter of it is deposited to the Local Government Assistance Tax Fund. These deposits are used to pay the debt service on bonds issued by the Local Government Assistance Corporation. Any receipts in excess of the debt service is transferred back to the General Fund.

An additional 0.375 percent tax is imposed on purchases made in the Metropolitan Commuter Transportation District (MCTD). The Mass Transportation Operating Assistance Fund was created to help finance State public transportation. The receipts from the supplemental MCTD sales and use tax are earmarked for this dedicated fund.

***Proposed Legislation:***

- The Executive proposes to mirror federal requirements by requiring certain financial institutions to also file information returns with the State in relation to amounts of credit/debit card settlements and third party network transactions.

- The Executive proposes to authorize the use of statistical sampling techniques for certain sales tax audits.

***Receipts:***

All Funds sales tax receipts are estimated to be $10,667.2 million for SFY 2009-10, a decrease of $318.0 million. The decline in state sales and use taxes is the result of a decrease in consumption of taxable goods and services due to the economic downturn. On a General Fund basis, receipts for SFY 2009-10 are estimated to be $7,503.8, a decrease of $203.3 million.

All Funds sales tax collections for SFY 2010-11 are projected to total $11,064 million, an increase of $396.8 million. This increase is due to the start of an economic recovery. General Fund sales tax collections for SFY 2010-11 are projected to be $7,785 million, an increase of $281.2 million.

# BEVERAGE AND SYRUPS TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | SFY 2009-10 to SFY 2010-11 % Change |
|---|---|---|---|---|---|
| General Fund | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| All Funds | 0.0 | 0.0 | 450.0 | N/A | N/A |

***Summary:***

***General Fund***

Collections from this tax would not be deposited to the General Fund.

***Special Revenue Funds***

A new Article 16 would be added to the Tax Law imposing an excise tax on beverage syrups and soft drinks effective September 1, 2010. All receipts from the excise tax would be deposited to the Health Care Reform Act Resources Fund.

***Proposed Legislation:***

- The Executive proposes putting an excise tax on beverage syrups or simple syrups at a rate of $7.68 per gallon.
- The Executive proposes putting an excise tax on bottled soft drinks, powders, or base products at a rate of $1.28 per gallon.
- Dietary aids, infant formula, milk, milk products, and milk substitutes are exempt. Any drink containing more than 70% natural fruit or vegetable juice would also be exempt.

***Receipts:***

Receipts from the beverage and syrups and soft drink tax are projected to be $450 million for SFY 2010-11.

# BANK TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 1,061.5 | 1,170.2 | 900.8 | (269.4) | (23.0) |
| All Funds | 1,233.2 | 1,363.2 | 1,075.8 | (287.4) | (21.1) |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

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

***Proposed Legislation:***

- The Executive proposes to extend the 1985 and 1987 bank tax reforms, as well as the Gramm-Leach-Bliley transitional provisions for one year. This action would allow the State and New York City to collect the revenues associated with their current financial plans.

***Receipts:***

The Executive estimates All Funds bank tax receipts of $1.363 billion in SFY 2009-10, an increase of $130 million from SFY 2008-09. This increase is due to the increase in the prepayment due in March 2010, from 30 to 40 percent of the previous year's tax liability and the payment delay of 2009 refunds. The Executive projects All Funds bank tax receipts to decrease by $287.4 million to $1.076 billion in SFY 2010-11. The overall decrease is attributable to the prepayment spin-up, payment of delayed 2009 refunds, losses sustained by banks over the past two years, and a decrease in audit receipts.

REVENUE

On a General Fund basis, the Executive estimates receipts of $1.170 billion in SFY 2009-10, an increase of $109 million from SFY 2008-09. On a General Fund basis, the Executive projects receipts to decrease by $269 million from SFY 2009-10 to $900.8 million in SFY 2010-11.

# CORPORATION FRANCHISE TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 2,755.0 | 2,500.5 | 2,835.7 | 335.2 | 13.4 |
| All Funds | 3,220.3 | 2,961.7 | 3,276.4 | 314.7 | 10.6 |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

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

***<u>Proposed Legislation:</u>***

- The Executive proposes legislation that will equalize the tax treatment of corporations and unincorporated businesses with respect to the calculation of the biofuel production and Qualified Emerging Technology Company tax credits. This proposal would increase revenue by $2 million annually beginning in SFY 2011-12.

- The Executive proposes increasing the aggregate cap for the low-income housing credit by $4 million to $28 million. This proposal would reduce revenues by $4 million annually beginning in SFY 2010-11.

- The Executive proposes extending the film production credit through 2014 and allocating an additional $2.1 billion for the credit over the period. This proposal would also impose additional criteria that a production must meet in order to become eligible for the credit.

Productions must shoot 10 percent of total production days at a qualified New York production facility and place a credit in the film recognizing New York's financial assistance for the production to become eligible. This proposal would also include a delayed payout structure for the credit. This proposal would reduce revenues by $2.1 billion from SFY 2012-13 through SFY 2018-19.

- The Executive proposes legislation that would establish the three tax credits that make up the Excelsior Jobs Program. These three fully refundable credits include: (1) the Excelsior Jobs Credit to be earned on a per job created basis to companies in the program; (2) the Excelsior Investment Credit to be earned at a rate of two percent of qualified investments; and (3) the Excelsior Research and Development Credit to be earned at a rate of 10 percent of the amount of the Federal Research and Development credit earned. Taxpayers within targeted industries that create 50 net new jobs for five years and are selected for entrance into the program by the Job Development Corporation would be eligible for these credits. These credits would be capped at $50 million in SFY 2012-13, $100 million in SFY 2013-14, and $150 million in SFY 2014-15.

- The Executive proposes legislation that would make technical corrections to the Empire Zones reforms of 2009 to clarify legislative intent and reduce litigation. These actions would insure that the $72 million of savings currently reflected in the SFY 2009-10 Financial Plan could be collected with minimal litigation.

***Receipts:***

The Executive estimates All Funds corporate franchise tax receipts of $2.961 billion in SFY 2009-10, a decrease of $258 million from SFY 2008-09. While the delay in refund payments and the increase in the prepayment due in March 2010 from 30 percent to 40 percent of the previous year's tax liability increased net receipts in SFY 2009-10, those factors were more than offset by the decrease due to poor economic conditions during the 2009 tax year. The Executive projects All Funds corporate franchise tax receipts to increase $314.7 million to $3.277 billion in SFY 2010-11. The overall increase is attributable to the Executive's projection for an increase in economic activity in tax year 2010.

On a General Fund basis, the Executive estimates SFY 2009-10 receipts of $2.501 billion, a decrease of $254 million. On a General Fund basis the Executive projects receipts to increase by $335 million from SFY 2009-10 to $2.836 billion in SFY 2010-11.

# CORPORATION AND UTILITIES TAXES

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 654.0 | 738.6 | 705.6 | (33.0) | (4.5) |
| All Funds | 863.2 | 967.7 | 922.6 | (45.1) | (4.7) |

***Summary:***

***General Fund***

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

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

***Special Revenue Funds***

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

***Proposed Legislation:***

- The Executive proposes legislation that would require the Department of Taxation and Finance, in conjunction with the Department of Public Services and the Office of Real Property Services, to complete a report on reforming and modernizing state and local taxes on telecommunication services.

***Receipts:***

The Executive estimates All Funds corporation and utilities taxes receipts of $967.7 million in SFY 2009-10, an increase of $105 million from SFY 2008-09. This increase is due to the increase in the prepayment due in March 2010 from 30 to 40 percent of the previous year's tax liability enacted in the 2009-10 Budget. The Executive projects All Funds corporation and utilities taxes receipts to decrease by $45.1 million to $922.6 million in SFY 2010-11. The overall decrease is due to the corporate tax prepayment spin-up enacted in the 2009-10 Budget. Excluding this action, receipts would show growth of 3.2 percent in SFY 2010-11.

On a General Fund basis, the Executive estimates receipts of $738.6 million in SFY 2009-10, an increase of $85 million from SFY 2008-09. On a General Fund basis, the Executive projects receipts to decrease by $33 million from SFY 2009-10 to $705.6 million in SFY 2010-11.

# INSURANCE TAXES

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | SFY 2009-10 to SFY 2010-11 % Change |
|---|---|---|---|---|---|
| General Fund | 1,085.7 | 1,279.0 | 1,268.0 | (11.0) | (0.9) |
| All Funds | 1,181.0 | 1,412.4 | 1,399.8 | (12.6) | (0.9) |

***Summary:***

***General Fund***

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

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

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

***Special Revenue Funds***

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

***Proposed Legislation:***

- The Executive did not propose any legislation pertaining to insurance taxes.

***Receipts:***

The Executive estimates All Funds insurance taxes receipts of $1.412 billion in SFY 2009-10, an increase of $231 million from SFY 2008-09. The increase is attributable to the increase in the prepayment due in March 2010, from 30 to 40 percent of the previous year's tax liability and the transfer of health maintenance organizations from Article 9-A to Article 33 of the Tax Law. The Executive projects All Funds insurance taxes receipts to decrease by $12.6 million to $1.4 billion in SFY 2010-11. This decrease is attributable to the prepayment spin-up enacted in the 2009-10 Budget.

On a General Fund basis, the Executive estimates receipts of $1.279 billion in SFY 2009-10, an increase of $193 million from SFY 2008-09. On a General Fund basis, the Executive projects receipts to decrease by $11.0 million from SFY 2009-10 to $1.268 billion in SFY 2010-11.

# PETROLEUM BUSINESS TAXES

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| All Funds | 1,106.6 | 1,118.5 | 1,085.6 | (32.9) | -2.9 |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

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

Of the base PBT collections, 19.7 percent are deposited in the Mass Transportation Operating Assistance Fund. The Dedicated Funds Pool receives 80.3 percent of base collections along with all receipts collected from the supplemental tax and carrier tax. Funds in the Dedicated Funds Pool are then directed to the Highway and Bridge Trust Fund (63 percent) and the Dedicated Mass Transportation Trust Fund (37 percent).

***Proposed Legislation:***

- No new legislation has been proposed for Petroleum Business Taxes in the SFY 2010-11 Executive Budget.

***Receipts:***

Petroleum Business Tax receipts are estimated to total $1,118.5 million in SFY 2009-10, an increase of $11.9 million over the prior fiscal year. This increase is attributed to a 5 percent increase in the PBT index on January 1, 2009.

REVENUE

Total receipts are projected to total $1,085.6 million in SFY 2010-11, a $32.9 million decrease from SFY 2009-10. The decrease is due primarily to a 5 percent decrease in the PBT index on January 1, 2010. Declines are expected to be offset by an increase in projected inventory. The PBT index is projected to increase 5 percent on January 1, 2011.

# SEVERANCE TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | N/A | N/A | 0 | N/A | N/A |
| All Funds | N/A | N/A | 0 | N/A | N/A |

***Summary:***

***General Fund***

Under the proposed Article 17 of the Tax Law, New York would require registration of natural gas producers, and levy a severance tax on the extraction of natural gas from the Marcellus and Utica Shale formations. This proposed tax would be imposed at a rate of three percent of the market value of the natural gas extracted.

***Special Revenue Funds***

A portion of the revenues generated from the proposed Article 17 tax would be dedicated to the Metropolitan Mass Transportation Operating Assistance Fund.

***Proposed Legislation:***

- The Executive proposes the creation of a new article of the Tax Law, Article 17, which would impose a severance tax of three percent of the market value on the extraction of natural gas.

***Receipts:***

The Executive does not anticipate the commencement of operations in relation to this tax until 2011. As a result, the Executive projects no receipts from the severance tax in SFY 2010-11, and only projects $1.0 million in SFY 2011-12.

# ESTATE TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | SFY 2009-10 to SFY 2010-11 % Change |
|---|---|---|---|---|---|
| General Fund | 1,162.6 | 931.8 | 910.0 | (21.8) | (2.3) |
| All Funds | 1,162.6 | 931.8 | 910.0 | (21.8) | (2.3) |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

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

***Proposed Legislation:***

- The Executive proposes a technical change to the unified credit under the estate tax. The unified credit, otherwise known as the exemption, is currently capped at $1 million. This cap is statutorily tied to the unified credit under the Federal estate tax. Due to the repeal of the Federal estate tax as of January 1 of this year, there is no longer a unified credit to which the exemption for the State estate tax can be tied. The proposed change would remedy this issue.

***Receipts:***

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

Receipts from the estate tax are estimated to decrease by $231 million in the current fiscal year to $932 million. This decrease is a result of the weak economy, especially in relation to the decline in both the housing and stock markets.

In SFY 2010-11, estate tax receipts are projected to continue to decrease by $22 million, reflecting the slow recovery of the economy, especially in relation to the housing market. Receipts from small estates are projected to decrease by $24 million. Receipts from large estates are projected to increase by approximately $1 million as a result of a projected increase in the number of large estates. Receipts from estates in the extra-large and super-large classes are projected to increase by $1.6 million.

# REAL ESTATE TRANSFER TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Funds | 701.2 | 455.0 | 492.0 | 37.0 | 8.1 |
| All Funds | 701.2 | 455.0 | 492.0 | 37.0 | 8.1 |

***Summary:***
***General Fund***

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

***Special Revenue Funds***

The real estate transfer tax (RETT) was enacted in 1968. It is imposed at a rate of $4 for every $1,000 of consideration on each conveyance of real property. Real Estate Investment Trusts (REITs) are taxed $2 for each $1,000 of consideration. In 1990, an additional real estate transfer tax, the "Mansion Tax," was imposed at a rate of one percent on residential property transfers valued at $1 million or more. The Environmental Protection Fund receives $199 million in collections, as set in statute. The Clean Water/Clean Air (CWCA) funds receives the remainder to pay debt service on outstanding bonds. Any remaining funds in the CWCA are transferred to the General Fund

***Proposed Legislation:***

The Executive proposes to decrease the deposit to the Environmental Protection Fund to $132 million.

***Receipts:***

For SFY 2009-10, All Fund receipts for real estate transfer taxes are estimated to total $455 million, a decrease of $246 million, or 35 percent. This decrease is due to the volatility in the housing market in SFY 2009-10.

For SFY 2010-11, All Fund receipts are projected to be $492 million, an increase of $37 million or 8 percent from SFY 2009-10. This increase reflects the recovering economy as well as the recovering housing market.

# PARI-MUTUEL TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 22.3 | 20.0 | 20.0 | (2.3) | (10.3) |
| Other Funds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| All Funds | 22.3 | 20.0 | 20.0 | (2.3) | (10.3) |

***Summary:***

***General Funds***

Pari-Mutuel receipts have declined steadily over the years due to competition from nearby casinos and the growth of other gaming venues such as Video Lottery Terminals (VLTs), resulting in a reduction of handle and attendance at on and off track betting locations (OTB's). Activity and simulcasting at OTB facilities presently accounts for 75 percent of the statewide handle. Additionally, the expansion of out-of-state simulcasting to New York racetracks and OTB facilities has also shifted wagers to the simulcast events, which is typically taxed at a lower rate than most on track wagers.

***Special Revenue Funds***

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

***Proposed Legislation:***

The Executive proposes to extend certain tax rates and the authorization for account wagering for a period of one year (June 30, 2010 to June 30, 2011). The extension of these provisions will maintain the pari-mutuel betting and simulcasting structure that is currently in place in New York State. This proposal would have no fiscal impact.

***Receipts:***

For SFY 2009-10, All Fund receipts for Pari-Mutuel taxes were $20 million, a decrease of $2.3 million, or 10.3 percent. This decrease is due to a decline in the handles during SFY 2009-10. For SFY 2010-11, receipts are projected to remain constant at $20.0 million. The projected decline in receipts from OTBs is anticipated to be offset by an increase in on-track handle at flat tracks.

# RACING ADMISSION/BOXING AND WRESTLING EXHIBITIONS TAX

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 0.8 | 0.7 | 2.8 | 12.5 | 2.1 |
| Other Funds | 0 | 0 | 0 | 0 | 0 |
| All Funds | 0.8 | 0.7 | 2.8 | 12.5 | 2.1 |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

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

***Proposed Legislation:***

- The Executive proposes the establishment of a regulatory framework whereby the New York State Athletic Commission would govern the conduct of professional mixed martial arts (MMA) competitions in the State. The Commission would license participants in MMA matches and publish rules and regulations to ensure the safety and integrity of the sport. An admissions tax on professional combative sports matches or exhibitions (i.e. mixed martial arts) would be imposed at a rate of 8.5 percent with no cap, as well as three percent tax on receipts from broadcast rights not to exceed $50,000. This proposal would increase revenues by $2.1 million.

***Receipts:***

For SFY 2009-10, All Funds receipts are estimated to be $700,000, a decrease of $73,000 from SFY 2008-09. For SFY 2010-11, All Fund receipts are projected to total $2.8 million, an increase of $2.1 million. This increase is a result of the proposed imposition of the tax on MMA matches.

# METROPOLITAN TRANSPORTATION AUTHORITY RECEIPTS

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | | | | | |
| All Funds | 1,695.2 | 3,266.5 | 3,503.6 | 237.3 | 7.3 |

***Summary:***

***General Fund***

All of the MTA receipts are deposited into dedicated funds.

***Special Revenue Funds***

The business tax surcharge, instituted in 1982, is imposed at a rate of 17 percent of a business' tax liability paid under the Corporate Franchise, Corporation and Utilities, Bank, or Insurance taxes. Those businesses that file under the corporate franchise tax must first calculate their tax liability based upon tax rates in effect on July 1, 1997, then remit 17 percent of that calculation as their MTA surcharge.

A sales tax is imposed upon sales made within the Metropolitan Commuter Transportation District (MCTD) at a rate of 0.375 percent. In addition to this sales tax, the rentals of automobiles within the district are subject to an auto rental tax of 5 percent.

Petroleum Business Taxes (PBT) are imposed on petroleum related businesses based upon the quantity of various petroleum products imported for sale or use in the State. A portion of these collections are deposited to the Mass Transportation Operating Assistance Fund.

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

***Proposed Legislation:***

- The Executive proposes to repeal the 50 cent per ride taxicab tax and replace it with a flat tax of $1,750 per quarter per taxicab medallion. This would provide for a more effective collection mechanism than the per ride tax. This proposal would maintain collections of $85 million in the Metropolitan Transportation Authority Financial Assistance Fund.

***Receipts:***

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

**PROJECTED RECEIPTS FROM DEDICATED TAXES**
(Millions of $)

| | SFY 2009-10 | SFY 2010-11 |
|---|---|---|
| Business Tax Surcharge | 925.0 | 876.0 |
| Sales Tax | 662.2 | 684.0 |
| Petroleum Business Tax | 135.1 | 131.3 |
| Payroll Tax | 1,383.0 | 1,483.0 |
| Motor Vehicle Fees | 120.7 | 208.3 |
| Auto Rental Tax | 26.3 | 36.0 |
| Taxicab Surcharge | 14.2 | 85.0 |
| Total | 3,266.5 | 3,503.6 |

# MISCELLANEOUS RECEIPTS

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 3,105.0 | 3,508.1 | 2,903.7 | (604.4) | (17.2) |
| All Funds | 20,064.0 | 22,133.0 | 21,541.0 | (592.0) | (2.7) |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

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

***Proposed Legislation:***

- The following table shows the various miscellaneous receipt proposals included in the Executive Budget.

| Miscellaneous Receipts | | | | | |
|---|---|---|---|---|---|
| *SFY 2010-11 Executive Budget* | | | | | |
| **Effective Date** | **Description** | **Current Fee** | **Proposed Fee** | **SFY 2010-11 (000s)** | **Full Annual (000s)** |
| ***New or Increase Fees*** | | | | | |
| **Health** | | | | | |
| 3/1/11 | Establish Early Intervention Parental Fees | N/A | $45-$540 | $1,000 | $17,072 |
| **Judiciary** | | | | | |
| 7/1/10 | Increase Certain Civil Court Filing Fees | $45, $45, $165 | $60, $120, $215 | $41,000 | $54,000 |
| | | | **New or Increased Fees-Subtotal** | **$42,000** | **$71,072** |
| ***New or Increased Fines*** | | | | | |
| **State Police** | | | | | |
| 4/1/10 | Deploy Speed Enforcement Cameras | N/A | $50 Speed Zone $100 Work Zone | $32,900 | $53,800 |
| | | | **New or Increased Fines-Subtotal** | **$32,900** | **$53,800** |
| | | | **GRAND TOTAL** | **$74,900** | **$124,872** |

***<u>Receipts:</u>***

In SFY 2009-10, General Fund miscellaneous receipts are estimated to total $3,508 million, an increase of $403 million. This increase is primarily due to the imposition of the article 18-A assessment on the State's utilities. On an All Funds basis, miscellaneous receipts are estimated to total $22.1 billion, an increase of approximately $2.1 billion. This increase reflects the impositions of the article 18-A assessments, the increase in the provider assessments on hospitals and nursing homes, and the increase in assessments on insurance companies.

For SFY 2010-11, General Fund miscellaneous receipts are projected to total $2,904 million, a decrease of $604 million from SFY 2009-10. This decrease is due to the elimination of "one-shots" enacted in the current fiscal year, including the $200 million transfer from the Battery Park City Authority. On an All Funds basis, miscellaneous receipts are projected to be $21.5 billion, a decrease of $592 million. Similar to the decrease at the General Fund level, this decrease is due to the absence of the non-recurring revenues enacted in SFY 2009-10.

# LOTTERY

(millions of dollars)

| | Actual SFY 2008-09 | Estimated SFY 2009-10 | Forecast SFY 2010-11 | SFY 2009-10 to SFY 2010-11 Change | % Change |
|---|---|---|---|---|---|
| General Fund | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Funds | 2,544.0 | 2,831.0 | 2,838.0 | 7.0 | 11.3 |
| All Funds | 2,544.0 | 2,831.0 | 2,838.0 | 7.0 | 11.3 |

***Summary:***

***General Fund***

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

***Special Revenue Funds***

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

The basic game types include:

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

***<u>Proposed Legislation:</u>***

- The Executive proposes to repeal the sunset date for the VLT program and to allow the hours of operations for video lottery gaming (VLG) to be prescribed by the Division of the Lottery. The VLT program is currently limited to operating no more than 16 hours per day, and prohibited from operating after 2:00 AM. Elimination of these restrictions would generate an additional $45 million in revenue in SFY 2010-11.

- The Executive proposes to eliminate the restrictions on Quick Draw. These include thresholds in relation to the amount of food sold at an establishment or the square footage of the establishment. Similar to VLTs, the number of hours for the operation of Quick Draw is currently limited to operating for no more than 13 hours daily, no more than eight of which may be consecutive. These restrictions would be eliminated. Elimination of game restrictions would generate an additional $33 million in SFY 2010-11 and $54 million thereafter.

***Receipts:***

For SFY 2009-10, receipts for education from the sales of Lottery were estimated to be $2.83 billion, an increase of $287 million or 11.3 percent above SFY 2008-09. A significant portion of this increase is attributed to $200 million in anticipated receipts for the right to operate VLTs at Aqueduct. Sales of all traditional games also benefited from a 53rd week of deposits in the current fiscal year.

For SFY 2010-11, receipts for education from Lottery games are projected to increase from SFY 2009-10 by $7 million, or 0.2 percent, to $2.84 billion. This increase in revenues is a result of the Executive proposals as well as the inclusion of Powerball offset by the absence of a 53rd week of deposits.

As an administrative action, the Division of Lottery will restructure a portion of the Lottery Prize Fund to invest in high quality municipal bonds. This action would increase the miscellaneous income by $50 million in SFY 2010-11, bringing the administrative surplus and miscellaneous income to $449 million for SFY 2010-11.

For SFY 2010-11, instant games receipts from sales are projected to increase by $5 million, or 0.7 percent. The VLT program is projected to generate $557 million for education in SFY 2010-11, a decrease of $126 million. This decrease indicates the loss of the one-time $200 million anticipated payment for the right to operate VLT's at Aqueduct. Adjusting for the Aqueduct payment, VLT receipts are projected to increase by $74 million.

Receipts from Yonkers Raceway are projected to increase as a scheduled decrease in the track's vendor fee from 34 percent to 31 percent of net machine income (NMI) takes effect on April 1st. Legislation included in the Executive Budget to remove the restrictions on the number of hours that VLTs can be operated is projected to increase revenue by $45 million in SFY 2010-11.

For "Jackpot games", both Lotto and Mega Millions are anticipated to be negatively impacted by the introduction of Powerball. Receipts from Mega Millions sales are projected to decrease by $48 million, to $141 million, as the number of larger than average jackpots are projected to decrease. In SFY 2010-11, Lotto sales are projected to decrease by 29.9 percent due to trend declines in the game; the loss of the larger than average jackpot that was experienced in SFY 2009-10; as well as decreases due to the competition from the Powerball drawing which will occur on the same days as Lotto. The full year offering of Powerball and Sweet Millions is estimated to generate receipts of $134 million (Powerball) and $28 million (Sweet Millions), respectively.

Revenue from sales attributable to the Numbers game is projected to decrease by 0.7 percent in SFY 2010-11, to $298 million. Win 4 receipts are projected to grow by $2 million, an increase of 0.7 percent. Receipts from Take 5 sales are projected to decline by $16 million in SFY 2010-11 to $90 million due to competition from Sweet Millions and Powerball. Receipts from sales of the Quick Draw game are projected to increase by $23 million.

## REVENUE ACTIONS

| Revenue Actions | | | | | |
|---|---|---|---|---|---|
| ***SFY 2010-11 Executive Budget*** | | | | | |
| **Effective Date** | **Description** | **Current Fee** | **Proposed Fee** | **SFY 2010-11 (000s)** | **Full Annual (000s)** |
| ***Tax and Assessment Actions*** | | | | | |
| **Tax and Finance** | | | | | |
| 9/1/10 | Impose Severance Tax on Certain Natural Gas Producers | N/A | N/A | $0 | $3,000 |
| 6/2/10 | Increase Cigarette Excise Tax | $2.75/Pack | $3.75/Pack | $218,000 | $211,000 |
| 9/1/10 | Impose a New Excise Tax on Beverage Syrups & Soft Drinks | N/A | Syrup - $7.68/Gal Soda & Powder $1.28/Gal | $465,000 | $1,000,000 |
| **Health** | | | | | |
| 10/1/10 | Expand HCRA Surcharge to Physician Services | N/A | 9.63% | $24,600 | $98,500 |
| 4/1/10 | Increase Hospital Assessment | 0.35% | 0.75% | $130,200 | $142,000 |
| 4/1/10 | Increase Home Care Assessment | 0.35% | 0.7% | $17,600 | $19,200 |
| 4/1/10 | Increase Nursing Home Assessment | 6% | 7% | $67,800 | 73,950 |
| | | | **Tax and Assessment Actions - Subtotal** | **$923,200** | **$1,547,650** |
| ***Loophole Closing Actions*** | | | | | |
| **Tax and Finance** | | | | | |
| 1/1/10 | Define Flow-Through Entities as Taxpayers for QETC & Biofuel Credit Claims | N/A | N/A | $0 | $2,000 |
| 1/1/10 | Treat Compensation for Past Services as Taxable for Non-Residents | N/A | N/A | $0 | $5,000 |
| Various | Treat S-Corp Gains & Installment Income as Taxable to Non-Residents | N/A | N/A | $30,000 | $12,000 |
| 1/1/10 | Close Resident Trust Loophole | N/A | N/A | $0 | $25,000 |
| | | | **Loophole Closing Actions-Subtotal** | **$30,000** | **$44,000** |
| ***New or Increase Fees*** | | | | | |
| **Health** | | | | | |
| 3/1/11 | Establish Early Intervention Parental Fees | N/A | $45-$540 | $1,000 | $17,072 |
| **Judiciary** | | | | | |
| 7/1/10 | Increase Certain Civil Court Filing Fees | $45, $45, $165 | $60, $120, $215 | $41,000 | $54,000 |
| | | | **New or Increased Fees-Subtotal** | **$42,000** | **$71,072** |

| | | | | | |
|---|---|---|---|---|---|
| ***Tax Enforcement Actions*** | | | | | |
| **Tax and Finance** | | | | | |
| 4/1/10 | Require Informational Returns for Credit and Debit Cards | N/A | N/A | $0 | $35,000 |
| 4/1/10 | Allow the Use of Statistical Sampling for Certain Sales Tax Audits | N/A | N/A | $8,000 | $12,000 |
| 4/1/10 | Improve Non-Voluntary Tax Collections | N/A | N/A | $221,000 | $221,000 |
| | | | **Tax Enforcement Actions-Subtotal** | **$229,000** | **$268,000** |
| ***Other Revenue Actions*** | | | | | |
| **Lottery** | | | | | |
| 4/1/10 | Eliminate Quick Draw Restrictions | N/A | N/A | $33,000 | $54,000 |
| 4/1/10 | Extend VLT Hours of Operation | N/A | N/A | $45,000 | $45,000 |
| **Tax and Finance** | | | | | |
| 1/1/10 | Extend Married Tax Filing Provisions to Same Sex Couples | N/A | N/A | $0 | $0 |
| 6/1/09 | Narrow Affiliate Nexus Provision | N/A | N/A | $(5,000) | $(5,000) |
| 10/1/10 | Allow the Sale of Wine in Grocery Stores | Various | N/A | $93,000 | $9,000 |
| 8/1/10 | Legalize Mixed Martial Arts in New York | N/A | N/A | $2,100 | $2,100 |
| **Workers Compensation** | | | | | |
| Immediately | Collect Surplus Funds from Workers Compensation Insurance Carriers | N/A | N/A | $23,600 | $0 |
| | | | **Other Revenue Actions-Subtotal** | **$191,700** | **$105,100** |
| ***New or Expanded Tax Credits*** | | | | | |
| **Tax and Finance** | | | | | |
| 1/1/10 | Expand the Low Income Housing Tax Credit Program | N/A | N/A | $(4,000) | $(4,000) |
| 4/1/10 | Extend and Expand the Film Tax Credit | N/A | N/A | $0 | $(168,100) |
| 7/1/10 | Create Excelsior Jobs Program | N/A | N/A | $0 | $(50,000) |
| | | | **New or Expanded Tax Credits-Subtotal** | **$(4,000)** | **$(222,100)** |

| | | | | | |
|---|---|---|---|---|---|
| ***Technical Corrections and Extenders*** | | | | | |
| **Tax and Finance** | | | | | |
| 1/1/10 | Extend Major Provisions of the Bank Tax & Temporary GLB Provisions | N/A | N/A | $0 | $0 |
| 4/1/10 | Extend the Pari-Mutual Tax | N/A | N/A | $0 | $0 |
| 1/1/08 | Make Technical Corrections to the 2009-10 Enacted Budget Empire Zones Program Changes | N/A | N/A | $0 | $0 |
| Various | Make Technical Corrections to the 2009-10 Enforcement Provisions | N/A | N/A | $0 | $0 |
| 6/1/10 | Amend the Tax on Medallion Taxicab Rides | N/A | N/A | $0 | $0 |
| **Technical Corrections & Extenders-Subtotal** | | | | **$0** | **$0** |
| ***New or Increased Fines*** | | | | | |
| **State Police** | | | | | |
| 4/1/10 | Deploy Speed Enforcement Cameras | N/A | $50 Speed Zone $100 Work Zone | $32,900 | $53,800 |
| **New or Increased Fines-Subtotal** | | | | **$32,900** | **$53,800** |
| **ALL REVENUE ACTIONS – GRAND TOTAL** | | | | **$1,444,800** | **$1,867,522** |

# Revenue Bill – S.6610/A.9710

**Part A – Imposes a three percent tax on certain natural gas production.**

This part would impose a three percent tax on the market value of natural gas severed from a gas pool in the Marcellus or Utica Shale formation using a horizontal well.

This part would increase revenue by $1 million in SFY 2011-12.

**Part B – Increases Excise Tax on Cigarettes.**

This part would: (1) increase the Article 20 excise tax on cigarettes by $1.00 per pack, from $2.75 per pack to $3.75 per pack; and (2) require the collection of a floor tax on cigarettes to prevent tax avoidance.

This part would increase the percentage of the State cigarette excise tax to be deposited into the Tobacco Control and Insurance Initiatives Pool from 70.63 percent to 75 percent effective June 2, 2010.

The revenue from this measure would be allocated to directly support health care.

This measure would increase State revenue by $210 million in SFY 2010-11 and $205 million in SFY 2011-12 to support health care programs.

**Part C – Imposes an excise tax on syrups or simple syrups, bottled soft drinks, or powders or base products.**

This part would impose an excise tax on syrups or simple syrups, bottled soft drinks, and powders or base products ("beverage syrups and soft drinks").

This proposal would impose the excise tax at the following rates on:

- syrups or simple syrups, for which the tax rate would be $7.68 per gallon;
- bottled soft drinks, for which the tax rate would be $1.28 per gallon; and
- powders or base products, for which the tax rate would be $1.28 per gallon of soft drink that is produced from each package or container by following the manufacturer's directions.

This excise tax is equivalent to one cent per ounce on syrups and soft drinks. These include sugar-sweetened beverages that contain more than 10 calories per 8 ounces such as soda, water, sports drinks, "energy" drinks, colas, fruit or vegetable drinks containing less than 70% natural fruit or vegetable juice, and bottled coffee or tea. Milk, milk products, milk substitutes, dietary aids, and infant formula are exempt.

This measure would increase revenues by $465 million in 2010-11 and $1 billion in the out-years.

**Part D – Equalizes the tax treatment of corporations and unincorporated businesses with respect to the calculation of the maximum allowable biofuel production and Qualified Emerging Technology Company tax credits.**

This part would equalize the tax treatment of corporations and unincorporated businesses with respect to the calculation of the maximum allowable biofuel production and Qualified Emerging Technology Company (QETC) tax credits.

To equalize this asymmetrical tax treatment, this proposal amends the biofuel production credit in subdivision (a) of Tax Law § 28 to provide that, if the taxpayer is a partner in a partnership, shareholder in a New York S corporation, or member of another flow-through entity, then the $2.5 million cap in that subdivision is applied at the entity level, so that the aggregate amount of credit claimed by all the members of the entity in a taxable year does not exceed the cap amount.

This part would make similar amendments to the QETC facilities, operations and training credit in paragraph (f) of Tax Law § 210.12-G. The amendment would provide that the $250,000 limit in that paragraph is applied at the entity level so that the aggregate amount of credit claimed by all members of the flow-through entity in a taxable year does not exceed $250,000.

This part would increase revenue by $2 million annually beginning in SFY 2011-12.

**Part E – Makes termination payments, non-compete covenants and other compensation for past services to nonresidents taxable unless specifically exempt under Federal Law.**

This part would amend the NYS Tax Law to include in New York source income the income from covenants not to compete and termination agreements received by nonresidents for past employment services in New York.

This part would increase revenue by $5 million annually beginning in SFY 2011-12.

**Part F – Requires certain S corporation gains from acquisition, liquidation, and installment sales of assets to be treated as New York source income by nonresident shareholders to the extent that the business was conducted in New York.**

This part would ensure that nonresident shareholders of S corporations who sell their interest in the S corporation pursuant to an election under Internal Revenue Code (IRC) §§ 338(h)(10) or

453 are taxed in accordance with that election and that the transaction is treated as an asset sale producing New York source income.

Additionally, the part would amend Tax Law § 631 to provide that where an S corporation has terminated its taxable status in New York, the income from an installment sale contract would continue to constitute New York source income for the nonresident shareholders as it is received.

This part would increase revenue by $30 million in SFY 2010-11 and $12 million per year thereafter.

**Part G – Amends the definition of resident trusts in the personal income tax to reduce tax avoidance opportunities through the use of nonresident trustees.**

This part would help prevent tax avoidance by: (1) eliminating the tax exemption for resident trusts whose trustees are domiciled outside New York; and (2) classifying all testamentary trusts (i.e., trusts that are created by a will and that become active after the grantor dies) created by a decedent who was a New York domiciliary as resident trusts.

This part would increase revenue by $25 million annually beginning in SFY 2011-12.

**Part H – Mirrors Federal law by requiring certain financial institutions to file information returns with the State annually regarding amounts of credit/debit card settlements and third party network transactions.**

This part would enhance the collection of taxes by requiring payment settlement entities, third party settlement organizations, electronic payment facilitators, or others deemed to be acting on behalf of payment settlement entities to annually report by payee the gross amount of settled payment card and third party network transactions.

Initial information returns are not due until early in calendar year 2012 for the calendar year 2011 reporting period. As a result, this part would increase revenue by $35 million in SFY 2012-13 and $83 million per year thereafter.

**Part I – Authorizes the use of statistical sampling techniques for sales tax purposes.**

This part would expand the authority of the Commissioner of Taxation and Finance (the “Commissioner”) to perform statistical sampling audits to determine the sales tax and compensating use tax liability of taxpayers.

The part would also require the Commissioner to give notice to a taxpayer whose tax due is going to be determined through statistical sampling techniques.

This part would preclude the Commissioner from using statistical sampling techniques for audits of small businesses, person whose "gross receipts or sales" for Federal income tax reporting purposes are less than $1 million for each of three prior Federal taxable years (or a lesser number of years, if three years are not available), unless the person consents to the use of such sampling.

This part would increase revenue by $8 million in SFY 2010-11 and $12 million per year thereafter.

**Part J – Improves the Administration of the Tax Department's Electronic Filing and Electronic Payment Programs.**

This part would: (1) eliminate taxpayer opt-out from e-filing as automatic grounds for abatement of the penalty imposed on tax return preparers for failure to e-file tax returns and other tax documents when required by law to do so; (2) authorize the Commissioner of Taxation and Finance (Commissioner) to establish correction periods for electronic filings and payments that are not accepted for processing; and (3) prohibit tax return preparers and software companies from charging separately for e-filing of New York tax documents.

This part would provide cost savings to the Department of Taxation and Finance.

**Part K – Authorizes the Department of Taxation and Finance to use less costly alternative means of communication when providing tax bills, notices and other tax documents to addressees in order to reduce mailing costs.**

This part would provide the Department of Taxation and Finance ("Department") with greater flexibility and cost savings by allowing the Department to use alternative means of sending tax bills, notices and other tax documents to addressees.

This part would provide cost savings to the Department of Taxation and Finance.

**Part L – Reforms the Offer in Compromise Program of the Department of Taxation and Finance.**

This part would reform the Offer in Compromise Program of the Department of Taxation and Finance (Tax Department) by adopting standards for assisting all deserving taxpayers, while at the same time protecting the interests of the State.

Additionally, the part would authorize the Commissioner to compromise such fixed and final tax liabilities as long as the amount payable in compromise reasonably reflects collection potential or is otherwise justified by proofs submitted by the taxpayer. These statutory modifications would allow the Tax Department to bring more distressed tax debtors into the offer in compromise program.

This part would increase revenue by $1 million annually beginning in SFY 2010-11.

**Part M – Requires the Department of Taxation and Finance to provide recommendations to reform State and local taxes on telecommunications services.**

This part would require the Department of Taxation and Finance (Tax Department) to complete a report that makes recommendations about reforming and modernizing state and local taxes on telecommunication services.

State and local finances could change contingent on adoption of study recommendations.

**Part N – Eliminates the sunset of Quick Draw and eliminate certain restrictions on the game.**

This part would make the authority of the Division of the Lottery (Lottery) to operate the Quick Draw game permanent and would eliminate the current restrictions on the game's hours of operation and on locations that can operate the game. It is currently due to expire on May 31, 2010.

The elimination of game restrictions would generate an additional $33 million in SFY 2010-11 and $54 million annually thereafter to support education.

**Part O – Extends the hours of Video Lottery Terminal operation, repeal the sunset date for the VLT program, and make technical corrections.**

This part would remove the sunset date of the Video Lottery Gaming ("VLG") Program; amend the Tax Law to allow the VLG hours of operations to be prescribed by the Division of the Lottery (Lottery); and correct the amount of VLG revenue to be retained by the Lottery for operation, administration and procurement purposes at a certain track.

Elimination of hour restrictions would generate an additional $45 million in revenue in SFY 2010-11 and annually to support education.

**Part P – Expands the base of the mortgage recording tax to include sales of cooperatives.**

This part would expand the scope of the mortgage recording tax, which is currently imposed on the recording of mortgages on real property with the county clerk, to include the filing of a financing statement securing a loan for the purchase of an ownership interest in a cooperative housing unit.

This part would provide the City of New York and county governments with potential additional receipts.

**Part Q – Provides an income tax (circuit breaker) credit to help offset local school tax burden, establish an annual spending growth cap to restore structural budgetary balance and improve the chances of a year-end surplus, establish a property tax circuit breaker reserve fund, and increase the rainy day reserve fund.**

This part would establish a spending cap for the State, a Property Tax Circuit Breaker Reserve Fund ("Circuit Breaker Reserve Fund") and a School Tax Circuit Breaker Tax Credit ("Circuit Breaker Tax Credit"), and increase the statutory balance of the Rainy Day Reserve Fund.

This part would amend the Tax Law to establish a school property tax circuit breaker tax credit.

This part would also establish a spending cap effective for fiscal years 2010-11 through 2013-14 to restore structural balance to the budget and improve the chances of a year-end budgetary surplus.

The spending cap may assist in helping to restore structural balance to the Budget and may improve the chances of a year-end budgetary surplus, which would fund the Circuit Breaker Tax Credit and provide property tax relief according to provisions of this bill.

**Part R – Clarifies tax treatment of marriages recognized by New York State but not by Federal Law.**

This part would amend the Tax Law and the Administrative Code of the City of New York to clarify that marriages recognized in New York, but not recognized by the federal government, receive the same tax treatment as other marriages under the Tax Law.

The married filing income tax filing status would lead to higher tax liabilities. These higher liabilities would be offset by the revenue losses associated with the income tax exclusion for family coverage under employer health plans, and the estate tax marital deduction.

**Part S – Narrows the affiliate nexus provisions by excluding as a basis for sales tax vendor-status an affiliate's control over the seller.**

This part would narrow the definition of "vendor" by providing that the in-state activities of an affiliate in providing accounting or legal services or advice, or in directing the activities of a seller, do not make the seller a vendor.

This part would increase State revenue by $5 million in SFY 2010-11.

**Part T – Enacts the Wine Industry and Liquor Store Revitalization Act**

This part would permit the sales of wine in grocery or drug stores which currently qualify for a beer license and make other changes to the Alcoholic Beverage Control (ABC) Law to modernize the sale of alcohol.

This part would provide expanded opportunities for liquor stores to sell items complimentary to their business, allow such stores to install ATM machines on the premises, provide for multiple licenses, authorize liquor stores to sell to retail establishments licensed for consumption on the premises and provide for a limitation on the number of licenses issued under ABC Law § 63. This section also would remove the prohibition against multiple licenses.

This part would create a "medallion" system, through which existing liquor store owners would be able to auction off their existing licenses to the highest bidder, and sell the one additional license this section allows them to obtain from the State Liquor Authority (SLA).

This part would also provide for an annual fee of $500 for the licensure of each grocery or drug stores to sell wine. Any applicant that holds 2 or more grocery or drug store licenses would pay an annual fee of $1,000. This section would also provides that 10 percent of the new license fees, up to $1 million would be dedicated to the New York Wine Marketing Program to promote New York’s wine industry.

This proposal would provide for cooperative agreements so that smaller liquor stores may agree to jointly purchase larger, more cost effective, quantities than would be possible without cooperative agreements.

This part would increase State revenue by $93 million in SFY 2010-11 through various franchise fees, excise taxes, sales tax and license fees. In SFY 2011-12, it is expected that this part would generate $52 million.

**Part U – Authorizes an additional credit of $4 million for low-income housing credit.**

This part would increase the aggregate amount of the low-income housing tax credit the Commissioner of Housing and Community Renewal may allocate from $24 million to $28 million in 2010.

This part would decrease annual tax receipts by an estimated $4 million beginning with SFY 2010-11 and ending with SFY 2019-20. Enactment of this bill is necessary to implement the Financial Plan submitted with the 2010-11 Executive Budget.

**Part V – Extends the film production tax credit, providing $2.1 billion in additional tax credit allocations over tax years 2010-14, and imposes various restrictions that enhance the economic impact of this program.**

This part would allocate an additional $420 million in each of 2010, 2011, 2012, 2013, and 2014 and define this as "additional pool 2." This part would also require the Governor's Office for Motion Picture and Television Development to list the allocation year assigned to a taxpayer on the Certificate of Tax Credit provided to the taxpayer if the credit is from additional pool 2 and requires the taxpayer to report this assigned allocation year on its Empire State film production credit tax form.

This part would add the requirement that at least 10 percent of principal photography shooting days be spent at a qualified film production facility in order to qualify for the credit. A qualified independent film production company is exempt from this requirement.

Due to the credit claim lag, this part would not reduce annual tax receipts until SFY 2012-13. This part would reduce receipts by $168.1 million in 2012-13, $291.9 million in 2013-14, $420 million in each of 2014-15 through 2016-17, $270.6 million in 2017-18 and $109.4 million in 2018-19.

**Part W – Establishes the Excelsior Jobs Program.**

This part would establish the Excelsior Jobs Program which provides three distinct tax credits to businesses in targeted industries to create jobs.

- The Excelsior Jobs Tax Credit would be a refundable tax credit between $2,500 and $10,000 per new job created for up to five years.
- The Excelsior Investment Tax Credit would be a refundable tax credit of 2% of qualified investments.
- The Excelsior Research & Development Tax Credit would be a refundable tax credit equal to 10% of the program participant's federal research & development (R&D) tax credit, for R&D activities performed in New York State.

The Excelsior Jobs Program costs would be capped at $50 million per year for five years for new entrants beginning in tax year 2011 and ending with tax year 2015. With this structure, annual fiscal year costs would not exceed $250 million. During the Financial Plan period, this bill would reduce receipts by $50 million in SFY 2012-13, $100 million in SFY 2013-14, and $150 million in SFY 2014-15.

**Part X – Makes technical corrections to Part S-1 of Chapter 57 of the Laws of 2009 to clarify that the legislative intent was to make the Empire Zones decertification provisions applicable to tax year 2008.**

This part would clarify and confirm that the amendments to the General Municipal Law (GML) made by Chapter 57 of the Laws of 2009 requiring the decertification of certain Empire Zone business entities were intended to be effective for the taxable year commencing on or after January 1, 2008 and before January 1, 2009.

This part would be necessary to preserve revenue savings in SFY 2009-10 of an estimated $72 million reflected in the State Financial Plan.

**Part Y – Extends for one year, major provisions of the 1985 and 1987 bank tax reforms, as well as the transitional provisions in New York's bank tax enacted in response to the Federal Gramm-Leach-Bliley Act.**

This part would extend the provisions of the New York State and New York City bank taxes dealing with the taxation of commercial banks, and the Federal Gramm-Leach-Bliley Act (GLBA) transitional provisions, for one additional year.

This part would preserve current Financial Plan revenue.

**Part Z – Authorizes a technical clean up of SFY 2009-10 tax enforcement and sales tax avoidance program and restores the requirement that IDA-agent statements be submitted to the Tax Department.**

This part would: make technical corrections to certain tax enforcement and sales tax avoidance provisions enacted by Chapter 57 of the Laws of 2009; and renew the requirement that industrial development agencies file statements with the Department of Taxation and Finance (Tax Department) that provide important information including the value of all sales and use tax exemptions claimed by a project operator.

This part would maintain revenue currently in the Financial Plan.

**Part AA – Extends for one year lower Pari-Mutuel tax rates and rules governing simulcasting of out-of-state races.**

This part would extend for one year various provisions of the Racing, Pari-Mutuel Wagering and Breeding (Racing) Law which expire during the 2010-11 fiscal year.

The extension of these provisions would reduce pari-mutuel tax receipts by $5 million in SFY 2010-11.

**Part BB – Maintain the New York Estate Tax Unified Credit amount currently allowed independent of federal estate law in effect on the date of death.**

This part would preserve the unified credit against the New York estate tax, in light of the scheduled expiration of the federal estate tax.

This part would retain the current exemption on estates valued at less than $1 million.

**Part CC – Simplifies and improves the imposition and administration of the taxicab ride tax imposed by Article 29-A of the Tax Law to preserve revenue for the MTA.**

This part would amend provisions of Article 29-A of the Tax Law to improve the administration of the Metropolitan Commuter Transportation District (MCTD) taxicab ride tax to preserve revenue. The amendments would (1) change the imposition of the MCTD taxicab tax from vehicle owners to medallion owners; and (2) impose the MCTD taxicab tax as a flat tax, instead of a per ride tax.

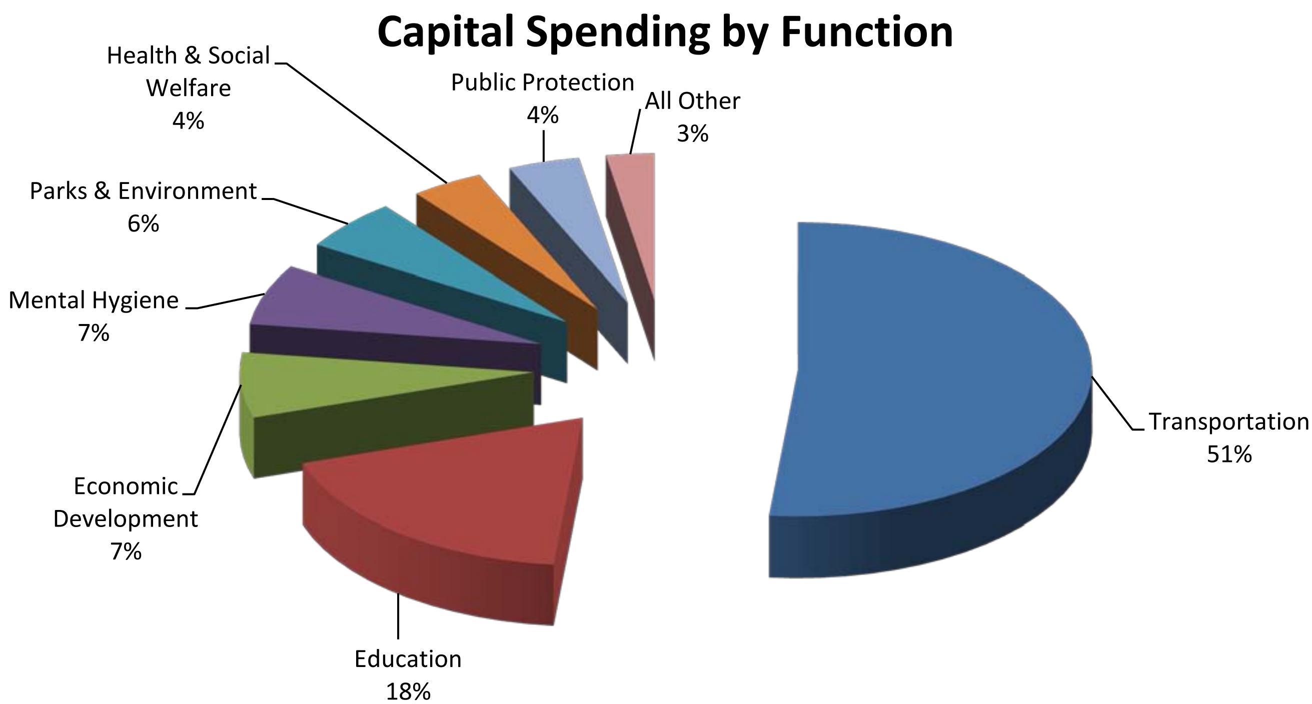
The part would also amend section 1290 of the Tax Law to delete a reference to criminal penalties in Tax Law § 1820, which authorizes misdemeanors applicable to the Boxing and Wrestling Exhibitions Tax imposed by Article 19 of the Tax Law. Instead, this part would add a new Tax Law § 1821 to provide identical misdemeanor penalties clearly applicable to Article 29-A.

This part would preserve revenues for the Metropolitan Transportation Authority.

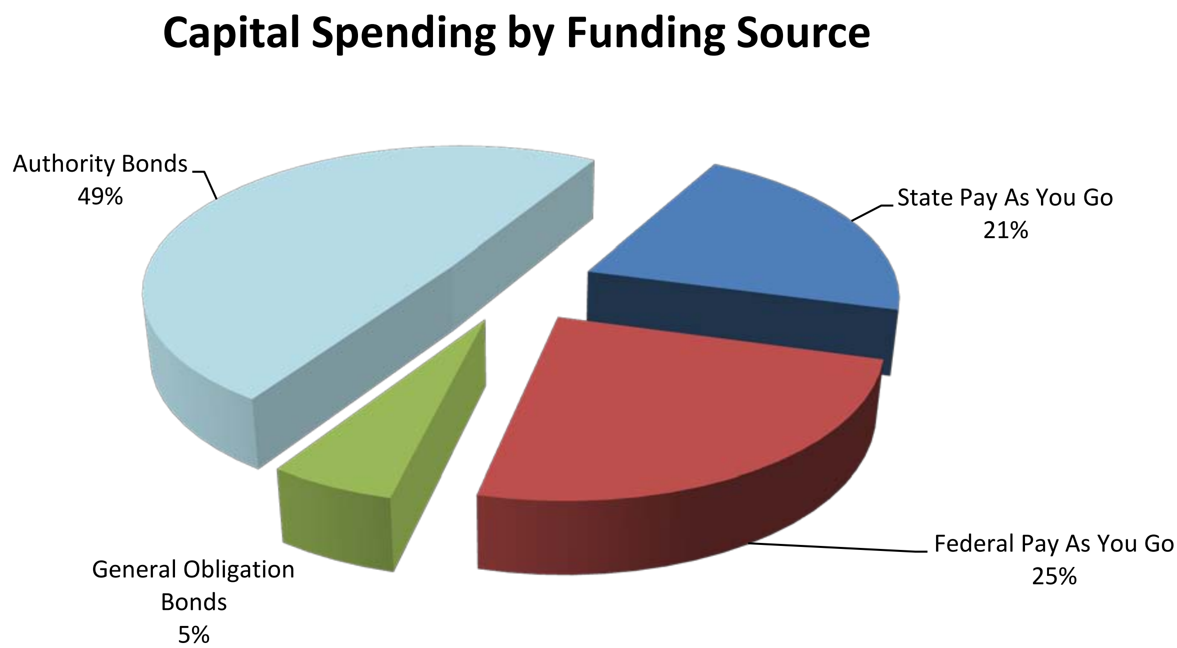
# CAPITAL SPENDING AND FINANCING

## Capital Spending

Each year, a five-year Capital Program and Financing Plan is required to be submitted with the Executive Budget. As part of the SFY 2010-11 Executive Budget, the Governor proposes $48.8 billion in capital spending over the life of the plan, an average of $9.8 billion annually. In SFY 2010-11, capital spending is projected to increase by 7.7 percent, from $10.0 billion to $10.8 billion. As in previous years, transportation spending constitutes the largest share of all capital spending, as shown below.



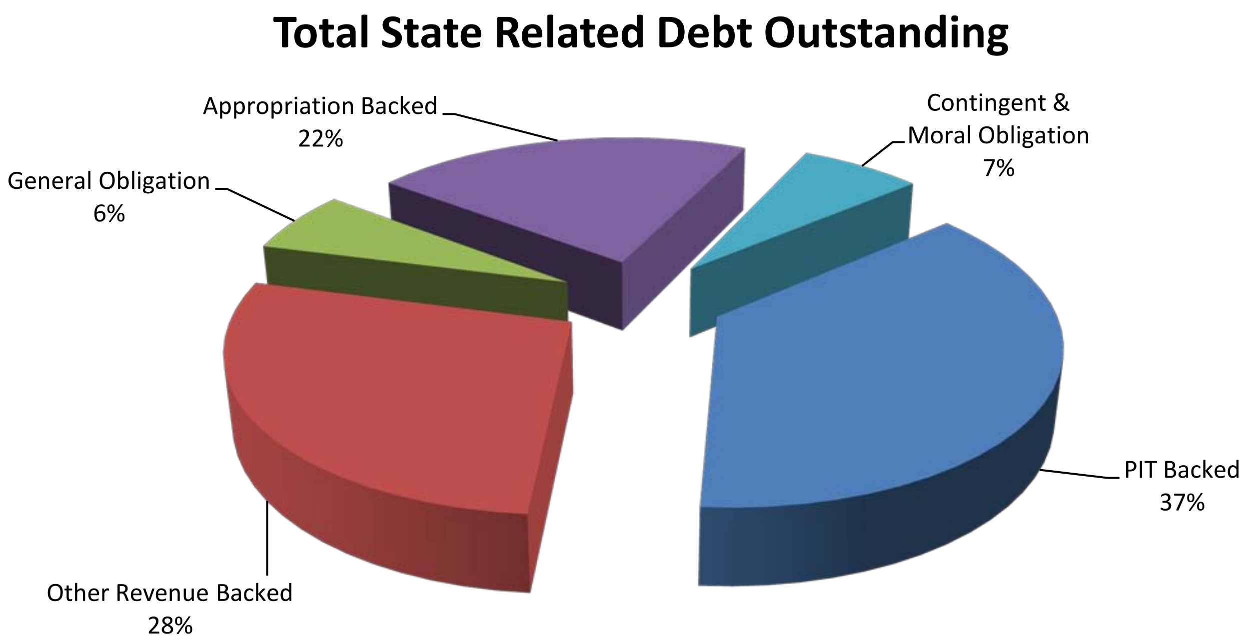

Capital spending is financed through a combination of four funding sources: state-pay as-you-go, federal-pay-as-you-go, general obligation bonds, and authority bonds. Pay-as-you-go financing is cash financing of the capital project. General obligation bonds are those whose debt issuance is specifically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




**Debt Financing**

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

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




In the proposed five year capital plan, debt issuances are projected to decrease by $290 million, from $6.2 billion currently to $5.9 billion in SFY 2010-11. This decrease is primarily due to the Executive's decision to decrease capital spending by $1.8 billion over the course of the capital plan. This decrease in spending would be achieved through the elimination of bonding programs but, primarily through the postponement of spending and the associated bond sales.

By the end of the five year plan, debt issuances are projected to decrease by $2.1 billion, from $5.9 billion in SFY 2010-11 to $3.8 billion in SFY 2014-15. This decrease is mainly due to a decrease in bond issuances for economic development as current programs become fully funded as well as reduction in capital spending.

**Caps on State-Supported Debt**

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

In SFY 2010-11, the cap on new debt outstanding is fully phased in to its cap of four percent of personal income. As shown in the table below, the bond issuances, for the proposed capital spending plan fall below the bond caps specified in the Debt Reform Act. However, the debt outstanding cap for any given year is based on personal income for the preceding calendar year.

For example, the debt outstanding cap for SFY 2009-10 is based on the State's personal income for 2008.

Due to the recession, personal income slowed considerably in 2008; growing by 2.7 percent after growth of 6.5 percent in 2007. Subsequently, in 2009, personal income is estimated to have declined by 3.5 percent. This has significantly narrowed the bonding capacity of the State under the debt outstanding cap. This limit of the State's ability to bond finance is one of the reasons for the reduction in capital spending, as mentioned above.

**New Debt Outstanding**
(Millions of Dollars)

| SFY | Debt Cap | Actual/Projected | Available Cap |
|---|---|---|---|
| 2009-10 | 36,145.5 | 29,969.9 | 6,175.6 |
| 2010-11 | 37,597.5 | 34,495.7 | 3,101.8 |
| 2011-12 | 39,046.4 | 37,777.4 | 1,269.0 |
| 2012-13 | 41,208.1 | 39,971.8 | 1,236.2 |
| 2013-14 | 43,267.8 | 41,753.5 | 1,514.4 |
| 2014-15 | 45,387.7 | 43,345.3 | 2,042.4 |

Debt issuances over the life of the capital plan average $4.6 billion per year. Although the projected caps would support the plan's projected debt issuances, average personal income growth over the course of the capital plan is projected to be 4.6 percent. If the economic recovery is slower than projected or there is a "double dip" recession, personal income growth may not be as robust as projected; thus, limiting the State's bonding capacity even more.

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

**New Debt Service**
(Millions of Dollars)

| SFY | Cap | Actual/Projected | Available Cap |
|---|---|---|---|
| 2009-10 | 5,216.1 | 2,503.2 | 2,712.9 |
| 2010-11 | 5,745.6 | 3,178.8 | 2,566.9 |
| 2011-12 | 6,102.3 | 3,635.1 | 2,467.2 |
| 2012-13 | 6,622.2 | 4,002.6 | 2,619.6 |
| 2013-14 | 6,897.3 | 4,262.5 | 2,634.8 |
| 2014-15 | 7,131.7 | 4,407.4 | 2,724.3 |

## DIVISON OF ALCOHOLIC BEVERAGE CONTROL

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $18,480,000 | $22,335,000 | $3,855,000 | 20.86% |
| **Total All Funds:** | **$18,480,000** | **$22,335,000** | **$3,855,000** | **20.86%** |

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

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends $22.3 million All Funds or the Division, a $3.8 million or 20.9 percent increase above SFY 2009-10 levels. This increase includes an appropriation of $2.4 million to fund a two-year effort to modernize and improve the licensing processes of the Division. This investment is projected to increase license revenue and to facilitate the ability of businesses to obtain timely licenses.

In addition, the SFY 2010-11 Executive Budget recommends $1.2 million to support the implementation of a proposal to permit the sale of wine in grocery stores. This proposal would add 20 Full-Time-Equivalent (FTEs) positions to the Division.

## AUDIT AND CONTROL (OFFICE OF STATE COMPTROLLER)

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $173,482,000 | $73,482,000 | $0 | 0.00% |
| Special Revenue-Other | $89,008,000 | $11,008,000 | ($78,000,000) | -87.63% |
| Internal Service Funds | $4,258,0000 | $4,258,000 | $0 | 0.00% |
| **Total All Funds:** | **$266,748,000** | **$188,748,000** | **($78,000,000)** | **-29.24%** |

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

**Overview of Executive Budget Proposal**

The Executive Budget recommendation for State Fiscal Year (SFY) 2010-11 is $188.7 million on an All Funds basis, reflecting a decrease of $78 million, or 29.2 percent, from the previous year.

This reduction of $78 million is attributable to the transfer of the Indigent Legal Defense appropriation to the Division of Criminal Justice Services (DCJS). As DCJS would now be responsible for the administration of this fund, an appropriation of $78 million is now included in the DCJS budget.

The SFY 2010-11 Executive Budget also includes a proposal that the Department of Audit and Control continue to work on the consolidation of the Future of the Central Accounting System (FOCAS) and the New York Financial Management System (NYFMS) under a new Statewide Financial System, in conjunction with the Division of the Budget. The Statewide Financial System is currently in its last year of development, and is expected to be fully operational on April 1, 2011. The SFY 2010-11 Executive Budget includes no new appropriations for the Statewide Financial System. Audit and Control will finance its continuing work on this initiative utilizing existing appropriation authority provided through prior year budget reappropriations from prior years.

## AUTHORITY BUDGET OFFICE

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $1,326,000 | $0 | ($1,326,000) | -100.00% |
| **Total All Funds:** | **$1,326,000** | **$0** | **($1,326,000)** | **-100.00%** |

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

### Overview of Executive Budget Proposal

The Authority Budget Office was under the administration of the Division of Budget in State Fiscal Year (SFY) 2009-10. As a result of Public Authorities Reform Legislation enacted in SFY 2009-10, the Authority Budget Office became an independent office. The Executive proposes to merge the Authority Budget Office with the Department of State. However, the operations of the Office would be separate from the Department.

## DIVISION OF THE BUDGET

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $34,932,000 | $33,955,000 | ($977,000) | -2.80% |
| Special Revenue-Other | $24,763,000 | $23,431,000 | ($1,332,000) | -5.38% |
| Internal Service Funds | $1,650,000 | $1,650,000 | $0 | 0.00% |
| **Total All Funds:** | **$61,345,000** | **$59,036,000** | **($2,309,00)** | **-3.76%** |

*The Division of the Budget (DOB) advises the Governor in matters that affect financial affairs of the State. DOB assists in creating an executive budget proposal to be presented to the Legislature, offers policy suggestions on issues of fiscal concern, and oversees the implementation of the budget that is enacted by the Legislature.*

**Overview of Executive Budget Proposal**

The Executive Budget recommendation for State Fiscal Year (SFY) 2010-11 is $59 million on an All Funds basis, which represents a decrease of $2.3 million, or 3.8 percent from the SFY 2009-10 Enacted Budget. The Governor recommends a staffing level of 331 Full-Time Equivalent (FTEs) positions for the Division of Budget (DOB), a decrease of ten vacant positions from the previous year.

For SFY 2010-11, the Executive continues the policy of requiring agencies to make Across-The-Board reductions in State Operations spending. Thus, of the overall $2.3 million reduction, $1.8 million in savings is attributed to non-personal service spending, and $497,000 is attributable to personal service savings.

The SFY 2010-11 Executive Budget also includes a proposal that DOB continue to work on the consolidation of the Future of the Central Accounting System (FOCAS) and the New York Financial Management System (NYFMS) under a new Statewide Financial System, in conjunction with the Office of the State Comptroller. The Statewide Financial System is currently in its last year of development, and is expected to be fully operational on April 1, 2011.

## DEPARTMENT OF CIVIL SERVICE

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $22,211,000 | $18,593,000 | ($3,618,000) | -16.29% |
| Special Revenue-Other | $2,246,000 | $2,257,000 | $11,000 | 0.49% |
| Internal Service Funds | $39,855,000 | $40,704,000 | $849,000 | 2.13% |
| **Total All Funds:** | **$64,312,000** | **$61,554,000** | **($2,758,000)** | **-4.29%** |

*The Department of Civil Service provides human resource management services to New York State agencies and 100 municipal civil service agencies throughout the State. The department administers employee benefits (including health and disability benefits) for an estimated 1.2 million employees, and provides workforce services to State agencies and job seekers, including job classification, recruitment, testing and training.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of $61.6 million in State Fiscal Year (SFY) 2010-11, a reduction of $2.76 million over SFY 2009-10 levels. This is a 4.3 percent decrease over SFY 2009-10 funding attributed to: administrative actions taken with the 2009 Deficit Reduction Plan, several new initiatives for SFY 2010-11, including a workforce reduction plan, and collective bargaining savings. This reduction is offset by an increase in fringe benefits and other inflationary costs. The Executive proposes a staffing level of 498 Full Time Equivalents (FTEs), which is a decrease of five FTEs from SFY 2009-10.

## COLLECTIVE BARGAINING AGREEMENTS

| Collective Bargaining Agreements | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| | | | | |
| General Fund | $42,674,000 | $38,719,000 | ($3,955,000) | -9.27% |
| Special Revenue-Other | $500,000 | $500,000 | $0 | 0.00% |
| **Total All Funds:** | **$43,174,000** | **$39,219,000** | **($3,955,000)** | **-9.16%** |

*This miscellaneous agency implements written agreements which determine the terms and conditions of employment between the state and employee organizations representing negotiating units established pursuant to article 14 of the civil service law. The Office of Employee Relations (OER) is the agent responsible for implementing and administering those agreements.*

**Executive Budget Action:**

The Executive Budget recommends an All Funds appropriation of $39.2 million in State Fiscal Year (SFY) 2010-11. This is a $3.95 million or 9.1 percent decrease over SFY 2009-10. This decrease is due to the adjusted appropriation that was the result of the passage of various special pay bills during SFY 2009-10, that increased General Fund spending during SFY 2009-10. Costs of new collective bargaining agreements will be incorporated within separate legislation. The Executive proposes a staffing level of 93 Full Time Equivalents (FTEs), which is unchanged from SFY 2009-10.

## CONSUMER PROTECTION BOARD

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $ 3,094,000 | $ 2,508,000 | ($586,000) | -18.94% |
| Special Revenue-Other | $400,000 | $ 670,000 | $270,000 | 67.50% |
| **Total All Funds:** | **$3,494,000** | **$3,178,000** | **($316,000)** | **-9.04%** |

*The Consumer Protection Board (CPB) is responsible for defending the rights of New York State consumers. The core mission behind the CPB is to protect New Yorkers by publicizing unscrupulous and questionable business practices and product recalls; conducting investigations and hearings; developing legislation; creating consumer education programs and materials; responding to individual marketplace complaints by securing voluntary agreements; and, representing the interests of consumers before the Public Service Commission and other State and federal agencies.*

### Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2010-11 is $3.2 million on an All Funds basis. This represents a reduction of $316,000, or nine percent, from the enacted SFY 2009-10 appropriation levels.

As part of the SFY 2010-11 Executive Budget proposal, the Governor continues the policy of requiring agencies to make Across-The-Board reductions in State spending, which is reflected in the reduction of $586,000 from General Fund appropriations for the Consumer Protection Board. The Governor also recommends implementing workforce-related savings associated with the re-negotiation of labor agreements with State employees. Staffing levels are recommended to remain consistent with SFY 2009-10 levels.

Offsetting the $586,000 reduction in General Fund spending, the Executive proposes an increase of $270,000 in special revenue fund appropriations, which is funded from fees collected from violations of the "Do Not Call" registry, resulting in the overall net reduction of $316,00 from the CPB.

## STATE COMMISSION OF CORRECTIONAL SERVICES

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $3,011,000 | $2,975,000 | ($36,000) | -1.20% |
| **Total All Funds:** | **$3,011,000** | **$2,975,000** | **($36,000)** | **-1.20%** |

*The State Commission of Correction (SCOC) regulates and oversees the operation and management of State and local correctional facilities and the four Office of Children and Family Services secure juvenile facilities. The Agency's mission is to provide a safe, stable and humane correctional system while maintaining the accountability of correction officials. The Commission is comprised of a three member board appointed by the Governor, with one member designated as chairperson.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget proposes a net decrease of $36,000 in General Fund support related to a reduction of $55,000 in non-personal service costs from the SFY 2009-10 Deficit Reduction Plan, and a reduction of $49,000 associated with adjustments to collective bargaining agreements. These reductions are offset by an increase of $55,000 in personal service salary adjustments and a $13,000 increase in inflationary costs.

### Article VII

The SFY 2010-11 Executive Budget proposes to provide relief to county jails by eliminating mandates that restrict the flexibility of county jail administrators by providing options for improved efficiencies. This Article VII bill includes the following provisions:

- Allows jail administrators to house inmates that are 19, 20, and 21 years of age with the general population;
- Allows a judge in any criminal case in any county to allow the defendant to appear electronically via videoconferencing with the consent of the defendant;
- Authorizes the State Commission of Correction to adopt rules and regulations to permit male and female inmates in local jails to share the same infirmaries when certain precautions are in place; and
- Allows inmates to voluntarily leave a facility under guard to perform work for a non-profit organization.

The Executive estimates that this Article VII legislation would provide relief to local county jail administrators and sheriffs and generate cost savings for county governments.

## DEPARTMENT OF CORRECTIONAL SERVICES

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $2,786,108,000 | $2,512,906,000 | ($273,202,000) | -9.81% |
| Special Revenue-Other | $35,750,000 | $29,480,000 | ($6,270,000) | -17.54% |
| Special Revenue-Federal | $37,300,000 | $38,300,000 | $1,000,000 | 2.68% |
| Capital Projects Fund | $320,000,000 | $320,000,000 | $0 | 0.00% |
| Internal Service Funds | $77,976,000 | $73,692,000 | ($4,284,000) | -5.49% |
| Enterprise Funds | $43,343,000 | $43,013,000 | ($330,000) | -0.76% |
| **Total All Funds:** | **$3,300,477,000** | **$3,017,391,000** | **($283,086,000)** | **-8.58%** |

*The Department of Correctional Services (DOCS) is responsible for the secure confinement of convicted felons and the preparation of those confined for successful reintegration into the community.*

**Overview of Executive Budget Proposal**

The State Fiscal Year (SFY) 2010-11 Executive Budget includes adjustments to the SFY 2009-10 Enacted Budget appropriations of $308 million for personal service costs associated with collective bargaining agreements. The Executive also adjusts the SFY 2009-10 Enacted Budget by $4.3 million related to the full and continued operations of Camp Georgetown.

The SFY 2010-11 Executive Budget recommends an All Funds decrease of $283 million or 8.5 percent from SFY 2009-10 levels. The Executive Budget recommends a decrease of $2.73 million in General Fund State Operations funding. This net decrease encompasses the following:

Personal Service:
- A $16.4 million increase in personal service salary adjustments offset by the following:
  - a decrease of $196 million attributable to the retroactive payments of costs associated with salary adjustments; and
  - a decrease of $33 million as a result of collective bargaining savings.

Non-Personal Service:

- A $55.4 million increase for adjustments to general facility operational costs including inmate training classes, uniforms, inmate clothing, vehicles and other essential operating costs; offset by the following:
    - a decrease of $47 million from the continuation of 2009-10 spending reductions related to energy, equipment supplies and materials, and other operational costs;
    - a decrease of $35 million in Across-The-Board reductions in non-personal service costs;
    - $20 million in additional Deficit Reduction Plan savings taken in SFY 2009-10;
    - $3.7 million in fleet savings; and,
    - $3 million in savings associated with the Executive's proposal to allow DOCS and the Department of Health (DOH) to create a new program allowing Federal Medicaid reimbursement for the costs associated with treating inmates in hospital settings outside the prison.

In addition, the Executive in relation to the SFY 2010-11 Prison Closure proposal, reduces personal services spending by $3.8 million and non-personal services spending by $3.1 million associated with the Executive's Prison Closure proposal, of which $3 million in savings would result from the closure of Lyon Mountain Minimum Security Correctional Facility and the minimum security portion of Butler Correctional Facility, and $3.9 million in savings would result from the continued consolidation of medium security dormitories as the prison population warrants (it is unknown at this time which dormitories would be consolidated).

In SFY 2008-09 DOCS offered food services (Cook Chill Products) from the Food Production Center at the Oneida Correctional Facility to local jails. For SFY 2010-11 the Executive proposes decreasing this funding (Special Revenue State Operations) by $6.3 million as a result of the over estimation of participation in SFY 2009-10 and anticipated level of county interest.

The Executive proposes to decrease the Correctional Industries Program by $4.3 million to reflect not advancing the license plate reissuance initiative within the Correctional Industries Program. The Executive also proposes a decrease of $330,000 in the Farm and Recycling Account attributable to the Executive's discontinuation of Prison Farm Operations within the State's correctional system enacted in SFY 2009-10.

**State Criminal Alien Assistance Program (Federal)**

The State will receive $34 million in Federal Funds in SFY 2010-11 to incarcerate illegal aliens who have committed a crime in New York State, the same level of funding in SFY 2009-10. In addition, the SFY 2010-11 Executive Budget increases $1 million in Federal funding for the Residential Substance Abuse Treatment Programs.

| Department of Correctional Services<br>SFY 2010-11 Projected Full-Time Equivalents (FTEs) | |
|---|---|
| **Program Description** | **Changes** |
| **Reinstate Closure of Camp Georgetown** | 89 |
| **Modification of Closure Assumption Linked to Sentencing Reform** | 750 |
| **Workforce Reduction Plan** | (497) |
| **SFY 2009-10 FTE Adjustments** | **342** |
| **Closure of Ogdensburg Medium Security Facility** | (291) |
| **Closure of Moriah Shock Facility** | (108) |
| **Closure of Lyon Mountain Minimum Security Facility** | (93) |
| **Closure of Butler Minimum Security Facility** | (80) |
| **Dorm Consolidations** | (65) |
| **Food Production Center** | (40) |
| **Corcraft Correctional Industries** | (34) |
| **Corcraft License Plate Reissuance** | 5 |
| **SFY 2010-11 FTEs Changes** | **(706)** |

Under the Executive plan, the DOCS workforce would be reduced from 36,678 to 29,967. This would be a reduction of 60 Full-Time Equivalents (FTEs). The Executive adjusts DOCS' SFY 2009-10 FTE count to reflect an increase of 89 FTEs for the full and continued operations at Camp Georgetown; a 750 FTE increase associated with modifications of closure assumptions linked to sentencing reforms enacted in 2009; and a reduction of 497 FTEs attributable to the Executive's workforce reduction plan. If the proposed facility closures are included in the calculation, the actual FTE reduction is 706. The table above lists staffing level changes occurring within DOCS.

**Executive's Prison Closure Proposal**

The SFY 2010-11 Executive Budget includes a proposal to close two minimum security correctional facilities, the minimum security portion of a third facility, as well as one medium security facility. The facilities proposed to be closed are: Lyon Mountain minimum security facility located in Clinton County; Moriah Shock Incarceration located in Essex County; the minimum security portion of Butler located in Wayne County, and Ogdensburg medium security located in St. Lawrence County. In addition, the Executive proposes the consolidation of dorms at several medium security correctional facilities though the Commissioner of DOCS has not determined which dorms would be consolidated.

The Executive anticipates that the closure of the aforementioned correctional facilities and dorm consolidations would generate operating savings of $7 million in SFY 2010-11 and $52 million in SFY 2011-12.

The Executive's proposal would follow the one-year notification statute which governs the closure of correctional facilities and requires DOCS to notify all employee labor organizations, and other employees and local government officials a year in advance.

The principal rationale for the closures cited by the Executive is the declining prison population. Since 1999, the State's prison population has decreased from a high of almost 71,538 inmates to a population of 57,600 anticipated by the end of the calendar year 2009, a decrease of 13,938 inmates. The Executive projects that the inmate population will continue to decline by an additional 778 inmates by the end of 2011.

The tables listed at the end of this section outline: the number of employees affected; the estimated cost/savings achieved by the closure; and the number of inmates/capacity levels at each of the facilities proposed for closure.

**Prison Closure Cost/Savings**
**SFY 2010-11/SFY 2011-12**

| | Cost/Savings | |
|---|---|---|
| **Facility** | **SFY 2010-11** | **SFY 2011-12** |
| **Butler** | $1,270,000 | $5,182,900 |
| **Lyon Mountain*** | $1,776,000 | $7,245,300 |
| **Ogdensburg*** | $0 | $23,910,500 |
| **Moriah Shock** | $0 | $9,500,000 |
| **Facility Closures Total** | **$3,046,000** | **$45,838,700** |
| **Dorm Consolidations Subtotal** | **$3,954,000** | **$6,410,000** |
| **Total** | **$7,000,000** | $52,248,700 |

*Executive assumes a $4.8 million reduction attributable to the attrition of personnel prior to the closure date will assist DOCS in meeting the Department's $35 million non-personal service across the board reductions.

**SFY 2010-11 Executive Proposed Correctional Facility Closures – Employee Impact**

| Employee Impact: | Butler (Wayne) | Lyon Mountain (Clinton) | Ogdensburg* (St. Lawrence) | Moriah Shock* (Essex) | Total |
|---|---|---|---|---|---|
| **Security** | (75) | (64) | (217) | (69) | **(425)** |
| **Program** | (2) | (9) | (28) | (16) | **(55)** |
| **Support** | (2) | (19) | (35) | (21) | **(77)** |
| **Health** | (1) | (1) | (11) | (2) | **(15)** |
| **Total** | **(80)** | **(93)** | **(291)** | **(108)** | **(572)** |

***Ogdensburg and Moriah Shock are slated for closure in April 2011.**
**Dorm Consolidations at medium security facilities are anticipated to result in a reduction of 65 FTE.**
**Dorm Consolidations are yet to be determined by the Commissioner of DOCS.**

**SFY 2010-11 Executive Proposed Correctional Facility Closures - Capacity/Inmate Impact**

| Facility | County | Total Number of Beds | Total Number of Inmates | Capacity Level |
|---|---|---|---|---|
| **Lyon Mountain** | Clinton | 162 | 135 | 83.33% |
| **Butler** | Wayne | 288 | 72 | 25.00% |
| **Ogdensburg** | St. Lawrence | 612 | 474 | 77.45% |
| **Moriah Shock Incarceration** | Essex | 300 | 170 | 56.67% |

*Total number of inmates as reported on 12/31/09 by the Department of Correctional Services.*

## CRIME VICTIMS BOARD

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $38,241,000 | $0 | ($38,241,000) | -100.00% |
| Special Revenue-Federal | $40,904,000 | $0 | ($40,904,000) | -100.00% |
| **Total All Funds:** | **$79,145,000** | **$0** | **($79,145,000)** | **-100.00%** |

*The Crime Victims Board (CVB) serves as the lead State agency in assisting persons who have been the victims of crime, particularly crimes of a violent nature. The Board's principal mission is to provide financial assistance to victims for financial losses they incur as a result of a crime. The Board also provides grants to local agencies that assist witnesses and victims and serves as the State's advocate for crime victims' rights, needs and interests.*

**Overview of Executive Budget Proposal**

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends that the Crime Victims Board merge into the Division of Criminal Justice Services (DCJS) as a specialized office within DCJS. *A more detailed discussion of this proposal can be found under the Division of Criminal Justice Services Agency Detail Section.*

## DIVISION OF CRIMINAL JUSTICE SERVICES

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $207,878,500 | $185,792,000 | ($22,086,500) | -10.62% |
| Special Revenue-Other | $164,806,500 | $169,663,000 | $4,856,500 | 2.95% |
| Special Revenue-Federal | $132,754,000 | $137,154,000 | $4,400,000 | 3.31% |
| Internal Service Funds | $890,000 | $890,000 | $0 | 0.00% |
| **Total All Funds:** | **$506,329,000** | **$493,499,000** | **($12,830,000)** | **-2.53%** |

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

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends a net $12.8 million decrease in All Funds spending or 2.5 percent from SFY 2009-10. The SFY 2010-11 Executive Budget recommends a net decrease of $3.9 million in State Operations spending. This net decrease represents the following:

- $6.4 million in reductions from the continuation of the Executive's Across-The-Board primarily in non-personal service spending;
- $2.4 million reduction associated with the Deficit Reduction Plan (DRP) actions taken in SFY 2009-10;
- $1 million reductions associated with the Executive proposed merger/consolidation of various criminal justice agencies (detailed further below); $787,000 reduction attributable to collective bargaining savings; and
- $341,000 reductions to personal service adjustments.

These reductions in State Operations spending are taken from reductions to General Fund State Operations personal service and non-personal spending under the Division of Criminal Justice Services (DCJS); the Division of Probation and Correctional Alternatives (DPCA); and the Office for the Prevention of Domestic Violence (OPDV); as well as Special Revenue Fund State Operations spending from the Crime Victims Board (CVB) after the Executive's proposed merger consolidation.

These savings are offset by an increase of $3 million associated with an Office of Technology usage charge related to DCJSs Statewide Automated Biometrics Information System (SABIS) fingerprinting system. In addition the Agency will now be incurring debt service payments of $2.8 million related to the SABIS fingerprinting system. The Executive also increases spending by $657,000 related to inflationary cost escalations, and $160,000 attributable to the OPDV's in sourcing of the English Hotline system.

**Merger/Consolidation of Criminal Justice Agencies**

The SFY 2010-11 Executive Budget includes Article VII legislation that consolidates the operations of the Crime Victims Board (CVB), the Division of Probation and Correctional Alternatives (DPCA) and, the Office for the Prevention of Domestic Violence (OPDV) into Division of Criminal Justice Services (DCJS).

Under the Executive's proposal CVB, DPCA and OPDV would be restructured in DCJS as specialized offices that would continue their principal missions headed by a director that would report to the Commissioner of DCJS. The Executive estimates this would save $1 million to $1.9 million (based on the rate of attrition) in SFY 2010-11, and $1.9 million when fully annualized in SFY 2011-12. The merger would impact 25 Full-Time Equivalent (FTE) positions DCJS (12); DPCA (2); CVB (8); and OPDV (3).

The Executive anticipates that the merger would promote improved coordination of policies and programs, and consolidate grant operations. The duties of the Offices are outline below:

**Office of Victim Services, formerly CVB:**

- Provide assistance to victims for loses they incurred as a result of a crime;
- Make grants to local agencies, which assist witnesses and victims; and,
- Serve as the Sate's advocate for crime victims' right needs and interests.

In addition, a Crime Victims Compensation Appeals Board would be created to review claims appeals and affirm or modify the decision of the Office regarding the claim. The Executive provides appropriations totaling $78.7 million under the Assistance to Crime Victims Program for funding associated with crime victim services.

**Office of Probation and Correctional Alternatives formerly DPCA:**

- Oversee county probation department and community correction programs;
- Provide training and technical assistance;
- Monitor outcomes related to the supervision and treatment of offenders; and,
- Focus on evidence based practices, performance measurement, enhanced training and education for local providers.

The Executive provides appropriations totaling $64.1 million in SFY 2010-11 under the Probation and Correctional Alternatives Program for funding associated with probation and alternatives to incarceration services.

**Office for the Prevention of Domestic Violence formerly OPDV:**

- Conduct domestic violence training for judges, prosecutors, police, attorneys, probation and parole personnel, social services and health care providers;
- Provide information and guidance on domestic violence for the entire State.

In addition, the Director of the Office would also serve as a Special Advisor to the Governor on all matters related to Domestic Violence. The Executive appropriates $4.6 million in total funding for domestic violence services in SFY 2010-11.

**Local Assistance**

The SFY 2009-10 Executive Budget proposes a total increase of $9 million in funding for General Fund, Aid to Localities appropriations. This increase is partially the result of the Executive's inclusion of a new $1.8 million appropriation attributable to the Executive's Article VII Legislation that would allow DCJS to be responsible for the existing Rape Crisis Program in the Department of Health (DOH). In addition, the Executive increases General Fund Aid to Localities spending by $6.2 million for the General Public Health Works (GPHW) Program. This new appropriation is the result of the Executive's proposal to transfer the duties and responsibility of medical examiners to DCJS. In addition, the Executive provides a new $400,000 appropriation associated with the Executive's Article VII Legislation that would expand the number of offenders that must submit a DNA sample to the State. Offset by $13 million or ten percent Across-The-Board reductions to various General Fund Aid to Localities appropriations (see Table A at the end of this section). The Executive excludes Special Revenue Aid to Localities appropriations totaling $30.5 million for crime victim services from the ten percent across the board reductions to aid to localities funding.

The SFY 2010-11 Executive Budget proposes the elimination of Operation SNUG, a legislative addition in SFY 2009-10 for a savings of $4 million. In addition, the Executive eliminates $210,000 in partial funding for hotlines under the Office of Prevention and Domestic Violence. The Executive proposes Article VII Legislation that could allow for administrative efficiencies by eliminating three probation aid to localities programs (Intensive Supervision Program; Intensive Supervision of Sex Offenders and the Juvenile Risk Intervention Service Coordination) and consolidates the programs under the new proposed Probation Aid Block Grant. Funding for these programs are reduced by ten percent from the SFY 2009-10 levels (see Table B at the end of this section).

The Executive proposes a ten percent reduction or $940,000 in total funding for, Aid to Prosecution ($320,000); Aid to Defense ($320,000) and the District Attorney and Defense Attorney Tuition Reimbursement Program ($300,000) funded from the Legal Services Assistance Account. As in SFY 2008-09 and SFY 2009-10, the SFY 2010-11 Executive Budget proposes shifting a portion of local assistance funding for Aid to Prosecution and Aid to Defense, previously funded from General Fund appropriations, to the Legal Services Assistance Fund. The Executive eliminates $3 million in appropriations for Civil Legal Services funded by a Legislative add (see Table C at the end of this section). In addition, the Executive moves all appropriations related to Defense Services into the newly created Indigent Defense Program. The Executive further reduces funding for Aid to Defense services and the New York State

Defenders Association under the new Indigent Defense Program appropriations by ten percent or $665,000 and $131,000 respectively.

The Executive eliminates $1.2 million in Legislative additions for domestic violence funded from the Criminal Justice Improvement Account (CJIA). The Executive further proposes that excess revenues from CJIA reduce General Fund spending by $13 million in SFY 2010-11.

These reductions in Special Revenue Funds are offset by an increase of $10 million in the Crimes Against Revenue Program (CARP) This funding would be provided to district attorneys to prosecute tax and other revenue fraud cases.

**Indigent Defense Program**

The Executive Budget includes Article VII legislation that would establish an Office of Indigent Defense to provide oversight of the indigent defense system to be housed in DCJS. The Office of Indigent Defense would consist of an independent board from the Judiciary, the Executive Branch and other representatives including the New York State Association of Counties (NYSAC) and the New York Bar Association. The current formulas for the administration of aid and the Maintenance of Effort (MOE) requirement would be replaced with a new grant program that would be designed by the new office.

The Executive proposes various court fees in SFY 2010-11 which are anticipated to generate $41 million in additional revenue, $10 million which would be used for reforming indigent defense services. Of this $10 million in new revenue, $7 million in additional funding would be provided for grants to counties for indigent services, and $3 million would be used for the cost of the Office of Indigent Defense to support indigent legal services.

In addition, Special Revenue Aid to Localities funding is increased by $77 million from the transfer of the Indigent Legal Services Fund from the Office of the State Comptroller (OSC) to DCJS to be distributed by the newly created office.

The Executive includes an increase of $4.4 million in Federal appropriations. This increase is primarily due to an increase of $12 million in Federal Aid to Localities funding offset by a reduction of $7.6 million in various Federal State Operations spending (see Table D at the end of this section).

**Federal Edward Byrne Justice Assistance Grant (JAG) Program**

The SFY 2010-11 Executive Budget anticipates $15 million in total funding for the Federal Edward Byrne Justice Assistance Grant (JAG) Program, a decrease of $1.6 million from SFY 2009-10 funding. The Executive includes the same appropriation language in SFY 2010-11 as the previous year for the distribution of JAG funding through a competitive process. Historically JAG Aid to Localities funds have been allocated in a discretionary manner by the Executive and the Legislature to fund priority criminal justice initiatives. The Executive proposal does not specifically include the Legislature in the grant allocation process. The enacted Rockefeller Drug Law Reform was funded with a JAG funds increase associated with the American Recovery and Reinvestment Act (ARRA) of 2009. The first year of new initiative the Governor recommends $35.5 million in total funding for Drug Law Reform.

**Article VII**

The Executive proposes the following Article VII legislation in the area of public protection:

- Merger of the Operations of the Crime Victims Board, the Division of Probation and Correctional Alternatives, and the Office for the Prevention of Domestic Violence, into the Division of Criminal Justice Services (as detailed above).

- Establishment of DCJS as the administrating agency for the Rape Crisis Program and the removal of the Department of Health (DOH) from this responsibility. Provisions of the proposal include: DCJS to promulgate rules and regulation for the approval of rape crisis programs and training of rape crisis counselors and certification. This bill would transfer the authority to DCJS to administer $1.8 million in rape crisis funding.

- Relieve local probation departments of certain mandates and change the method of distributing State Probation Aid. Provisions of the bill include:

  - Statutory changes including:
    - reduce the number of pre-sentence investigations and reports that probation department conduct and prepare for criminal courts. This applies to cases where the need for the reports is minimal.
    - increase from 90 days to 180 days the term in which probation departments conduct investigations and prepare pre-sentence reports.
    - eliminates the requirement of a presentence investigation and report for offenders with a sentence below 180 days of imprisonment or probation.
    - allows probation departments to submit an electronic copy of a presentence report for individuals licensed by certain professional licensing agencies;

  - Expand the Probation Detainer Warrant Pilot Project. Currently four Counties participate in the Pilot Project. This bill would allow the expansion of the project from four to 62 counties. The Project would be expanded to include individuals who are convicted of criminal contempt in the first degree or aggravated criminal contempt in connection with violating an order of protection in cases related to a sex offense, violent sex offense, family offense or failure to register as a sex offender. In cases where the defendant receives a judgment of probation, and the individual receives permission to move outside New York State, the defendant would agree to sign a waiver of extradition as a condition of his or her probation; and,

  - Change the current manner in which probation aid is distributed to counties and the City of New York from , by the from reimbursement to a grant. In order to address this change the Governor consolidates several probation aid funding into a grant program.

- Creates a state entity to oversee the delivery of indigent defense services statewide. The Executive proposes the establishment of an Office of Indigent Defense within the Division of Criminal Justice Services. The Office would be responsible for examining, evaluating and collecting information on the existing county-based public defense system in counties; prepare findings and make recommendations to a nine-member board (implementation of those recommendations could not advance without approval by the board); the Executive would appoint the Director of the Office which would be an attorney with at least five years' professional experience in the area of indigent defense. The Board would be lead by the Chief Judge, representatives on the board would be appointed by the Executive upon the recommendation of both the Senate and Assembly. Provisions of the proposal include:

    - The elimination of the existing formula for distributing funding to counties from the Indigent Legal Services Fund along with the Maintenance of Effort (MOE) requirements; and
    - New York City would receive $40 million annually from the funding, all remaining funds would be distributed to counties based on recommendations made by the Office of Indigent Defense and approved by the Board. The Executive provides a $3 million appropriation to establish the Office of Indigent Defense and $7 million for additional grants to counties to supplement the $70 million currently distributed from the Indigent Legal Service Fund to counties and New York City for the cost of indigent defense services.

    Funding for these appropriations would be provided by the Executive through an increase to court fees that would generate $41 million in SFY 2010-11 and $54 million in SFY 2011-12. The Executive proposes that the distribution for 2011 to each county to be equal to or more than the amount received in March 2010.

- Authorize Counties to create An Office of Conflict Defender as part of a plan to provide representation for indigent defendants. The provisions of the bill include:

    - Authorize counties to create an Office of Conflict Defender, independent from the Public Defender's Office and to appoint a conflict defender who is licensed to practice law in New York State, to provide representation to indigent defendants who qualify for representation by the Public Defender's Office, that could otherwise not be represented by the Public Defender due to the Public Defender's conflict of interest; and,
    - Allow the duties of the Conflict Defender's Office to be the same as the current duties of the Office of Public Defender, except when there is a conflict of interest for the Public Defender to represent eligible defendants.

The Executive anticipates that this bill would lower the cost of indigent defense, as it would remove the counties' need to hire assigned counsel to particular cases.

- Expand the number of offenders that must submit a DNA sample to the State: The provisions of this proposal include:

  - Expand the number of offenders that must submit a DNA sample to include individuals convicted of a felony or misdemeanor defined in Penal Law, adjudicated a Youthful Offender or required to register as a sex offender; and,
  - Clarify who, from the various criminal justice agencies in the State would be responsible for the collection of DNA samples and make it a class A misdemeanor for an individual to knowingly refusing to submit a sample.

  The Executive estimates this proposal would cost $400,000 in SFY 2010-11 and $1.7 million when fully annualized in SFY 2011-12.

- The Executive proposes technical corrections with regard to the District Attorney and Indigent Legal Services Attorney Loan Forgiveness Program, which would ensure that residency requirements are met and would grandfather the eligibility of certain district attorneys who met the eligibility requirements prior to the change enacted in SFY 2009-10.

| TABLE A | | | |
|---|---|---|---|
| **SFY 2010-11 Proposed Ten Percent Agency Aid to Localities Core Funding Program Reductions** | | | |
| **Aid to Localities Funding:** | **SFY 2009-10 Adjusted Amount** | **SFY 2010-11 Proposed 10% Change** | **SFY 2010-11 Proposed Amount** |
| **Aid to Prosecution** | $12,889,000 | ($1,289,000) | $11,600,000 |
| **New York Prosecutors Training Institute** | $2,780,000 | ($278,000) | $2,502,000 |
| **Witness Protection Program** | $367,000 | ($37,000) | $330,000 |
| **District Attorney Salaries** | $2,535,000 | ($253,000) | $2,282,000 |
| **Special Narcotics Prosecutor** | $996,000 | ($100,000) | $896,000 |
| **Aid to Crime Labs** | $8,008,000 | ($801,000) | $7,207,000 |
| **Soft Body Armor** | $619,000 | ($62,000) | $557,000 |
| **Drug Diversion Program** | $746,000 | ($75,000) | $671,000 |
| **Westchester County Policing Program** | $2,395,000 | ($240,000) | $2,155,000 |
| **Re-Entry Task Forces** | $3,697,020 | ($370,020) | $3,327,000 |
| **Operation IMPACT** | $17,426,000 | ($1,743,000) | $15,683,000 |
| **Legal Services Assistance Account** | $9,400 | ($940) | $8,460 |
| **Criminal Justice Sub-Total:** | **$52,467,420** | **$2,520,683** | **$40,495,000** |
| **Indigent Defense Program:** | | | |
| **Aid to Defense** | $6,646,000 | ($665,000) | $5,981,000 |
| **NYS Defenders Association** | $1,316,000 | ($131,000) | $1,185,000 |
| **Indigent Defense Program Sub-Total:** | **$7,962,000** | **($796,000)** | **$7,166,000** |
| **Probation and Correctional Alternatives** | | | |
| **Local Probation Aid*** | $42,267,000 | $47,250,000 | $4,983,000 |
| **Intensive Supervision Program** | $519,000 | $0 | ($519,000) |
| **Intensive Supervision of Sex Offenders** | $1,992,000 | $0 | ($1,992,000) |
| **Juvenile Risk Intervention Service Coordination** | $1,049,000 | $0 | ($1,049,000) |
| **Classification Alternatives** | $3,916,000 | $3,524,000 | ($392,000) |
| **Demonstration Programs**** | $4,932,000 | $4,315,000 | ($617,000) |
| **Drug and Alcohol Programs** | $2,310,000 | $2,079,000 | ($231,000) |
| **Probation Eligible Diversion** | $988,000 | $889,000 | ($99,000) |
| **Supervision and Treatment** | $566,000 | $509,000 | ($57,000) |
| **200% of Poverty (TANF)** | $3,164,000 | $2,848,000 | ($316,000) |
| **Probation Sub-Total:** | **$61,703,000** | **$61,414,000** | **($289,000)** |

*Local Probation Aid includes Intensive Supervision Program; Intensive Supervision of Sex offenders and Juvenile Risk Intervention Service Coordination into one Probation Aid Block Grant.

| TABLE B | | | |
|---|---|---|---|
| **SFY 2010-11 Proposed Elimination of Aid to Localities Programs** | | | |
| **Programs:** | **SFY 2009-10 Adjusted Amount** | **SFY 2010-11 Proposed Change** | **SFY 2010-11 Proposed Amount** |
| Operation SNUG | $4,000,000 | ($4,000,000) | $0 |
| Hotlines under the Office for the Prevention of Domestic Violence (OPDV) | $515,000 | ($210,000) | $305,000 |
| Domestic Violence - Legislative addition* | $1,218,000 | $0 | -$1,218,000 |
| *Funding for this program in SFY 2009-10 came from the Criminal Justice Improvement Account.* | | | |

| TABLE C | | | |
|---|---|---|---|
| **SFY 2010-11 Proposed Funding Under The Legal Services Assistance Account -339** | | | |
| **Programs to be Funded under the Legal Services Assistance Account - Special Revenue** | **SFY 2009-10 Enacted Amount** | **SFY 2010-11 Proposed Change** | **SFY 2009-10 Proposed Amount** |
| **Aid to Prosecution** | $3,200,000 | ($320,000) | $2,880,000 |
| **Aid to Defense** | $3,200,000 | ($320,000) | $2,880,000 |
| **District Attorney/Indigent Legal Services Attorney Tuition Reimbursement Program** | $3,000,000 | ($300,000) | $2,700,000 |
| **Legal Services (Legislative add)** | $3,000,000 | $0 | $0 |
| **Grand Total:** | **$12,400,000** | **($940,000)** | **$8,460,000** |

| TABLE D | | | |
|---|---|---|---|
| **SFY 2010-11 Federal Aid To Localities Funding Changes (Amounts in Thousands of dollars)** | | | |
| **Programs** | **SFY 2009-10 Enacted** | **SFY 2010-11 Executive Proposed** | **Proposed Change** |
| Crime Victims Assistance | $25,900 | $24,870 | ($1,030) |
| Crime Victims Compensation | $12,973 | $12,973 | $0 |
| Juvenile Justice and Delinquency Prevention Formula Account | $3,000 | $2,700 | ($300) |
| Juvenile Justice and Delinquency Prevention Formula Account | $100 | $100 | $0 |
| Juvenile Accountability Block Grant | $2,100 | $2,100 | $0 |
| Edward Byrne Memorial Grant / JAG Account | $9,900 | $7,000 | ($2,900) |
| Violence Against Women | $5,500 | $9,775 | $4,275 |
| Justice Assistance American Recovery Act (ARRA) | $20,000 | $23,500 | $3,500 |
| Recovery Grant STOP Violence Against Women Formula Grant (ARRA) | $3,750 | $3,250 | ($500) |
| Miscellaneous Discretionary | $0 | $8,000 | $8,000 |
| Crime Identification Technologies | $1,000 | $1,500 | $500 |
| Domestic Violence Prevention | $0 | $500 | $500 |
| **Federal Aid to Localities Total:** | **$84,223** | **$96,268** | **$12,045** |

## DEFERRED COMPENSATION BOARD

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $157,000 | $114,000 | ($43,000) | -27.39% |
| Special Revenue-Other | $804,000 | $817,000 | $13,000 | 1.62% |
| **Total All Funds:** | **$961,000** | **$931,000** | **($30,000)** | **-3.12%** |

*Administers the New York State Deferred Compensation State Plan, which serves over 125,000 State employees and 62,000 employees of local governments that participate in the Plan. The agency accomplishes this by offering quality investment options and investor education to help build well-diversified portfolios. Approximately 250 local governments sponsor and administer their own deferred compensation plans in compliance with the Deferred Compensation Board rules.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of $930,000 in State Fiscal Year (SFY) 2010-11, representing a 3.12 percent decrease over current year funding. These savings are associated with deficit reduction actions enacted in December 2009, as well as Executive recommendations for SFY 2010-11. This amount is offset by increases in fringe benefits and continuing costs for current programs. The Executive proposes a staffing level of four Full Time Equivalents (FTEs), the same number as SFY 2009-10.

## STATE BOARD OF ELECTIONS

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $7,395,000 | $6,135,000 | ($1,260,000) | -17.04% |
| Special Revenue-Other | $6,000,000 | $500,000 | ($5,500,000) | -91.67% |
| Special Revenue-Federal | $15,500,000 | $7,500,000 | ($8,000,000) | -51.61% |
| **Total All Funds:** | **$28,895,000** | **$14,135,000** | **($14,760,000)** | **-51.08%** |

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

**Overview of Executive Budget Proposal**

The State Fiscal Year (SFY) 2010-11 Executive Budget provides an appropriation of $14.1 million, a net decrease of $14.8 million or 51 percent from SFY 2009-10. The majority of this reduction is associated with non-recurring Help America Vote Act (HAVA) costs. The Board will have a projected staffing level of 63 Full-Time Equivalent (FTE) positions, unchanged from SFY 2009-10.

The Executive Budget recommends reappropriations of $176 million in SFY 2010-11 in unspent Federal funds for HAVA. In response to a Federal Court order, New York continues to move towards compliance with HAVA's voting machine requirements by the November 2010 elections.

The Executive Budget recommends $6.5 million in Federal funding to support the implementation of the Military and Overseas Voter Empowerment Act – a federally-mandated statewide process that ensures uniform service members and overseas voters their right to vote.

**General Fund**

The Executive recommends a reduction in General Fund spending of $1.3 million in SFY 2010-11. This includes $366,000 in personal service savings; $307,000 in nonpersonal service reductions implemented during the 2009-10 Deficit Reduction Plan; $84,000 in collective bargaining savings; and, $700,000 in nonpersonal service Across-The-Board reductions.

**Special Revenue Funds**

The Executive recommends an appropriation of $8 million, a decrease of $13.5 million from the previous year. This includes $6.5 million in federal funds and $500,000 in matching funds to implement the Military and Overseas Voter Empowerment Act, and $1 million is provided for poll site accessibility allocated to local boards of elections.

## OFFICE OF EMPLOYEE RELATIONS (OER)

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $3,715,000 | $3,100,000 | ($615,000) | -16.55% |
| Special Revenue-Other | $121,000 | $121,000 | $0 | 0.00% |
| Internal Service Funds | $1,789,000 | $3,710,000 | $1,921,000 | 107.38% |
| **Total All Funds:** | **$5,625,000** | **$6,931,000** | **$1,306,000** | **23.22%** |

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

**Overview of Executive Budget Proposal**

The Executive Budget recommends an All Funds appropriation of $6.9 million for State Fiscal Year (SFY) 2010-11. This is a $1.3 million or 23.2 percent increase over SFY 2009-10. This increase is mainly attributed to an appropriation in Internal Service Funds for creating and implementing a statewide Learning Management System that enables employees to register and receive training, while allowing the State to track employees' progress across all State agencies on one centralized system. The goal is to create a seamless system across the State's entire enterprise. The increase is partially offset by administrative savings initiatives from the Deficit Reduction Plan as well as new initiatives proposed in SFY 2010-11 budget. The Executive proposes a staffing level of 49 Full-Time Equivalents (FTEs) positions, which is unchanged from SFY 2009-10.

## EXECUTIVE CHAMBER

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | 20,397,000 | 19,838,000 | ($559,000) | -2.74% |
| Special Revenue-Other | 100,000 | 100,000 | $0 | 0.00% |
| **Total All Funds:** | **$20,497,000** | **$19,938,000** | **($559,000)** | **-2.73%** |

*The Executive Chamber is also known as the Office of the Governor. The budget for the Executive Chamber is composed of the administrative costs associated with the Governor's executive staff.*

### Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2010-11 for the Executive Chamber is $19.9 million on an All Funds basis, which is a decrease of $559,000, or 2.7 percent from the SFY 2009-10 Enacted Budget.

The Executive Budget recommends a staffing level of 164 for the Executive Chamber, which is a decrease of five positions from SFY 2009-10. These positions are currently vacant and will not be filled in SFY 2010-11.

As part of the SFY 2010-11 Executive Budget Proposal, the Governor continues the policy of requiring agencies to make Across-The-Board reductions in State Operation spending, which accounts for a reduction of $311,000. Of the overall reduction of $559,000 recommended for SFY 2010-11, $331,000 is attributable to savings in nonpersonal service costs and $248,000 is attributable to savings in personal service costs.

## OFFICE OF THE LIEUTENANT GOVERNOR

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $0 | $700,000 | $700,000 | N/A |
| **Total All Funds:** | **$0** | **$700,000** | **$700,000** | **N/A** |

*The Office of the Lieutenant Governor is responsible for working with and supporting the staff of the Governor, as well as carrying out initiatives of the Lieutenant Governor. The budget of the Office of the Lieutenant Governor is composed of the administrative costs associated with the Lieutenant Governor's staff.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends $700,000 on an All Funds basis, which represents an increase of $700,000 over SFY 2009-10.

This increase in funding represents a restoration from the previous year's elimination of funding to the Office of the Lieutenant Governor, when the office was vacant. The Executive Budget recommends a staffing level of seven Full-Time Equivalent (FTE) positions.

## GENERAL STATE CHARGES (WORKFORCE)

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $2,114,042,000 | $2,368,014,000 | $253,972,000 | 12.01% |
| Fiduciary Funds | $211,000,000 | $101,000,000 | ($110,000,000) | -52.13% |
| **Total All Funds:** | **$2,325,042,000** | **$2,469,014,000** | **$143,972,000** | **6.19%** |

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

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of $2.5 billion for State Fiscal Year (SFY) 2010-11. This is a 6.19 percent, or $144 million increase over current year funding. This is attributed to administrative savings initiatives from the Deficit Reduction Plan as well as new initiatives for SFY 2010-11, and fringe benefit offset revenue. These decreases are offset by increases in health insurance premiums of 3.3 percent and an increase in employer contributions to the pension system of 9.5 percent for the New York State and Local Employees Retirement System (ERS) and 17.5 percent for the New York State and Local Police and Fire Retirement System (PFRS). The employer contribution increases to the pension system are based on the assumption that proposed Article VII legislation to reform the pension system will be made law, if not these percentages would be significantly higher.

The All Funds amount would be further increased by $1 billion to include the State University of New York budget for employee fringe benefits. The State would transfer such funds after the budget is enacted by the Legislature.

The Executive has proposed to eliminate the four percent general salary increase for Management/Confidential employees in SFY 2010-11 for a savings of $28 million. In addition, there is a placeholder appropriation for $250 million in savings, however the Executive would need to negotiate directly with State unions to come up with this number.

The Executive proposes a staffing level of four Full-Time Equivalents (FTEs) positions, which is unchanged from SFY 2009-10.

### Article VII

The Executive Budget proposes Article VII legislation to provide the New York State Health Insurance Program (NYSHIP) the option to operate as a self-insured plan. This proposal would remove the requirement that NYSHIP contract with a third party carrier to provide health coverage to its members, and be authorized to remit payment directly to physicians, hospitals, and other health care providers. The savings estimated from this provision is $15 million for SFY 2010-11.

The Executive Budget proposes Article VII legislation to require state employees and retirees to contribute to Medicare Part B premiums. Currently, the State pays 100 percent of these premiums. This would increase employee and retiree health insurance contributions by an estimated 10 percent ($30 a year) for individual coverage, and 25 percent ($85 a year) for family coverage. The Executive estimates savings of $30 million for SFY 2010-11.

The Executive Budget proposes Article VII legislation to allow State and local governments outside of New York City to amortize a portion of pension contribution costs over a six-year period to achieve significant financial relief. If entities chose to participate they would have the ability to amortize a portion of their pension costs in SFY 2010-11. This legislation would also increase the minimum employer contribution rate from 4.5 percent to 5.5 percent. Amortized amounts would be repaid over a ten year period at an interest rate determined by the State Comptroller. The estimated savings from this legislation would be $217 million for SFY 2010-11.

The SFY 2010-11 Executive Budget proposes Article VII legislation to set the interest rate paid on judgments by local governments, the State, and certain public corporations at market rates. This would mirror the standard used by the Federal government. The State pays a nine percent fixed interest rate on judgments, which is much higher than current interest rates. The Executive estimates savings would be $2.6 million for New York State and $1.5 million for New York City for SFY 2010-11.

## OFFICE OF GENERAL SERVICES (OGS)

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $156,021,000 | $143,106,000 | ($12,915,000) | -8.28% |
| Special Revenue-Other | $22,127,000 | $21,591,000 | ($536,000) | -2.42% |
| Special Revenue-Federal | $17,540,000 | $11,340,000 | ($6,200,000) | -35.35% |
| Capital Projects Fund | $98,000,000 | $98,000,000 | $0 | 0.00% |
| Internal Service Funds | $610,056,000 | $300,720,000 | ($309,336,000) | -50.71% |
| Enterprise Funds | $2,014,000 | $2,009,000 | ($5,000) | -0.25% |
| Fiduciary Funds | $750,000 | $750,000 | $0 | 0.00% |
| **Total All Funds:** | **$906,508,000** | **$577,516,000** | **($328,992,000)** | **-36.29%** |

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

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of $577.5 million for State Fiscal Year (SFY) 2010-11, representing a $328.9 million decrease or 36.2 percent reduction from SFY 2009-10 levels. This decrease is attributed to a decrease of $12.9 million in the General Fund for SFY 2009-10 associated with the Deficit Reduction Plan. In addition, several Executive actions for SFY 2010-11 include: administrative savings initiatives; renegotiated lease savings; collective bargaining savings; elimination of a $400 million appropriation in the Internal Service Fund to facilitate centralized lease management; and, the elimination of a one-time funding received through the American Recovery and Reinvestment Act (ARRA) of 2009 for emergency food assistance of $6.2 million. This decrease is offset by a $90 million appropriation which allows OGS to purchase electricity directly without a power company acting as an intermediary.

The Executive proposes a staffing level of 1,500 Full Time Equivalent (FTEs) positions, which is a decrease of 48 FTEs from SFY 2009-10.

### Article VII

The Executive proposes Article VII legislation in SFY 2010-11 that would repeal the requirement that contractors collect a fee on sales from centralized contracts administered by the Office of General Services. These fees are currently remitted directly to the Department of Taxation and Finance.

## OFFICE OF HOMELAND SECURITY

| Fund Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $18,222,000 | $11,949,000 | ($6,273,000) | -34.43% |
| Special Revenue-Other | $18,471,700 | $99,422,700 | $80,951,000 | 438.24% |
| Special Revenue-Federal | $503,300,000 | $627,474,000 | $124,174,000 | 24.67% |
| Capital Projects Fund | $0 | $42,000,000 | $42,000,000 | N/A |
| Internal Service Funds | $1,500,000 | $2,000,000 | $500,000 | 33.33% |
| Enterprise Funds | $0 | $50,000,000 | $50,000,000 | N/A |
| **Total All Funds:** | **$541,493,700** | **$832,845,700** | **$291,352,000** | **53.81%** |

*The Office of Homeland Security (OHS) was established by anti-terror legislation enacted by the Legislature and signed into law in July of 2004. OHS is divided into the Administration and Cyber Security Programs.*

*The Office's mission is to detect, protect against and respond to terrorist-related activities and events. The mission is accomplished by coordinating New York State public security matters on behalf of the Governor.*

*The programmatic functions and services provided by the Office include: vulnerability assessments of critical infrastructure; policy development; allocation of Federal Homeland Security funds; detection of cyber security threat related events; collection and dissemination of counter terrorism information and alerts; and development of a Statewide strategy for disaster related preparedness training.*

### Overview of Executive Budget Proposal

The SFY 2010-11 Executive Budget reduces General Fund State Operations spending under Homeland Security, Cyber Security and Orthoimagry, Emergency Management, and the Office of Fire Prevention and Control by $10.5 million from SFY 2009-10 levels. This reduction reflects workforce reductions totaling $359,000; savings of $168,000 in relation to the severance package offered in SFY 2009-10; Across-The-Board reductions in non-personal service costs of $1.9 million; collective bargaining savings of $204,000; and savings of $1.5 million associated with the proposed merger (as detailed below).

In addition, the Executive reduces spending from the General Fund Homeland Miscellaneous Account and General Fund State Operations by $10.3 million and $6.8 million respectively. In SFY 2010-11 this spending would instead, be funded by the cellular surcharge account. Total spending being transferred from the General Fund and Homeland Miscellaneous to the cellular surcharge account would be $18.9 million in SFY 2010-11.

The SFY 2010-11 Executive Budget proposes Article VII Legislation that would allow the Office of Homeland Security (OHS), State Emergency Management Office (SEMO), the State

911 Board, the Office of Cyber Security and Critical Infrastructure Coordination (CSCIC), and the Office of Fire Prevention and Control to merge into a single newly created State Agency named the Division of Homeland Security and Emergency Services (DHSES). This merger would result in the elimination of 15 positions in Homeland Security through attrition. The Executive merger proposal would:

- Preserve the missions of the existing organizations as new offices within DHSES;
- Provide for the consolidation of grant management;
- Shift the Federal Interoperable Coordination for the Office of Technology (OFT) to DHSES and its new Office of Interoperable and Emergency Communications;
- Restructures the E-911 Board to develop regional communications networks, forming the basis of a statewide interoperable network for both State and local first responders;
- Offer grants to local governments of up to $50 million in SFY 2011-12 to support regional consortiums for communications and enhanced consolidated 911 communication centers;
- Authorizes the Municipal Bond Bank Agency to undertake pooled financing of county communication equipment;
- Requires municipalities to comply with State technology standards for interoperable communications networks, allow the State to review and monitor municipalities' compliance with such standards; and,
- Enhances the training facility for first responders in Oneida County.

The Executive anticipates that this merger would provide greater support to local first-responders, improve coordination of State and Federal Grant programs and advance the vision of a county-driven statewide communication network. The Executive proposes the merger to save $1.5 million annually.

The new DHSES would have a total workforce of 397, which is attributable to 168 from Homeland Security and Cyber Security and Critical Infrastructure; 97 FTEs under the Emergency Management Office; 124 from the Office of Fire Prevention and Control; and eight from the Office of Technology.

The SFY 2010-11 Executive Budget proposes a reduction of $8,000 for the New York Fire Academy from SFY 2009-10 levels as a result of savings associated with collective bargaining agreements including fringe benefits and other indirect costs. The Executive further reduces by $500,000 the Local Wireless Public Safety Account associated with the continuation of the SFY 2009-10 Deficit Reduction Plan. The Executive further provides $3.8 million in grants to Volunteer Fire Departments. In addition, $3.3 million is included for Federal Fire and Prevention Control funding, which was funded under the Department of State in SFY 2009-10.

The Executive proposes a total increase of $4.6 million in Special Revenue Fund spending for the Office of Cyber Security of which $2.1 million is related to increases in critical infrastructure contracts; $500,000 for increase detection services to State Agencies; and a $2 million increase in Orthoimagery upgrades for New York City.

**Aid to Localities**

The SFY 2010-11 Executive Budget recommends $600 million in Federal Funds for Homeland Security grant programs. This represents an increase of $100 million to allow for additional appropriation spending authority should the State receive additional Federal funds. The Executive further provides $30 million for emergency communication equipment for the Division of State Police; Office of Parke, Recreation and Historic Preservation; and the Department of Environmental Conservation. The newly created DHSES would also provide $50 million in new grants to county consortiums to assist in the development of county-driven interoperable communications networks for local first responder agencies and certain State agencies.

**Homeland Security / Miscellaneous**

After the transfers in spending take place as outlined in the previous discussion on State Operations under the Homeland Miscellaneous Account, the SFY 2010-11 Executive also includes a $1.4 million reduction from Cyber Security to DHSES, and $1 million in Across-The-Board non-personal service reductions.

**Capital**

The Executive proposes $42 million in capital funding related to the development of a centralized State Public Safety Training Facility in Oneida County. This funding would expand the existing State Preparedness Training Center in Oneida County so that it becomes the central location for preparedness training in the State.

**Article VII**

The Executive proposes Article VII Legislation that would allow the Office of Homeland Security (OHS), State Emergency Management Office (SEMO), the State 911 Board, the Office of Cyber Security and Critical Infrastructure Coordination (CSCIC), and the Office of Fire Prevention and Control to merge into a single newly created State Agency the Division of Homeland Security and Emergency Services (DHSES) as detailed above.

The SFY 2010-11 Executive Budget proposes Article VII Legislation to allow local governments to finance costs associated with the development of public safety communications systems through the Municipal Bond Bank Agency.

## OFFICE OF THE INSPECTOR GENERAL

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $6,825,000 | $6,138,000 | ($687,000) | -10.07% |
| Special Revenue-Other | $100,000 | $100,000 | $0 | 0.00% |
| **Total All Funds:** | **$6,925,000** | **$6,238,000** | **($687,000)** | **-9.92%** |

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

**Overview of Executive Budget Proposal**

In State Fiscal Year (SFY) 2010-11, the Executive Budget recommends $6.2 million on an All Funds basis for the Office of the Inspector General. This appropriation reflects a reduction of $687,000, or 9.9 percent, from SFY 2009-10 levels; continuing the Executive's policy of requiring agencies to make Across-The-Board reductions in State Operation spending.

The Executive Budget recommends the same level of full time staff as the SFY 2009-10. This employment level consisted of 62 Full-Time Equivalent (FTEs) positions.

## INTEREST ON LAWYERS ACCOUNT

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $48,050,000 | $46,873,000 | ($1,177,000) | -2.45% |
| **Total All Funds:** | **$48,050,000** | **$46,873,000** | **($1,177,000)** | **-2.45%** |

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

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends $45 million in spending authority for local grants, the same amount of funding as in SFY 2009-10. The Local Assistance grant funding is based on interest rates. The actual amount disbursed is dependent on the amount of interest generated by the trust accounts which fund the programs.

The SFY 2010-11 Executive Budget proposes an increase of $35,000 to reflect the increased costs of continuing operations (annual salary increases and other fixed cost adjustments). This increase is offset by a savings of $196,000 associated with the Executive's continued Across-The-Board reductions in non personal service costs and $16,000 in savings attributable to collective bargaining agreements adjustments. The Executive eliminates $1 million in Special Revenue Aid to Localities funding for civil legal services.

In addition, the Judiciary included a $15 million supplemental appropriation in their Budget request and would transfer the funding to the Interest on Lawyer Account (IOLA) Board for distribution. *Further explanations in the funding source can be found in the Judiciary Agency Detail Section.*

## JUDICIAL COMMISSIONS

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $5,268,000 | $5,474,000 | $206,000 | 3.91% |
| **Total All Funds:** | **$5,268,000** | **$5,474,000** | **$206,000** | **3.91%** |

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

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget provides an appropriation of $5.5 million, a net increase of $206,000 or four percent over SFY 2009-10. This includes an increase of $284,000 to the Commission on Judicial Conduct for salary and other fixed cost increases. This increase is offset by a decrease of $78,000 associated with collective bargaining agreements. Staffing is projected to remain at 49 Full-Time Equivalent (FTE) positions.

# DEPARTMENT OF LAW

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $130,466,000 | $114,219,000 | ($16,247,000) | -12.45% |
| Special Revenue-Other | $65,593,000 | $59,987,000 | ($5,606,000) | -8.55% |
| Special Revenue-Federal | $37,559,000 | $35,820,000 | ($1,739,000) | -4.63% |
| **Total All Funds:** | **$233,618,000** | **$210,026,000** | **($23,592,000)** | **-10.10%** |

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

**Overview of Executive Budget Proposal**

The Executive Budget recommends an All Funds appropriation of $210 million in State Fiscal Year (SFY) 2010-2011, a decrease of $23.6 million or 10 percent from SFY 2009-2010. The Department would maintain a workforce of 2,032 Full Time Equivalent (FTE) positions. However, workforce reduction plans will reduce FTEs to 1,815 in SFY 2010-2011.

The Executive Budget recommends a General Fund reduction of $16.2 million. This includes a nonpersonal service decrease of $14.8 million and a personal service decrease of $1.4 million. In addition, the Executive also proposes a Special Revenue reduction of $7.2 million. This includes a decrease in nonpersonal service of $120,000 and a decrease in personal service of $7.2 million.

## DIVISION OF MILITARY AND NAVAL AFFAIRS

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $115,293,000 | $17,755,000 | ($97,538,000) | -84.60% |
| Special Revenue-Other | $18,541,000 | $8,741,000 | ($9,800,000) | -52.86% |
| Special Revenue-Federal | $367,442,000 | $42,780,000 | ($324,662,000) | -88.36% |
| Capital Projects Fund | $30,700,000 | $30,700,000 | $0 | 0.00% |
| Enterprise Funds | $50,000,000 | $0 | $0 | 0.00% |
| **Total All Funds:** | **$581,976,000** | **$99,976,000** | **($482,000,000)** | **-82.82%** |

*The Division of Military and Naval Affairs' (DMNA) primary mission is to maintain a well-trained reserve military force ready to respond to civil emergencies, natural disasters, and threats to the nation's security. The State Emergency Management Office (SEMO), formerly part of DMNA has been proposed to be consolidated into the new Division of Homeland Security and Emergency Services.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of $100 million in State Fiscal Year (SFY) 2010-2011, a decrease of $482 million or 83 percent from SFY 2009-2010. This decrease is primarily attributable to the Executive's proposal to move the State Emergency Management Office (SEMO) to the newly created Division of Homeland Security and Emergency Services (HSES). It is estimated that DMNA will have a workforce of 482, a decrease of 97 attributable to the transfer of 97 SEMO positions to HSES.

The Executive Budget includes $9.5 million from the General Fund appropriated in the Homeland Security Miscellaneous appropriation and $10 million from Federal Homeland Security Grants to support the National Guard for Empire Shield in New York City. Empire Shield provides random, flexible threat-based, rapid response units in the New York City metropolitan area.

### State Operations

The SFY 2010-11 Executive Budget proposes a General Fund increase of $362,000 of which $168,000 is associated with salary increases and $194,000 for increased utility costs at State armories. The Executive also proposes a General Fund decrease of $8.6 million. The largest portion of this decrease includes the transfer of SEMO to the Division of Homeland Security and Emergency Management for a reduction of $4.3 million. The remaining savings of $4.3 million is achieved as follows: workforce reductions in the amount of $521,000 to the Military Readiness Program; service reductions of $1 million implemented during the 2009-2010 Deficit Reduction Plan; Across The Board nonpersonal service reductions of $2 million; employee severance package savings of $507,000; and collective bargaining savings of $201,000.

## DIVISION OF PAROLE

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $177,067,000 | $176,302,0000 | ($6,735,652) | -3.68% |
| Special Revenue-Other | $825,000 | $1,275,000 | $450,000 | 54.55% |
| Special Revenue-Federal | $500,000 | $500,000 | $0 | 0.00% |
| Internal Service Funds | $9,250,000 | $11,000,000 | $1,750,000 | 18.92% |
| **Total All Funds:** | **$193,612,652** | **$189,077,000** | **($4,535,652)** | **-2.34%** |

*The Division of Parole, which consists of the Board of Parole and Division staff, oversees all offenders who are released from prison prior to the full completion of their maximum sentence. The Division determines when offenders should be released, supervises parolees in the community, investigates alleged violations, revokes parole when warranted, and arranges for community support.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends $189.1 million in All Funds support. The Executive proposes an overall General Fund decrease of $6.7 million. Of this $11.7 million reduction $8.6 million is attributable to a reduction in personal service including a reduction of $3.7 million associated with a declining parolee population; $2.6 million reduction related to collective bargaining savings; $1.8 million in savings associated with overtime reductions and vacancy control measures; and, $600,000 associated with the Executive's Article VII proposal to reduce the Board of Parole Membership from 19 to 13 members. This decrease in General Fund personal services reduction is offset by an increase of $717,000 for personal service salary adjustments.

In addition, the Executive budget reduces the Division's General Fund non-personal service by $3.7 million. Of this reduction $1.8 million is attributable to the consolidations of two rental spaces in New York City into one location; $1.2 million savings associated with the Executive's across the board reductions in non-personal service costs. The remaining $718,000 in reductions is associated with $1.3 million related to lease costs; $1.2 million associated with inflation rates; and $1.8 million associated with training supplies and equipment for Parole Officer safety, which are offset by a decrease of $5.1 million related to SFY 2009-10 spending efficiencies that continue into SFY 2010-11. In addition, the Executive proposes a reduction of $28,000 related to technology savings.

### Aid to Localities

The Executive adjusts the SFY 2009-10 Enacted Budget to reflect a reduction of $609,000 taken under the Residential and Treatment Stabilization Program for parolees. This reduction was implemented in the Deficit Reduction Plan (DRP) enacted in December 2009. In addition, the SFY 2009-10 Enacted Budget eliminated the State's requirement to reimburse counties for housing parole violators at a daily rate of $40 per inmate. The SFY 2010-11 Executive Budget recommendation however provides $5 million in appropriation authority to pay board of prisoner liabilities incurred by counties prior to April 1, 2009.

**Article VII**

The SFY 2010-11 Executive proposes Article VII legislation to reduce the Board of Parole membership from 19 to 13. The term of office is also reduced from six to five years, which would provide vacancies to allow for the Board to decrease in size. Provisions of the proposal include: current members that have served five year or more of their current term of office would expire on the effective date of the Article VII (four existing members would be affected); the Board currently has three vacancies; all other members would serve no more than five years but could continue if a successor is not named. This proposal would save $600,000 in SFY 2010-11 and $600,000 annually thereafter.

## OFFICE FOR THE PREVENTION OF DOMESTIC VIOLENCE

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $2,343,000 | $0 | ($2,343,000) | -100.00% |
| Special Revenue-Other | $70,000 | $0 | ($70,000) | -100.00% |
| Special Revenue-Federal | $100,000 | $0 | ($100,000) | -100.00% |
| Internal Service Funds | $890,000 | $0 | ($890,000) | -100.00% |
| **Total All Funds:** | **$3,403,000** | **$0** | **($3,403,000)** | **-100.00%** |

*The Office for the Prevention of Domestic Violence (OPDV) is responsible for the development of statewide policies to protect victims of domestic violence. In addition, the Office conducts family violence training programs for judges, prosecutors, police, social workers and health care providers.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends that the Office for the Prevention of Domestic Violence merge into the Division of Criminal Justice Services (DCJS) as a specialized office within DCJS. *A more detailed discussion of this proposal can be found under the Division of Criminal Justice Services Agency Detail Section.*

## DIVISION OF PROBATION AND CORRECTIONAL ALTERNATIVES

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $70,764,532 | $0 | ($70,764,532) | -100.00% |
| **Total All Funds:** | **$70,764,532** | **$0** | **($70,764,532)** | **-100.00%** |

*The Division of Probation and Correctional Alternatives (DPCA) oversees county probation departments. It provides training, technical assistance and distributes reimbursements for county expenses. The Agency also provides localities with grants to fund Alternatives to Incarceration programs designed to divert offenders from the State prison system with appropriate community based services.*

**Overview of Executive Budget Proposal**

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends that the Division of Probation and Correctional Alternatives (DPCA) merge into the Division of Criminal Justice Services (DCJS) as a specialized office within DCJS. *A more detailed discussion of this proposal can be found under the Division of Criminal Justice Services Agency Detail Section.*

## PUBLIC EMPLOYMENT RELATIONS BOARD (PERB)

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $4,116,000 | $3,968,000 | ($148,000) | -3.60% |
| Special Revenue-Other | $568,000 | $575,000 | $7,000 | 1.23% |
| **Total All Funds:** | **$4,684,000** | **$4,543,000** | **($141,000)** | **-3.01%** |

*The Public Employment Relations Board (PERB) was established as a result of enactment of the Taylor Law to assist public employers and employee representatives in the resolution of collective bargaining disputes through mediation, fact-finding, and arbitration. PERB is available to 4,765 public sector negotiating units in New York State. In addition, PERB is responsible for designating Management/Confidential positions, making determinations on injunctive relief applications, and acting as a clearinghouse for information on wages, benefits, and employment practices.*

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of $4.5 million in State Fiscal Year (SFY) 2010-11, reflecting a 3.0 percent or $141,000 decrease from SFY 2009-10 levels. This is attributed to administrative savings initiatives from the Deficit Reduction Plan as well as collective bargaining savings for SFY 2010-11. The Executive proposes a staffing level of 38 Full Time Equivalents (FTEs), consistent with SFY 2009-10 levels.

The Executive Budget proposes that PERB fully absorb the responsibilities of the State Employment Relations Board (SERB) for a savings of $1.3 million. This recommendation would expand PERB's current responsibilities to include private employers and their unions.

### Article VII

The Executive proposes Article VII legislation to abolish the State Employment Relations Board (SERB) and shift its responsibilities to the Public Employment Relations Board (PERB). This would expand PERB's current responsibilities of mediation for public employers and their employee unions to include the private sector and Indian Nations. This bill would create a single entity responsible for resolving all labor disputes in both the public and private sector. This bill would generate $1.3 million in savings for SFY 2010-11.

## COMMISSION ON PUBLIC INTEGRITY

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | 5,162,000 | 4,308,000 | ($854,000) | -16.54% |
| **Total All Funds:** | **$5,162,000** | **$4,308,000** | **($854,000)** | **-16.54%** |

*The New York State Commission on Public Integrity has the responsibility of administering and enforcing the State's ethics and lobbying laws. The Commission on Public Integrity administers compliance with the ethical standards that public officials and lobbyists must observe in order to ensure public trust and confidence in government.*

### Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2010-2011 is $4.3 million in General Fund appropriations, which is a reduction of $854,000, or 16.5 percent from SFY 2009-10. As part of the SFY 2010-11 Executive Budget Proposal, the Governor continues the policy of requiring agencies to make Across-The-Board reductions in State Operations spending, which accounts for $450,000, of the overall reduction in funding to the Commission. This reduction primarily reflects administrative and personnel reductions as well as savings through the use of technology.

The SFY 2010-11 Executive Budget includes a policy of implementing workforce related savings associated with re-negotiation of labor agreements with State employees. While most of these re-negotiations have yet to occur, the Executive Budget proposal anticipates savings of $61,000, which is reflected in personal service appropriation reductions to the budget of the Commission on Public Integrity.

The remaining $343,000 in savings from the overall reduction of $854,000 is outlined as follows:

- a $144,000 reduction attributable to the continuation or recurrence of savings from the Deficit Reduction Plan of SFY 2009-10;
- a $218,000 reduction attributable to personal service saving initiatives. The Executive Budget recommends 50 Full-Time Equivalent (FTEs) staff, which is a decrease of two positions. These positions are currently vacant and would not be re-filled in SFY 2010-11; and a $19,000 increase to account for fixed cost increases.

## DIVISION OF STATE POLICE

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $540,841,000 | $475,957,000 | ($64,884,000) | -12.00% |
| Special Revenue-Other | $244,798,000 | $236,350,000 | ($8,448,000) | -3.45% |
| Special Revenue-Federal | $8,745,000 | $6,310,000 | ($2,435,000) | -27.84% |
| Capital Projects Fund | $11,500,000 | $11,500,000 | $0 | 0.00% |
| **Total All Funds:** | **$805,884,000** | **$730,117,000** | **($75,767,000)** | **-9.40%** |

*The Division of State Police is responsible for patrolling the roads and highways outside major urban centers, and providing specialty and investigative police services throughout the State. The work of the State Police ranges from traditional patrol duties to that of specially trained investigators who conduct operations against drug traffickers and other criminals.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget provides $730.1 million in All Funds support, reflecting a decrease of $75.8 million or 9.4%. The Executive includes adjustments to the SFY 2009-10 Enacted Budget General Fund appropriations of $118 million, and $14 million in Special Revenue Funds. These adjustments are related to personal service costs associated with a two year retroactive payment adjustments. In addition, General Fund appropriations are reduced by $10 million in relation to the Executive's workforce reduction plan. This workforce reduction plan relates to 132 Full-Time Equivalents (FTEs) in the Division of State Police. The Executive further adjusts the General Fund appropriations by transferring $9.4 million into the accounts associated with the Thruway, Casino and Community Vehicle Highway Special Revenue Funds for costs related to retroactive collective bargaining payments. In addition Special Revenue appropriations are adjusted by a reduction of $1.3 million associated with adjustments to workforce reduction. This reduction is offset by an increase of $7.3 million related to collective bargaining agreements, fringe benefits and indirect cost adjustments.

The SFY 2010-11 Executive Budget recommends a decrease of $75.7 million in All Funds appropriations a 9.4 percent decrease from the SFY 2009-10 levels.

The Executive proposes reducing General Fund appropriations by $55 million. Of this amount $42 million in savings reflects an adjustment for a retroactive collective bargaining payment made in SFY 2009-10; $16.1 million reduction in the Motor Vehicle Law Enforcement Account (MVLEA) which represents the annualization of the $5.00 fee increase enacted in SFY 2009-10, which is offset to the Special Revenue appropriation; $16.5 million in across the board reductions to non-personal service costs. In addition, the Executive reduces the General Fund by $11.3 million attributable to savings from the Executive's reduction of the workforce associated with the delay of recruitment classes (164 FTEs) for a second year and other savings attributable to controlling staffing levels. The Executive further reduces General Fund spending by $10.5 million associated with a continuation of the Deficit Reduction Plan (DRP) non-personal service reductions taken in SFY 2009-10; and $9 million attributable to collective bargaining savings. The Executive eliminates $500,000 for pistol cameras on guns, a Legislative addition in SFY 2009-10.

These decreases are offset by a General Fund increase of $30 million in collective bargaining agreements, and $13 million from increases made to personal services, fringe and other indirect costs. In addition, $7.9 million is included for non-personal services attributable to the Executive proposal for speed enforcement cameras in work zones and certain stretches of highway for costs associated with the administration, lease, and litigation costs of the program.

The SFY 2010-11 Executive Budget increases Special Revenue appropriations by $16 million associated with the Motor Vehicle Law Enforcement Account (MVLEA) annualization of the $5.00 fee increase enacted in SFY 2009-10. This increase is offset by a savings of $17.2 million of which $9.5 million reflects an adjustment to the Seized Assets Account; $4.3 million related to a reduction in elimination of retro-active payments under the Police Benevolent Association and the Bureau of Criminal Investigation; $2.3 million in adjustment to the workforce reduction plan; and $1 million in savings from a reduction in collective bargaining agreements. The Executive proposes a decrease of $2.4 million in Federal appropriations resulting from re-estimations, $1.7 million for the Federal National Institute of Justice DNA grants, and $700,000 in Internet Crimes Against Children Grant.

The SFY 2010-11 Executive Budget proposes that the Division of State Police not hold a training class in SFY 2009-10 and SFY 2010-11. This would reduce the State Police's workforce by 269 positions (through attrition and workforce controls and is estimated to occur at the end of SFY 2009) compared to April 2009. In addition, the Superintendent of State Police would reassign 90 School Resource Officers (at the close of the school year in June 2010) and other members from duties beyond the traditional role of the State Police which has yet to be determined by the Superintendent of State Police.

**Capital Improvements**

The Executive proposes $5.5 million in capital funds for various projects for health, safety, preservation and maintenance of existing State Police facilities. In addition, the Executive proposes issuing $6 million in authority bonds for costs associated with the design and construction of evidence storage facilities at Troop Headquarters.

**Article VII**

The SFY 2010-11 Executive Budget proposes Article VII legislation that would require photo-monitoring enforcement of speed limits in work zones and designated stretches of highways. Provisions of the bill include authorizing the Division of State Police to establish a photo monitoring enforcement of speed limits in work zones (40 cameras) and designated stretches of highway (ten cameras). Signs alerting motorists would be placed 300 feet in advance of the work zone and a fine of $100 would be imposed on the registered owners of vehicles caught speeding through a photo monitored work zone, while $50 would be imposed on those speeding in designated stretches of highway. While the fine is levied against the owner of the car, registered owners would not be convicted as operators, be assessed points against their driver's license, or subjected to increased automobile insurance premiums.

The Division of Criminal Justice Services (DCJS) would be responsible for adjudication of contested violations. This proposal anticipates net revenues of $25 million in SFY 2010-11 and $71 million in SFY 2011-12.

# OFFICE FOR TECHNOLOGY

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $28,858,000 | $30,558,000 | $1,700,000 | 5.89% |
| Special Revenue-Other | $20,905,000 | $3,445,000 | ($17,460,000) | -83.52% |
| Special Revenue-Federal | $17,750,000 | $0 | ($17,750,000) | -100.00% |
| Capital Projects Fund | $80,000,000 | $0 | ($80,000,00) | -100.00% |
| Internal Service Funds | $405,752,000 | $403,165,000 | ($2,587,000) | -0.64% |
| **Total All Funds:** | **$553,265,000** | **$437,168,000** | **($116,097,000)** | **-20.98%** |

*The Office for Technology (OFT), established in 1997, provides centralized technology services, shapes technology policy, and coordinates statewide technology initiatives with the goal of improving New York State government efficiency.*

## Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-20011 Executive budget proposal recommends $437.2 million in All Funds support for Office for technology (OFT) operations of which 92 percent or $403.2 million are Internal Service Fund charges from other state agencies for services provided by OFT. This year's request represents a decrease of $116.1 million that is largely attributable to one-time appropriations in the SFY 2009-2010 budget including an $80 million Capital Funds appropriation for the Statewide Wireless Network and $17.5 million in Federal Funds appropriations to enable spending of Federal stimulus funds in the event New York received competitive awards.

Additional reductions are due to the discontinuation of the Statewide Wireless Network (SWN) project and transfer of the interoperable communications system to the newly created Division of Homeland Security and Emergency Services and personal service and non-personal service reductions. Staffing levels for OFT will increase by 25 in SFY 2010-2011 to 673 Full-Time Equivalents (FTEs).

## E- Licensing

The Executive budget proposal provides $2 million to jump-start establishment of a one-stop E-Licensing System for businesses and State residents seeking required licenses and permits. Currently five agencies are developing the E-Licensing framework: State Department of Education, Tax and Finance, Department of State, Department of Agriculture and Markets, and the Division of Alcoholic Beverage Control.

In addition, 10 FTE staff and the equipment associated with the Business Permits Assistance program and the Online Permit and Licensing System (OPAL) have been transferred from the Governor's Office of Regulatory Reform (GORR) to OFT. The Executive Budget provides $1.4 million to support the staff, equipment and operations transferred from GORR.

**Data Center**

In SFY 2006-2007 the Legislature provided $99.5 million in capital funds for construction of a consolidated State Data Center to meet the growing needs for secure space with adequate power and cooling. This project was reactivated in late 2009 when a request for information (RFI) was issued. OFT is currently pursuing a public-private partnership model with institutions of higher education and the private sector to develop a shared data center.

**Disaster Recovery**

The OFT budget includes additional funding of $2 million for debt service costs related to $10 million capital funding for retro-fitting a space located in Poughkeepsie for State agency disaster recovery needs.

## DIVISION OF VETERANS' AFFAIRS

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $15,538,200 | $14,397,000 | ($1,141,200) | -7.34% |
| Special Revenue-Federal | $2,466,000 | $2,466,000 | $0 | 0.00% |
| **Total All Funds:** | **$18,004,200** | **$16,863,000** | **($1,141,200)** | **-6.34%** |

*The New York State Division of Veterans' Affairs assists New York State Veterans, members of the armed forces, and their families in securing benefits and services available as a result of their active duty military service. The Division provides accessibility to counseling programs, monthly benefits, education benefits, burial benefits, health care, tax exemption and other services.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends an All Funds appropriation of $16.9 million, reflecting a net decrease of $1.1 million, or 6.3 percent from SFY 2009-10 levels. The proposed decrease from the current fiscal year is attributed to workforce reduction plans and collective bargaining savings. The Executive recommends a staffing level of 103 Full-Time Equivalents (FTEs) for the Division, a decrease of two positions eliminated through attrition and the phase two of the voluntary severance plan offered in November 2009 by the Executive.

## WORKERS COMPENSATION BOARD

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $217,405,000 | $202,265,000 | ($15,140,000) | -6.96% |
| **Total All Funds:** | **$217,405,000** | **$202,265,000** | **($15,140,000)** | **-6.96%** |

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

### Overview of Executive Budget Proposal

The Executive Budget recommends an All Funds appropriation of $202.3 million in State Fiscal Year (SFY) 2010-11. This is a seven percent decrease from SFY 2009-10 levels, which is primarily attributed to an adjustment made for a non-recurring appropriation of $20 million. This appropriation provided funding in SFY 2009-10 for the improvement of services at the Board. In addition, there is a decrease of 106 Full-Time Equivalents (FTEs) due to the 2009-10 Workforce Reduction Plan and collective bargaining savings. The overall decrease is offset by the addition of 25 FTE's necessary for the implementation of Article VII legislation to address the increased number of defaults with Group Self-Insurance Trusts (GSIT), fringe benefit adjustments, and increased costs to continue administering current programs. The Executive proposes a staffing level of 1,450 FTEs, which is an increase of 25 FTEs from SFY 2009-10.

### Deficiency Bill

The Executive proposes deficiency Article VII legislation required for the 2009-10 State budget to pay for liabilities incurred in SFY 2009-10. This would allow transferring funds in excess of $12 million from the Special Fund for Disability Benefits to the General Fund.

### Article VII

The Executive proposes Article VII legislation to remit to the Workers Compensation Board any assessment surcharge funds collected from policyholders attributable to SFY 2008-09 in excess of amounts billed to the insurance carriers by the Workers Compensation Board for the same period. Because of a disconnect in Workers Compensation Law, calculating the surcharge was different for insurance carriers than it was for the Workers Compensation Board. Estimated revenue from this legislation would be around $23.6 million and transferred directly to the General Fund. Legislation was enacted that requires the surcharge and amount collected be based on a standard premium as of January 1, 2010 to alleviate this problem going forward, but SFY 2008-09 would fall under the old calculation method.

The Executive further proposes Article VII legislation to protect injured workers' benefits and ensure that employers who participate in self-insured groups and group administrators fully meet their future fiscal responsibilities. This legislation would allow the Board to borrow additional funds from the Uninsured Employers Fund (UEF) up to $75 million and give the Board authority to enforce judgments against former members of an insolvent Group Self-Insured Trust (GSIT) who did not pay all of their workers' compensation obligations. In the past several years numerous GSIT's have defaulted and this legislation will enable the Board to enhance its collection efforts to mitigate burdens placed on healthy self-insurers. The Board would be able to limit assessments on self-insured businesses and allow the Board to have appropriations to provide additional resources to address all obligations of defaulted GSIT's.

## NEW YORK STATE COUNCIL ON THE ARTS

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| State Operation | $9,232,000 | $6,472,000 | ($2,760,000) | 29.90% |
| Aid to Localities | $44,611,783 | $37,759,000 | ($6,852,783) | 15.36% |
| **Total All Funds:** | **$53,843,783.00** | **$44,231,000.00** | **($9,612,733)** | **17.85%** |

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

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget includes $44.2 million in All Funds support, reflecting a decrease of $9.6 million from SFY 2009-10 Enacted amounts. The Executive proposes to reduce funding for Arts Grants, which the 2009-2010 Enacted Budget included for $38.9 million. In addition, the Legislature added $3.5 million to account for half of the deficit reduction plan (DRP) adjustments in SFY 2008-2009. In addition, an additional $250,000 for the Arts Stabilization Program was added, for a total of $42.65 million for both programs.

The Executive Budget recommends an additional reduction of $600,000 in available funding for the operations of NYSCA. The agency would manage the reductions through strict limits and realignment to staffing, improved procurement of energy, vehicles, supplies, equipment, technology, and other services. The development of shared services and other actions for NYSCA would result in $1.2 million in savings over the next two fiscal years. The proposed reductions to the arts budget will result in $35.2 million in funding for SFY 2010-11, resulting in a recurring savings of $6.5 million in SFY 2011-2012.

The New York State Theatre Institute (NYSTI) and the Empire State Plaza Performing Arts Center (The Egg), both public benefit corporations, produce performing arts events for the general public in the form of dance, theatre and artistic presentations. To date, both NYSTI and The Egg have been subsidized by $3.1 million and $600,000 in State funding, respectively, supplementing these subsidies with revenue generated through ticket sales, donations and sponsorships. The Executive Budget proposes phasing out the State subsidy for NYSTI and eliminating the subsidy for The Egg. It is projected that both institutions will be fully able to support their operating budgets through non-State revenue sources resulting in $2.1 million and

$3.6 million in SFY 2010-2011 and SFY 2011-2012, respectively. The budget includes $1.5 million to permit for the NYSTI phase out.

**Article VII**

This bill would allow New York State Theatre Institute (NYSTI) and the Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation (the Egg) to become self-supporting by increasing ticket sales and fundraising.

## CITY UNIVERSITY OF NEW YORK

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $1,245,027,840 | $1,216,362,110 | ($28,665,730) | -2.30% |
| Special Revenue-Other | $145,000,000 | $145,000,000 | $0 | 0.00% |
| Special Revenue-Federal | $2,978,000 | $7,554,000 | $4,576,000 | 153.66% |
| Capital Projects Fund | $284,222,000 | $318,785,000 | $4,563,000 | 12.16% |
| Fiduciary Funds | $1,957,826,900 | $1,066,866,000 | ($890,960,900) | -45.51% |
| **Total All Funds:** | **$3,635,054,740** | **$2,754,567,110** | **($880,487,630)** | **-24.22%** |

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

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

### Overview of Executive Budget Proposal

The SFY 2010-11 Executive Budget recommends an All Funds appropriation of $1.066 billion for the CUNY Senior Colleges, a decrease of $890 million, or 45.5 percent from SFY 2009-10 levels. The funding decrease is mainly attributable to the Executive's proposal to remove certain campus-generated revenues from the State budget process, thus eliminating the need for legislative appropriation and oversight. As shown in the chart below, approximately $761 million in tuition and fees revenues currently appropriated at CUNY would be eliminated from the budget process. CUNY has requested that the removal of other special revenue accounts from the State appropriation process be delayed. The Executive Budget includes Article VII legislation - The New York State Public Higher Education Empowerment and Innovation Act – which, if enacted, would have significant implications for higher education financing and policy in New York State. According to the Executive, the proposed changes to the CUNY budgeting model would provide CUNY the regulatory and operational flexibility necessary in the areas of procurement, land lease, capital construction, tuition-setting, and expenditures in order to be able to compete effectively with other public higher education systems in the nation, most of which already enjoy these similar flexibilities.

General Fund appropriations for the CUNY system decreases by $28.6 million or 2.3 percent, from $1.24 billion to $1.21 billion. CUNY's Senior Colleges General Fund appropriations represent $1.066 billion of the total, an increase of $18 million or 1.7 percent related to increased collective bargaining and non-personal services inflationary costs. Appropriations for CUNY Senior Colleges' employee fringe benefits and pension programs total $490 million, an increase of $52 million or 11.8 percent over the SFY 2009-10 level.

| CUNY – CAMPUS REVENUES APPROPRIATIONS | SFY 2009-2010 | Executive Recommendation 2010-2011 | Difference | Percent Change |
|---|---|---|---|---|
| General Revenue Offset (Tuition account) | $761,117,000 | $0 | ($761,117,000) | -100% |
| General Income Reimbursable | $110,000,000 | $110,000,000 | $0 | 0% |
| Stabilization Account | $5,000,000 | $5,000,000 | $0 | 0% |
| Tuition Reimbursable Account | $30,000,000 | $30,000,000 | $0 | 0% |
| **Total** | **$906,117,000** | **$145,000,000** | **($761,117,000)** | -83.9% |

## Senior College Tuition Increase

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends divorcing the setting of tuition rates and the spending of tuition revenues from State appropriation requirements by removing the need for appropriation authority. It further provides authorization for the CUNY Trustees to implement modest predictable annual tuition increases not to exceed two and one-half percent of the five year average rate of the Higher Education Price Index (HEPI). This rate is currently 3.9 percent. Therefore, if CUNY Trustees raise tuition rates to the maximum allowed by the Governor's proposal, CUNY's resident undergraduate tuition rates could increase by 9.7 percent in Academic Year 2010-11, corresponding to an increase of $446, from $4,600 to $5,046. The 2010-11 budget request adopted by the CUNY Trustees called for a two percent or $90 increase, generating approximately $15 million. The Executive proposal reduces operating support for CUNY by $63.6 million. The Executive proposal also repeals a provision enacted by the Legislature last year which would have increased the University's tuition retention rate from the last tuition increase to 50 percent by 2012-13, a loss of $20 million. According to the Executive, these reductions are necessary to close the State's budget gap, and are not a continuation of the long-standing practice of offsetting the General Fund with new student tuition. In 2009-10, CUNY resident undergraduate tuition rates were increased by $600 or 15 percent, from $4,000 to $4,600. (For a recent history of CUNY's tuition increases, see the higher education overview section in this publication.)

**Funding for Opportunity and Financial Aid Programs**

The SFY 2010-11 funding for the Search for Education, Elevation and Knowledge (SEEK) Program is recommended at $17 million, an increase of $91,300 million or 0.53 percent from the SFY 2009-10. The SEEK program provides supplemental financial aid, academic support, counseling and mentoring services for students at CUNY's Senior Colleges.

**Community Colleges**

The SFY 2010-11 Executive Budget reduces CUNY community college base operating aid per full-time equivalent student (FTE) by an average of $285 or 11 percent, from $2,545 to $2,260. This proposal would reduce base aid funding for CUNY community colleges by $21.9 million in the 2010-11 Academic Year. A total of $187.2 million is recommended for the CUNY community colleges, of which $154.4 million would be funded by the General Fund and $32.8 million by American Recovery and Reinvestment Act (ARRA) funds. Base aid would be reduced by $130 per FTE student, from the 2009-10 enacted level of $2,675 to $2,545 as part of the Deficit Reduction Plan (DRP) in December 2009.

The recommended SFY 2010-11 appropriations for community college contract courses ($1.88 million), child care centers ($813,000), College Discovery ($828,000) remain unchanged from the SFY 2009-10 levels. Spending for SUNY's community college rental aid would total $8.1 million, an increase of $1.8 million, or 29 percent, from the SFY 2009-10 level, attributable to an enrollment surge and the need for additional instructional space.

**Capital Plan**

In SFY 2008-09, the Legislature enacted a new $1.8 billion five-year capital plan for strategic initiative and critical maintenance projects at CUNY Senior Colleges. The SFY 2010-11 Executive Budget recommends $284 million in new capital appropriations for the CUNY Senior colleges to continue addressing the accumulated backlog of critical maintenance projects. The Executive proposal also includes $34 million in capital appropriations to support projects at CUNY community colleges.

**Article VII**

The SFY 2010-11 Executive Budget proposal includes a series of Article VII provisions intended to provide CUNY greater flexibility in the areas of tuition setting, self-supporting programs, procurement and property management. The deregulation provisions would amend the education, public authorities and the State Finance Law and:

- Authorizes the CUNY Trustees to institute a rational tuition policy that would ensure a fair, equitable and responsible tuition policy that would provide the universities with the discretion to raise tuition incrementally up to an annual cap of two and one half times the five-year rolling average of the Higher Education Price Index (HEPI), making it easier for students and families to anticipate and plan for the true cost of attendance over the course of a degree program.

- Authorizes the CUNY Trustees to implement differential tuition rates for programs and campuses within their systems to enhance academic quality, based on the recommendation of the college president and in accordance with specific guidelines promulgated by the trustees.

- Provides CUNY with greater operational flexibility regarding the procurement of goods and contractual services; the procurement and financing of construction services; and the lease of campus property.

- Removes provisions of law subjecting CUNY to pre-approval of contracts by the Office of the State Comptroller (OSC) in order to streamline the procurement of goods and services, while maintaining provisions requiring the post-audit of such contracts by OSC.

- Allows post-audit in lieu of pre-audit requirements for Attorney General approval of leases between CUNY and its alumni associations in support of dormitory projects.

- Prescribes specific semi-annual reporting requirements on revenues and expenditures at a campus-specific level to ensure continued transparency and accountability.

- Allows the City University Construction Fund (CUCF) and DASNY to utilize alternative construction delivery methods for applicable CUNY projects.

## STATE EDUCATION DEPARTMENT

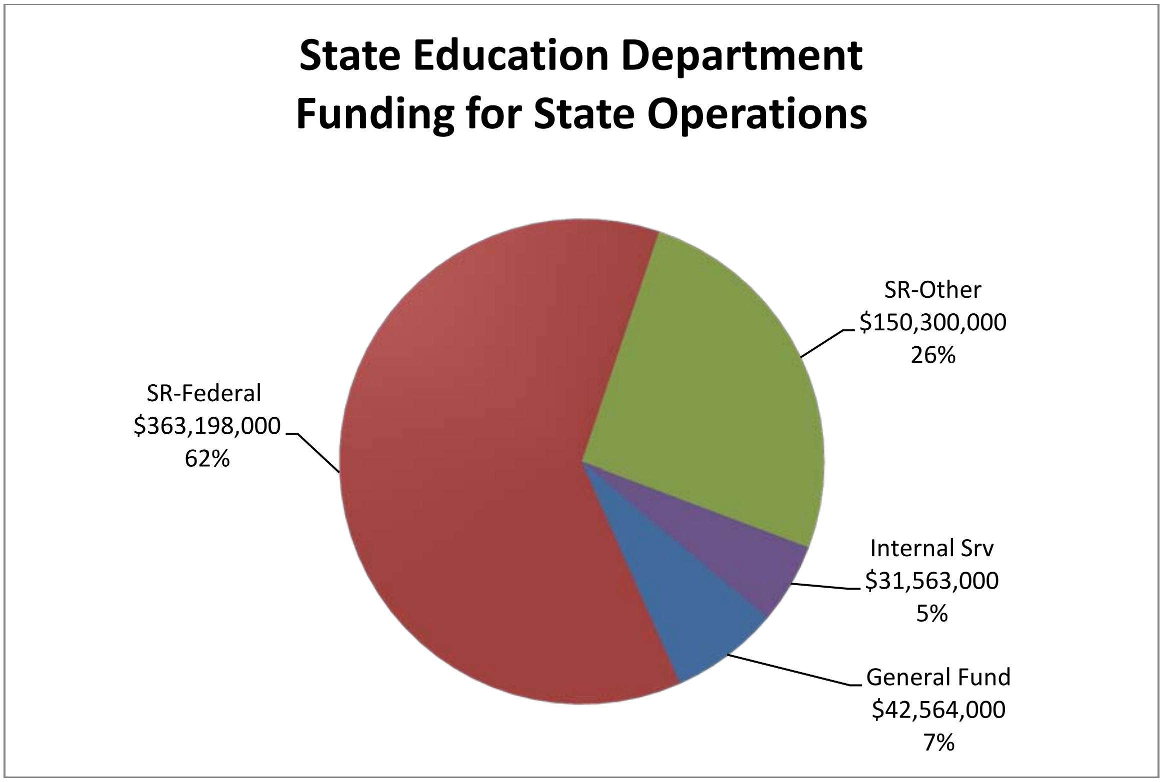
| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $19,094,672,629 | $18,593,330,000 | ($501,342,629) | -2.63% |
| Special Revenue-Other | $6,386,930,625 | $6,239,779,000 | ($147,151,625) | -2.30% |
| Special Revenue-Federal | $7,271,910,000 | $7,224,996,000 | ($46,914,000) | -0.65% |
| Capital Projects Fund | $20,800,000 | $20,800,000 | $0 | 0.00% |
| Internal Service Funds | $31,226,000 | $31,563,000 | $337,000 | 1.08% |
| **Total All Funds:** | **$32,805,539,254** | **$32,110,468,000** | **($695,071,254)** | **-2.12%** |

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

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-2011 Executive Budget recommends an All Funds appropriation in the amount of $32.11 billion. Of this amount, $567.9 million is associated with State Operations, an increase of $12.8 million from SFY 2009-2010. While Aid to Localities comprises the largest share of the All Funds amount with $31.50 billion, a reduction of $706.1 million from the adjusted SFY appropriation. Capital Projects funding remains at the SFY 2009 2009-2010 levels of $20.8 million.

As part of the SFY 2010-11 Executive Budget Proposal, the Governor continues his policy of requiring across-the-board reductions in State Operations spending. The Executive Budget proposal recommends a staffing level of 2,915 Full Time Equivalent (FTE) positions, reflecting a decrease of 83 FTEs from 2009-2010. This decrease of 83 FTEs is achieved as follows: 25 FTEs from the Office of Management Services Program, 31 FTEs from the Office of Elementary, Middle and Secondary Education, and 33 FTEs from Cultural Education. General Fund State accounts for only seven percent of the overall State Operations funding for the State Education Department (SED) in SFY 2010-2011. Almost 88 percent of State Operation funding for SED is associated with Special Revenue Funds. For agency operation (see chart on next page).




**Elementary, Middle, Secondary, and Continuing Education Programs**

**School Aid**: The SFY 2010-11 Executive Budget proposes an overall school aid reduction of $2.1 billion for School Year 2009-2010. This reduction is offset by a partial restoration of $726 million in Federal ARRA-State Fiscal Stabilization Fund and $378.8 million increase in expense-based aids for a total School Aid reduction of $1.04 billion or 4.9 percent. In order to address the School Aid reduction, the Governor's Budget proposes Article VII legislation that allows school districts to authorize a withdrawal of excess funds in an employee benefits accrued liability reserve fund.

**Foundation Aid**: In the Executive Budget proposal, the Governor recommends freezing Foundation Aid for an additional year through State Fiscal Year 2011-2012. In addition, the Executive would extend the phase-in process for Foundation Aid from seven to 10 years until SFY 2016-2017. Overall funding remains at $14.892 billion.

**Building Aid and Building Reorganization Aid:** The Executive fully funds the $218.5 million present law increase for Building Aid for SY 2010-2011. This is an increase of 9.7 percent over SY 2009-2010. For Building Reorganization Aid, the Executive provides for a present law increase of $3.37 million.

**Transportation Aid:** The Executive fully funds the $99.6 million present law increase for Transportation Aid, representing an increase of 6.4 percent over SY 2009-2010.

**Boards of Cooperative Educational Services (BOCES):** The Governor's Budget fully funds the $33 million present law increase for BOCES Aid, providing an increase of 4.7 percent from SY 2009-2010.

**Excess Cost Aids**

- Private Excess Cost Aid: the Executive recommendation for SY 2010-2011 provides present law funding in the amount of $328.9 million, an increase of $14 million or 4.46 percent over SY 2009-2010 funding levels.

- Public Excess Cost-High Cost: the Executive Budget proposal includes present law funding in the amount of $454.1 million, an increase of $10.2 million or 2.3 percent over than SY 2009-2010.

- Supplemental Excess Cost Aid is funded at $4.3 million, consistent with SFY 2009-2010 levels.

**High Tax Aid:** the Executive funds High Tax Aid at last year's level of $204.77 million, the same amount as in School Year 2009-2010.

**Other School Aid Categories:**

- **Academic Enhancement Aid:** The Executive maintains funding for Academic Enhancement Aid at $8.32 million. This aid category provides funding for school districts that have been identified in need of improvement for at least five years including the current year.

- **Education Grants:** It is recommended that Yonkers City School District receive a $17.5 million Supplemental Educational Improvement Grant and New York City a $1.2 million Academic Achievement Grant, the same amount provided last year.

- **Charter School Transitional Aid:** The Executive proposes $21.84 million in Charter School Transitional Aid for SFY 2010-11, representing a $3.17 million increase from SFY 2009-10.

- **Reorganization Incentive Aid:** Represents aid used to incentivize school districts to voluntarily consolidate, thereby reducing long term costs. The Executive proposes $2.86 million for SFY 2010-11, the same level of funding as SFY 2009-10.

- **Special Services Aid:** The Executive proposes $199.70 million for SFY 2010-11, a $6.71 million decrease from SFY 2009-10.

- **Full Day Pre-K Conversion Aid:** The Executive eliminates funding for SFY 2010-11, reflecting the lack of new applications from school districts. This represents a $7.35 million decrease from SFY 2009-10.

- **Computer Software Aid:** The Governor recommends $45.79 million for SFY 2010-11 for Computer Software Aid, a $330,000 increase over SFY 2009-10.

- **Textbook Aid:** The Executive proposes $181.38 million in SFY 2010-2011, a $1.12 million decrease from SFY 2009-10.

- **Library Materials Aid:** The SY 2010-11 school aid proposal provides $19.26 million, a $60,000 decrease from SFY 2009-10.

**Federal ARRA Funds**

- **Title I and Individuals with Disabilities Education Act Funds (IDEA):** Represents a continuation of aid to school districts through the American Recovery and Reinvestment Act (ARRA) of 2009. The Executive proposes $454 million in Federal funding for SFY 2010-11 for Title I funding. The Individuals with Disabilities Education Act (IDEA). Provides funds to schools to help ensure that students with disabilities have access to free quality education. The Executive proposes $398 million in federal funding for SFY 2010-11 in IDEA funding. In SY 2010-2011, school districts would receive an additional increase in the amount of $852 million.

**Teacher Programs:** The Executive budget proposal eliminates funding for Teacher Centers resulting in a savings of $35 million. There are 133 Teacher Centers across New York State that collaborate with school districts to integrate technology into the curriculum and instruction in New York State. In addition, the Executive maintains funding for the Teacher-Mentor Intern program at $2 million for SFY 2010-11. This program would be funded through the American Recovery and Reinvestment Act Fiscal Stabilization Fund. Also, funding for Teachers of Tomorrow will remain at the SFY 2009-2010 level of $25 million.

**<u>Grant Programs and Additional Aid Categories</u>**

The Executive Budget proposal maintains funding for 2010-11 at 2009-10 levels for the following programs:

- $25 million for Teachers of Tomorrow
- $2 million for Teacher-Mentor Intern
- $13.84 million for School Health Services
- $2,73 million for Urban-Suburban Transfer
- $96 million for Employment Preparation Education (EPE) Aid
- $9.23 million for Education of Homeless Children
- $17.50 million for Aid for Incarcerated Youth
- $12.50 million for Bilingual Education Grants
- $69 million for Education of OMH/OMR Pupils

- $3,29 million for Learning Technology Grants
- $400,000 for Bus Driver Safety
- $35 million for Education of Native Americans
- $3.80 million for Supplemental Valuation Impact Grants

**Other State Aid Programs**

The Executive Budget proposal increases funding for the following programs:

- $4.29 million for Adult Literacy Education, a $250 increase over SFY 2009-10.
- $32.30 million for Lunch/Breakfast Programs, a $600,000 increase over SFY 2009-10.
- $24.34 million for Extended School Day/School Violence Prevention, a $625 increase over SFY 2009-10.
- $112.34 million for Private Schools for the Blind and Deaf, a $1.9 million increase over SFY 2009-10.
- $619.90 million for Preschool Special Education, a $29.9 million increase over SFY 2009-10
- $62.91 million for Special Education-Federal Medicaid Offset, a $42.9 million increase over SFY 2009-10.
- $6 million for Smart Scholars Early College High School Program, a $6 million increase from SFY 2009-10.

The Executive Budget proposal decreases funding for the following programs:

- $11.5 million for Consortium for Worker Education, a $1.5 million decrease from SFY 2009-10
- $109.11 million for Nonpublic School Aid, a $1.5 million decrease from SFY 2009-10.
- $1.086 million for Advances to Hurd City School Districts, a $1.086 million decrease from SFY 2009-10.
- $212.2 million for Summer School Program for Disabled Students, a $35 million decrease from SFY 2009-10.
- $490,000 for Center for Autism and Related Services, a $500,000 decrease from SFY 2009-10.
- For Roosevelt School District the Executive proposes $6 million for SFY 2010-11, a $6 million decrease from SFY 2009-10.

The Executive Budget proposal maintains the same level of funding for the following programs:

- $1.84 million for Basic Education for Public Assistance Recipients
- $89,000 for Children of Migrant Workers
- $691,000 for Health Education Program
- $894,000 for Primary Mental Health Education
- $922,000 for Academic Intervention for Nonpublic Schools
- $3.05 million for Summer Food Program
- $1.38 million for Math and Science High Schools
- $466,000 for New York State Center for School Safety
- $4 million for Targeted Special Education Teacher Salary Supplement.
- Student Mentoring-Tutoring Project
- National Board for Professional Teaching Standards Certification

## Office of Higher Education and the Professions

The SFY 2010-11 Executive Budget proposes an All Funds appropriation of $158.7 million, a decrease of $2.6 million from SFY 2009-10 levels. Funding for many higher education scholarship and grant programs would remain level in SFY 2010-11, with the exception of Direct Institutional Aid for Independent Colleges and Universities (BUNDY Aid), which is being reduced by $748,000 or 1.9 percent from $39.78 million to $39.03 million. The proposed funding levels for the various programs are as follows:

**SUMMARY OF PROPOSED SPENDING – SFY 2010-11**
**STATE EDUCATION DEPARTMENT HIGHER EDUCATION PROGRAMS**
**($)**

| PROGRAMS | 2009-10 ADJUSTED | 2010-11 PROPOSED | CHANGE | % CHANGE |
|---|---|---|---|---|
| Direct Institutional Aid for Independent Colleges and Universities (BUNDY AID) | $39,780,000 | $39,032,000 | ($748,000) | -1.9% |
| Higher Education Opportunity Programs (HEOP) | $20,783,000 | $20,783,000 | $0 | 0% |
| Independent Colleges Nursing Programs | $941,000 | $941,000 | $0 | 0% |
| STEP | $9,774,000 | $9,774,000 | $0 | 0% |
| C-STEP | $7,406,000 | $7,406,000 | $0 | 0% |
| Liberty Partnerships | $10,842,000 | $10,842,000 | $0 | 0% |
| Native American Postsecondary Aid | $598,000 | $598,000 | $0 | 0% |
| Teacher Opportunity Corps | $671,000 | $671,000 | $0 | 0% |

## Cultural Education Program

The SFY 2010-2011 Executive Budget recommends an All Funds appropriation of $184 million, a decrease of $6.8 million from SFY 2009-10. This is largely attributable to a decrease in Library Aid.

Library Aid: The Executive Budget recommends $84.5 million in funding for Library Aid, a decrease of $2.4 million from SFY 2009-10 levels. Capital funding for local library construction is maintained at $14 million.

Public Television and Radio Aid: The Executive recommends maintaining support for the State's public televisions and radio stations at $15 million through support from the General Fund and Federal American Recovery and Reinvestment Act funding.

**Vocational and Educational Services for Individuals with Disabilities Programs (VESID)**

The Executive Budget proposal increases funding for VESID to $1.522 billion for SFY 2010-11, a $31.57 million increase over SFY 2009-10.

The Executive Budget proposal maintains funding in SFY 2010-11 at SFY 2009-10 levels for the following programs:

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

**Article VII**

The Executive Budget proposal includes the following Article VII provisions.

- Provides that school districts that were Contract for Excellence (C4E) districts in 2009-10 would be C4E districts in 2010-11 unless all schools are found to be in good standing. C4E districts would be required to spend the same amount of aid on C4E programs in 2010-11 as in 2009-10, less the percentage reduction of the district's Gap Elimination Adjustment;

- Prohibits the Board of Regents from enacting regulations or proposing legislation that would enact a mandate without performing a cost benefit analysis of the proposed mandate, unless the need for regulatory change is emergent in nature. The Article VII provision requires that the Board of Regents perform a review of their regulations and recommend cost regulatory change that would result in savings to taxpayers by December 1, 2010;

- Holds supplemental system library aid to 2009-10 distribution formula and level;

- Authorizes the trustees of a common school district to enter into agreements to share transportation services with other school districts and Boards of Cooperative Educational Services. Further allows for shared regional transportation services between school districts, counties, municipalities, and the Office of Children and Family Services;

- Authorizes the trustees of a union free school district to enter into agreements to share transportation services with other school districts and Boards of Cooperative Educational Services. Further allows for shared regional transportation services between school districts, counties, municipalities, and the Office of Children and Family Services;

- Holds charter school tuition payments to 2008-09 levels;

- Changes the definitions and limits eligibility to enter kindergarten to students who turn five by December 31 of that school year;

- Extends the full phase in of Foundation Aid until the 2016-17 school year (10 years);

- Holds Supplemental Public Excess Cost Aid payments for 2011-12 flat to 2008-09;

- Eliminates the 10 percent Building Aid boost for votes on energy performance aid contracts that are approved by the voters;

- Requires that any school district which sells or transfers a building to an entity other than a school district or city, to be used for anything other than a school, during the assumed period of amortization notify the Department of such transfer within 60 days so that their aid and assumed amortization can be recomputed;

- Clarifies that teacher conference days must take place during the school year;

- Establishes the Gap Elimination Adjustment resulting in a $2.1 billion reduction in state support for formula based aids;

- Allows school districts to expend funds from the employee benefit accrued liability reserves to offset the Gap Elimination Adjustment reduction subject to approval of the Comptroller;

- Proposes a four-year moratorium on new, unfunded statutory mandates;

- Continue several set-asides for Magnet School Aid, Teacher Support Aid, Dropout Prevention within Foundation Aid;

- Provide for a final date for any calculations and revised claims;

- Exempt school districts from the Wicks Law;

- Reduce paperwork and eliminate reports deemed outdated or unnecessary; and

- Authorize regional student transportation and establish a pilot program for such purposes.

## OFFICE OF CHILDREN AND FAMILY SERVICES

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $2,083,346,131 | $2,188,465,800 | $105,119,669 | 5.05% |
| Special Revenue-Other | $123,460,000 | $123,337,000 | ($123,000) | -0.10% |
| Special Revenue-Federal | $1,677,925,000 | $1,538,701,000 | ($139,224,000) | -8.30% |
| Capital Projects Fund | $37,675,000 | $37,675,000 | $0 | 0.00% |
| Internal Service Funds | $100,000 | $100,000 | $0 | 0.00% |
| Enterprise Funds | $475,000 | $475,000 | $0 | 0.00% |
| **Total All Funds:** | **$3,922,981,131** | **$3,888,753,800** | **($34,227,331)** | **-3.35%** |

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

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive budget provides $3.9 billion in All Funds appropriation support, a decrease of $34.2 million or 3.4 percent below SFY 2009-10 levels. This net change is attributed to the projected increase of $77.2 million in Child Welfare Services claims and $41.4 million for the full implementation of the Bridges to Health program offset by the elimination of a $115 million in one-time Child Care funding supplement included in the American Recovery and Reinvestment Act of 2009 (ARRA).

### Juvenile Justice Youth Facilities

The Executive Budget includes an additional $18.2 million to increase the staff-to-youth ratios and to provide improved mental health and medical services for youth in the State's juvenile justice facilities. This funding would result in an increase of 169 additional staff in the youth facility program and would be the first step in addressing the deficiencies identified as part of the Federal Department of Justice report on New York's juvenile justice system.

The Executive Budget also proposes to close or downsize three OCFS juvenile justice facilities to address vacancy rates and improve efficiencies within the juvenile justice system**.** The proposal, in accordance with the current one-year notification statute, would close the Annsville Residential Center, downsize the Tryon Boys Limited-Secure Residential Center, and downsize the Lansing Non-Secure Residential Center in January of 2011. The proposal results in a staffing reduction of 251 positions and State savings of $3 million in SFY 2010-11.

### Family and Children's Services Program

The SFY 2010-11 Executive Budget recommends $701.9 million in General Fund support for Child Welfare Services, an increase of $77.2 million, or 12.4 percent. This change reflects a projected increase of $82.2 million in claims offset by $5 million in savings as a result of the Child Welfare Performance Initiative. This initiative would require local social services districts to develop and report on performance measures to improve programs and outcomes for youth and families. The Executive Budget also includes $210.1 million for adoption subsidies, an increase of $4.1 million over SFY 2009-10 due to projected caseload increase.

**TANF Funded Program Eliminations**

Several programs funded or partially funded in the current year with Federal Temporary Assistance for Needy Families (TANF) surplus monies within the Office of Temporary and Disability Assistance (OTDA) would be eliminated as a result of projected public assistance caseload increases and the unavailability of TANF funds. Those programs include: advantage after school programs ($11.4 million); home visiting ($5.8 million); preventive services ($18.8 million), and the kinship caretaker relative program ($2.0 million).

**General Fund Program Reductions or Eliminations**

The Executive Budget also proposes funding reductions or eliminations to several General Fund programs from the SFY 2009-10 Enacted Budget levels, and are delineated in the following table:

**Proposed Program Reductions and Eliminations**
**SFY 2010-11**
**(amounts in thousands)**

| Program | Executive SFY 10-11 |
|---|---|
| Youth Development and Delinquency Program/ Special Delinquency Prevention Program (YDDP/SDPP) (-10%) | $28,243.4 |
| Community Optional Preventive Services (COPS) (-10) | $26,194.5 |
| Advantage Afterschool (-10%) | $17,225.3 |
| Home Visiting (-10%) | $15,719.6 |
| Local District Training (-10%) | $5,515.8 |
| Runaway Homeless and Youth (-10%) | $4,711.5 |
| Alternatives to Detention/Residential Placement (-10%) | $2,214.7 |
| Child Welfare Quality (-50%) | $1,796.4 |
| Caseload Reduction (-10%) | $1,514.3 |
| Hoyt Children and Family Trust Fund (-10%) | $1,243.6 |
| Kinship/Caretaker Relative (-10%) | $897.9 |
| Settlement Houses (-10%) | $900.0 |
| Child Fatality Review Teams (-10%) | $829.1 |
| Post Placement (-10%) | $623.3 |
| Post Placement Restoration (-100%) | $0.0 |
| Preventive Services (-100%) | $0.0 |
| Portable Information Technology Pilot (-100%) | $0.0 |
| Kinship Guardianship (-100%) | $0.0 |

## Utilize Title XX Funding to Support the Adult Protective/Domestic Violence Program

The Executive Budget proposes utilizing increased Federal Title XX funds to support the Adult Protective/Domestic Violence (AP/DV) Program. Currently, local social services districts are allocated $103 million in Federal Title XX funding and the State requires that $66 million be utilized for the AP/DV program to offset both State and local costs. The remaining $37 million can be used by local districts on 22 discretionary Title XX programs. The SFY 2010-11 Executive Budget would require that the $37 million also be allocated to the AP/DV program to achieve $18 million in State savings and $19 million in local savings in SFY 2010-11. Under this proposal local districts would need to provide $8 million of their own limited resources in order to maintain current year funding for Title XX discretionary programs.

## Foster Care and Adoption Subsidies

### Foster Care Block Grant

The SFY 2010-11 Executive Budget recommends funding the Foster Care Block Grant consistent with the current year funding level of $436 million. The Human Services Cost-of-Living Adjustment will also remain consistent with the current year levels.

### Bridges to Health Medicaid Waiver Program

The Executive provides additional funding to fully implement the Bridges to Health Medicaid Waiver program. The number of Medicaid waiver slots associated with enhancing services to children in foster care with multiple needs would increase from 1,565, to 3,305 in SFY 2010-11. Funding associated with the implementation of this program would increase respectively from $31.1 million in the SFY 2009-10 to $72.5 million in SFY 2010-11.

### NY/NY III Funding

The Executive Budget maintains NY/NY III State funding at $2.1 million. The program currently supports 200 youth beds for young adults aging out of the foster care system and at risk of becoming homeless. One hundred of the beds are funded by New York City and 100 beds are funded by the State.

### Kinship Guardianship Assistance Program

The Executive proposes the implementation of the Kinship Guardianship Assistance Program. This new program would authorize a relative who becomes the legal guardian of a child previously placed in foster care to receive financial assistance on behalf of an eligible foster child. The child must be in foster care for at least six consecutive months with the prospective relative guardian and the local district must make a determination that returning home and being adopted are not appropriate permanency options for the child. The State share of the program will be funded through the Foster Care Block Grant.

**Child Care Program**

The SFY 2010-11 Executive Budget provides $952 million for the Child Care Block Grant (CCBG). In addition to the block grant, the Flexible Fund for Family Services (FFFS) included in the OTDA budget, would enable local districts to determine the appropriate amount of TANF funds to transfer to the CCBG for the purposes of supporting child care needs in their respective localities.

**Child Care Block Grant**
**(amounts in millions)**

| Category | SFY 09-10 | SFY 09-10 |
|---|---|---|
| CCDF | $302 | $301 |
| TANF Line outs: | | |
| Subsidies | $393 | $393 |
| Migrant Workers | $2 | $2 |
| SUNY | $2 | $0 |
| CUNY | $1 | $0 |
| Child Care Demos | $11 | $0 |
| TANF FFFS | $10 | TBD |
| State | $138 | $142 |
| Local Moe | $68 | $68 |
| Federal ARRA | $48 | $48 |
| **TOTAL FUNDING** | **$975** | **$952** |

## Article VII

**Creation of Kinship Guardianship Assistance Program**

The Executive advances Article VII legislation that would create the Kinship Guardianship Assistance Program in New York State. This bill would authorize a relative who becomes the legal guardian of a child to receive assistance on behalf of an eligible foster child upon their discharge from foster care. The Federal Fostering Connections to Success and Increasing Adoption Act of 2008 authorizes funding to states for subsidized kinship guardianship assistance programs and is available to cover a percentage of the costs associated with providing continuing subsidies to kinship foster parents. The non-federal share would be funded through the Foster Care Block Grant.

**Electronic Benefit Transfer for Foster Care and Adoption Programs**

The Executive advances Article VII Legislation that would authorize adoption subsidy and certain foster care payments by an electronic benefit transfer system, direct deposit, debit card, or other such methods authorized by OCFS regulation. Currently, local districts issue up to 46,000 checks per month to adoptive parents therefore, this bill would provide mandate relief to districts that would better enable them to administer State programs within their available resources. There are no State savings associated with this bill.

**Clarify the State's Authority to Intercept Payments to Districts for Past Due Reimbursements**

The Executive advances Article VII legislation that would clarify the State's authority to intercept a district's payments for past due youth facility reimbursement. The State pays 100 percent of the costs associated with OCFS operated youth facilities up front and then bills the counties for 50 percent of the costs based on rate methodology. Currently, many of the districts are past due in providing the State reimbursements. The bill would allow OCFS to intercept local district's payments for child welfare, adoption or detention costs to recover such reimbursements for the facility related costs. The Executive Budget includes the recovery of $27 million in SFY 2010-11.

**Authorize Court Appearances by Electronic Means in Family Court Proceedings**

The Executive advances Article VII legislation to authorize appearances by electronic means in family court proceedings. Currently, all parties in family court proceedings are required to appear in person and these court appearances can be costly for the State and local social services districts. This bill would allow interested persons and witnesses in family court proceedings to make their appearance via electronic communication, such as by telephone or video conference. These appearances would be from a designated family court or another acceptable location. This bill would result in State savings of $201,000 in SFY 2010-11.

**Modify the Safe Harbour for Exploited Children Act**

The Executive advances Article VII legislation that would modify the Safe Harbour for Exploited Children Act to clarify programmatic and fiscal responsibilities. Under the bill, the State would only be required to provide for a long-term safe house to care for sexually exploited children to the extent funds are specifically appropriated. Currently, the Financial Plan includes $10 million for the costs associated with the Safe Harbour Act, however the statute is not capped. The Executive Budget proposal includes a cap and provides $3 million for a long term safe house. This would result in State savings of $7 million in SFY 2010-11.

**Authorize the Deduction and Transfer of Fair Share Payments to Child Care Unions**

The Executive advances Article VII legislation that would authorize the deduction and transfer of fair share payments to child care unions for services rendered from non-unionized home based or legally exempt child care providers as a result of an agreement made between the State and the unions in October of 2009 .

**Limit Court Ordered Child Protective Services (CPS) Investigations**

The Executive advances Article VII legislation that would limit court ordered CPS investigations to those instances in which there is reasonable cause to suspect child abuse or neglect. Over time districts have increasingly been ordered to perform CPS investigations where there is little or no reasonable cause, thereby diverting resources from cases where there is an actually allegation of abuse or neglect. This bill would provide mandate relief to districts to operate State-funded programs within their available resources.

**Streamline County Planning Requirements to Reduce Mandates on Districts:**
The Executive advances Article VII legislation that would reduce mandates on local social services districts by streamlining county planning requirements. Further, the bill would eliminate the requirement that counties submit annual implementation reports to OCFS and extends the time frame for which counties are required to submit a multi-year consolidated service plan from three to five years. There are no State savings associated with this bill.

## OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $1,321,899,986 | $1,252,928,700 | ($68,971,286) | -5.22% |
| Special Revenue-Other | $187,793,875 | $186,518,000 | ($1,275,875) | -0.68% |
| Special Revenue-Federal | $4,095,906,000 | $4,508,216,000 | $412,310,000 | 10.07% |
| Capital Projects Fund | $30,000,000 | $30,000,000 | $0 | 0.00% |
| Internal Service Funds | $1,200,000 | $1,199,000 | ($1,000) | -0.08% |
| Fiduciary Funds | $10,000,000 | $10,000,000 | $0 | 0.00% |
| **Total All Funds:** | **$5,646,799,861** | **$5,988,861,700** | **$342,061,839** | **6.06%** |

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

### Executive Budget Action

The SFY 2010-11 Executive Budget provides $6.0 billion in All Funds appropriation support, an increase of $342 million or 6.1 percent from SFY 2009-10 levels. Although General Fund spending would significantly decrease, the All Funds increase can mainly be attributed to a $363.7 million increase in Federal Temporary Assistance for Needy Families (TANF) funding and a $65.6 million increase in Federal Food Stamp funding.

### Aligns Adult Homeless Shelter with Family Shelter System

The Executive Budget proposes to align the adult homeless shelter system funding with the family shelter system funding by requiring local social services districts to conduct public assistance eligibility determinations for all individuals seeking placement in temporary shelter settings, including adult homeless shelters. The initiative would also eliminate the capped reimbursement to New York City for adult homeless shelters and would result in State savings of $35.8 million in SFY 2010-11 and SFY 2011-12.

### NY/NY III Family Units

The Executive Budget provides $625,000 of new funding to cover the first phase of operating costs for 25 new NY/NY III family units. The NY/NY III supportive housing agreement included a joint project between the State and New York City which would provide housing to chronically homeless families or families at risk of becoming homeless in which the head of the household suffers from a substance abuse, a disabling medical condition, or HIV/AIDS. When fully implemented 350 units will be supported, 50 percent by the State and 50 percent by New York City.

## General Fund Program Reductions or Eliminations

The Executive Budget proposes significant spending reductions or program eliminations to several General Fund programs , detailed in the chart below:

**Proposed Program Reductions and Eliminations**
**SFY 2010-11**
**(amounts in thousands)**

| Program | Executive SFY 10-11 |
|---|---|
| HIV Welfare to Work (-10 %) | $1,161.0 |
| Homeless Prevention Program (-10%) | $4,500.0 |
| Single Room Occupancy (-10%) | $1,766.4 |
| Homeless Intervention Program (-28%) | $2,671.6 |
| Citizenship Program (-27%) | $1,672.0 |
| Refugee Resettlement Program (-27 %) | $1,672.0 |
| Human Trafficking Program (-10%) | $397.0 |
| Safety Net Assistance Local Innovations Program (-100%) | $0.0 |
| Green Jobs Program Legislative Add (-100%) | $0.0 |
| Health Care Outreach Legislative Add (-100 %) | $0.0 |
| Low-Income Employment Program (-100 %) | $0.0 |
| Single Room Occupancy Legislative Add (-100%) | $0.0 |

## Shift General Fund Costs to an Agency Earned Federal Revenue Account

The Executive budget shifts the State share of the Automated Finger Imaging System (AFIS) and the Electronic Benefit Transfer (EBT) System from the General Fund to a Special Revenue account to achieve State savings of $8 million in SFY 2010-11.

## Temporary and Disability Assistance

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

The SFY 2010-11 Executive Budget projects a public assistance caseload of 555,494, a 5.2 percent increase from the SFY 2009-10 estimate of 527,792. Although the caseload is lower than the all time high of 1.7 million in 1994, it has steadily increased beginning in September 2008 as a result of the strained economy and increased unemployment rates. The projected amount New York needs to allocate from the TANF block grant for the Federal share of public assistance costs has increased from $723.5 million in SFY 2009-10 to $1.3 billion in SFY 2010-11 resulting in a decrease of $576.5 million in the availability of TANF surplus funds.

The following chart details the Executive's proposed spending for the available surplus:

**TANF Surplus Funding**
**SFY 2010-11**
**(amounts in thousands)**

| Program | 2009-10 Enacted | 2010-11 Executive |
|---|---|---|
| Earned Income Tax Credit (EITC) Offset | $457,651 | $0 |
| Child Care Subsidies | $392,967 | $392,967 |
| Child Care Migrant Workers | $1,754 | $0 |
| Child Care SUNY/CUNY | $3,400 | $0 |
| Child Care Demonstration Projects | $10,900 | $0 |
| Transportation | $11,325 | $0 |
| Non-Residential Domestic Violence | $3,000 | $0 |
| Summer Youth Employment | $35,000 | $0 |
| Refugee Resettlement | $1,425 | $0 |
| Bridge | $8,503 | $0 |
| Wage Subsidy | $14,000 | $0 |
| Transitional Jobs Program | $5,000 | $10,000 |
| Green Jobs Program | $5,000 | $3,000 |
| Health Care Outreach Program | $5,000 | $5,000 |
| ATTAIN | $7,000 | $0 |
| Educational Resources | $3,000 | $0 |
| Local Interagency VESID Employment Services (LIVES) | $1,500 | $0 |
| Supplemental Homeless Intervention Program | $5,000 | $0 |
| Supportive Housing for Families | $5,000 | $0 |
| Emergency Homeless | $2,000 | $0 |
| Disability Advocacy Program (DAP) | $1,000 | $2,500 |
| ACCESS Welfare to Careers | $500 | $0 |
| Career Pathways | $10,000 | $0 |
| Displaced Homemakers | $5,600 | $0 |
| Strengthening Families through Stronger Fathers | $2,764 | $0 |
| Settlement Houses | $6,000 | $0 |
| Advantage Afterschool | $11,391 | $0 |
| Alternatives to Detention/ Alternatives to Residential Placement | $10,752 | $0 |
| Community Reinvestment | $5,000 | $0 |
| Preventive Services | $18,792 | $0 |
| Caretaker Relative-Kinship | $1,998 | $0 |
| Home Visiting | $5,822 | $0 |
| Nurse Family Partnership | $5,000 | $0 |
| Intensive Case Services | $3,000 | $11,313 |
| Emergency Food Supplement | $0 | $10,000 |
| Local Family Support Fund | $0 | $41,500 |
| Flexible Fund for Family Services | $964,600 | $964,600 |
| **Total** | **$2,030,644** | **$1,440,880** |

As a result of increased caseload and past investments in non-recurring benefits and job subsidy programs, New York State has become eligible for Federal TANF Contingency Funds (TCF) and TANF Emergency Contingency Funds (TECF) amounting to $1.22 billion or fifty percent of the State's TANF block grant amount. Of this amount, $583.2 million has been obligated or expended and a proposal for the utilization of the remaining $638.3 million is included within the Executive Budget proposal.

The Executive Budget utilizes $285.7 million of TCF funds to partially fund the Federal Share of the public assistance caseload increase, which would otherwise be a General Fund cost or result in decreased funding for the FFFS or Child Care Services. An additional $260.6 million of TCF funds is included within the Financial Plan to offset the increased State share of public assistance costs for the purposes of providing General Fund relief. The remaining $92 million is included within the TANF surplus proposal show above.

**Supplemental Security Income**

The Federal Supplemental Security Income (SSI) program provides cash assistance to New York State's low-income blind, aged, and disabled individuals, and is administered by the Federal Social Security Administration (SSA). New York State also provides additional support to its SSI recipients and the cost of the State supplementation program is projected to be $707 million in SFY 2010-11 for approximately 667,000 recipients.

**Article VII**

**Delay of Public Assistance Grant Increase**

The Executive Budget provides Article VII legislation that would delay the full implementation of the public assistance grant increase. This bill would reduce the statutorily SFY 2009-10 enacted grant increase from SFY 2009-10 from ten percent to five percent in July of 2010 and 2011 and provides a five percent increase for two consecutive years thereafter. If enacted the thirty percent increase would be fully implemented in July 2013 rather than July 2011. The State would continue to fund the local share of the grant increase through SFY 2013-14. This proposal would result in a State savings of $14 million in SFY 2010-11.

**OTDA Takeover of the State's SSI Supplementation Program**

The Executive Budget provides Article VII legislation that would authorize OTDA to take over the administration of the State's SSI supplementation program. Currently, the Federal SSA administers the program and charges a $10.45 fee for each check issued on the State's behalf. The State's total administration costs in SFY 2010-11 total are projected to be $84 million. While the initiative would require an initial investment of $574,000 in SFY 2010-11 and $11 million in SFY 2011-12, recurring savings of over $60 million annually will be realized once fully implemented in April of 2014.

**Federal SSI Cost-of-Living Adjustment (COLA) Pass-Through**

The Executive Budget provides Article VII legislation that would authorize the pass through of the Federal SSI COLA to SSI recipients. The bill sets forth the dollar amounts of the 2010 personal needs allowance and the standard of need for SSI recipients in various living arrangement categories. Further, the bill would authorize those amounts to be automatically increased in 2011 by the percentage of any Federal SSI COLA which becomes effective within the first half of calendar year 2011. Legislation is enacted annually for this purpose.

**Transfer of the Nutrition Outreach and Education Program to OTDA**

The Executive Budget provides Article VII legislation that would transfer the administration and funding of the Nutrition Outreach and Education Program (NOEP) from the Department of Health to OTDA. The NOEP program is closely related to the Food Stamp program and this bill would align the administration of the two programs. No State savings are associated with this proposal.

**OTDA Wage Reporting Access**

The Executive Budget provides Article VII legislation that would authorize OTDA to access wage reporting data on former public assistance recipients from the Department of Taxation and Finance's wage reporting system. Access to this information would allow OTDA to evaluate the effectiveness of public assistance employment programs and to determine continued eligibility for transitional benefits. This bill would only allow OTDA to have access to such data for a period of 3 ½ years after the closure of the recipient's public assistance case.

## HIGHER EDUCATION SERVICES CORPORATION

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $927,281,000 | $843,566,000 | ($83,715,000) | -9.03% |
| Special Revenue-Other | $127,591,000 | $122,247,000 | ($5,344,000) | -4.19% |
| Special Revenue-Federal | $69,764,000 | $65,800,000 | ($3,964,000) | -5.68% |
| **Total All Funds:** | **$1,124,636,000** | **$1,031,613,000** | **($93,023,000)** | **-8.27%** |

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

*The Corporation's Chief Executive Officer is the President, who is appointed by the Governor, subject to Senate confirmation. The President's responsibilities include administrative oversight of key program areas including legal counsel, data processing, operations, grants and scholarships, loans and research. Agency administrative operations are located in Albany. The majority of HESC's 630 FTE employees are supported by Federal Funds received for the administration of Federal student loans. The State's Tuition Assistance Program is a need-based State financial aid program that provides assistance to approximately 350,000 students.*

### Overview of Executive Budget Proposal

The SFY 2010-11 Executive Budget provides an All Funds appropriation of $1.031 billion, a decrease of $93 million or 8.2 percent from SFY 2009-10. The Agency is expected to maintain its current staffing level of 630 Full-Time Equivalents (FTEs), almost all of whom are supported by revenues from the administration of Federal student loans in New York State. The recommended General Fund support totals $843.56 million, a decrease of $87.7 million or nine percent from the current year. Approximately $825 million would support the Tuition Assistance Program (TAP), a decrease of $39 million or 4.5 percent from SFY 2009-10 level. This decrease in TAP funding is reflective of the impacts of the Executive's TAP reform proposals (listed under article VII below), which would result in savings of $74.3 million. These savings are partially offset by $22.2 million in new costs associated with two initiatives proposed by the Executive to extend TAP to students attending faith-based institutions ($18.3 million), and create a new TAP schedule that would raise the maximum TAP award for orphans and wards of the court from $3,035 to $5,000 ($3.9 million). The Executive Budget includes an additional General Fund support of $25.1 million to cover increased TAP expenditures in SFY 2009-10 attributable to increased enrollment in New York higher education institutions.

The Executive Budget recommends utilization of $49.9 million in American Recovery and Reinvestment Act (ARRA) funds to support TAP in 2010-11, reducing General Fund costs for the program to $775 million. In SFY 2009-10, General Fund support for TAP was offset by

$53.8 million in ARRA funds. No other offset to the General Fund is recommended in the Executive Budget for the SFY 2010-11. In SFY 2008-09, General Fund support for TAP was offset by $32 million in HESC operating fund balance.

The HESC operating account consists of interest and fees derived by HESC from administering Federal student loan programs. Excess funds in the account have been used in the past to offset costs to the General Fund ($51 million in SFY 2005-06 and $20 million in SFY 2006-07). HESC's operating balance has been negatively impacted by the on-going financial market crisis. The Executive budget includes special revenue appropriations totaling $22 million in hopes that the financial markets would rebound and HESC's operating fund balance could still be used to offset the General Fund.

**Other Financial Programs**

The Executive recommends $44 million to maintain funding for existing scholarship and fellowship programs administered by HESC. The Executive proposes to eliminate all new awards in the following programs: the Scholarships for Academic Excellence, and the Math and Science Incentive Scholarship Programs. Funding authorization for the Senator Patricia K. McGee Nursing Faculty Scholarship and Nursing Faculty Loan Forgiveness Programs is maintained at $3.9 million.

The Regents Health Care Opportunity, the Regents Professional Opportunity Scholarship Programs, and the Volunteer Recruitment Scholarship program were discontinued last year, although funds are provided in the SFY 2010-11 to support existing awards. The World Trade Center Memorial Scholarship program; the scholarship program for the families of the victims of American Airline Flight 587 that crashed in Queens on November 12, 2001; the Social Worker Loan Forgiveness program; the Veterans Tuition Awards, and the Aid for Part-time Study (APTS) program continue to be funded in SFY 2010-11.

**New York State Higher Education Loan Program (NYHELPs)**

In SFY 2009-10, the Legislature established the New York State Higher Education Loan program (NYHELPs), a state-supported student loan program that provides New York State residents with low cost student loans. The program is administered by the Higher Education Services Corporation (HESC) in conjunction with the State of New York Mortgage Agency (SONYMA), which was authorized to issue $350 million in tax-free bonds to finance fixed rate loans of up to $10,000 per borrower. Last year, the State provided $50 million in initial default reserve funds, and a $5 million appropriation of was provided to HESC to administer the program. The SFY 2010-11 Executive Budget recommends $10 million to fund the reserve account, and $5 million for the program administration by HESC.

**Article VII**

**Changes to the Tuition Assistance Program (TAP)**

The SFY 2010-11 Executive Budget recommends the following:

- Reduce TAP Award Across-The-Board by $75, for a savings of $23.6 million in SFY 2010-11.

- Strengthen academic standards by requiring that non-remedial students achieve a minimum of 15 credits and 1.8 Grade Point Average (GPA) after two semesters of study, instead of the current 15 credits and 1.5 GPA. This proposal would result in savings of $8.4 million in SFY 2010-11.

- Eliminate TAP awards for graduate study. This proposal is expected to generate a savings of $3 million in SFY 2010-11.

- Establish default parity which would deny students in default on federal and any other educational loans eligibility for TAP. Currently, only those in default of HESC loans are disqualified from receiving TAP. This reform proposal is expected to generate $4.1 million in savings to the General Fund in the first year of implementation.

- Reduce Maximum TAP Award for two-year degree programs from $5,000 to $4,000. Students enrolled in a two year-degree program would now be eligible for $4,000 per year. This proposal would save the State $28 million in SFY 2010-11.

- Create new TAP Award Schedules for financially independent students. This plan would increase awards from $3,025 to $5,000 for orphans and wards of the court and other students under 22 years of age who are financially independent. A second schedule would decrease maximum awards for married independent students without children from $5,000 to $3,025. A net savings of $1.9 million is expected in SFY 2010-11.

- Expand TAP eligibility to students attending faith-based institutions not under the State Education Department's direct supervision and offering religious instructions or training members of the clergy. This TAP expansion would cost the State $18.3 million annually.

- Eliminate Private Pension and Annuity Exclusion which provides that the first $20,000 of private pension and annuity income be excluded from determining TAP income eligibility. This would save the State $2 million in SFY 2010-11.

**Other Financial Aid Article VII Legislation**

- Provide technical amendments to legislation establishing the New York Higher Education Loan Program (NYHELPs).
- Eliminate new awards in the Merit Scholarship Programs.
- Extend the Regents Physician Loan Forgiveness Program.
- Eliminate new awards in the Scholarships for Academic Excellence.
- Eliminate new awards in the Math and Science Incentive Scholarship program.

## DIVISION OF HOUSING AND COMMUNITY RENEWAL

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $79,240,000 | $61,472,000 | ($17,768,000) | -22.42% |
| Special Revenue-Other | $68,810,000 | $67,632,000 | ($1,178,000) | -1.71% |
| Special Revenue-Federal | $424,210,000 | $261,999,000 | ($162,211,000) | -38.24% |
| Capital Projects Fund | $327,200,000 | $74,200,000 | ($253,000,000) | -77.32% |
| **Total All Funds:** | **$572,260,000** | **$465,303,000** | **($106,957,000)** | **-18.69%** |

*The Division of Housing and Community Renewal (DHCR) is responsible for the supervision, maintenance and development of affordable low- and moderate- income housing in the State of New York. Among its areas of responsibility, DHCR has oversight and regulates the State's public and publicly assisted rental housing; administers the State's rent regulations; and housing and community development and preservation programs in rural, urban, ex-urban and suburban areas and provides State and Federal grants and loans to housing developers to finance new construction, substantial rehabilitation and improvement of existing units to create affordable housing.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget proposal includes total funding in the amount of $465.3 million, a decrease of $181.1 million or 18.6 percent from SFY 2009-2010 reflecting the elimination of the one-time American Recovery and Reinvestment Act (ARRA) appropriation and reductions in various programs.

- **Consolidation** - At the center of the Executive proposal is the administrative consolidation of DHCR and all the NY Homes public benefit corporations under the Housing Finance Agency umbrella and a statewide Housing Director (Housing Czar):
    - State of New York Mortgage Agency
    - Affordable Housing Corporation
    - Mortgage Insurance Fund
    - Municipal Bond Bank Agency
    - Tobacco Settlement Financing Corporation
- **Staffing Levels -** The Executive proposes a staffing level of 875 Full Time Employees (FTEs). In anticipation of 16 positions being vacated due to attrition, the agency foresees $1 million in savings and as part of the Executive's $250 million financial plan target, an additional collective bargaining savings of $1.3 million by not proceeding with negotiated raises due in April, 2010.

The Executive Budget seeks to achieve $3.5 million in savings, equally divided between Personal and Non-Personal Services by eliminating the replication of administrative costs, functions and the delivery of services. The savings are to be absorbed by DHCR for $1.75 million with the balance prorated across the NY Homes entities.

The Executive proposes several actions to achieve savings, including:

- **New York City Housing Authority (NYCHA):** eliminating the operating subsidy to the New York City Housing Authority**.** Furthermore, the Executive requires the Housing Authority to manage the impact within its $2.8 billion operating budget as NYCHA is the only local housing authority to receive an annual State operating subsidy.

- **Neighborhood and Rural Preservation Companies Programs –** The funding for both programs has been reduced from the original enacted appropriation of $16.6 million in SFY 2009-10 to $12 million for SFY 2010-2011. The reduction includes recurring savings of $2.9 million enacted as part of the SFY 2009-2010 Deficit Reduction Plan (DRP). This proposed reduction would result in funding levels that is $55,299 annually, down from a high of $90,000 two years ago. The rate of annual funding is based on the assumption of 217 not-for-profit community based housing corporations providing housing services across the State.

- **New York City/Rent Administration Payback –** The Executive proposes to increase Special Revenue Other (SRO) revenue by $500,000 as a result of holding the City of New York accountable for its cost share of Rent Administration. The Executive does not propose to recover past debt by the City but would implement the charge beginning April 1, 2010.

- **Public Housing Authorities –** Given the reduction in the debt service payments for bonded public housing, the appropriation for SFY 2010-2011 has been reduced from $12.4 million by $839,000 for a total appropriation of $11.6 million.

- **Weatherization (ARRA) –** The Executive proposes the appropriation of $131.6 million, reflecting the balance of the Weatherization stimulus funds to be expended by September 30, 2010.

- **Capital Projects –**The Executive recommends an appropriation of $74.2 million for capital. With the conclusion of ARRA funds the State loses $254,000 of Tax Credit Assistance Funds available during SFY 2009-2010.

**Article VII**

The SFY 2010-11 Executive Budget also recommends $4 million for the State Low-Income Housing Tax Credits Program resulting in approximately $40 million in new funding for affordable housing over the next ten years.

## STATE OF NEW YORK MORTGAGE AGENCY

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| State Operations | $76,800,000 | $76,800,000 | $0 | 0% |
| Aid to Localities | $156,500,000 | $97,720,000 | ($58,780,000) | 37.56 |
| Capital Projects | $0 | $0 | $0 | 0% |
| **Total All Funds:** | **$233,300,000** | **$174,520,000** | **($58,780,000)** | **25.20** |

*The State of New York Mortgage Agency (SONYMA) is a public benefit corporation that has been in existence for forty years for the purpose accessing and increasing the affordability of homeownership for low- to moderate-income residents in New York State. SONYMA issues taxable and tax-exempt bonds and uses the proceeds to purchase low-interest rate mortgage loans. In addition, SONYMA issues mortgage insurance to promote the stabilization of neighborhoods statewide. In SFY 2009, the agency's authority was expanded to issue tax-exempt bonds to finance education loans for higher education costs for students attending schools in New York State.*

### Overview of Executive Budget Proposal

SONYMA is self-sustaining in that all its programs and operations are funded by mortgage income, application fees, insurance premium and investment proceeds. The SFY 2010-11 Executive Budget also recommends that the agency staffing of 121 Full-Time Equivalent (FTEs) remain consistent with SFY 2009-10 levels. Furthermore, the Executive projects that administrative consolidation of SONYMA and the other NY Homes public benefit corporation entities under HFA together with the Division of Housing and Community Renewal will result in savings of $3.5 million.

The SFY 2010-11 Executive Budget recommends $174.52 million in appropriation reflecting a decrease of $58.8 million from SFY 2009-10 levels.

## DIVISION OF HUMAN RIGHTS

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $14,788,000 | $14,522,000 | ($266,000) | -1.80% |
| Special Revenue-Federal | $8,241,000 | $8,223,000 | ($18,00) | -0.22% |
| **Total All Funds:** | **$23,029,000** | **$22,745,000** | **($284,000)** | **-1.23%** |

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

### Overview of Executive Budget

The State Fiscal Year (SFY) 2009-10 Executive Budget recommends $22.7 million in an All Funds appropriation, a decrease of $284,000 or 1.2 percent from the SFY 2009-10 levels. The proposed decrease is a result of various personnel and non-personal service efficiency actions. The Executive Budget recommends a Division staffing level of 206 Full-Time Equivalents (FTEs), consistent with the SFY 2009-10 levels.

## DEPARTMENT OF LABOR

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $13,014,825 | $0 | ($13,014,825) | -100.00% |
| Special Revenue-Other | $95,478,000 | $95,010,000 | ($468,000) | -0.49% |
| Special Revenue-Federal | $1,077,177,000 | $770,770,000 | ($306,407,000) | -28.45% |
| Enterprise Funds | $11,002,000,000 | $7,200,000,000 | ($3,802,000,000) | -34.56% |
| **Total All Funds:** | **$12,187,669,825** | **$8,065,780,000** | **($4,121,889,825)** | **-33.82%** |

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

### Overview of Executive Budget

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends an All Funds appropriation of $8.1 billion in SFY 2010-11. This is a 33.8 percent decrease from SFY 2009-10 levels attributable to the elimination of a one-time Federal American Recovery and Reinvestment Act (ARRA) appropriation associated with the Unemployment Insurance Benefit Fund and Workforce Investment Act. The State receives Federal funds to support Unemployment Insurance (UI) program administration. The Executive proposes a staffing level of 4,001 Full Time Equivalents (FTEs), which is a decrease of ten FTEs from SFY 2009-10.

### Unemployment Insurance System

The Executive Budget recommends $466 million for UI Administration and $21.5 million for occupational training programs for unemployed workers. This is a decrease of $12.5 million from SFY 2009-10.

The Executive Budget decreases the appropriation for unemployment benefits by $3.8 billion to $7.2 billion due to the elimination of one-time ARRA funding from SFY 2009-10. Approximately 91.8 percent of DOL's All Funds appropriations allow for the payment of claims to unemployed workers.

### Employment and Training Programs

The Executive Budget provides $242 million for Workforce Investment Act (WIA) initiatives that provide employment and training services to youth, adults, and dislocated workers. This is a reduction of $247.5 million from SFY 2009-10 is a result of the elimination of a one-time ARRA funding for these programs.

**Worker Protection Programs**

The Labor Standards Program enforces the Labor Law in areas of minimum wage, prevailing wage, child labor and garment industry registration. The Occupational Safety and Health Program is responsible for health and safety inspections and granting licenses to qualified persons who operate dangerous equipment. These programs are funded through fees, penalties and license payments and include the following:

- **Labor Standards**: The Executive recommends funding of $28 million for SFY 2010-11, a decrease of $181,000 from SFY 2009-10.
- **Occupational Safety & Health**: The Executive recommends funding of $42.4 million for SFY 2010-11, a decrease of $200,000 from SFY 2009-10.

**Local Assistance Funding**

The Executive proposes to make 25 percent reductions to all SFY 2009-10 local assistance programs that are already under contract with DOL. These reductions are contained in the reappropriation section of the bill and affects the following programs:

- CWE Workforce Development Program
- CWE Workplace Literacy Program
- WNYCOSH Domestic Violence Program at Cornell University
- WNYCOSH Special Training, Education, Safety and Health programs
- Displaced Homemaker Program

In addition, the funding for Jobs for Youth and Workforce Development Institute AFL-CIO are completely eliminated by the Executive. The Workforce Development Institute AFL-CIO was previously reduced by 12.5 percent in the SFY 2009-10 Deficit Reduction Plan.

**State Employment Relations Board (SERB)**

The Executive proposes to eliminate the State Employment Relations Board (SERB) and transfer its functions into the Public Employment Relations Board (PERB) for a savings of $1.3 million. This proposal would eliminate 10 positions including five SERB board positions. The remaining five SERB positions would be absorbed into DOL for other programs. SERB is the only program in DOL supported by the General Fund.

**Deficiency Bill Article VII**

The Executive proposes deficiency Article VII legislation to increase the Unemployment Insurance (UI) Benefit-Enterprise Funds appropriation by $1 billion from $6 billion to $7 billion in order to accommodate the increased spending on UI as a result of the economic downturn. In addition, this proposal would recognize recent federal action, which increased the number of weeks of UI eligibility for claimants. Since this appropriation is covered by taxes on employers, it has no impact to the State.

## STATE UNIVERSITY OF NEW YORK

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $2,816,582,240 | $2,800,912,636 | ($15,669,604) | -0.56% |
| Special Revenue-Other | $4,754,325,000 | $310,714,000 | ($4,443,611,000) | -93.46% |
| Special Revenue-Federal | $346,166,988 | $377,938,650 | $31,771,662 | 9.18% |
| Capital Projects Fund | $595,700,000 | $572,426,000 | ($23,274,000) | -3.91% |
| Internal Service Funds | $15,300,000 | $16,600,000 | $1,300,000 | 8.50% |
| **Total All Funds:** | **$8,528,074,228** | **$4,078,591,286** | **($4,449,482,942)** | **-52.17%** |

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

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget includes All Funds appropriations of $3.5 billion (excluding capital funds), a decrease of $4.42 billion or 55.8 percent from the adjusted SFY 2009-10 levels. All Funds appropriations, including capital, totals $4.07 billion, a decrease of $4.5 billion or 52 percent from SFY 2009-10 levels. This funding decrease is mainly attributable to the Executive's proposal to remove campus-generated revenues from the State budget process, thus eliminating the need for legislative appropriation and oversight. As shown in the chart below, approximately $4.3 billion in various revenue accounts currently appropriated at SUNY would be eliminated from the budget process, including $1.2 billion in revenues from tuition charges (General Revenue Offset) and $773 million in fees related to self-supporting programs (General Income Reimbursable). In addition, approximately $2.1 billion in revenues generated by the three SUNY Hospitals would be removed from the budget process.

The Executive Budget includes Article VII legislation - The New York State Public Higher Education Empowerment and Innovation Act – which, if enacted, would have significant implications for higher education financing and policy in New York State. The proposed changes to the SUNY budgeting model would provide SUNY the regulatory and operational flexibility necessary in the areas of procurement, land lease, capital construction, tuition-setting, and expenditures in order to be able to compete effectively with other public higher education systems in the nation, most of which already enjoy these similar flexibilities.

The $4.4 billion decrease in non-capital appropriations reflect the elimination from the SUNY budget of certain special revenues as shown in the above chart, partially offset by a modest increase of $31 million in Federal revenues appropriations in SFY 2010-11. The Dormitory Income Reimbursable Account will continue to be appropriated owing to bond covenant requirements. Although the Executive Budget recognizes a year-over-year growth of approximately $225 million related to collective bargaining and fringe benefit costs, and community college enrollment growth, State support was reduced by approximately $210 million.

| SUNY – CAMPUS REVENUES APPROPRIATIONS | SFY 2009-2010 | Executive Recommendation 2010-2011 | Difference | Percent Change |
|---|---|---|---|---|
| Dormitory Income Reimbursable | $310,714,000 | $310,714,000 | $0 | 0% |
| General Revenue Offset (Tuition account) | $1,281,784,000 | $0 | ($1,281,784,000) | -100% |
| General Income Reimbursable | $773,062,000 | $0 | ($773,062,000) | -100% |
| Hospital Income reimbursable | $2,082,200,000 | $0 | ($2,082,200,000) | -100% |
| Tuition Reimbursable Account | $122,547,000 | $0 | ($122,547,000) | -100% |
| Stabilization Account* | $ 80,000,000 | $0 | ($80,000,000) | -100% |
| **Total** | **$4,570,307,000** | **$310,714,000** | **($4,339,593,000)** | -93.2% |
| **Appropriated every 2 years.* | | | | |

Under the Executive proposal, General Fund support for the SUNY system, including the community colleges, totals $2.8 billion, a decrease of $15.6 million or .56 percent from the SFY 2009-10. Approximately $2.3 billion in General Fund support is recommended for SUNY's State-operated and statutory colleges, an increase of $4.2 million or 0.2 percent over the SFY 2009-10 level. Of this amount, State spending for SUNY's employee fringe benefits and pension programs totals $1.21 billion, an increase of $51.5 million or 4.4 percent over the SFY 2009-10 level. Since the SFY 2010-11 Executive budget excludes campus revenues; it is difficult to determine the gross operating support, which is a combination of direct general fund support plus tuition revenues. Last year, SUNY's gross operating support for State-operated and statutory campuses totaled $2.4 billion, of which tuition revenues comprised approximately $1.3 billion. General Fund support for SUNY' State-operated and statutory colleges would total $1.086 billion, a decrease of $47.2 million or 4.1 percent over the adjusted SFY 2009-10 level. This decrease is attributable to a reduction of $169.9 million in operating support related to State budget gap, offset by an increase of approximately $122.7 million for collective bargaining and non-personal services inflationary costs. While the Executive Budget makes no specific recommendations to reduce or eliminate funding for any specific programs, the SUNY Board of trustees is authorized to manage the reductions in General Fund support, as well as implement non-specific workforce reductions and efficiencies.

**SUNY Tuition**

The Executive Budget recommends divorcing the setting of tuition rates and the spending of tuition revenues from the State appropriation requirements by removing the need for appropriation authority. It further provides authorization for the SUNY Trustees to implement modest predictable annual tuition increases not to exceed two and one-half percent of the five year average rate of the Higher Education Price Index (HEPI). This rate is currently 3.9 percent. Therefore, if SUNY Trustees raise tuition rates to the maximum allowed by the Governor's proposal, SUNY's resident undergraduate tuition rates will increase by 9.7 percent in Academic Year 2010-11, corresponding to an increase of $482, from $4,970 to $5,455. The 2010-11 budget request adopted by the SUNY Trustees called for a two percent or $100 increase, generating approximately $21 million. The Executive also proposal reduces operating support for SUNY by $136.4 million. The Executive also repeals a provision enacted by the Legislature last year which would have increased the University's tuition retention rate from the last tuition increase to 50 percent by 2012-13, a loss of $33.5 million. According to the Executive, these reductions are necessary to close the State's budget gap, and are not necessarily a continuation of the long-standing practice of offsetting the General Fund with new student tuition. In 2009-10, SUNY resident undergraduate tuition rates were increased by $620 or 14.2 percent, from $4,350 to $4,970. (For a recent history of SUNY's tuition increases, see the higher education overview section in this publication.)

**Statutory and Contract Colleges**

The SFY 2010-11 Executive Budget separates out appropriations for the State's statutory colleges at Cornell and Alfred universities from the State-operated campuses. Total recommended appropriations for the five statutory colleges are $140.9 million, a decrease of $24.7 million or 15 percent from the SFY 2009-10 level allocated as follows:

- $83 million would support Cornell's statutory colleges, reflecting a reduction of $13 million, partially offset by $7.1 million in increased spending related to collective bargaining and inflationary costs for a net year-over-year reduction of $6.2 million.

- $8.7 million for the College of Ceramics at Alfred University, a net decrease of $900,000, reflecting an increase of $500,000 for inflation offset by a $1.4 million reduction.

- The Executive Budget continues the practice which recognizes Cornell's land grant status by providing $48.9 million for its land grant mission. In the past, Cornell has relied on SUNY's Budget Allocation Process (BAP) for setting funding levels for its academic and land grant missions. Specific funding in the Executive Budget for Cornell's land grant mission provides stability for programs not funded with tuition.

**Community Colleges**

The SFY 2010-11 Executive Budget reduces SUNY community college base operating aid per full-time equivalent student (FTE) by an average of $285 or 11 percent, from $2,545 to $2,260.

The proposal would reduce base aid funding for SUNY community colleges by $53.8 million in the 2010-11 academic year. A total of $454.4 million is recommended for the SUNY community colleges, of which $371.2 million would be funded by the General Fund and $83.3 million by the American Recovery and Reinvestment Act (ARRA) funds. Base aid was reduced by $130 per FTE student, from the 2009-10 enacted level of $2,675 to $2,545 as part of the Deficit Reduction Plan (DRP) in November 2009.

Base aid was reduced by $130 per FTE student, from the 2009-10 enacted level of $2,675 to $2,545 as part of the DRP in November 2009. The recommended SFY 2010-11 appropriations for community college contract courses ($1.88 million), child care centers ($1.001 million), community colleges with low enrollment ($940,000), and high need programs ($1.69 million) remain unchanged from the current levels. Spending for SUNY's community college rental aid would total $11.1 million, an increase of $3.3 million from the current level, attributable to enrollment surge and the need for additional instructional space. The Cornell Cooperative Extension program administered by Cornell would remain level at $3.92 million.

**SUNY Hospitals**

The SFY 2010-11 Executive Budget maintains the existing appropriation structure under which the SUNY Hospitals' finances are separated from SUNY system finances. This structure allows the hospitals to pay their own operating and debt service costs. In accordance with this arrangement, the Executive Budget proposal provides for a subsidy of $129 million, unchanged from the SFY 2009-10 level, for the three teaching hospitals located at Stony Brook, Syracuse and Brooklyn in recognition of their increased operational costs as state entities. If adopted, the provisions of the Public Higher Education and Empowerment Act would remove SUNY hospitals' revenues from the State's budget process. State appropriation of approximately $2.1 billion of patient and other hospital-generated revenues for the three SUNY hospitals has been discontinued in the SFY 2010-11 Executive Budget.

**Capital Plan**

In SFY 2008-09, the Legislature enacted a new $4.1 billion five-year capital plan for strategic initiative and critical maintenance projects at SUNY campuses, SUNY Hospitals, SUNY Dormitories, and SUNY Community Colleges. The SFY 2010-11 Executive Budget recommends $550 million in new capital appropriations for the SUNY State-operated and Statutory campuses to continue addressing the accumulated backlog of critical maintenance projects. The Executive proposal also includes $23 million in capital appropriations to support projects at SUNY community colleges.

**Article VII**

The Executive Budget proposal includes Article VII provisions intended to provide SUNY greater flexibility in the areas of tuition setting, self-supporting programs, procurement and property management. The deregulation provisions would amend the education, public authorities and the State finance law to:

- Authorize the SUNY Trustees to institute a rational tuition policy that will ensure a fair, equitable and responsible tuition policy that would provide the universities with the discretion to raise tuition incrementally up to an annual cap of two and one half times the five-year rolling average of the Higher Education Price Index (HEPI), making it easier for students and families to anticipate and plan for the true cost of attendance over the course of a degree program.

- Authorize the SUNY Trustees to implement differential tuition rates for programs and campuses within their systems to enhance academic quality, based on the recommendation of the college president and in accordance with specific guidelines promulgated by the trustees.

- Provide SUNY with greater operational flexibility regarding the procurement of goods and contractual services; the procurement and financing of construction services; and the lease of campus property.

- Authorize the lease of real property under the jurisdiction of SUNY to other entities in support of its educational purpose, and the participation in public/private partnerships that would benefit SUNY's mission, and diversify its revenue streams, subject to approval of a newly created State University Asset Maximization Review Board. This will help encourage greater business opportunities and innovative research partnerships, since many potential private companies are unwilling or unable to wait the months or years it takes for a project to make its way through the legislative and political process.

- Remove provisions of law subjecting SUNY to pre-approval of contracts by the Office of the State Comptroller (OSC) in order to streamline the procurement of goods and services, while maintaining provisions requiring the post-audit of such contracts by OSC.

- Allow post-audit in lieu of pre-audit requirements for Attorney General approval of leases between SUNY and its alumni associations in support of dormitory projects.

- Prescribe specific semi-annual reporting requirements on revenues and expenditures at a campus-specific level to ensure continued transparency and accountability.

- Allow not-for-profit organizations affiliated with SUNY to participate in Office of General Services-maintained centralized contracts.

- Indemnify SUNY students who are enrolled in required academic residency and internship programs.

- Permit SUNY Healthcare Centers to enter into contract and participate in joint ventures, subject to annual reporting.

- Authorize SUNY-affiliated auxiliary service corporations, campus-related foundations, and other non-profit corporations to make purchases through the more affordable centralized contracting process of OGS, but prohibiting the resale of such commodities and services.

- Expand investment choices for the Optional Retirement Program for the State University of New York to include corporations that manage or invest in mutual funds.

- Provide that Medical Assistance recipients may receive initial and subsequent treatment from optometric clinics associated with the SUNY College of Optometry.

- Allow SUNY to lease facilities within Albany County directly, rather than requiring the Office of General Services (OGS) to act on its behalf.

- Authorize DASNY to rehabilitate, construct and finance dormitories on behalf of community colleges, which would be required to assume full financial responsibility for the cost of the projects.

- Authorize SUNY Community colleges to charge non-resident students enrolled in a two-year degree program leading to associate degree sufficient tuition and fees to cover allocable portion of the local sponsor's share of the operating costs, in addition to regular tuition and fees.

- Permit SUNY-affiliated nonprofit entities to utilize Dormitory Authority financing services, and authorize SUNY's community colleges to use Dormitory Authority financing services for building of student dormitories.

- Authorize the State University Construction Fund (SUCF) to adopt its own procurement guidelines, pursuant to Article IX of Public Authorities Law.

- Increase the threshold from $50,000 to $250,000 for projects that require performance bonds.

- Permit the State University Construction Fund (SUCF) to establish standards and guidelines for procurement consistent with that of public authorities, and to use alternative construction methods.

## STATE UNIVERSITY CONSTRUCTION FUND

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $0 | $0 | $0 | 0.% |
| Special Revenue-Other | $19,586,000 | $0 | ($19,586,000) | -100.00% |
| **Total All Funds:** | **$19,586,000** | **$0** | **($19,586,000)** | **-100.00%** |

*The State University Construction Fund is a public benefit corporation established in 1962 to serve as a construction agent for the State University of New York. The Construction Fund is responsible for the acquisition, construction, reconstruction, rehabilitation and improvement of academic buildings and other facilities at State operated campuses and statutory colleges. The Fund is administered by a Board consisting of three members. Support for the Construction Fund is provided solely from proceeds from the sale of revenue bonds issued to finance the construction and reconstruction of academic facilities. The current estimated replacement value of all State-operated academic facilities is nearly $26 billion. During the 2008-09 fiscal year, the Fund initiated the design of 92 projects having a total value of $857 million in design and construction work ($109 million and $748 million, respectively) and began construction of 77 projects having an estimated cost of $309 million. These figures exclude projects administered by individual campuses.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget proposes The New York State Public Higher Education Empowerment and Innovation Act, which includes provisions that align the State University Construction Fund's operating budget structure with that of other similar public benefit corporations, such as the City University Construction Fund and the Dormitory Authority of the State of New York. Consequently, the Executive Budget recommends no appropriations for the Fund in 2010-11. The flexibility and regulatory reforms contained in the Act would also allow for alternative design and construction delivery mechanisms to be utilized by the Fund. The agency's workforce for SFY 2010-11 is expected to be 135 employees. The Fund's operations are supported entirely from proceeds of revenue bonds issued to finance the construction and reconstruction of academic facilities. In SFY 2009-10, appropriations for the Fund's operations totaled $19.6 million.

## OFFICE OF THE WELFARE INSPECTOR GENERAL

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $420,000 | $420,000 | $0 | 0.00% |
| Special Revenue-Other | $1,177,000 | $1,177,000 | $0 | 0.00% |
| **Total All Funds:** | **$1,597,000** | **$1,597,000** | **$0** | **0.00%** |

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

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends an All Funds appropriation of $1.6 million and a workforce of seven positions, consistent with SFY 2009-10 levels. The Executive Budget also proposes a collaborative agreement with the Office of the Medicaid Inspector General in order to achieve administrative efficiencies and improve the detection and control of public benefits fraud.

## OFFICE FOR THE AGING

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $122,884,950 | $113,042,400 | ($9,842,550) | -8.01% |
| Special Revenue-Other | $1,230,000 | $1,230,000 | $0 | 0.00% |
| Special Revenue-Federal | $123,237,000 | $125,237,000 | $2,000,000 | 1.62% |
| **Total All Funds:** | **$247,351,950** | **$239,509,400** | **($7,842,550)** | **-3.17%** |

*The State Office for the Aging (SOFA) administers federal, state and local programs that serve New York's senior citizens. All programs are operated at the local level by fifty-nine area Agencies for the Aging, and a variety of not-for-profit providers.*

### Overview of Executive Budget Proposal

The SFY 2010-11 Executive Budget recommends an All Funds appropriation of $234 million, a decrease of $7.8 million from SFY 2009-10. The decrease reflects: the elimination of the Congregate Services Initiative Program and the Patient's Rights Advocacy Hotline; a reduction in funding to Expanded In-home Services for the Elderly; a reduction to legislative initiatives; and administrative efficiencies within SOFA.

### Program Spending Reductions and Eliminations

- The Executive proposes the elimination of the Congregate Services Initiative Program for a total of $806,000 in savings. The Congregate Services Initiative Program works to preserve and enhance the health and wellness of New York's seniors. Specifically, the program provides recreational and health-related services in congregate settings. These services are intended to preserve wellness and health in seniors thereby delaying the future need for more intensive health-related services.

- The Executive proposes the elimination of Patient's Rights Advocacy Hotline, for a total of $63,000 in savings. The Patient's Rights Advocacy Hotline works with seniors on a variety of health-related issues including but not limited to: hospital admission denials, hospital discharged issues, quality of care issues, prescription drugs, and patients' rights issues.

- The Executive proposes a $3 million reduction to Expanded In-home Services for the Elderly. Expanded In-home Services for the Elderly assists elderly individuals, who want to remain at home and are not eligible for Medicaid, with daily living activities such as dressing, bathing, personal care, shopping, and cooking. The program targets low income clients, but provides assistance to those who are financially able as well. The amount a client pays works on a sliding scale fixed in Chapter 894 of the Laws of 1986.

- The Executive proposes a $3.4 million reduction to legislative initiatives included in SFY 2009-10 Enacted Budget.

- The Executive proposes savings of $0.5 million achieved by a reduction in staffing levels and in personal and non-personal services expenditures.

**Article VII**

The SFY 2010-11 Executive Budget proposes Article VII legislation is proposed to implement the proposed program eliminations.

# DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Federal | $4,550,000 | $4,750,000 | $200,000 | 4.40% |
| Enterprise Funds | $10,000 | $10,000 | $0 | 0.00% |
| **Total All Funds:** | **$4,560,000** | **$4,760,000** | **$200,000** | **4.39%** |

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

## Overview of Executive Budget Proposal

The Executive Budget recommends $4.8 million in an All Funds appropriation for the Council in State Fiscal Year (SFY) 2009. This is an increase of $200,000 from SFY 2009-10 and is based on an anticipated increase in the level of Federal funding. This funding is sufficient to support the Council's role in coordinating information about persons with developmental disabilities and the services available to them, and in overseeing grant funds.

## DEPARTMENT OF HEALTH

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $13,963,540,760 | $11,739,078,190 | ($2,224,462,570) | -15.93% |
| Special Revenue-Other | $6,788,177,198 | $7,366,634,887 | $578,457,689 | 8.52% |
| Special Revenue-Federal | $35,322,872,000 | $36,293,412,200 | $970,540,200 | 2.75% |
| Capital Projects Fund | $463,125,000 | $497,783,000 | $34,658,000 | 7.48% |
| Enterprise Funds | $10,000 | $10,000 | $0 | 0.00% |
| **Total All Funds:** | **$56,537,724,958** | **$55,896,918,277** | **($640,806,681)** | **-1.13%** |

*The Department of Health (DOH) promotes and supervises public health activities throughout New York State and monitors the quality and cost effectiveness of medical care provided to State residents. The Department also coordinates Medicaid policy and program administration. The Department is comprised of the Office of Medicaid Management, the Office of Managed Care, the Office of Continuing Care, the Office of Public Health and the Office of Health Systems Management. The Department's regional staff conducts health facility surveillance, public health monitoring and direct services, and oversees county health department activities. In addition, the Department is responsible for five health care facilities, including Helen Hayes Hospital and four veterans' nursing homes in Montrose, Oxford, New York City and Batavia.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends $55.89 billion in All Funds support, which reflects a decrease of $640.8 million or 1.13 percent from SFY 2009-10. This decrease can be attributed to a decrease of appropriation authority in the Medical Assistance Program.

### Medical Assistance (Medicaid) Program

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends an All Funds spending of $51.53 billion which is $883 million or 1.74 percent above the SFY 2009-10 projected spending of $53.15 billion. The State Funds estimated spending for SFY 2010-11 is $14.598 billion or 1.12 billion higher than projected SFY 2009-10 projected spending levels. Absent Medicaid cost saving actions included in the SFY 2010-11 Executive Budget, projected State Medicaid spending would have been $15.354 billion. The SFY 2010-11 Executive Budget included $772.5 million in reductions to be implemented across various sectors of the Medicaid program.

| MEDICAID ALL FUNDS SPENDING ($ in Billions) | | | | |
|---|---|---|---|---|
| | SFY 2009-10 (Estimated) | SFY 2010-11 (Projected) | Change | Percent Change |
| State Funds | $13.476 | $14.598 | $1.122 | 8.33% |
| Local Funds | $6.584 | $7.203 | $0.619 | 9.40% |
| Federal Funds | $30.587 | $29.729 | ($0.858) | -2.81% |
| Total All Funds: | $50.647 | $51.530 | $0.883 | 1.74% |

**Medicaid Cost Saving Actions**

The SFY 2010-11 Executive Budget proposes cost saving or revenue actions for the Department of Health and Medicaid spending that would result in State savings of $1.85 billion. The $1.85 billion in cost saving actions is accomplished by $772.5 million in program reductions, while the remaining is achieved by $974.6 million in fees and surcharges. Of the $1.8 billion in overall Medicaid cost savings actions, $1.75 billion can be attributed to actions for the Medicaid program while the remaining $101.9 million is from savings for Department of Health programs.

**Hospitals**

The SFY 2010-11 Executive Budget estimates that State Medicaid spending for hospital services including, inpatient and outpatient services, would be $1.9 billion. The SFY 2010-11 Executive Budget recommends $244.6 million (State share) in cost saving actions impacting hospital services, which when federal matching dollars are added the total impact to hospitals would be $382.1 million (gross) in less revenue. Highlights of the Executive's recommendations are detailed below:

**Indirect Medical Education (IME)**

- The SFY 2010-11 Executive Budget includes savings proposals and recommendations for hospitals that would continue rate reforms that encourage quality and transparency. As part of this phase of the rate reform, and in an effort to reflect New York State's actual costs, Indirect Medical Education (IME) would be reduced by three percentage points. The IME adjustment is applied to the Medicaid rate for teaching hospitals in an effort to recognize the increased use of ancillary services associated with the educational process and the higher case-mix intensity that teaching hospitals often face. Recent analysis conducted by the Department of Health revealed that New York State was actually paying too much for IME. The new payment methodology enacted as part of the SFY 2008-09 Enacted Budget more accurately captures the cost of providing services including medical education. This proposal would be implemented over a three year period, resulting in State savings of $57.3 million.

**Obstetric Access and Quality Pool**

- In an effort to address the potentially dangerous shortage of obstetric services in hospitals, the SFY 2010-11 Executive Budget proposes the creation of the Obstetric Access and Quality Pool. This pool would provide funds to hospitals to assist in improving the quality of care as well as the availability of OB/GYN services. The SFY 2010-11 Executive Budget includes $26 million in State funds for this pool.

**Hospital Cost Adjustment**

- The SFY 2010-11 Executive Budget proposes to invest State funds to supplement various hospital costs. Under this proposal, the amount paid to hospitals (base price) for Medicaid services prior to the calculation of various adjustments such as labor, service intensity, and capital costs, would be increased. The Executive includes $27.8 million in State funds for this hospital investment.

**Gross Receipts Tax Increase**

- The SFY 201-11 Executive Budget includes an increase in the gross receipts tax for hospital inpatient services from 0.35 percent to 0.75 percent. Currently, all hospital revenues are assessed at 0.35 percent, but for revenue on inpatient services only, the assessment would be increased to 0.75 percent. This increase in the assessment would result in $130.2 million in additional State revenue and would be subject to federal financial participation.

**Doctors Across New York Program**

- The SFY 2010-11 Executive Budget includes amendments to the “Doctors Across New York” program, which was established as part of the SFY 2008-09 Enacted Budget. These amendments include 100 new physician slots for the program, as follows: 50 new slots for the Physician Loan Repayment Program and 50 new slots for the Physician Practice Support component. The SFY 2010-11 Executive Budget provides $3.5 million for these additional slots.

**Preventable Readmission Proposal**

- The SFY 2010-11 Executive Budget includes a proposal to reduce the number of preventable hospital readmissions. A potentially preventable readmission (PPR) is a hospital readmission that is clinically-related to the initial admission and could be caused because a patient was discharged too soon or proper follow-up care was not provided. During 2007 New York State spent approximately $813 million on readmissions. Therefore, the Executive proposes an initiative that would reduce the number of potentially preventable readmissions. Under this proposal the Department of Health would establish hospital benchmarks to assist in the determination of a PPR. Hospital Medicaid rates of payment would be adjusted for any PPR. This proposal would result in State savings of $20 million for SFY 2010-11.

**Indigent Care Pool**

- Another reform proposal offered by the Executive as part of the SFY 2010-11 Budget is to reform the Indigent Care Pool. Currently, the Indigent Care Pool is funded at $1.18 billion and provides allocations to hospitals across the State to assist with losses that result from having bad debt or providing care to individuals that have no insurance and cannot afford to pay for their care. This is known as bad debt and charity care (BDCC). Allocations provided to hospitals under the BDCC pool are determined by a methodology that includes bad debt cases and or uninsured cases. As part of the indigent care payment reform, the Executive proposes to change the methodology for calculating payments. Under this methodology, hospital allocations would be based entirely on uninsured units of service. In addition the Executive proposes to reduce the amount of funds available for distribution to hospitals to $996 million, resulting in State savings of $70 million.

**Federal Disproportionate Share Audit Compliance**

- The SFY 2010-11 Executive Budget includes additional resources to ensure that New York State complies with Federal requirements pertaining to Disproportionate Share Hospital (DSH) audits which must be performed for each Medicaid rate state year. Failure to comply with the Federal DSH audit requirements could result in the loss of DSH funds to hospital. Therefore, the SFY 2010-11 Executive Budget includes $3.5 million in State funds for the cost of audit compliance.

**2010 Trend Factor Elimination**

- Finally, the SFY 2010-11 Executive Budget proposes to eliminate the 2010 trend factor increase of 1.7 percent for hospitals services which would force hospitals to absorb any inflationary increases. The elimination of the 2010 trend factor increase would result in $26.7 million in State savings.

**Nursing Homes**

The SFY 2010-11 Executive Budget estimates that State Medicaid spending for nursing homes would be $3.17 billion. The SFY 2010-11 Executive Budget recommends $140.2 million (State share) in cost saving actions impacting nursing homes. When federal matching dollars are added, the total impact to nursing homes would be $243.1 million (gross) in lost revenue. Highlights of the Executive's recommendations are detailed below:

**Bed Hold Reservation Days**

- The SFY 2010-11 Executive Budget proposes to reduce the bed hold reservation days for nursing homes. Currently, nursing homes at 95 percent of their occupancy rate continue to receive full Medicaid reimbursement for a patient that has been temporarily transferred to an inpatient hospital. There is no limit on the number of days a resident can be out of the nursing home. The rate paid for bed hold reservations would be reduced to 95 percent of the home's Medicaid rate under the proposal being offered by the Executive. In addition, each home would receive the new bed hold rate for 14 days if a patient is transferred to a hospital and ten days if a resident is transferred for therapeutic services. This proposal would result in State savings of $6.9 million.

**Rate Appeal Caps**

- The SFY 2010-11 Executive Budget proposes to cap the annual dollar amount of rate appeals processed by the Department of Health (DOH). Facility operators often appeal to DOH seeking rate increases or adjustments. The appeals process is time consuming and expensive. Therefore, the State will impose strict controls on the number of these appeals that would be considered on an annual basis. This proposal would result in $16.5 million in State savings.

**Prescription Drug Exclusion**

- The SFY 2010-11 Executive Budget recommends excluding prescription drugs from the Medicaid rates paid for nursing home services. Under this proposal, facility operators would bill the Medicaid program separately for prescription drugs. This change in methodology of payment for prescription drug services provided at nursing homes would not result in a change of service to the residents. The SFY 2010-11 Budget includes $2.4 million in State savings.

**Gross Receipts Tax Payment**

- The Executive recommends an increase in the gross receipts tax paid for nursing home services from six percent to seven percent. In addition, unlike the original six percent assessment, this one percent increase would not be subject to federal financial participation. The one percent increase in the nursing home assessment would result in $67.8 million in additional State revenue.

**Nursing Home Rebasing**

- The SFY 2010-11 Executive Budget would extend through February 28, 2011 the nursing home Medicaid reimbursement (Rebasing) system, that was enacted by the Legislature as part of the SFY 2005-06 Enacted Budget, and delays the implementation of the new Medicaid rate methodology (Regional Pricing) until March 1, 2011. As part of the SFY 2009-10 Enacted Budget the Legislature capped the total liability for the nursing home rebasing proposal at $210 million. The SFY 2010-11 Executive Budget maintains the liability for the nursing home reimbursement at current levels but redirects $50 million to be provided to nursing homes as part of a Quality of Care Pool. The remaining amount would be provided to nursing homes as part of an increased rate. This proposal would have no fiscal implications for the State.

**2010 Trend Factor Elimination**

- Finally, the SFY 2010-11 Executive Budget proposes to eliminate the 2010 trend factor increase of 1.7 percent for nursing homes, forcing them to absorb any inflationary increases. The elimination of the 2010 trend factor increase would result in $46.6 million in State savings.

**Home Care**

The Executive estimates that State Medicaid spending for home care will be $2.62 billion for SFY 2010-11. The cost savings measures advanced as part of the SFY 2010-11 Executive Budget include $74 million (State share) for home care services. Taking into consideration the federal share of these cost saving measures, the gross impact to providers would be $154.8 million. Details of the Executive's cost savings measures for home care services are highlighted below:

**Personal Care Services Cap**

- In an effort to control the ever increasing cost of personal care services under the Medicaid program and to ensure the most appropriate use of long term care services, the Executive recommends placing caps on the amount of personal care services authorized by social service districts as well as improving the utilization review process for long term care services. Under provisions included in the SFY 2010-11 Executive Budget, individuals receiving personal care services would now only be eligible to receive a maximum of 12 hours per day. In the instances where that level of service is insufficient to meet the needs of the clients, a utilization review process would be instituted to place clients in the most appropriate care setting, such as long term care home health program, managed long term care plans, or the nursing home transition and diversion waiver program. These controls on the authorization of personal care services would result in $30 million in State savings.

**Gross Receipts Tax Increase**

- The SFY 2010-11 Executive Budget increases the assessment imposed on the gross receipts of home care and personal care providers from 0.35 percent to 0.70 percent. This increase in the assessment would result in $17.6 million in additional revenue.

**2010 Trend Factor Elimination**

- The Executive also proposes to eliminate the 2010 trend factor increase of 1.7 percent for home care and personal care providers, thereby requiring these providers to absorb inflationary increases. The elimination of the trend factor for 2010 would result in State savings of $25.8 million.

**Home Care Services Efficiency Amendments**

- The SFY 2010-11 Executive Budget also includes program amendments that would improve the efficiency of home care services. These efficiency changes include, allowing patient assessments under the long term home health care program; allowing assessments for certified home health agencies to be done twice instead of four times a year, and allow the long term home health care program and other long term care service providers to collaborate on providing case management services. These service efficiencies proposed by the Executive would result in State savings of $600,000.

**Pharmacy**

- The Executive estimates that State Medicaid spending for pharmacy services for SFY 2010-11 would be $1.7 billion. The Executive includes $12.2 million in cost saving measures impacting pharmacy spending. These cost saving measures, when Federal dollars are factored in, would result in gross reductions in pharmacy spending of $22.9 million. Highlights of the Executive's proposals for pharmacy services are detailed below:

**Preferred Drug List Notification Change**

- The Executive proposes to reduce from 30 days to five days the amount of public notice that is required before drugs may be placed on the preferred drug list or prior authorization program by the Pharmacy and Therapeutic Committee. This would reduce the public notice requirement and result in $800,000 in State savings.

**Pharmaceutical Supplemental Rebates**

- The SFY 2010-11 Executive Budget would require the Department of Health to collect supplemental rebates from pharmaceutical manufacturers for prescription drugs in classes that are currently excluded from the preferred drug program. Collecting rebates for these classes of drugs would result in State savings of $2.1 million.

**Specialty Pharmacy Enhanced Rate Elimination**

- The Executive proposes to eliminate the enhanced rate paid to specialty pharmacies which provide enhanced services to HIV/AIDS patients. Under this proposal, all pharmacies would receive the same Medicaid reimbursement rate for prescription drugs. Eliminating the enhanced Medicaid rate for specialty pharmacies would result in State savings of $600,000.

**Pharmaceutical Companies Business Practice Reform**

- The SFY 2010-11 Executive Budget proposes to impose strict limitations on gifts or other types of marketing products that pharmaceutical companies may provide to physicians. This "gift to doctors" reform proposal would result in $300,000 in State savings.

**J-Code Drug Rebate Maximization**

- The Executive proposes to maximize pharmaceutical rebates collected for J-code drugs. J-code drugs are physician administered drugs that ordinarily cannot be self-administered such as chemotherapy, immunosuppressive drugs and inhalation solutions. Currently, Medicaid is required to collect federal rebates on the 20 most frequently administered drugs by physicians. This proposal, offered by the Executive, would collect rebates for any rebatable drug. The increased collection of rebates for J-code drugs would result in $4.1 million in additional savings.

**Medicaid/Medicare Part D Drug Wrap Elimination**

- Finally under pharmacy services, the Executive proposes to eliminate the Medicaid/Medicare Part D drug wrap. Currently, individuals that are enrolled in both the Medicaid and the Medicare programs (dual eligible) receive their prescription drug coverage under the Medicare Part D Drug program. In those instances in which dual eligible individuals cannot obtain their prescription drugs under Part D, New York's Medicaid program provides wrap around service and provides the drugs for dual eligible individuals. Citing the improved drug formularies of most of the Medicare Part D drug programs, the Executive proposes to eliminate the requirement that Medicaid pay for drugs not covered under Medicare. This proposal would result in $4.3 million in State savings.

**Other Medicaid Cost Saving Actions**

Other Cost Containment Measures offered by the Executive provide $76.4 million in State savings and include the following:

- Increasing the Office of Medicaid Inspector General (OMIG) Medicaid fraud collections target by $300 million, bringing the total collections target to $1.17 billion.
- Authorizing the Commissioner of Health to establish transportation managers to coordinate Medicaid transportation services resulting in net savings of $8.3 million in State savings.
- Improving utilization management for physical and occupational therapy for $3.5 million in State savings.
- Adding additional utilization review edits for other Medicaid services such as durable medical equipment and medical supplies, for $1.9 million in State savings.
- Requiring that pre-need funeral accounts be classified as irrevocable trusts, with any balances to be returned to the State. This proposal would result in $1 million in State savings.
- Expanding, for the purposes of qualifying for Medicaid, the definition of "estates" to include such property as annuities. This proposal would result in $1.1 million in State savings.
- Reducing the projected premium increases for Medicaid managed care and the family health plus (FHP) program from 6.5 percent to 4.8 percent. This would result in $61.4 million in State savings.
- Adding coverage for medically necessary orthodontia services under Child Health Plus (CHP). The Executive includes $800,000 in additional resources for this proposal.

**Health Care Reform Act (HCRA)/Insurance**

- The Health Care Reform Act (HCRA) is the major component of New York State's Health Care financing laws which governs hospital reimbursement methodologies and targets funding for a multitude of health care initiatives. The SFY 2010-11 Executive budget proposes to increase State fees or taxes to generate $674.6 million in additional revenues. These additional revenues generated from the increased insurance assessment and fees would be deposited to the Health Care Reform Act (HCRA) account to offset State Medicaid spending. The Executive proposal for increased fees and taxes are as follows:

**Surgical and Radiological Services Surcharge**

- Establishing a surcharge on procedures performed by physicians. Similar to the 9.63 percent surcharge imposed on hospitals for services, New York State would now impose a 9.63 percent surcharge on all surgical and radiological services performed by physicians in an ambulatory care setting such as physician offices, urgent care centers, and ambulatory surgery centers. The fee increase would generate $24.6 million in additional State revenue.

**Syrup Tax**

- Imposing a new excise tax on beverages with sugar. The new excise tax would be $1.28 per gallon for bottled soft drinks and $7.68 per gallon for beverage syrup and simple syrup. This new "sugar tax" would generate $450 million in additional State revenue.

**Cigarette Excise Tax Increase**

- Increasing the excise tax on cigarettes by $1.00 from $2.75 to $3.75. This increase in the New York State cigarette tax would make it the highest tax in the nation and result in $200 million in additional State revenue.

In addition to revenue actions for HCRA, the Executive proposes funding reductions, eliminations or delays for several health care initiatives that are considered low priority areas with regards to the Department of Health's core mission. The proposed program funding changes are as follows:

- Eliminating funding for the Roswell Park Research Institute's "Anti-tobacco" initiative resulting in State savings of $13.6 million.
- Eliminating funding for the disease management demonstration program, resulting in State savings of $1.8 million.
- Eliminating funding for the long term care (LTC) education and outreach program for State savings of $1.3 million.
- Reducing funding for fertility programs for State savings of $1.3 million.
- Consolidating funding for all poison control centers initiatives, resulting in State savings of $2.5 million.
- Delaying physician excess medical malpractice payments from March 2011 until July 2011. This four month delay of payments would result in one time State savings of $127.4 million.

The Executive also proposes to require insurance companies to obtain prior approval from the Department of Insurance before any increases in premium are imposed on the consumers. This proposal would result in SFY 2010-11 State savings of $70 million.

**Health Insurance Coverage**

The SFY 2010-11 Executive Budget includes several initiatives aimed at further "streamlining" the eligibility process for the Family Health Plus and Medicaid program as well as strengthening the integrity of this programs. These changes to the enrollment process include:

- Permitting individuals to state the amount of their income that is earned through interest without any supporting documentation (self attestation).
- Permitting Medicaid enrollees receiving community based long term care to attest to income, resources and residency requirements at the renewal or recertification process.
- Authorizing the Department of Health to pursue the "Express Lane" eligibility option under the Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009 to more easily transfer children between Medicaid and Child Health Plus (CHP) and enroll uninsured children currently receiving food stamps.
- Implementing the Transitional Medical Assistance (TMA) Expansion Option under ARRA.

The Executive also includes initiatives and program changes to ensure the integrity of the New York State Medicaid program. These program integrity preservation proposals include:

- Contracting with a vendor to implement an asset verification system to identify bank resources that are not currently captured.
- Allowing Medicaid and CHP to access tax return data in the same manner as the Elderly Pharmaceutical Insurance Coverage (EPIC) Program.
- Recovering Federal disallowances from the local social services districts when errors resulted from a failure to properly administer the Medicaid.
- Requiring documentation of citizenship and identity for the CHP program.

**Public Health**

The Early Intervention (EI) Program provides services to infants and toddlers up to three years of age, with developmental delays and disabilities. The State provides reimbursement to localities for 50 percent of their EI program costs for non-Medicaid eligible children. EI costs for Medicaid eligible children are financed through the Medicaid program with the State and localities responsible for 50 percent of the costs and Federal funds covering the remaining 50 percent.

The SFY 2010-11 Executive Budget include several cost saving actions for the EI program including:

- Establishing EI parental fees, which would range from $45 to $540 per quarter based on a family's income, resulting in additional State revenue of $13.6 million for SFY 2011-12.

Increasing efforts to improve third party insurance by requiring EI providers to directly bill insurance companies resulting in State savings of $600,000 for SFY 2010-11.

- Modifying the current EI speech standards and establishing an evidence based criteria for determining a child's eligibility for speech and language services. This proposal would result in $2.8 million in State savings.
- Allowing paraprofessional behavioral aides for children with severe disabilities to provide applied analysis intervention programs to children. This would result in State savings of $3.2 million.
- Revising EI home and facility based rates. In order to ensure the more appropriate delivery of services under this proposal, the home based rates would be decreased and the facility or clinical based rates would be increased. This proposal results in $5.3 million in State savings.
- Auditing certain EI providers to ensure that appropriate payments for services are provided to the clients. These audits would result in $900,000 in State savings.
- Requiring all evaluators for the EI program to perform assessments using an assessment tool from the Department of Health's preferred list. This proposal would result in State savings of $1.1 million.
- Maximizing reimbursement from commercial insurers by requiring companies to pay legitimate claims for EI services, resulting in $6.2 million in State savings.

**General Public Health Works (GPHW) Program**

The General Public Health Works Program provides funding to localities to support programs in the areas of family health, disease control, health education, community health assessment and environmental health. The SFY 2010-11 Executive Budget proposes to eliminate the reimbursement for certain optional services provided to local governments. Under the Executive's proposal, local governments would no longer receive reimbursement for less essential programs, such as non-public health laboratories, home health care programs, hospice and EI administration. In addition, the Executive proposes to transfer the duties and responsibility of medical examiners to the Division of Criminal Justice. This restructuring of the GPHW program would result in $6.7 million in State savings.

**Other Public Health Initiatives**

The SFY 2010-11 Executive Budget recommends the consolidation of various programs and initiatives. Under this proposal, AIDS, Cancer and Obesity programs would be merged or consolidated for $4.9 million in State savings. In addition, the SFY 2010-11 Executive Budget proposes the elimination or reduction of many programs that are of lower priority in relation to the core mission of the Department of Health. These program funding changes would result in $14.9 million in State savings as follows:

- Fertility services ($1.5 million in savings);
- Red cross emergency preparedness ($900,000 in savings);
- Spinal cord research funding ($6.7 million in savings);
- Eating disorders ($1.7 million in savings);
- Maternal and early childhood ($900,000 in savings);

- Arthritis foundation ($200,000 in savings);
- Interim lead safe housing ($100,000 in savings);
- Translational neurological research ($100,000 in savings); and
- Educational and outreach programs ($2 million in savings).

**Elderly Pharmaceutical Insurance Coverage (EPIC) Program**

EPIC is a New York State program that helps seniors pay for their prescription drugs. More than 250,000 EPIC enrollees are saving an average of 90 percent of the cost of their medicines through the EPIC program. The SFY 2010-11 Executive Budget includes several proposals that would result in $34.9 million in State savings. The cost saving proposals are as follows:

- Eliminating the Medicare Part D drug wrap. Many EPIC individual seniors are also enrolled in a Medicare Part D Drug plan and use both of these drug discount programs to gain as many savings as possible. Currently, the EPIC program provides wrap around coverage for those drugs not covered under the Medicare part D drug program. The SFY 2010-11 Executive Budget proposes to eliminate the Medicare Part D drug wrap, resulting in $32.4 million in State savings.

- Removing the financial exemption for Medicare Advantage members. In an attempt to maximize federal dollars, New York State currently requires all EPIC seniors to enroll a Medicare Part D drug plan and then use EPIC to provide wrap around coverage. Individuals enrolled in the Medicare Advantage plan are exempt from this requirement if enrolling in the Part D drug program creates financial hardship. The SFY 2010-11 Executive Budget proposes to eliminate this exemption thereby requiring all individuals to enroll in a Medicare Part D Drug plan. This proposal would result in State savings of $4 million.

- Investing additional funding to assist Seniors with the Medicare Part D Drug plan process. The SFY 2010-11 Executive Budget provides additional funding to improve education and outreach services for seniors. Improved education and outreach services will assist seniors as they make determinations of the most appropriate drug plans. The SFY 2010-11 Executive Budget includes $1.5 million in funding for this program.

## OFFICE OF THE MEDICAID INSPECTOR GENERAL

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $38,442,000 | $36,974,000 | ($1,468,000) | -3.82% |
| Special Revenue-Other | $364,000 | $383,000 | $19,000 | 5.22% |
| Special Revenue-Federal | $52,284,000 | $50,804,000 | ($1,480,000) | -2.83% |
| **Total All Funds:** | **$91,090,000** | **$88,161,000** | **($2,929,000)** | **-3.22%** |

*The Office of The Medicaid Inspector General (OMIG) was created as part of the SFY 2006-07 Enacted Budget. The mission of the agency is to eliminate fraudulent activities in New York State's Medicaid Program. OMIG is charged with the responsibility of working cooperatively with other state agencies such as the Department of Health and the Department of Law to prevent fraud, waste, and abuse control activities in the Medicaid Program.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends an All Funds appropriation of $88.1 million, a decrease of $2.9 million from SFY 2009-10. The reduction reflects:

- $22,000 in savings achieved through a decrease in personal service expenditures.
- $1.46 million in savings achieved through a reduction in the maintenance undistributed transfer from The State University of New York to OMIG. Additionally, $1.48 million in Federal funds is lost as a result of these savings.

### Fraud Audit Savings

- The SFY 2010-11 Executive Budget recommends increasing the fraud audit savings target by $300 million from SFY 2009-10, resulting in a total fraud target of $ 1.17 billion.
- The Executive recommends a number of actions that would increase the State's benefit, while reducing incidents of fraud, including:
  - Imposing new civil penalties for first-time and repeat offenders who knowingly commit Medicaid fraud; penalties would range between $10,000 for first time offences to $50,000 for each repeated offense within five years of the initial violation.
  - Improving collaborative efforts between the Office of the Welfare Inspector General and Department of Labor. These proposals seek to match individuals and providers disqualified from participating in the Medicaid program to the records maintained by the Department of Taxation and Finance and the Worker's Compensation Board.
  - Close loopholes that allow individuals seeking Medicaid assistance to transfer assets to obtain coverage. Some individuals are not eligible for Medicaid because they have too much income or too many assets.

## DEPARTMENT OF MENTAL HYGIENE

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $600,000,000 | $600,000,000 | $0 | 0.00% |
| **Total All Funds:** | **$600,000,000** | **$600,000,000** | **$0** | **0.00%** |

*The Department of Mental Hygiene operates through three independent agencies - the Office of Mental Health, the Office of Mental Retardation and Developmental Disabilities, and the Office of Alcoholism and Substance Abuse Services. All three agencies provide services directly to their clients through State-operated facilities and receive reimbursement for these services, primarily with Medicaid funds.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget proposes a Special Revenue-Other appropriation of $600 million, representing no change from SFY 2009-10. OMH, OMRDD and OASAS provide services to their patients receiving reimbursement from Medicaid, Medicare and third-party insurance. Patient revenues are pledged first to the payment of debt service on outstanding Mental Hygiene bonds, with the remaining revenue deposited to the Patient Income Account, which supports the State cost of providing services.

## OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $135,653,037 | $153,000,000 | $17,346,963 | 12.79% |
| Special Revenue-Other | $304,158,527 | $311,984,000 | $7,825,473 | 2.57% |
| Special Revenue-Federal | $141,918,000 | $146,560,000 | $4,642,000 | 3.27% |
| Capital Projects Fund | $108,883,000 | $108,934,000 | $51,000 | 0.05% |
| **Total All Funds:** | **$690,612,564** | **$720,478,000** | **$29,865,436** | **4.32%** |

*New York State's system of Mental Hygiene serves those affected by mental illness, mental retardation, developmental disabilities, alcoholism and chemical dependency. The system's primary goals are aimed at helping individuals cope with these disabilities and preventing dependencies through examination, diagnosis, care, treatment, rehabilitation and training services.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends an All Funds appropriation of $720.5 million for the Office of Alcoholism and Substance Abuse Services (OASAS), an increase of $30 million from SFY 2009-10. This increase is primarily due to drug law reform legislation enacted in 2009 which is intended to lower criminal justice costs.

### State Operations

The OASAS State Operations budget has been reduced by $4.4 million or 3.2 percent, for a total of $130.4 million in SFY 2010-11. The Executive Budget achieves these reductions by proposing a series of non-personal service savings initiatives including the use of electronic technology for communications and training, and reducing fringe benefits and other indirect costs. In addition, the Executive realizes savings related to the annualization of Phase 1 and 2 of the Executive's Voluntary Severance Program, an initiative intended to reduce the size of the State's workforce. The $130.4 million in State Operations funding will support 891 OASAS Full-Time Equivalents (FTEs) positions, including the continued operation of 12 Addiction Treatment Centers.

### Local Assistance

The SFY 2010-11 Executive Budget recommends $481.2 million in Aid to Localities appropriations, an increase of $34.4 million, or 7.7 percent from SFY 2009-10. This increase includes $12.8 million related to Rockefeller Drug Law Reform to support additional case management and new outpatient treatment slots, as well as $5.8 million to cover anticipated increases in Federal Grant awards including Shelter Plus Care and Substance Abuse Prevention and Treatment grants. In addition, the Executive proposes $3.8 million in funding for the continuation of community-based chemical dependence services, including the operating costs for 172 pipeline beds and other residential housing options for high priority populations.

The SFY 2010-11 Executive Budget recommends new actions to promote cost efficiencies, including the deferral of five gambling prevention programs until SFY 2012-13 ($.06 million in savings); and eliminating the suballocation to the Department of Health's AIDS Institute for primary healthcare services for individuals with chemical dependencies ($2.0 million in savings).

**Capital Projects**

The SFY 2010-11 Executive Budget recommends $108.9 million in capital funding, an increase of $51,000 due to administrative and capital project cost escalations.

**Article VII**

The Executive Budget proposes to defer the SFY 2010-11 Human Services Cost-of-Living-Adjustments (COLA) and to extend the adjustments for an additional year, through March 31, 2014. This $66 million savings initiative affects several State agencies including the Office of Mental Retardation and Developmental Disabilities, Office of Mental Health, Office of Alcoholism and Substance Abuse Services, Department of Health, State Office for the Aging, and the Office of Children and Family Services. This proposal to defer the COLA is similar to what the Executive recommended in the SFY 2009-10 Budget for the period beginning April 1, 2009 and ending March 31, 2010. The SFY 2009-10 Executive Budget also included a 2008-09 Deficit Reduction Plan which recommended a one percent reduction in the SFY 2008-09 COLA. The proposed one percent reductions in the COLA were rejected and restored by the Legislature.

The SFY 2010-11 Executive Budget proposes legislation to require OASAS to certify chemical dependence crisis services provided in a hospital setting or another facility with an operating certificate similar to that required under Article 28 of the Public Health Law. Article 28 clinics are 24-hour inpatient facilities jointly licensed by OMH and the State Department of Health and operated in medical hospitals. This proposal would allow savings of approximately $40 million in SFY 2010-11.

In addition, the SFY 2010-11 Executive Budget proposes legislation that would transfer oversight of the Alcohol and Drug Rehabilitation Program from the Department of Motor Vehicles (DMV) to OASAS.

## OFFICE OF MENTAL HEALTH

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $532,540,296 | $561,054,000 | $28,513,704 | 5.35% |
| Special Revenue-Other | $2,612,987,811 | $2,791,162,000 | $178,174,189 | 6.82% |
| Special Revenue-Federal | $45,197,000 | $48,845,000 | $3,648,000 | 8.07% |
| Capital Projects Fund | $576,543,000 | $234,291,000 | ($342,252,000) | -59.36% |
| Internal Service Funds | $2,782,000 | $2,810,000 | $28,000 | 1.01% |
| Enterprise Funds | $8,578,000 | $8,606,000 | $28,000 | 0.33% |
| **Total All Funds:** | **$3,778,628,107** | **$3,646,768,000** | **($131,860,107)** | **-3.49%** |

*The New York State Office of Mental Health promotes the mental health and well-being of all New Yorkers. Its mission is to facilitate recovery for individuals receiving treatment for serious mental illness, to support children and families in their social and emotional development and facilitate early identification and treatment of serious emotional disturbances, and to improve the capacity of communities across New York to achieve these goals.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends an All Funds appropriation of $3.6 billion, a net decrease of $132 million, or 3.4 percent from 2009-10. This decrease in funding is primarily attributable to ongoing efforts to reform activities based on a review of its core mission.

### State Operations

The SFY 2010-11 Executive Budget recommends the closure of eight adult inpatient wards, shifting the staffing resources associated with six wards to community programs and converting two adult inpatient wards to an outpatient residential level of care. Outpatient residential programs are for those in need of a structured treatment program, but who may not require or desire the clinical intensity of a residential inpatient program. This proposal is anticipated to save $9 million in SFY 2010-11, and $18 million in SFY 2011-12.

The SFY 2010-11 Executive Budget recommends various state operations efficiencies including reducing non-critical staff, converting information technology consultant staff to less costly State employees, reducing overtime and increasing the use of alternative work schedules. These efficiencies are anticipated to save $44 million in SFY 2010-11.

The SFY 2010-11 Executive Budget recommends eliminating forensic capacity at the Manhattan Psychiatric Center (MPC) to reflect updated census data for civilly confined sexual offenders. Although MPC is not specifically a forensic facility, the vast majority of admissions come either from the City jail or State prison system. Secure treatment operations will continue at Central New York Psychiatric Center and St. Lawrence Psychiatric Center. In addition, the Executive recommends the use of video teleconferencing for certain judicial proceedings and hearings to reduce transportation and security costs related to the Sex Offender Management Treatment Act (SOMTA) program. This initiative is intended to save $10 million in SFY 2010-11.

**Local Assistance**

In SFY 2010-11, the Executive Budget increases local assistance spending by $127 million due primarily to the annualization of prior year initiatives and other adjustments. The major components of the $127 million local assistance increase include:

- $64 million to continue the development of high priority residential initiatives such as the NY/NY III agreement and other supported housing units;
- $36 million to support several prior year initiatives including the ambulatory care restructuring initiative and continued implementation of the Children's Plan authorized under the Children's Mental Health Act of 2006; and
- $9 million to expand the conversion of programs to the Personalized Recovery Oriented Services (PROS) model.

These local assistance increases are partially offset by a variety of measures intended to maximize State aid including seeking recoveries through enhanced auditing efforts. In addition, the Budget recommendation would remove prescription medications from the Medicaid Rate Setting methodology for Residential Treatment Facilities and instead bill on a fee-for-service basis. This change in methodology is intended to improve access to care for high need children and generate savings attributed to higher Medicaid rebates for fee-for-service billing. These local assistance efficiencies are anticipated to save $19 million in SFY 2010-11.

In response to a Federal court decision, the SFY 2010-11 Executive Budget recommends $1 million to support a proposed multi-year remedial plan to provide additional OMH supported housing for individuals currently in adult homes. This funding is intended to support the assessment of current adult home residents with additional funding anticipated in future years.

**Capital Projects**

The SFY 2010-11 Executive Budget provides capital appropriations of $234.3 million to support facility activities including building preservation, health and safety, and energy conservation measures.

**Article VII Proposals:**

The SFY 2010-11 Executive Budget includes language to clarify that facility directors of State-operated facilities may use funds received in their capacity as representative payees to pay for the cost of care and treatment for patients. This legislation was proposed in the SFY 2009-10 Executive Budget. According to the Executive, enactment of this bill is necessary in order to ensure that OMH and OMRDD will not lose an estimated $70 million annually.

The SFY 2010-11 Executive Budget includes language which removes the requirement that OMH submit a report on unmet mental health needs as OMH is currently required to perform a comprehensive review, assessment and analysis of the needs of those with mental disabilities pursuant to Mental Hygiene Law (MHL) §5.07. This legislation was proposed in the SFY 2009-10 Executive Budget.

The SFY 2010-11 Executive Budget includes language which encourages the use of video-teleconferencing for certain judicial proceedings and hearings to reduce transportation and staffing costs of the SOMTA program.

The SFY 2010-11 Executive Budget includes language which authorizes OMH to reduce State operated Adult inpatient capacity and to develop Transitional Placement Programs providing supervised housing and outpatient support services. The bill also extends the Community Mental Health Support and Workforce Reinvestment Act until March 31, 2011.

The SFY 2010-11 Executive Budget includes language which seeks to clarify OMH's existing authority to recover exempt income from community residences and family-based treatment programs. This income is Medicaid income received in excess of budgeted amounts set forth in the fiscal plans of OMH providers operating residential programs.

The SFY 2010-11 Executive Budget includes language which codifies in statute the existing practice of increasing the number of days that substitute caretakers may provide to family care homes. This bill is primarily technical in nature and is intended to make the language of the MHL consistent with the language of yearly appropriation bills.

The SFY 2010-11 Executive Budget includes language which would eliminate enhanced funding to five counties (Rensselaer, Rockland, Warren, Washington, and Westchester) for Unified Services. Several providers of mental health services within these five counties would be impacted by the elimination of this enhanced funding. The Executive maintains that enactment of this bill is necessary to achieve savings already assumed in the Financial Plan.

The Executive Budget proposes to defer the SFY 2010-11 Human Services Cost-of-Living-Adjustments (COLA) and to extend the adjustments for an additional year, through March 31, 2014. This $66 million savings initiative affects several State agencies including the Office of Mental Retardation and Developmental Disabilities, Office of Mental Health, Office of Alcoholism and Substance Abuse Services, Department of Health, State Office for the Aging, and the Office of Children and Family Services. This proposal to defer the COLA is similar to that which was recommended by the Executive in the SFY 2009-10 Budget for the period beginning April 1, 2009 and ending March 31, 2010. The SFY 2009-10 Executive Budget also included a 2008-09 Deficit Reduction Plan which recommended a one percent reduction in the COLA. The proposed reductions to the COLA were rejected and restored by the Legislature.

## OFFICE OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

| Fund Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $1,481,898,245 | $1,607,322,000 | $125,423,755 | 8.46% |
| Special Revenue-Other | $2,876,723,954 | $3,017,666,000 | $140,942,046 | 4.90% |
| Special Revenue-Federal | $1,751,000 | $751,000 | ($1,000,000) | -57.11% |
| Capital Project Fund | $127,315,000 | $139,560,000 | $12,245,000 | 9.62% |
| Internal Service Funds | $350,000 | $350,000 | $0 | 0.00% |
| Enterprise Funds | $2,669,000 | $2,668,000 | ($1,000) | -0.04% |
| **Total All Funds:** | **$4,490,707,199** | **$4,768,317,000** | **$277,609,801** | **6.18%** |

*The Office of Mental Retardation and Developmental Disabilities (OMRDD) is charged with: developing a comprehensive, integrated system of services which has as its primary purposes the promotion and attainment of independence, inclusion, individuality and productivity for persons with mental retardation and developmental disabilities; serving the full range of needs of such persons by expanding the number and types of community based services and developing new methods of service delivery; improving the equity, effectiveness and efficiency of services for persons with mental retardation and developmental disabilities by serving persons in the community as well as those in developmental centers, and by establishing accountability for carrying out the policies of the state with regard to such persons; developing programs to further the prevention and early detection of mental retardation and developmental disabilities.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends All Funds appropriations of $4.8 billion, an increase of $278 million or 6.2 percent, from SFY 2009-10. This increase is largely attributable to additional Federal funding and the annualization of prior year initiatives, partially offset by savings associated with various program efficiencies.

### State Operations

In SFY 2010-11, the Executive Budget increases State Operations spending by $164 million due primarily to collective bargaining salary adjustments and various indirect costs including fringe benefit and other inflationary actions. These increases are partially offset by the Executive's proposal to implement various state operations efficiencies including managing vacancies of non-critical staff and automating certain administrative processes, generating savings of $54.8 million in SFY 2010-11.

In addition, the SFY 2010-11 Executive Budget proposes $26.9 million to support 141 research positions at OMRDD's Institute for Basic Research in Developmental Disabilities (IBR). This represents a reduction of 20 non-core research positions, saving approximately $1.5 million in SFY 2010-11.

In SFY 2010-11, the Executive Budget recommends streamlining duplicative management functions by transferring 10 Full Time Equivalent (FTE) positions from OMRDD's Division of Quality Management to the Office of the Medicaid Inspector General (OMIG). By transferring these employees who are responsible for conducting Medicaid compliance reviews to OMIG, the State will save $1.5 million in SFY 2010-11.

**Local Assistance**

In SFY 2010-11, the Executive Budget increases Local Assistance spending by $178.3 million due primarily to additional Federal funding included for trend increases ($84 million), and for costs associated with the development of new and prior year residential opportunities through the NYS-CARES program ($44.6 million). In addition, the Executive Budget recommends $22 million to support costs associated with the continuation of an initiative designed to incentivize OMRDD providers to improve healthcare benefit packages for their employees.

The SFY 2010-11 Executive Budget recommends restructuring targeted case management services provided through the Medicaid Services Coordination Plan (MSC) to achieve savings of $6.1 million in SFY 2010-11. The Executive proposal for the MSC program will include increasing staff caseloads and developing different levels of service based upon individual need.

The SFY 2010-11 Executive Budget proposes a three percent rate reduction in the financing of residential habilitation services delivered in supervised Individualized Residential Alternative (IRAs). IRAs are a type of residential facility that provides room, board and individualized protective oversight for individuals with developmental disabilities. This proposal will generate savings of $12.5 million in SFY 2010-11 that once fully annualized, would generate savings of $25 million in 2011-12.

The SFY 2010-11 Executive Budget proposes to temporarily delay the development of 66 community beds for individuals aging-out of the school system and children's residential placements. By delaying the number of planned beds from 199 to 133, the Executive achieves savings of $4.9 million in 2010-11.

**Capital Projects**

The SFY 2010-11 Executive Budget provides capital appropriations of $139.5 million, an increase of $12.2 million or eight percent from FY 2009-10 appropriation levels. This increase is primarily attributable to additional support for health and safety-related projects for OMRDD's not-for-profit operated community residences.

**Article VII Proposals**

The Executive Budget proposes to defer the SFY 2010-11 Human Services Cost-of-Living-Adjustments (COLA) and to extend the adjustments for an additional year, through March 31, 2014. This $66 million savings initiative affects several State agencies including the Office of Mental Retardation and Developmental Disabilities, Office of Mental Health, Office of Alcoholism and Substance Abuse Services, Department of Health, State Office for the Aging, and the Office of Children and Family Services. This proposal to defer the COLA is similar to what the Executive recommended in the SFY 2009-10 Budget for the period beginning April 1, 2009 and ending March 31, 2010. The SFY 2009-10 Executive Budget also included a 2008-09 Deficit Reduction Plan which recommended a one percent reduction in the SFY 2008-09 COLA. The proposed reductions to COLA were rejected and restored by the Legislature.

The SFY 2010-11 Executive Budget includes language which would eliminate the $5,000 cap on amounts that are paid to Office of Mental Health and Office of Mental Retardation and Developmental Disabilities facility directors as representative payees. According to the Executive, enactment of this bill is necessary in order to ensure that OMH and OMRDD will not lose an estimated $70 million annually.

The SFY 2010-11 Executive Budget includes language which would eliminate enhanced funding to five counties (Rensselaer, Rockland, Warren, Washington, and Westchester) for Unified Services. The SFY 2009-10 Enacted Budget eliminated the enhanced funding for Unified Services effective July 1, 2010.

## COMMISSION ON THE QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

| Fund Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $5,873,000 | $5,636,000 | ($237,000) | -4.04% |
| Special Revenue-Other | $4,438,000 | $4,663,000 | $225,000 | 5.07% |
| Special Revenue-Federal | $7,274,000 | $8,345,000 | $1,071,000 | 14.72% |
| Enterprise Funds | $45,000 | $45,000 | $0 | 0.00% |
| **Total All Funds:** | **$17,630,000** | **$18,689,000** | **$1,059,000** | **6.01%** |

*The mission of the Commission on Quality of Care and Advocacy for Persons with Disabilities (CQCAPD) is to improve the quality of life for individuals with disabilities in New York State and to protect their rights and advocate for needed change. A Commission priority has been to enhance advocacy services for all populations. The Commission's focus has been to increase its outreach efforts, provide a single point of access for disability information, and expand disability rights and awareness training. The Commission's Advocacy Council has expanded its membership to include individuals with a broader range of disabilities to better fulfill its mission in advising the Governor and Legislature regarding all New Yorkers with disabilities.*

### Budget Proposal

The SFY 2010-11 Executive Budget recommends $18.7 million for the Commission, an increase of $1.1 million or 6 percent from SFY 2009-10. The increase is primarily attributable to the cost of continuing State operations and other inflationary adjustments and annualizations. These increases are partially offset by the Executive Budget proposal to eliminate two positions associated with the Interagency Coordinating Council for Services to Persons who are deaf, deaf-blind or hard of hearing and the Special Housing Unit (SHU) bill. The eliminated positions produce $165,000 in General Fund savings.

## ADIRONDACK PARK AGENCY

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $5,457,000 | $5,119,000 | ($338,000) | -6.19% |
| Special Revenue-Other | $0 | $500,000 | $500,000 | 0.00% |
| Special Revenue-Federal | $700,000 | $700,000 | $0 | 0.00% |
| **Total All Funds:** | **$6,157,000** | **$6,319,000** | **$162,000** | **2.63%** |

*The Adirondack Park Agency was created by the State Legislature to develop long-range land use plans for both public and private lands within the Park, and to issue permits in order to complete approved projects. The agency consists of approximately 72 staff and an 11-member board, and is responsible for carrying out the regulatory functions of the Park. The boundary of the Park encompasses approximately six million acres, nearly half of which belongs to the people of New York State and is constitutionally protected to remain "forever wild" as a forest preserve.*

### Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2010-11 is $6.3 million on an All Funds basis, which is an increase of $162,000 or 2.6 percent from the previous year.

The Executive recommends that the Adirondack Park Agency have a workforce composed of 59 Full-Time Equivalent (FTEs) positions, a decrease of 10 positions. These decreases in staffing are primarily attributed to the closure of two Visitor Interpretative Centers, one located in Newcomb, Essex County and one located near Paul Smith's College in Franklin County; eight positions are associated with these closures and remaining two are attributable to attrition.

As part of the Executive Budget Proposal, the Governor continues his policy of requiring agencies to make Across-The-Board reductions in State Operation spending, which accounts for a decrease of $120,000 in overall General Fund appropriations. The Executive also recommends decreases totaling $218,000 associated with the closure of the two visitor interpretive centers and a recommendation to achieve savings by renegotiating labor contracts with employee unions.

These decreases are offset by a new appropriation of $500,000 from a special revenue fund. This fund in being created to act as a depository of donations, monetary gifts and bequests from outside sources to the Adirondack Park Agency – thereby allowing the agency to access this money.

## DEPARTMENT OF AGRICULTURE AND MARKETS

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $55,054,000 | $40,789,000 | ($14,265,000) | -25.91% |
| Special Revenue-Other | $48,224,000 | $47,257,000 | ($967,000) | -2.01% |
| Special Revenue-Federal | $49,644,000 | $49,644,000 | $0 | 0.00% |
| Capital Projects Fund | $3,750,000 | $3,750,000 | $0 | 0.00% |
| Enterprise Funds | $24,361,000 | $21,361,000 | ($3,000,000) | -12.31% |
| Fiduciary Funds | $1,836,000 | $1,836,000 | $0 | 0.00% |
| **Total All Funds:** | **$182,869,000** | **$164,637,000** | **($18,232,000)** | **-9.97%** |

*The Department of Agriculture and Markets is charged with fostering a competitive and safe food and agricultural industry in the State of New York to benefit and protect both producers and consumers. The Department's major responsibilities include oversight and regulation of the State's agricultural and food industry by administering inspection and testing programs associated with food safety, animal and plant health, and accurate labeling; as well as the preservation of agricultural resources by supporting programs that improve soil and water quality. The Department is also responsible for operating the annual New York State Fair.*

### Overview of Executive Budget Proposal

The Executive recommends a total All Funds appropriation of $164.6 million for the Department of Agriculture and Markets. This represents an overall reduction of $18.2 million or 10 percent from the State Fiscal Year (SFY) 2009-10 Enacted Budget.

The SFY 2010-11 Executive Budget proposal provides for an overall staffing reduction of 40 Full-Time Equivalent (FTEs) positions from the Department. The majority of this reduction in staffing is associated with Executive proposals that would reduce Kosher enforcement staffing and discontinue the role of the State in farm products grading. Additional information about these proposals is included in the sections below.

### SFY 2010-11 Executive Proposed Budget Impacts on State Operations

The Executive recommends State Operations appropriations totaling $127.5 million for SFY 2010-11, a decrease of $9 million or seven percent from the SFY 2009-10 Enacted Budget. Major components of this decrease in State Operations spending are as follows:

- **Discontinuation of State Role in Farm Products Grading:** The Executive proposes to discontinue a large portion of the Department's Farm Products Grading Program. The portion of the program funded with Federal dollars will be maintained, but farm products wholesalers who currently utilize the Department's services to grade products for quality and price would now have to utilize existing private entities. This proposal would result in $430,000 in General Fund savings in SFY 2010-11 and a reduction of 20 FTE positions.

- **Reduce Kosher Enforcement Staffing:** The Executive proposes to reduce staffing at the Kosher Division of the Department to reflect a previous court decision which limits the State's role in performing religious inspections. The proposal is estimated to generate approximately $117,000 in General Fund savings and a reduction of eight FTE positions in SFY 2010-11. The Kosher Division would still maintain three employees currently engaged in ensuring compliance with consumer disclosure laws.

- **Elimination of State Role in Dog Licensing:** The Executive proposes to eliminate the State's role in dog licensing. Municipalities would be responsible for maintaining their own existing programs. This proposal is estimated to achieve $157,000 in General Fund savings and a reduction of five FTE positions in SFY 2010-11.

- **Cost Savings from Continued Across-the-Board Agency Reductions:** The Executive continues his policy of requiring agencies to make Across-the-Board reductions in personal and non-personal service spending. Approximately $4.4 million in overall State Operations savings would be achieved through the continuation of this policy.

- **Proposed Five-Day Salary Deferrals:** The Governor recommends a policy of implementing workforce-related savings associated with re-negotiation of labor agreements with State employees. While most of these re-negotiations have yet to occur, the Executive Budget proposal anticipates a total of $752,000 in State Operations savings for the Department of Agriculture and Markets.

- **Enterprise Fund Appropriation Reduction:** Another large portion of the overall $9.6 million reduction in State Operations spending proposed for SFY 2010-11 is attributable to a general reduction of approximately $3.7 million from the Enterprise Fund appropriation to the Department's State Fair Program.

**Agriculture & Markets Local Assistance Grants**

The Executive recommends Aid to Localities appropriations totaling $33.3 million for SFY 2010-11, a decrease of approximately $8.6 million or 20.5 percent from the SFY 2009-10 Enacted Budget. Core funding would be maintained for the Cornell Veterinary Diagnostic Laboratory and the Migrant Childcare Program. Funding would be eliminated for a number of programs including:

- The Cornell Rabies Program
- The Agriculture in the Classroom Program
- The Association of Agricultural Educators
- The Integrated Pest Management Program
- The Geneva Experiment Station
- The Cornell Phytophthora Research Program
- Local Fairs
- The “Grow NY” Program
- The Wine and Grape Foundation
- The Farm Viability Institute
- The Center for Dairy Excellence
- Apiary Inspection
- The Apple Growers Association
- The Organic Farming Program
- New York State Wine Marketing and Promotion
- The New York Seafood Council
- The Maple Producers Association

However, the Division of the Budget has indicated that an appropriation will be included in the 21-Day Amendments to the Executive Budget Proposal for the Wine and Grape Foundation to be funded utilizing a portion of the licensing fees that would be established from the Executive’s Article VII legislation that would authorize wine to be sold in grocery and drug stores.

**Capital Appropriations in Agriculture & Markets**

The Executive recommends overall capital appropriations totaling $3 million for SFY 2010-11, representing no change from the amount of capital funding appropriated in the SFY 2009-10 Enacted Budget. These capital appropriations are associated with the maintenance and improvement of facilities at the State Fair.

While there is no year-to-year change in the new capital appropriations for the State Fair, the Executive proposes to achieve savings in SFY 2010-11 by eliminating two reappropriations for prior-year budget items:

- Savings of $10 million are associated with the elimination of the reappropriation from the SFY 2008-09 Enacted Budget for the Cornell University Grape Genomics Research Facility, which would have supported construction of a laboratory to conduct grape research; and,

- Savings of $2 million are associated with the elimination of the reappropriation from the SFY 2006-07 Enacted Budget for the construction of the Cornell Equine Drug Testing Laboratory.

**Proposed Article VII**

The Executive proposes legislation which would:

- **Authorize equine drug testing to be conducted by a State college with an Equine Sciences Program:** This proposed Article VII legislation would remove the requirement that equine drug testing for all thoroughbred and harness racing in New York State be conducted exclusively by the New York State College of Veterinary Medicine at Cornell University under contract with the New York State Racing and Wagering Board. The Executive budget proposal includes an assumption of $540,000 in savings associated with this proposal.

- **Eliminate the State's role in dog licensing:** The Executive recommends Article VII legislation that would eliminate the State's role in dog licensing to make it a function performed solely by local governments. Under this proposal, municipalities would retain all revenues stemming from the licensing of dogs and would be given broad discretion in the implementation of dog licensing programs. The Executive Budget Proposal assumes $81,000 in net savings for SFY 2010-11 and annual net savings of $325,000 each year thereafter.

- **Authorize State agencies to enter into memoranda of understanding with Cornell University to procure services and technical assistance:** This proposed Article VII legislation would authorize State agencies to enter into memoranda of understanding (MOUs) with Cornell University rather than contracts in order to procure services and technical assistance. In 2005, the Attorney General issued an opinion that required State agencies to contract with Cornell. Previously, State agencies entered into MOUs with Cornell as they do with SUNY and other State agencies.

- **Authorize the Sale of Wine in Grocery Stores:** The Executive also includes Article VII legislation that would authorize the sale of wine in grocery and drug stores. This proposed legislation would also establish a fee for the licensure of each grocery or drug store to be able to sell wine.

## BANKING DEPARTMENT

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| State Operation | $103,710,000 | $106,194,000 | $2,484,000 | 2.40% |
| Aid to Localities | $3,500,000 | $850,000 | ($2,650,000) | 75.70% |
| **Total All Funds:** | **$107,210,000** | **$107,044,000** | **($166,000)** | **10.15%** |

*The Banking Department is charged with protecting the public interest and promoting a desirable business climate by regulating and supervising over 4,000 State-chartered banking institutions with total assets approximating $2.35 trillion. The Department approves acquisitions of other banking institutions, branch expansions, mergers and other forms of consolidation. Among its many responsibilities it levies fines, and orders cessation of unsound financial practices and has the authority to replace management if it becomes necessary and may take possession of failing institutions to either operate or liquidate assets for the benefit of depositors and creditors. The operating budget, banking examiners and other Banking Department staff are funded through assessments charged to regulated financial institutions and organizations. The balance of the Department's budget is funded by fees related to applications for licensure or State charters.*

**Overview of Executive Budget Proposal**

The Executive recommends a total of $107.2 million All Funds, $200,000 fewer than SFY 2009-2010. Of that amount $93 million constitutes the operating budget and $14 million are dedicated to supporting the State Transmitter or Money Insurance Fund which protects the funds electronically transferred by New Yorkers via commercial third parties. Furthermore, the Executive is recommending 555 Full Time Employees (FTEs), 10 fewer than last year's level. The All Funds total reflects a dry appropriation of $1 million expected from a Federal appropriation.

The Executive proposes to reduce Aid to Localities from $3.5 million in SFY 2009-2010 to $850,000 in SFY 2010-2011. This account has been funded with settlement enforcement funds paid by banks culpable of wrongdoing. The Executive proposes to shift $2 million of the appropriation from low spending accounts to regulations, an area considered to have greater need. The proposed shift is expected to result in a State Operations reduction from $500,000 to $50,000 as the greater number of staff resources are no longer needed to administer the settlement account.

## ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (NYSERDA)

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $15,652,874 | $16,230,000 | $577,126 | 3.69% |
| Capital Projects | $13,500,000 | $19,247,000 | $5,747,000 | 42.57% |
| **Total All Funds:** | **$29,152,874** | **$35,477,000** | **$6,324,126** | **21.69%** |

*The New York State Energy Research and Development Authority (NYSERDA), established in 1975, develops and implements energy programs to increase the use of renewable energy, improve energy conservation, manage energy resources and harness research and development to solve energy and environmental problems, as well as create economic opportunity.*

*NYSERDA is a Public Benefit Corporation, governed by a 13-member board, all appointed by the Governor including four ex-officio members: the commissioners of the departments of Transportation and Environmental Conservation, and the chairs of the Public Service Commission and the Power Authority of the State of New York.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-2011 Executive Budget proposes $35.4 million in All Funds appropriations, an increase of $6.3 million or 21.6 percent over SFY 2009-2010 levels due primarily to a $5.7 million increase in capital funding.

### Research, Development and Demonstration Program

The Executive proposal for the Research, Development and Demonstration Program maintains the DRP local assistance cut of $577,126 for personal and non-personal assistance but maintains full funding for grant pools for this program. The Research, Development and Demonstration Program is funded by the 18-a assessments on intra-state operating revenues of publically owned utilities that earn more than $500,000 and on cable television companies with more than 1000 subscribers.

The Executive Budget proposes $19.2 million for Capital Projects. All funding is related to the ongoing remediation at Western New York Nuclear Service Center (West Valley), a former nuclear fuel reprocessing plant in Cattaraugus County. Each year under a Cooperative Agreement between the U.S. Department of Energy and NYSERDA the State must contribute 10 percent in capital matching funds to the total cost of the cleanup. The level of funding required to cover remediation activities at this 3,100 acre site varies from year to year depending on the level of Federal cleanup activity at the site.

NYSERDA does not receive General Fund support for operations. Over half of the Authority's funding which totaled $335.8 million in 2008 (most current audited financial statement) comes from assessments on rate payers including the Systems Benefit Charge (SBC) which raised $172.3 million, and the Renewable Portfolio Standard (RPS) which raised $47.9 million in 2008. Income derived from quarterly auctions of carbon credits as part of the Regional Greenhouse Gas Initiative (RRGI) has become another major NYSERDA revenue stream since 2008. In addition, NYSERDA was awarded $170.7 million in funding under the American Recovery and Reinvestment Act (ARRA) including:

- $123 million for the State Energy Program (SEP) to support efficiency and renewable energy projects;
- $29 million for small municipalities to reduce fossil fuel emissions and improve energy efficiency;
- $18.7 million for the Great Appliance Swap Out program- cash rebates to purchase high-efficiency appliances.

**Article VII**

Authorizes NYSERDA to finance a portion of its Research, Development and Demonstration Program and policy and planning programs and to finance the Department of Environmental Conservation's climate change program from the Section 18-a assessments on gas and electric corporations.

Authorizes the Comptroller to receive from NYSERDA for deposit to the General Fund a payment of $913,000 to help offset the State's debt service related to the ongoing remediation at Western New York Nuclear Service Center (West Valley).

## DEPARTMENT OF ENVIRONMENTAL CONSERVATION

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $144,308,857 | $124,248,000 | ($20,060,857) | -13.90% |
| Special Revenue-Other | $282,730,700 | $265,350,300 | ($17,380,400) | -6.15% |
| Special Revenue-Federal | $90,000,000 | $128,419,000 | $38,419,000 | 42.69% |
| Capital Projects Fund | $1,038,234,000 | $495,726,000 | ($542,508,000) | -52.25% |
| Internal Service Funds | $60,000 | $60,000 | $0 | 0.00% |
| **Total All Funds:** | **$1,555,333,557** | **$1,013,803,300** | **($541,530,257)** | **-34.82%** |

*The Department of Environmental Conservation (DEC) is responsible for conserving, improving, and protecting the State's natural resources and environment. The Department supports programs that work to control land, water, and air pollution to enhance the health, safety and welfare of New York State residents. The Department is also responsible for the administration of the environmental programs funded from the Clean Water/Clean Air Bond Act of 1996 as well as the Environmental Protection Fund (EPF), the State's dedicated environmental fund.*

### Overview of Executive Budget Proposal

The Executive recommends a total All Funds appropriation of $1.014 billion for the Department of Environmental Conservation. This represents a reduction of $541.5 million or 34.8 percent from the State Fiscal Year (SFY) 2009-10 Adjusted Budget.

The Executive recommends an overall staffing reduction of 54 Full-Time Equivalent (FTE) positions from the staffing level of 3,368 FTEs in SFY 2009-10, bringing the total size of DEC's staff to 3,314 FTEs in SFY 2010-11. This reduction of 54 positions is primarily attributable to the loss of 83 positions through attrition and the offsetting increase of 29 positions associated with the Executive's proposal to provide additional staff to oversee natural gas drilling in the Marcellus Shale.

The Executive recommends total appropriations of approximately $516.2 million for State Operations purposes in the SFY 2010-11 Budget Proposal. This represents a slight increase of $1.4 million or 0.3 percent from SFY 2009-10. This change in State Operations funding is achieved by the following Executive Budget actions:

- **Personal Service spending reductions of $10.9 million:** These personal service reductions are primarily achieved through a continuation of the Executive's policy of requiring agencies to make Across-The-Board reductions in personal service spending, as well as a proposal to implement five-day salary deferrals for a portion of Department employees dependent upon re-negotiation of labor agreements.

While the overall amount of personal service spending is decreased in the SFY 2010-11 Executive Budget Proposal, an important point of note is the Executive's recommendation to provide an increase of $2.5 million for the Department's Mineral Resources Program to support 29 additional FTEs associated with increased oversight of the natural gas drilling in the Marcellus Shale. These new FTEs would be assigned the tasks of reviewing drilling permit applications, reviewing pipeline applications, as well as overseeing drilling sites.

- **Non-personal Service spending reductions of $23.3 million:** These non-personal service reductions are attributable to the continuation of the Executive's Across-The-Board reduction policy for non-personal service savings and the proposal to implement five-day salary deferrals. The Executive also anticipates other administrative savings associated with efficiencies related to printing, postage, telecommunication and energy, as well as a reduction in vehicle lease payments by reducing the number of vehicles at the Department.

- **Elimination of one-time ARRA appropriations totaling $24.5 million:** The SFY 2009-10 Enacted Budget included one-time appropriations totaling $24.5 million associated with funding provided to the State through the Federal American Recovery and Reinvestment Act (ARRA). These Federal funds were primarily associated with the Department's programs in the area of air and water quality and land resources.

- **Inclusion of a new Federal dry appropriation of $60 million:** The Executive recommends the inclusion of a new dry appropriation of $60 million in the SFY 2010-11 Proposed Budget in anticipation of receiving a portion of the Federal funding that was announced for a new Federal Great Lakes Initiative in SFY 2010-11.

**Aid to Localities**

The Executive recommends a total Aid to Localities appropriation of $1.9 million, representing a decrease of $422,857 or 18.5 percent from SFY 2009-10 enacted appropriation levels. This reduction in Aid to Localities funding is primarily reflective of the Executive's recommendation to eliminate funding for the Ohio River Basin Commission and to eliminate the SFY 2009-10 projects funded through the Community Projects Fund.

**Environmental Protection Fund (EPF)**

The Executive also proposes an overall appropriation of approximately $143 million from the Environmental Protection Fund (EPF), representing a reduction of $69 million or 32.6 percent from SFY 2009-10 appropriation levels adjusted by the SFY 2009-10 Deficit Reduction Program (DRP). The SFY 2009-10 DRP reduced EPF capital appropriations by $10 million, bringing the SFY 2009-10 enacted appropriation level from $222 million to a total of $212 million. As a point of comparison, $255 million was provided for the EPF Program in the SFY 2008-09 Enacted Budget.

EPF capital appropriations are intended to provide funding for high priority environmental projects. Major changes in EPF capital funding categories are detailed below:

- The SFY 2010-11 Executive Proposed Budget completely eliminates funding for the following categories:

  - ***Cornell Breast Cancer and Environmental Risk Factors (BCERF):*** The $450,000 DRP-adjusted appropriation for the program is eliminated in the SFY 2010-11 Executive Budget.
  - ***The Hudson-Fulton-Champlain Quadricentennial:*** Funding for the Quadricentennial is eliminated since celebration of the Quadricentennial occurred in 2009 and all capital projects and events associated with the Quadricentennial have been completed.
  - ***Land Acquisition:*** The Executive recommends the elimination of the $58.9 million DRP-adjusted appropriation for Land Acquisition. However, the two sub-allocations to the Land Trust Alliance and for Urban Forestry that composed a portion of the $58.9 million appropriation are established as their own categories in the SFY 2010-11 Executive Proposed Budget. Elimination of the Land Acquisition category is directly attributable to the Executive's recommendation to place a moratorium on open space land acquisitions.

- The Executive also recommends the creation of the following new EPF categories in SFY 2010-11:

  - ***State Parks Operations:*** A new appropriation of $5 million is provided from the EPF for the purpose of providing funding to help allay the costs of Parks operations.
  - ***Taxes – Forest Preserve Lands:*** A new appropriation of $5 million is also provided from the EPF for the purpose of paying taxes on public lands and for certain real property tax payments.

- The Executive also proposes an increase of $25 million for the EPF category of Public Access and Stewardship, raising the overall appropriation from $5 million in SFY 2009-10 to $30 million in SFY 2010-11. This represents an increase five times greater than the SFY 2009-10 DRP-adjusted appropriation. Much of this increase is attributable to an new sub-allocation of approximately $15 million provided for the Office of Parks, Recreation, and Historic Preservation (OPRHP) within this EPF category, which is intended to provide funding for maintenance and improvements at Parks facilities.

A table outlining the proposed changes to the capital funding categories in the EPF for SFY 2010-11 is included at the end of this Agency section.

The Executive also recommends a decrease of $67 million in the amount of Real Estate Transfer Tax (RETT) currently deposited into the EPF to align with the overall recommended decrease in EPF capital appropriations. Article VII legislation is proposed which would statutorily decrease the amount of RETT revenue directed to the EPF from $199.3 million to $132.3 million beginning in SFY 2010-11.

**Other Capital**

Including the recommended appropriation of $143 million from the EPF, the Executive proposes total capital appropriations of $495.7 million for SFY 2010-11, a decrease of $542.5 million or 52.3 percent from the DRP-adjusted appropriation levels in SFY 2009-10. This decrease is primarily attributable to the following actions:

- the $69 million reduction to appropriations made from the EPF (discussed above);
- the elimination of $435 million in one-time appropriations associated with funding provided to the State through the Federal American Recovery and Reinvestment Act (ARRA); and
- the elimination of a $15 million one-time appropriation from the SFY 2009-10 Enacted Budget for the Court of Claims associated with anticipated eminent domain cases.

The Executive proposes an appropriation of $120 million to support the State Superfund Program to clean-up inactive hazardous waste sites, a continuation of funding levels from the SFY 2009-10 Adjusted Budget.

**Article VII**

The Executive proposes the following Article VII legislation:

- **Eliminate the sunset of the waste tire management and recycling fee and expand the purposes for which monies from the Waste Management and Cleanup Fund may be utilized:** Specifically, this legislation would change the name of the Waste Tire Management and Recycling Fund to the Waste Management and Cleanup Fund. The proposed legislation would both eliminate the December 31, 2010 sunset of the Waste Tire and Management Fee and expand the purposes for which its associated fund may be spent to include other solid and hazardous waste administration and enforcement functions. Such expansion of the authorized uses for monies from the fund would allow DEC to reprogram approximately 102 staff to this Special Revenue Fund to achieve estimated savings of approximately $10 million to the General Fund.

- **Reduce Department of Environmental Conservation administrative requirements:** This proposed legislation would reform multiple DEC administrative requirements by establishing uniform public notice requirements, repealing certain annual report requirements and providing for mutual assistance between New York and other states when applicable. This proposal is estimated to result in a modest $200,000 savings in SFY 2010-11.

- **Reduce Real Estate Transfer Tax (RETT) revenue deposited into the Environmental Protection Fund (EPF):** The Executive proposes Article VII legislation which would reduce the amount of RETT revenue deposited into the EPF beginning in SFY 2010-11 from $199.3 million to $132.3 million to align revenues with the reduced EPF appropriations. The legislation would also remove references to prior RETT deposits made to the EPF.

### SFY 2010-11 Environmental Protection Fund

(in thousands)

| EPF Account & Category | Enacted 2009-10 | DRP 2009-10 | Executive 2010-11 | Change DRP/10-11 | Percent DRP/10-11 |
|---|---|---|---|---|---|
| **SOLID WASTE** | | | | | |
| Landfill Closure/Gas Management | 750 | 0 | 700 | 700 | |
| Municipal Recycling | 10,825 | 10,825 | 8,000 | (2,825) | -26.1% |
| Pollution Prevention Institute | 2,350 | 2,253 | 2,250 | (3) | -0.1% |
| *Green Initiative Institute** | *1,000* | *959* | *600* | *(359)* | *-37.4%* |
| *Interstate Chemicals Clearinghouse** | *350* | *336* | *25* | *(311)* | *-92.6%* |
| Secondary Marketing | 2,250 | 1,381 | 1,100 | (281) | -20.3% |
| Natural Resource Damages | 450 | 431 | 450 | 19 | 4.4% |
| Pesticide Database | 575 | 500 | 575 | 75 | 15.0% |
| Cornell BCERF | 450 | 450 | 0 | (450) | -100.0% |
| ***Solid Waste Sub-Total*** | ***17,650*** | ***15,840*** | ***13,075*** | ***(2,765)*** | ***-17.5%*** |
| **PARKS & RECREATION** | | | | | |
| Waterfront Revitalization | 24,375 | 24,021 | 12,000 | (12,021) | -50.0% |
| *Inner City/Underserved* | *9,750* | *9,750* | *6,000* | *(3,750)* | *-38.5%* |
| *Hudson and Champlain Docks** | *750* | *700* | *700* | *0* | *0.0%* |
| *Buffalo Waterfront** | *1,000* | *1,000* | *500* | *(500)* | *-50.0%* |
| *Niagara River Greenway** | *300* | *300* | *300* | *0* | *0.0%* |
| Municipal Parks | 21,225 | 20,813 | 12,000 | (8,813) | -42.3% |
| *Inner City/Underserved* | *8,490* | *8,490* | *6,000* | *(2,490)* | *-29.3%* |
| *Olmsted Park** | *500* | *500* | *250* | *(250)* | *-50.0%* |
| Hudson River Park (HRP) | 6,000 | 6,000 | 3,000 | (3,000) | -50.0% |
| Public Access & Stewardship | 7,000 | 5,000 | 30,000 | 25,000 | 500.0% |
| *DEC* | *7,000* | *5,000* | *15,000* | *10,000* | *200.0%* |
| *OPRHP* | *0* | *0* | *15,000* | *15,000* | |
| State Park Operations** | 0 | 0 | 5,000 | 5,000 | |
| Hud-Ful-Champ Quadricentennial | 1,500 | 450 | 0 | (450) | -100.0% |
| Zoos, Botanical Gardens & Aquaria (ZBGA) | 9,000 | 9,000 | 5,000 | (4,000) | -44.4% |
| **Parks & Rec Sub-Total** | **69,100** | **65,284** | **67,000** | **1,716** | **2.6%** |

| OPEN SPACE | | | | | |
|---|---|---|---|---|---|
| Land Acquisition | 60,000 | 58,900 | 0 | (58,900) | -100.0% |
| *Land Trust Alliance* | *1,575* | *1,575* | *0* | *(1,575)* | *-100.0%* |
| *Urban Forestry* | *500* | *500* | *0* | *(500)* | *-100.0%* |
| Land Trust Alliance | 0 | 0 | 1,575 | 1,575 | |
| Urban Forestry | 0 | 0 | 500 | 500 | |
| Taxes - Forest Preserve Lands** | 0 | 0 | 5,000 | 5,000 | |
| Smart Growth | 500 | 400 | 400 | 0 | 0.0% |
| Farmland Protection | 23,000 | 22,054 | 10,500 | (11,554) | -52.4% |
| Agricultural Waste Management | 450 | 450 | 450 | 0 | 0.0% |
| Biodiversity Stewardship | 500 | 500 | 500 | 0 | 0.0% |
| *Cayuga Island** | *100* | *100* | *75* | *(25)* | *-25.0%* |
| Albany Pine Bush Commission | 2,000 | 2,000 | 2,000 | 0 | 0.0% |
| Invasive Species | 5,000 | 4,794 | 4,800 | 6 | 0.1% |
| *Lake George* | *100* | *96* | *100* | *4* | *4.2%* |
| LI Pine Barrens Commission | 1,100 | 1,100 | 1,100 | 0 | 0.0% |
| Oceans & Great Lakes Initiative | 6,000 | 5,953 | 6,000 | 47 | 0.8% |
| Water Quality improvement Program | 9,000 | 8,900 | 2,000 | (6,900) | -77.5% |
| LI South Shore Estuary Reserve | 900 | 900 | 900 | 0 | 0.0% |
| Non-Point Source Pollution Control | 17,800 | 17,068 | 19,000 | 1,932 | 11.3% |
| *Agricultural* | *12,200* | *11,468* | *14,000* | *2,532* | *22.1%* |
| *Non-Agricultural* | *5,600* | *5,600* | *5,000* | *(600)* | *-10.7%* |
| Soil & Water Conservation Districts | 3,000 | 3,000 | 3,000 | 0 | 0.0% |
| Finger Lakes - Lake Ontario Watershed | 1,200 | 1,151 | 1,200 | 49 | 4.3% |
| Hudson River Estuary Plan | 4,800 | 3,706 | 4,000 | 294 | 7.9% |
| **Open Space Sub-Total** | **135,250** | **130,876** | **62,925** | **(67,951)** | **-51.9%** |
| **TOTAL EPF** | **222,000** | **212,000** | **143,000** | **(69,000)** | -32.5% |

*2009-10 New Categories

**2010-11 New Categories

## ENVIRONMENTAL FACILITIES CORPORATION

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $13,031,000 | $12,310,000 | ($721,000) | -5.53% |
| Capital Projects Fund | $343,000 | $343,000 | $0 | 0.00% |
| **Total All Funds:** | **$13,374,000** | **$12,653,000** | **($721,000)** | **-5.39%** |

*The Environmental Facilities Corporation (EFC) is a public benefit corporation charged with mission of promoting environmental quality by providing technical assistance to municipalities, State agencies and private businesses to aid such entities' compliance with Federal and State environmental laws and regulations. EFC provides low cost financing to the aforementioned entities and assists in the design, construction, and operation of facilities for air pollution control, drinking water and wastewater treatment, and solid and hazardous waste disposal. EFC is further responsible for the administration of the Clean Water State Revolving Loan Fund which provides interest-free short term financing as well as low interest rate long-term financing for projects that protect and improve water quality. The Corporation also works jointly with the New York State Department of Health to administer the Safe Drinking Water State Revolving Loan Fund.*

### Overview of Executive Budget Proposal

The Executive recommends a total All Funds appropriation of $12.7 million for the Environmental Facilities Corporation (EFC), representing a reduction of $721,000 or 5.4 percent from the State Fiscal Year (SFY) 2009-10 Enacted Budget. This decrease in funding is fully attributable to a continuation of the Executive's policy of requiring agencies to make across-the-board reductions in personal and non-personal service spending.

The Executive recommends an overall staff of 97 Full-Time Equivalent (FTE) positions for the EFC, representing no change from prior year staffing levels.

## HUDSON RIVER PARK TRUST

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Capital Projects Fund | $6,000,000 | $0 | ($6,000,000) | -100.00% |
| **Total All Funds:** | **$6,000,000** | **$0** | **($6,000,000)** | **-100.00%** |

*Hudson River Park Trust is a partnership between New York State and New York City. The Trust is charged with the design, construction and operation of the 550 acre Hudson River Park, which will span five miles from Battery Park to 59th Street in New York City. As a public benefit corporation, Hudson River Park Trust is governed by a thirteen-member Board of Directors; five members are appointed by the governor; five by the Mayor of New York City; and three by the Manhattan Borough President. The Trust employs a focused, diverse staff with experience in parks, design, finance, public policy, operations and maintenance.*

### Overview of Executive Budget Proposal

All Trust administrative activities, including operation costs, are paid directly from a portion of the commercial lease payments and other revenues generated by businesses and activities conducted on Park property.

There are no new direct appropriations recommended by the Executive in the State Fiscal Year (SFY) 2010-11 budget for the Hudson River Park Trust. Typically, these direct capital appropriations to the Trust have represented advance payments by the State for New York City's share of costs associated with the Park.

Under the Department of Environmental Conservation, the SFY 2010-11 Executive Proposed Budget includes a $3 million capital appropriation from the Environmental Protection Fund (EPF).

## INSURANCE DEPARTMENT

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $81,544,000 | $51,792,000 | ($29,752,000) | -36.49% |
| Special Revenue-Other | $452,692,826 | $450,340,555 | ($2,352,271) | -0.52% |
| Special Revenue-Federal | $150,000 | $0 | ($150,000) | -100.00% |
| **Total All Funds:** | **$534,386,826** | **$502,132,555** | **($32,254,271)** | **-6.04%** |

*The Insurance Department, which was established in 1860, is charged with regulating the insurance industry and with balancing the interest of insurance consumers, companies, and producers. Specific statutory responsibilities include: approving the formation, consolidation or merger of insurance organizations and all new insurance products, monitoring the financial stability of insurers, overseeing the testing and licensing of agents, adjusters, consultants and insurance intermediaries and disciplining licensees who violate the Insurance Law or regulations.*

### Overview of Executive Budget Proposal

The Executive recommends an All Funds appropriation of $542.2 million for the Insurance Department in State Fiscal Year (SFY) 2010-11, a decrease of $32.3 million from SFY 2009-10. The majority of this decrease results from a recommended reduction of $29.8 million in General Fund appropriation authority for Timothy's Law (mental health parity) program. The Executive recommends a staffing level of 992 full-time employees (FTEs), an increase of 70 FTEs from the 2009-10 Budget. The increase is primarily due to the Executive's recommendation to hire 60 FTEs for examiner trainee positions. These additional examiners will allow the Department to conduct more onsite examinations, and reduce reliance on contractual examiners.

The SFY 2010-11 Executive Budget recommends Section 332 assessments of $450.3 million, a reduction of $4.6 million from the 2009-10 Budget. These assessments fund the operations of the department as well as insurance-related operations in other agencies. The Executive recommends no change to the Covered-Lives-Assessment from the 2009-10 Budget which provides dedicated revenue to the HCRA account and is used to fund various public health initiatives.

## Article VII

The Executive has recommended the following Article VII legislation:

**Grant authorization to the Insurance Department to approve health insurance premium adjustments before they take effect:** This proposal would restore the Superintendent's authority to approve health insurance premium rate adjustments made by not for profit insurers, health maintenance organizations, and commercial insurers on health and accident lines before those rates take effect. The Superintendent held this authority prior to the year 2000. This proposal repeals the current practice of file and use under which insurers are required to file rate adjustments with the Department. The rate adjustments shall be deemed approved so long as the rate filing meets minimum loss ratios.

**Provide the New York State Health Insurance Program (NYSHIP) the option to operate as a self-insured plan:** Currently, NYSHIP contracts with health insurance carriers to provide coverage for its members and pays only for the actual medical costs incurred by those members. This proposal would remove the requirement that NYSHIP contract with a third party carrier to provide health coverage to its members.

**Extend the HCRA Physician Services surcharge:** This proposal would extend the HCRA Physician Services surcharge to include surgical and radiological procedures performed in private ambulatory surgery centers, physician's offices, and urgent care facilities. The HCRA Physician Services surcharge is currently assessed on services provided in hospital settings. This proposal extends the surcharge to include services performed in the aforementioned locations. The surcharge is 9.63 percent for private payers, and 7.04 percent for government payers.

# JOB DEVELOPMENT CORPORATION

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $72,194,500 | $73,441,000 | $1,246,500 | 1.73% |
| Special Revenue-Other | $4,570,000 | $3,765,000 | ($805,000) | -17.61% |
| Special Revenue-Federal | $1,000,000 | $1,000,000 | $0 | 0.00% |
| Capital Projects Fund | $100,000,000 | $25,000,000 | ($75,000,000) | -75.00% |
| **Total All Funds:** | **$177,764,500** | **$103,206,000** | **($74,558,500)** | **-41.94%** |

*The Executive proposes eliminating both the Urban Development Corporation (d/b/a Empire State Development Corporation) and the Department of Economic Development and adding the statutory authority of both entities to the powers of a third entity, the Job Development Authority, a public benefit corporation. The authority would be renamed the New York State Job Development Corporation (JDC).*

*The Job Development Corporation will assume the primary activities of ESDC including oversight of major economic and real estate development projects, housing portfolio maintenance and State facility financing, as well as the primary programs of the Department of Economic Development including tourism, Empire Zones program management and business development and assistance.*

*Under the Executive's proposal the current UDC Board will serve as the Job Development Corporation Board, an eight-member Board of Directors comprising one ex-officio member and seven members appointed by the Governor with the consent of the Senate. The chairman of the Job Development Corporation Board will be selected by the Governor who will coordinate statewide operations of the JDC.*

## Overview of the Executive Budget Proposal

The Executive Budget recommends $103.2 million for the Job Development Corporation in State Fiscal Year (SFY) 2010-11, a decrease of $74.6 million or 41.9 percent from the combined SFY 2009-2010 budgets of Urban Development Corporation (UDC) and Department of Economic Development (DED). The majority of this change is due to the elimination of $75 million in one-time capital appropriations.

The Executive proposes the following funding changes, cuts or reductions:

- The transfer of administration and operational funding for the five Centers of Excellence to NYSTAR - $6.9 million;
- The elimination of the Small Business Pollution Prevention Program - $1.2 million;
- The elimination of funding for the Gateway tourism welcome centers at Beekmantown (I -86) and Binghamton (I- 81) - $392,000; and

- The consolidation of funding for Tourism Promotion efforts including "***I ♥ NY***" tourism advertising, Local Tourism Promotion Matching Grants Program and the Explore New York Program into one appropriation of $10.6 million. These statutory programs had received funding through individual appropriations in prior years. The combined reduction over SFY 2009-2010 levels across all programs is $3.5 million.

The Executive proposes no reductions for the following programs:

- $32 million for the Empire State Economic Development Fund;
- $3.4 million for the Minority- and Women-Owned Business Development and Lending programs;
- $3.4 million for the Urban and Community Development Program in economically distressed areas;
- $490,000 for the Entrepreneurial Assistance Program; and
- $2.9 million retention of professional football in Western New York.

**Increased funding:** The Executive increased funding for an international trade economic development program. This is an increase of $1.2 million from $1.5 million to $2.7 million.

**Workforce:** The Executive proposes a workforce of 406 reflecting the transfer of all 168 staff from DED and 238 staff from Empire State Development Corporation. All employees that currently have civil service and collective bargaining rights and benefits would maintain such protection under the consolidation.

**<u>New Programs</u>**

The Executive proposes creating a $25 million Small Business Revolving Loan Fund to make low interest capital loans to qualified lenders selected through a competitive process.

- Lenders will make loans to businesses with fewer than 100 employees that are unable to obtain credit or reasonable terms for credit but propose financing projects that would lead to economic development and job creation.
- The fund would be divided into a micro-loan category for loans under $25,000 and a small category for loans over $25,000 but less than $125,000.
- Loans may be used for working capital, debt refinancing, real property acquisition, machinery and equipment.
- All loans made with State funds will be required to have a 50 percent match from the participating lender.
- The New York Power Authority (NYPA) will provide $25 million to establish the fund.

The Executive proposes establishing a new $25 million New Technology Seed Fund to provide funding to " investment intermediaries" selected on a competitive basis that will seek out and support entrepreneurs in their efforts to take cutting edge research from the laboratory to the marketplace. The proposed sources of capital for the Fund include $15 million from Liberty Bond fees and $10 million from funds held in the "UDC Lockbox".

- Seed fund recipients are early-stage companies typically overlooked by established venture capital firms.
- Seed Funds may support equipment, supplies and research and development related operational costs.
- Seed Fund recipients must have generated revenue for no more than one year.
- Fund applicants must be supported by a local partner industry, university or other municipal or regional economic development entity.
- Fund recipients may be for profit businesses, universities, not-for-profit corporations, local development corporations.
- Fund recipients must match State monies either with their own funds or with other sources at least on a 1:1 basis when making investments.

Excelsior Jobs Program is the Executive's proposed replacement for the Empire Zone program that will sunset in June 2010 and would include the following provisions:

- Companies would apply to JDC to qualify for benefits and must be in target industries, i.e. high technology, biotechnology, clean energy, finance, and manufacturing industries.
- Companies would receive benefits for five years provided they create and maintain 50 net new jobs in New York for five years.
- The value of the program would be $1.25 billion. In each of the five years of the program a new round of $50 million worth of benefits would be offered. The total amount of benefits offered to companies in each "round" would be capped at $250 million.

The Executive's program includes the following three, fully refundable tax credits:

- The Excelsior Research and Development Tax Credit that parallels the Federal Research and Development Credit providing a credit at a rate of 10 percent of the amount of the Federal credit earned for new investments.
- The Excelsior Investment Tax Credit (ITC) to support capital investment. This credit, valued at two percent of total qualified investments, would further encourage investments in manufacturing, production or research development property in New York.
- The Excelsior New Jobs Tax Credit of between $2,500 and $10,000 per job to cover a portion of the payroll tax for jobs created and retained.

The Executive's program differs from the current Empire Zone program in three key ways: it is not location based; there is no local property tax relief component, which is the most costly component of the current Empire Zone program, and "Main Street" type businesses are excluded.

## Article VII

**UDC Lockbox spending authorization:** Authorizes up to $46.4 million in funds received from Port Authority of New Jersey and New York (PANYNJ) to be used as follows:

- $29.4 million for redevelopment in upper Manhattan and the South Bronx;
- $10 million for the New Technology Seed Fund; and
- $7 million for ongoing redevelopment of Governors Island.

The source of the Lockbox funds are annual payments made to New York State by the Port Authority according to an agreement that expires in 2021. The Port Authority paid the State to move out of what became prime office space in the former World Trade Center. These annual payment went to the General Fund until 2002 when it was agreed that these funds could be used to finance economic development programs and the "UDC Lockbox" was established under Public Authorities Control Board (PACB) control. The balance from annual payments has been accruing since 2003.

**Make UDC's general loan powers permanent:** The Executive proposes legislation that would make permanent the general loan powers of the New York State Urban Development Corporation (UDC). This authorization has been renewed annually since 1997 and is currently set to expire on July 1, 2010.

**Economic Development Agency Consolidation:** The Executive proposes legislation eliminating both the Urban Development Corporation (d/b/a Empire State Development Corporation) and the Department of Economic Development and adding the statutory authority of both entities to the powers of a third entity, the Job Development Authority, a public benefit corporation. The authority would be renamed the New York State Job Development Corporation (JDC).

**Small Business Revolving Loan Fund:** The Executive proposes legislation creating a $25 million Small Business Revolving Loan Fund through which the State will make low interest capital loans to qualified lenders selected through a competitive process. Lenders will in turn make loans to businesses with fewer than 100 employees that are unable to obtain credit or reasonable terms for credit. The New York Power Authority (NYPA) will provide $25 million to establish the fund.

**New Technology Seed Fund:** The Executive proposes legislation establishing a new $25 million New Technology Seed Fund to provide funding to investment intermediaries selected on a competitive basis that will provide funding to entrepreneurs to commercialize promising technologies. The proposed sources of capital for the Fund include $15 million from Liberty Bond fees and $10 million from funds held in the "UDC Lockbox".

**Excelsior Jobs Program Act:** The Executive proposes legislation creating the Excelsior Jobs Program that would provide three distinct, fully refundable tax credits to businesses in targeted industries that create or retain 50 or more jobs and qualify for the program.

# DIVISION OF LOTTERY

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $117,552,101 | S 95,310,700 | ($22,241,401) | -18.9% |
| **Total All Funds:** | **$117,552,101** | **$95,310,700** | **($22,241,401)** | **-18.9%** |

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

## Overview of Executive Budget Proposal

The Executive recommends an All Funds appropriation of $95.3 million in SFY 2010-2011, a decrease of $22.24 million or 18.9 percent. This decrease reflects achieved savings in nonpersonal services expenditures. The Division of Lottery was able to achieve reductions through contract negotiations with their full service contractor (GTECH) who provides services for both draw and instant games.

The Executive recommends a staffing level of 329 Full-Time Equivalents (FTEs) for the Division of the Lottery, which is the same level as in SFY 2009-10. This flat level reflects the impact of the statewide hiring freeze implemented by the Executive in July of 2008.

## Article VII

- **Powerball**: Legislation enacted in SFY 2009-10 authorized the Division of Lottery to enter into more than one multi-jurisdictional game. In October, New York State entered into an agreement for Mega Millions and Powerball. New York State is expected to begin offering the Powerball game in February 2010.

- **Extend VLT Hours of Operation:** Eliminates hour restrictions on the operation of VLTs and allows the Division of the Lottery to set hours based on facility utilization.

- **Eliminates Quick Draw Restrictions:** Eliminates restrictions associated with premises' selling of alcoholic beverages, minimum square feet limitations and time limitations.

## METROPOLITAN TRANSPORTATION AUTHORITY

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other* | $633,654,000 | $2,253,300,000 | $1,619,646,000 | 255.60% |
| Capital Projects Fund | $82,000,000 | $0 | ($82,000,000) | -100.00% |
| **Total All Funds:** | **$715,654,000** | **$2,253,300,000** | **$1,537,646,000** | **214.86%** |

*Values in this line reflect contingency appropriations and do not represent actual cash appropriated to MTA in SFY 2010-11.
**Note:** Transit operating aid appropriations are accounted for as part of the Agency Summary Table for DOT.

*The Metropolitan Transportation Authority (MTA) is the public authority that is responsible for the operation, maintenance and improvement of public transportation in the 12-county Metropolitan Commuter Transportation District which consists of New York City (NYC) as well as Nassau, Suffolk, Westchester, Dutchess, Orange, Putnam, and Rockland counties. The Authority operates the bus and subway systems in NYC, the commuter railroads that run throughout the 12-county region, and the seven bridges and two tunnels in NYC.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget proposal provides for three types of State-supported funding to the MTA:

- Transit operating aid appropriations, which are provided through the budget of the Department of Transportation (DOT);
- Capital funding to support the Authority's infrastructure investment, which is provided through reappropriations of prior-year budget appropriations; and
- Contingency appropriations, which actually provide no direct financial aid to the Authority in SFY 2010-11. These appropriations are intended to provide operating aid to the MTA in the event that the SFY 2011-12 budget is not passed by the April 1st deadline established by the State Constitution.

Overall, approximately $3.9 billion would be made available to the Authority in transit operating assistance in SFY 2010-11 through DOT, and approximately $1.1 billion in reappropriations from prior-year enacted budgets would be made available to the MTA for capital investments.

### State Transit Operating Aid for the MTA

Transit operating aid provided to the Authority in the State budget is channeled through the Department of Transportation. Thus, all transit operating assistance appropriations for the MTA are located within the DOT budget. (As a result of this fact, the Agency Summary Table provided at the beginning of this narrative does not reflect any appropriations to the MTA for transit assistance.)

In SFY 2010-11, the Executive proposes an overall total of approximately $3.9 billion in transit operating aid to the Authority. This represents an increase of roughly $160.6 million or four percent over appropriation levels in the SFY 2009-10 Adjusted Budget. Much of this increase is explained by two factors:

- The anticipated receipt of the fully annualized revenue from the new funding sources provided to the Authority by Chapter 25 of the Laws of 2009; and
- The non-recurrence of a portion of the $141.3 million reduction in State assistance provided to the MTA which was enacted in December of 2009 as part of the SFY 2009-10 Deficit Reduction Program (DRP).

The SFY 2010-11 Executive Budget Proposal also includes an appropriation of approximately $25.3 million to offset the costs of the MTA for the Reduced Fare for School Children Program. The line appropriation for the Reduced Fare for School Children Program was significantly reduced under the SFY 2009-10 DRP – decreasing the appropriation from $25.3 million to only $6.3 million. The proposed SFY 2010-11 appropriation for this program would restore State-supported funding to levels originally proposed in SFY 2009-10 prior to enactment of the DRP. However, the $25.3 million appropriation still represents a decrease from the allocation of approximately $45 million traditionally provided to the program in prior years.

**Capital Funding**

The SFY 2010-11 Executive Budget Proposal does not include any new capital appropriations for the MTA. Capital appropriations provided directly to the Authority have been included in prior-year State budgets over the last five years to provide the MTA with the authorization to draw upon the portion of bond proceeds used to help finance the 2005-2009 MTA Capital Program. These bond proceeds were derived from the sale of bonds authorized under the Renew and Rebuild New York Transportation Bond Act, approved by voters in November of 2005.

However, the lack of new capital appropriations for the Authority in the Executive Budget Proposal does not mean that the Authority will not have resources available to make capital improvements in SFY 2010-11; capital reappropriations totaling $1.1 billion are provided in the SFY 2010-11 Executive Budget that will allow the MTA to continue to pay for the on-going capital expenses associated with the 2005-2009 Capital Program.

Moreover, the MTA's multi-year financial plan still accounts for adequate funding to support roughly $6 billion for the first two years of a new capital program. The projected sources for this funding are predicated on continued Federal capital aid and the MTA's ability to issue its own bonds secured with currently existing revenue sources. Therefore, although the Authority's initial proposal relating to the 2010-2014 Capital Program was vetoed by the Executive in December of 2009, funding is still theoretically available to the Authority to finance new capital projects in calendar year 2010, not currently included in the 2005-2009 Capital Program. It is anticipated that the Authority will re-submit a new multi-year capital program proposal to the MTA Capital Program Review Board (CPRB) for review in the near future.

## Contingency Appropriations

Contingency appropriations are typically dry appropriations, not supported by cash, which are intended for the purpose of providing authorization for State agencies or public entities to draw on State funds to pay for unforeseen or extraordinary expenses.

The Executive proposes two contingency appropriations for the MTA that altogether total $2.25 billion in the SFY 2010-11 Executive Budget:

- The first contingency appropriation provided to the Authority totals $621.3 million, a decrease of $12.4 million or 1.9 percent from the SFY 2009-10 Enacted Budget.

- The second contingency appropriation in the amount of $1.6 billion is a new appropriation provided to the Authority in SFY 2010-11. This new contingency appropriation is required pursuant to the new Section 92-ff of State Finance Law which was enacted as part of Chapter 25 of the Laws of 2009.

These contingency appropriations are provided to support operating costs and debt service payments of the MTA in SFY 2011-12 in the event that the State budget for the next fiscal year is not enacted by April 1, 2011.

## Article VII

The Executive proposes Article VII legislation intended to provide cost savings to the MTA that would:

- **Establish a Waiver Process Allowing Transit Systems to Temporarily Defer Compliance with Diesel Retrofit Requirements:** The Executive includes Article VII legislation, very similar to a bill introduced by the Senate in the 2009 Legislative Session, that would require the Department of Environmental Conservation (DEC) to issue waivers upon application by State agencies, public authorities, and their contractors that would defer the statutory retro-fitting requirement imposed under the Diesel Emissions Reduction Act (DERA) for vehicle engines that will be taken out of service within three years. The Executive estimates that this proposal would achieve approximately $36 million in savings to regional transit systems – $30 million of which would impact the MTA – and $1.4 million in savings to DOT.

- **Eliminate the Ability of an IDA to Grant an Exemption on the Additional Portion of the MRT:** The Executive proposes legislation that would eliminate the current ability of an industrial development authority (IDA) to grant an exemption from the additional portion of the mortgage recording tax (MRT) by extending its tax exempt status to projects financed by the IDA. Since a portion of the MRT is dedicated to regional transit systems, eliminating this exemption is anticipated to increase the amount of revenue available to fund transit by $20 million annually.

- **Eliminate the Ability of MTA Employees to Receive Doubled Workers' Compensation Benefits When Injuries Occur on New York City Property:** The SFY 2010-11 Executive Budget includes Article VII legislation that would help prevent MTA workers from receiving double the amount of workers' compensation benefits for injuries that occur on property leased from NYC. Under current law, workers injured under such circumstances have the ability to receive workers' compensation benefits from the Authority and also recover damages through a tort action against NYC. Per the provisions of the current lease agreement signed by MTA and NYC, the MTA is required to indemnify the City for any damages arising from the Authority's operations – thus creating a situation where the Authority is doubly liable for the same incident. The Executive estimates that this legislation would average approximately $2 million in savings for the Authority annually.

- **Extend Owner-Controlled Insurance to All MTA Capital Projects:** The Executive includes Article VII legislation that would authorize the MTA to extend owner-controlled insurance to all MTA capital projects. Under current law, the Authority is only authorized to provide insurance to its contractors for subway and commuter rail capital projects – excluding the contractors that work on capital projects for bridge, tunnel and omnibus facilities of the Authority. The MTA anticipates that the extension of owner-controlled insurance to all types of capital projects would result in savings of approximately $500,000 in SFY 2010-11 and increase to savings totaling $2 million by SFY 2013-14.

- **Authorize the MTA to Establish a Pilot Program to Test the Use of Electronic Bidding:** The SFY 2010-11 Executive Budget includes Article VII legislation that would authorize the MTA to establish a five-year pilot program to test the use of electronic and reverse bidding. The legislation would allow the MTA to receive bids electronically and would allow reverse bidding by informing bidders whether their bid is the lowest. The MTA estimates that the provisions of this bill would result in approximately $1 million in savings beginning in SFY 2011-12.

- **Eliminate the Ability to Sue the MTA for Injuries Resulting from Reckless or Deliberate Conduct:** The Executive proposes legislation that would eliminate an individual's ability to exercise the right of recovery in personal injury cases brought against the MTA where it is found that the claimant acted with "wanton disregard" for his or her own safety or well-being. The proposed legislation is estimated to generate approximately $10 million in savings to the MTA annually.

## DEPARTMENT OF MOTOR VEHICLES

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $93,202,000 | $89,850,000 | ($3,352,000) | -3.60% |
| Special Revenue-Federal | $35,400,000 | $36,800,000 | $1,400,000 | 3.95% |
| Capital Projects Fund | $220,435,000 | $217,842,000 | ($2,593,000) | -1.18% |
| Internal Service Funds | $10,500,000 | $11,500,000 | $1,000,000 | 9.52% |
| **Total All Funds:** | **$359,537,000** | **$355,992,000** | **($3,545,000)** | **-0.99%** |

*The Department of Motor Vehicles (DMV) is responsible for a number of activities that help to promote traffic safety, protect consumers, and provide informational services to New York State drivers and the general public. These activities include licensing drivers; registering vehicles to authorize use and establish identification; issuing titles to establish vehicle ownership; and licensing and regulating the motor vehicle industry. The DMV Traffic Violations Bureau is also responsible for helping to adjudicate traffic infractions. The Department collects fees and other non-tax revenue to provide financial support for these activities, as well as for transportation capital expenses and the general expenses of the State.*

### Overview of Executive Budget Proposal

The Executive recommends a total All Funds appropriation of $356 million for the Department of Motor Vehicles. This represents a reduction of approximately $3.6 million, or one percent, from the State Fiscal Year (SFY) 2009-10 Enacted Budget.

The Executive also recommends an overall staffing level of 2,809 full-time equivalent (FTE) positions, which represents a reduction of three positions from the SFY 2009-10 year-end recalculation of the size of DMV's actual FTE workforce, and a decrease of 93 positions from the estimate originally included under the SFY 2009-10 Enacted Budget. These reductions are primarily attributable to the hiring freeze under which the Department is currently operating and cost savings actions proposed by the Executive in his SFY 2010-11 Budget Proposal.

### DMV Administrative Savings

The Executive recommends a number of initiatives that would result in administrative savings at DMV, including the following proposals:

- **Elimination of Redundant Quality Control Checks for Licenses & Vanity Plates:** This proposal would eliminate quality control checks of driver licenses and vanity license plates that are deemed to be redundant. Currently, the Department conducts secondary, spot-check inspections of driver licenses and vanity plates to ensure that there are no mistakes, inaccuracies, or flaws incorporated into these items prior to issuance to State drivers. Under the new policy, the Department would rely upon the quality control check conducted by the vendor contracted to manufacture driver licenses and eliminate the secondary check for quality control carried out by the Department. In the case of vanity license plates, the Department would rely upon the computer system that generates specialized vanity plates to ensure quality and eliminate the secondary check conducted by DMV employees prior to issuance. This initiative is anticipated to generate $283,000 in cost savings for the Department in SFY 2010-11 and each year thereafter. There is a reduction of six FTE positions associated with this proposal.

- **Cost Savings from Continued Across-the-Board Agency Reductions:** The Executive continues his policy of requiring agencies to make Across-The-Board reductions in personal service and non-personal service spending in the SFY 2010-11 Executive Budget Proposal. DMV would manage these reductions by limiting costs associated with staffing, supplies, equipment, and technology contracts. It is anticipated that the continuation of this policy would result in $13.9 million in cost savings to the Department in SFY 2010-11.

- **Elimination of Mandate to Surrender Current License Plates:** While there are no cost savings associated with this issue, the SFY 2010-11 Executive Proposed Budget reflects the Executive's decision to eliminate the requirement that vehicle owners obtain new license plates and surrender existing plates upon re-registration of their vehicles. The Executive announced this requirement last year in conjunction with the proposal to increase by ten dollars the fee charged for issuance of license plates included in the SFY 2009-10 Enacted Budget. Although the Executive retains the fee increase, vehicle owners in New York State would no longer be required to switch out their old plates.

**DMV Expenses Appropriated From the Dedicated Highway & Bridge Trust Fund**

Under the SFY 2010-11 Executive Proposed Budget, the Dedicated Highway and Bridge Trust Fund (DHBTF) would support $217.8 million of DMV's expenses. This represents a decrease of approximately $2.6 million or 1.2 percent from the appropriation made from the DHBTF in the SFY 2009-10 Enacted Budget.

The DHBTF is the primary source of State funding for transportation capital infrastructure investment. The appropriation from the DHBTF for the Department of Motor Vehicles would primarily support expenses associated with the Department's administrative functions and initiatives. Overall, the DHBTF appropriation in the SFY 2010-11 Executive Proposed Budget represents 61 percent of the total value of appropriations made to DMV.

**Article VII**

The Executive proposes Article VII legislation intended to provide cost savings to the DMV that would:

- **Streamline Accident Reporting Procedures at DMV:** The SFY 2010-11 Executive Proposed Budget includes Article VII legislation that would make two major changes to Vehicle and Traffic Law: 1) it would eliminate the accident report that is currently required to be filed by motorists at DMV; and 2) it would also increase the reportable threshold, from

$1,000 to $3,000 in property damages, that determines when police departments are required to file an accident report with the Department.

Under current law, both motorists and the police are required to submit an accident report to DMV when such accident results in injury, death, or property damage in excess of $1,000. The Department is, thus, required to process and reconcile both types of reports and make them available to: 1) individuals named in such reports, 2) individuals who may be party to a civil action arising from the accident described in the report, and 3) to State agencies for the purpose of utilizing such information for statistical analysis and research relating to highway safety. This legislation would completely eliminate the requirement that motorists file an accident report, and it would expand the universe of incidents that would be deemed non-reportable by police as a result of the increase in the property damage threshold.

As a result of this proposal, the Executive anticipates cost savings of $581,000 in SFY 2010-11 and each year thereafter. Some of these anticipated savings are associated with a reduction of 12 FTE positions in the size of DMV's workforce.

- **Authorize DMV to Access Bulk-Mailing Rates:** The Executive also proposes Article VII legislation that would authorize DMV to utilize the list of current addresses on file with the United States Postal Service (USPS) when the Department sends out mail correspondence. This would allow DMV to take advantage of the reduced bulk mailing rate offered by USPS. Cost savings of $250,000 in SFY 2010-11 and each year thereafter are associated with this piece of Article VII legislation.

## OLYMPIC REGIONAL DEVELOPMENT AUTHORITY (ORDA)

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $7,826,000 | $6,222,000 | ($1,604,000) | -20.50% |
| Special Revenue-Other | $400,000 | $354,000 | ($46,000) | -11.50% |
| **Total All Funds:** | **$8,226,000** | **$6,576,000** | **($1,650,000)** | **-20.06%** |

*The Olympic Regional Development Authority was established by the New York State Legislature in 1981, in order to create a program to manage and promote the sports facilities used for the 1980 Olympic Winter Games. These facilities include: Whiteface Mountain Ski area; the Olympic Training Center; the Mt. Van Hoevenberg bobsled, cross country ski trails and biathlon range; Intervale Ski Jumping Complex; Olympic Ice Rinks and the Olympic Speed Skating Oval; and Gore Mountain Ski Center. The State and local governments work together cooperatively to protect the public's investment in the previously mentioned facilities.*

**Overview of Executive Budget Proposal**

The Executive Budget recommendation for State Fiscal Year (SFY) 2010-2011 is $6.6 million on an All Funds basis, a decrease of $1.6 million or 20 percent from SFY 2009-10.

As part of the SFY 2010-11 Executive Budget Proposal, the Governor continues his policy of requiring Across-The-Board reductions in State Operations spending. The Olympic Regional Development Authority targeted reductions in energy costs and deferred maintenance in order to meet this constraint, as well as eliminating three Full-Time Equivalent (FTE) positions from the SFY 2009-10 Enacted Budget, for a total FTE count of 197 positions.

## OFFICE OF PARKS, RECREATION & HISTORIC PRESERVATION

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $143,555,600 | $123,133,600 | ($20,422,000) | -14.23% |
| Special Revenue-Other | $96,184,900 | $99,901,900 | $3,717,000 | 3.86% |
| Special Revenue-Federal | $9,320,900 | $9,820,900 | $500,000 | 5.36% |
| Capital Projects Fund | $81,000,000 | $36,801,000 | ($44,199,000) | -54.57% |
| Enterprise Funds | $1,500,000 | $1,500,000 | $0 | 0.00% |
| **Total All Funds:** | **$331,561,400** | **$271,157,400** | **($60,404,000)** | **-18.22%** |

*The goal of the Office of Parks Recreation and Historic Preservation is to provide and maintain safe, pleasurable, recreational opportunities and programs for all New York State residents and visitors. The Office of Parks, Recreation and Historic Preservation also acts as a responsible guardian of the State's valuable natural, historic, and cultural resources. The Office is responsible for the operation and maintenance of 178 State parks and 35 historic sites which include a number of performing arts centers, golf courses, marinas, beaches, cabins, swimming pools, campgrounds, and a variety of restaurants, and other historic sites.*

### Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2010-2011 is $271 million on an All Funds basis, a decrease of $60 million or 18.2 percent from the previous year.

The Executive Budget recommends a staffing level of 2,006 full-time equivalent positions (FTEs), a decrease of 67 positions from the previous year.

### Operational Savings

The Executive proposes overall savings of $15.2 million in State Operations spending in SFY 2010-11. These overall savings are achieved through the following actions:

- The Executive proposes a reduction of $19.4 million in General Fund appropriations. This reduction is achieved in part through a continuation of the Executive's policy of requiring agencies to make across-the-board reductions in State Operations spending. These Across-The-Board reductions are associated with a reintroduction of proposals to delay openings and implement early seasonal closings, mid-week service reductions, and the elimination of on-site services at certain parks and historic sites, primarily resulting from the continuation of the State-wide hiring freeze.

  The $19.4 million reduction is also achieved through a decrease of 30 FTEs, stemming from the Executive's decision to reduce Parks Police staffing. These police positions would not be re-filled. It is also important to note that the Executive achieves $5 million in savings out of the overall $19.4 million by shifting operating costs in the amount of $5 million from the General Fund to a Special Revenue fund known as the Patron Services Account.

- The Executive proposes an increase of $3.7 million in spending from the Patron Services Account. This increase is primarily explained by the aforementioned $5 million cost shift from the General Fund to the Account, which is offset by approximately $1.3 million in savings associated with a $500,000 cost shift to Federal Special Revenue Fund and further Across-The-Board reduction savings from administrative efficiencies.

- The Executive proposes an increase of $500,000 in spending from Federal Special Revenue Fund due to the aforementioned cost shift from the Patron Services Account.

**Parks Capital Spending**

The most prominent reduction in the proposed Executive Budget for SFY 2010-11 is the $44.2 million decrease in capital project appropriations. Of this reduction, $39 million is attributable to one time appropriations to fund the Walkway over the Hudson Initiative (which is now complete) and the State Parks Capital initiative which will continue to use capital allocated from the previous year's budget through reappropriations. The remaining reduction of $5.2 million is primarily attributable to a transfer of $5 million in Parks capital costs to the Environmental Protection Fund (EPF) and a proposal to achieve a targeted reduction in personal service costs of $119,000 through a 5-day salary deferral.

Due to the transfer of $5 million in Parks Capital costs, the budget of the Department of Environmental Conservation (DEC) includes an increase of $5 million for improvements to facilities at various parks and historic sites.

**Article VII**

The Executive proposes Article VII legislation which would:

- Reduce the authorized reimbursement rate paid to localities that voluntarily enforce Navigation Law. Current statute states that municipalities can voluntarily enforce waterway laws on behalf of the State. The fees associated with the violation of these regulations are then turned over to the State. Municipalities may later be reimbursed up to 75 percent of the generated fees.

  The Executive budget proposes decreasing the reimbursement amount to 50 percent, which would result in savings of $1 million in SFY 2010-11.

- Expand the authorized use of funds in the Snowmobile Trail Development and Maintenance Fund. The Executive also recommends the expansion of purposes for which monies from the Snowmobile Trail Development and Maintenance Fund may be utilized. Under current law, revenues directed into the Snowmobile Trail Development and Maintenance Fund are generated from snowmobile registration and licensing fees. Seventy percent of revenue finances the enforcement and regulation of snowmobile trails and the remaining thirty percent is allocated for the actual maintenance and development of snowmobile trails.

- The Executive Budget proposal recommends amending current law to expand authority for the Office of Parks, Recreation, and Historic Preservation to utilize monies from the fund to pay expenses associated with "other recreational activities," which would allow Office of Parks, Recreation, and Historic Preservation to use the thirty percent share of the fund dedicated to snowmobile maintenance for other costs, such as maintenance of all types of trails, including hiking trails and ATV trails.

## DEPARTMENT OF PUBLIC SERVICE,

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $81,111,000 | $76,392,000 | ($4,719,000) | -5.82% |
| Special Revenue-Federal | $3,097,000 | $3,750,000 | $653,000 | 21.08% |
| **Total All Funds:** | **$84,208,000** | **$80,142,000** | **($4,066,000)** | **-4.83%** |

*The Department of Public Service, the staff arm of the Public Service Commission (PSC), which consists of five members appointed by the Governor, has four major areas of responsibility: regulating the State's public utilities, including electric, gas, steam, telephone and water rates and services; ensuring natural gas and liquid petroleum pipeline safety; regulating the cable television industry; and overseeing electric and gas facilities and transmission line siting.*

### Overview of Executive Budget Proposal

The Department of Public Service does not receive general fund support for its operations. The majority of the Department's funding, 94.1% , is derived from the Section 18-a assessments on intra-state operating revenues of publically owned utilities that earn more than $500,000 and on cable television companies with more than 1,000 subscribers.

The Executive Budget recommendation of $80.1 million in All Funds spending is a net decrease of $4.1 million from SFY 2009-2010 levels due to a decrease of $4.7 million in State operations IN spending for personal and non-personal service offset by an increase of $653,000 in Federal funding for pipeline safety activities, and $450,000 in new appropriation authority created to allow spending in the event that deposits are made to the new Transmission Line Intervenor account.

The new Intervenor Account was created in 2009 by an amendment to Article VII of the Public Service Law that requires companies applying for consideration to construct major electric transmission lines to deposit $450,000 in the Intervenor Account. The funds will be made available to municipalities and citizens and community groups to support costs such as consultants and administrative and legal fees, to intervene in proposed transmission line projects.

The Department projects a staffing level of 555 for SFY 2010-2011, an increase of two full time equivalents from SFY 2009-2010. Additional staff are requested for review of natural gas pipeline applications associated with potential gas drilling in the Marcellus Shale. The Chairman of PSC serves as the chief executive officer of the Department, which operates offices in Albany, New York City, Buffalo and Syracuse.

The Department anticipates receiving $1.2 million in funding from the Federal American Recovery and Reinvestment Act (ARRA) for regulation related to ARRA funded infrastructure projects undertaken by utilities to modernize the State’s electrical system.

## STATE RACING AND WAGERING BOARD

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Special Revenue-Other | $25,203,000 | $22,470,000 | ($2,733,000) | -10.8% |
| **Total All Funds:** | **$25,203,000** | **$22,470,000** | **($2,733,000)** | **-10.8%** |

*The Racing and Wagering Board regulates all legalized gambling activities in New York state, except the State Lottery. The Board directly regulates Off Track Betting (OTB), horse racing and Indian casino gambling. The Board is fully funded through fees, reimbursements, fines and assessments imposed on raceways, gaming, OTBs and casinos.*

### Overview of Executive Budget

The Executive recommends an All Funds appropriation of $22.47 million in State Fiscal Year (SFY) 2010-11, a decrease of $2.733 million or 10.8 percent. This decrease reflects recurring spending reductions in personal and nonpersonal services; primarily the 11.5 percent reduction in nonpersonal service costs requested by the Executive under the SFY 2009-10 Deficit Reduction Plan.

The Executive recommends Full Time Equivalent (FTEs) level of 99 positions. This staffing level remains unchanged from SFY 2009-10 levels.

### Article VII

The Executive has proposed a technical correction to the distribution formula associated with the revenue from the Niagara Falls Casino which provides for a more efficient deposit of revenue to the General Fund.

## SCIENCE, TECHNOLOGY AND INNOVATION, FOUNDATION OF

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $42,859,000 | $142,033,000 | $99,174,000 | 231.40% |
| Special Revenue- Other | $500,000 | $500,000 | $0 | 0.00% |
| **Total All Funds:** | **$43,359,000** | **$142,533,000** | **$99,174,000** | **228.73%** |

*The New York State Foundation for Science, Technology, and Innovation (doing business as the Office of Science, Technology, and Academic Research (NYSTAR)) both supports the State's research and development infrastructure and the establishment and growth of technology based advanced manufacturing companies.*

*NYSTAR is governed by a 13 member board, but unlike most other public authorities that are governed by boards appointed solely by the Governor, this board includes six members appointed by the Legislature.*

**Overview of Executive Budget Proposal**

In State Fiscal Year (SFY) 2010-11, the Executive proposes $142.5 million in All Funds spending for NYSTAR. This substantial increase of $99.2 million in General Fund spending is due primarily to $100 million in new funding for the Innovation Economy Matching Grants Program and the transfer of administration and appropriations totaling $6.9 million for operations for the five Centers of Excellence from the Urban Development Corporation (dba ESDC).

Programs that saw requests for decreased funding include both the Faculty Development Program reduced from $2.7 million to $751,000, leaving just 27 percent of prior year's funding intact and the Technology Transfer Incentive Program reduced from $2.9 million to $870,000 leaving just 30 percent of prior years funding intact.

Funding related to matching funds obligations for eleven Federally funded research centers account for $5.1 million of the NYSTAR budget and remains unchanged. Funding for the FOCUS Semiconductor Research Center is reduced by $1.6 million to $3.0 million due to expiration of the Center's State Federal match requirement. In addition, the match requirement for the CUNY Optical Sensing and Imaging Center has expired resulting in a $69,000 reduction.

Funding remains at SFY 2009-10 levels for the Centers for Advanced Technology (CAT) ($13.8 million) university based centers that support commercialization efforts in specialized technology areas; the Science and Technology Law Center ($343,00) that provides assistance to start-up companies, State agencies and institutions of higher education with technology-related legal issues; and for the ten designated Manufacturing Extension Partnerships ($9.2 million total).

The Executive codifies through an appropriation the Innovation Economy Matching Grants Program. This program provides a ten percent match to New York State grant applicants that are awarded funds under select programs in areas associated with potential for growth in technology and economic development. At the time of the budget release $21 million has been awarded to 15 projects that received funding under ARRA.

NYSTAR projects a staffing level of 24 Full-Time Equivalents (FTEs) for SFY 2010-11 which is level with the prior year. The Executive proposes $412,000 in personal service and $530,00 in non-personal service reductions, a 22 percent reduction from SFY 2009-2010 levels.

## DEPARTMENT OF STATE

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $39,747,384 | $20,907,000 | ($18,840,384) | -47.40% |
| Special Revenue-Other | $46,342,000 | $41,082,000 | ($5,260,000) | -11.35% |
| Special Revenue-Federal | $112,585,000 | $118,286,940 | $5,701,940 | 5.06% |
| Capital Projects Fund | $2,750,000 | $2,750,000 | $0 | 0.00% |
| **Total All Funds:** | **$201,424,384** | **$183,025,940** | **($18,398,444)** | **-9.13%** |

*The Department of State (DOS) is the oldest and most diverse State agency. Established in 1778, DOS serves as the State's "Keeper of Records", and the "Great Seal" the agency also serves the financial community, corporations, and attorneys while licensing numerous professions and occupations ranging from real estate and cosmetology to private investigators and notaries. The Department provides a range of services to local governments from public safety through its building and code programs and coastal and waterfront redevelopment programs. It is also home to the Division of Cemeteries; Division of Administrative Rules; Athletic Commission; Commission on Public Access to Records; Commission on Open Government; State Commission on Public Integrity; Appalachian Regional Commission; Lake George Park Commission; Tug Hill Commission; Commission on Uniform State Laws; Office of Regional Affairs; and Community Services among others.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends $183.03 million in All Funds support, a reduction of $18.4 million or 9.1 percent from SFY 2009-10 Enacted Budget amounts.

### State Operations

The SFY 2010-11 Executive Budget includes $20 million in General Fund appropriations for the support of State operations, reflecting a decrease from $34 million appropriated in the previous year. This General Fund reduction would result in the loss of 147 Full Time Equivalents (FTEs) as follows: 23 employees through attrition; 104 employee would be transferred to the functions of fire related and Hazardous Material personnel; and 20 would be transferred to the Division of Homeland Security.

The SFY 2010-11 Executive Budget also recommends a General Fund State Operations reduction of $2.1 million. This savings reduction would be achieved by implementing personal and non-personal service (PS/NPS) cuts to in the following areas:

| | |
|---|---|
| • Administration | ($1.4 million) |
| • Business and Licensing Services | ($5.5 million) |
| • Local Government and Community Services | ($554,207) |
| • Local Government and Community Services | ($273,000)* |
| • Lake George Park Commission | ($14,000) |
| • Tug Hill Commission | ($19,000) |
| • Commission on Uniform State Laws | ($10,000) |

*This amount represents specific PS/NPS decreases for Local Government and Community Services, Watershed, Fire Protection, Manufactured Housing and Fire Safe Cigarettes.

These reductions would be offset by an adjustment of $5.2 million in PS/NPS for the Community Services Block Grant Program, Appalachian Regional Commission, Coastal Zone Management and the addition of a new Federal appropriation for the Great Lakes Initiative.

## Aid to Localities

The SFY 2010-11 Executive Budget recommends reductions of $10.6 million from the SFY 2009-10 Enacted Budget. These savings would be achieved by eliminating program funding as follows:

| | |
|---|---|
| • Civil Legal Services | ($4.2 million) |
| • Census Program | ($2 million) |
| • Public Utility Law Project – PULP | ($505,000) |

In addition, the Executive proposes to achieve additional Aid to Localities savings by eliminating $6.2 million in Community Projects funding. These cuts are offset by the availability of $476,131 in ARRA funds for the Community Services Block Grant Program (CSBG).

## Article VII

- The Governor's budget proposes to authorize the Department to regulate the conduct of professional mixed martial arts; there are an additional six FTEs associated with this proposed legislation.

- The Governor proposes to extend for one year the funding distribution formula for the Community Services Block Grant.

- The Governor further proposes to extend for one year the Secretary of State's authority to charge increased fees for expediting the handling of documents.

## DEPARTMENT OF TAXATION AND FINANCE

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $391,585,750 | $388,691,000 | ($2,894,750) | -0.74% |
| Special Revenue-Other | $92,799,000 | $107,297,000 | $14,498,000 | 15.62% |
| Special Revenue-Federal | $2,582,000 | $2,500,000 | ($82,000) | -3.18% |
| Internal Service Funds | $46,202,000 | $41,806,000 | ($4,396,000) | -9.51% |
| **Total All Funds:** | **$533,168,750** | **$540,294,000** | **$7,125,250** | **1.34%** |

*The Department of Taxation and Finance administers State taxes and various local taxes and also manages the State Treasury. The Department executes its mission through eight programs: Audit, Collections and Enforcement, Centralized Operations Support, Office of Conciliation and Mediation, Management, Administration and Counsel, Revenue Processing and Reconciliation, Tax Policy, Revenue Accounting and Taxpayer Guidance; Technology and Information Services, and Treasury Management.*

### Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends an All Funds appropriation of $540.3 million, an increase of $7.1 million or 1.3 percent from current levels. The Executive recommends total General Fund appropriations of $388.7 million, a reduction in General Fund spending of $2.9 million or 0.74 percent. This reduction in spending is primarily due to the continuation of reductions in non-personal service that was introduced in SFY 2009-10. This reduction is offset by an increase in personal service spending associated with the merger of the Office of Real Property Services into the Department and the addition of 341 employees.

The Executive recommends Special Revenue Funds appropriations of $107.3 million, an increase of $14.5 million or 15.6 percent over SFY 2009-10. This increase addresses issues raised by the State Comptroller in relation to reimbursements made under the sales tax re-registration program, the tax preparer registration program, and law enforcement. Three new special revenue funds would be established from which the reimbursements could be made.

The Executive recommends the addition of 444 new Full Time Equivalents (FTEs). Of these new employees, 268 would be employees from the Office of Real Property Services as a result of the proposed merger. The remainder would be hired to assist in the Audit, Collection, and Enforcement program in relation to the enforcement initiatives proposed by the Executive. An additional 165 FTEs are planned to be added under the same program in the current fiscal year, resulting in total additional FTEs of 609.

**Article VII**

- The Executive proposes to merge the Office of Real Property Services (ORPS) with the Department of Taxation and Finance. ORPS would be defined under the Tax Department and would retain its current functions. The administrative functions of ORPS would be transferred to the Tax Department. The Executive projects that this proposal would provide savings of approximately $1.9 million.

- The Executive proposes to amend the current offer in compromise program by which taxpayers can resolve their outstanding tax liabilities. This proposal would increase revenues by approximately $1 million.

- The Executive proposes to authorize the use of electronic communication for the purpose of sending tax bills and notices. This proposal would reduce the Tax Department's mailing costs and provide savings to the State.

- The Executive proposes to amend the period of time a taxpayer is allowed to remit his/her return if the return was filed electronically and rejected. The proposal would also prohibit tax return preparers and tax software companies from requiring payment to electronically file New York State tax returns.

## DIVISION OF TAX APPEALS

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $3,353,000 | $2,913,000 | ($440,000) | -13.12% |
| **Total All Funds:** | **$3,353,000** | **$2,913,000** | **($440,000)** | **-13.12%** |

*The Division of Tax Appeals provides the public with a due process system for resolving disputes with the Department of Taxation and Finance. The Division of Tax Appeals is headed by the Tax Appeals Tribunal, which is comprised of three commissioners appointed by the Governor and confirmed by the Senate. Under the direction of the Tax Tribunal, dispute adjudication is provided through small claims hearings, formal hearings, and the Tribunal appeals process.*

### Overview of Executive Budget Proposal

The Division of Tax Appeals is supported solely with State tax dollars. The Executive Budget recommends a General Fund appropriation of $2.9 million for SFY 2010-11. This represents a decrease of $440,00 or 13.1 percent. Of the $440,000 reduction, $360,000 is due to reduced personal service spending. The remainder is a reduction in non-personal service spending.

The Division employs a workforce of 27 Full Time Equivalents (FTEs). The Executive Budget does not propose any change in the employment level.

## NEW YORK STATE THRUWAY AUTHORITY

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| Capital Projects Fund | $2,000,000 | $2,000,000 | $0 | 0.00% |
| **Total All Funds:** | **$2,000,000** | **$2,000,000** | **$0** | **0.00%** |

*The New York State Thruway Authority is responsible for the operation and maintenance of the 641-mile toll highway system, officially known as the Governor Thomas E. Dewey Thruway, which stretches from Pennsylvania to New York City. This system includes the 426-mile mainline connecting New York City and Buffalo – two of New York State's largest cities. The Authority is also responsible for the operation of the 71-miles of un-tolled roadway constituting Interstate-84 (I-84) as a result of a contract signed by the Authority with the New York State Department of Transportation (DOT).*

*In addition, the Thruway Authority has jurisdiction over the State canal system through its subsidiary, the New York State Canal Corporation. The Canal Corporation oversees the operations, maintenance, development, and improvement of the 524-mile canal system, including the system's 57 locks, 16 lift bridges, and various dams, reservoirs, and water control facilities.*

### Overview of Executive Budget Proposal

In State Fiscal Year (SFY) 2010-11, the Executive recommends a total All Funds appropriation of $2 million to the Thruway Authority for the Canal Development Program. This represents no change from the appropriation level in the SFY 2009-10 Enacted Budget. This appropriation is intended for the purpose of supporting canal capital development.

Typically, the State budget contains only this single, canal development appropriation for the Thruway Authority. All other Thruway and canal-system programs are supported by the Authority's self-generated revenues – the majority of which are derived from Thruway tolls. In fact, the New York State Canal System Development Fund, from which this appropriation is made, derives its revenue from canal tolls and user fees. Under State Finance Law, the monies from the Canal System Development Fund are to be made available only for the maintenance, construction, reconstruction, development or promotion of the canal system.

The Executive Budget Proposal also recommends that Department of Transportation (DOT) re-assume responsibility for the operation and maintenance of I-84 from the Thruway Authority. The Thruway Authority currently maintains operating responsibility for I-84 under a contract with DOT. This proposal would eliminate that contract, and DOT would absorb the operational and maintenance costs of I-84 as a part of the State-owned highway system.

## DEPARTMENT OF TRANSPORTATION

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $61,587,591 | $97,550,900 | $35,963,309 | 58.39% |
| Special Revenue-Other | $4,216,768,128 | $4,312,458,000 | $95,689,872 | 2.27% |
| Special Revenue-Federal | $70,668,000 | $71,093,000 | $425,000 | 0.60% |
| Capital Projects Fund | $7,844,800,000 | $4,261,144,000 | ($3,583,656,000) | -45.68% |
| Fiduciary Funds | $50,000,000 | $50,000,000 | $0 | 0.00% |
| **Total All Funds:** | **$12,243,823,719** | **$8,792,245,900** | **($3,451,577,819)** | **-28.19%** |

*The Department of Transportation (DOT) is responsible for maintaining, improving, and rehabilitating New York State's highway and bridge system which is composed of over 38,000 State highway lane miles and over 7,500 bridges. The Department is also responsible for overseeing and administering programs that provide capital funding to local roads and bridges such as the State-funded Marchiselli Program and the Consolidated Local Highway Improvement Program (CHIPs), as well as partially funding rail, airport, and canal programs. DOT further administers State-aid provided to regional transit systems for both operating assistance and capital investment.*

*The Department also closely coordinates with other State transportation agencies and authorities with the goal of creating an interconnected Statewide transportation system that addresses environmental and community concerns and efficiently moves people and goods throughout New York State.*

### Overview of Executive Budget Proposal

In State Fiscal Year (SFY) 2010-11, the Executive recommends a total All Funds appropriation of $8.8 billion for DOT, a decrease of approximately $3.5 billion or 28.2 percent from the SFY 2009-10 Adjusted Budget. This decrease primarily reflects the absence of one-time appropriations totaling $3.6 billion included in the SFY 2009-10 Adjusted Budget associated with funding provided to the State through the Federal American Recovery and Reinvestment Act (ARRA).

The Executive recommends an overall staffing reduction of 91 Full-Time Equivalent (FTE) positions from staffing levels in SFY 2009-10. Much of this decrease is attributable to Executive initiatives that would reduce funding for preventive maintenance and snow and ice removal, as well as the continued implementation of the Department's workforce reduction plan. An overall decrease of 160 FTEs is associated with these two initiatives. Simultaneously, these decreases to the size of DOT's workforce would be offset by an increase of 69 FTEs associated with proposals to restore operating responsibility for Interstate-84 (I-84) to DOT and increase the amount of information technology work performed "in-house" by the Department. More information regarding the details of these proposals will be provided in the following sections.

**DOT Operations**

The Executive proposes a number of initiatives that would impact operations at DOT in the SFY 2010-11 Executive Budget Proposal. Many of these recommendations are anticipated to achieve operational savings at the Department. The most significant of the proposed initiatives are outlined below:

- **Preventive Maintenance and Snow/Ice Removal:** The Executive proposes to achieve $6 million in savings in SFY 2010-11 by implementing a more cost effective salt application technique and reducing the staffing level associated with preventive maintenance and snow/ice removal by 100 FTE positions. According to the Executive, this reduction in FTE positions would not occur through lay-offs. The reduction would be achieved by a reduction in the number of workers hired to perform preventive maintenance and snow/ice activities during the SFY 2010-11 winter season.

- **DOT Plan to Close Rest Areas:** The Executive also proposes to achieve approximately one million dollars in savings in SFY 2010-11 by requiring DOT to develop a highway rest area closure plan. The plan is still under development by the Department and may include proposals for permanent closures of some rest areas as well as seasonal closures. Suitable locations would be identified based upon proximity to other available services. Once fully implemented, the Executive anticipates that this plan would achieve approximately $2 million in annual savings.

- **Return of I-84 Maintenance and Operation to DOT:** The Executive Budget Proposal also recommends that DOT re-assume responsibility for the operation and maintenance of I-84 from the Thruway Authority. The Thruway Authority currently maintains operating responsibility for I-84 under a contract with DOT. This proposal would eliminate that contract, and DOT would absorb the operational and maintenance costs of I-84 as a part of the State-owned highway system. Additional staffing of 54 FTE positions is associated with this proposal. No savings would be associated with this initiative in SFY 2010-11 and approximately $3 million in savings would be generated in SFY 2011-12.

- **In-sourcing of Information/Technology (I/T) Work at DOT:** The Executive proposes to increase the amount of I/T work currently performed by in-house technicians at the Department – thereby reducing the number of consultant contracts signed by DOT for I/T work. An increase of 15 new FTE positions is associated with this proposal. The Executive expects approximately $600,000 in annual savings to be realized from this recommendation.

- **Cost Savings from Continued Across-the-Board Agency Reductions:** The Executive continues his policy of requiring agencies to make across-the-board reductions in personal service and non-personal service spending. DOT anticipates achieving approximately $28.6 million in savings as a result of this policy. The Department would manage these savings reductions through a collection of actions including limitations on staffing levels, energy purchases, vehicles, supplies, equipment, and other actions.

**State Transit Operating Aid and Mass Transit Initiatives**

The Executive recommends overall appropriations totaling $4.3 billion in transit operating assistance to regional transit systems, including the Metropolitan Transportation Authority (MTA). This overall level of aid represents an increase of approximately $147.9 million from the SFY 2009-10 Adjusted Budget. This increase is primarily explained by an increase of $160.6 million in transit aid to the MTA, attributable to the anticipated receipt of fully annualized revenue from the new funding sources provided to the Authority by Chapter 25 of the Laws of 2009. The increase of $160.6 million is offset by an overall decrease of $12.6 million to all other systems. The table below outlines the overall amount of transit aid provided to each of the major regional transit systems in the SFY 2010-11 Executive Budget Proposal as well as the year-to-year change in assistance.

***State Transit Operating Assistance, SFY 2010-11 Executive Budget***

| Downstate Aid | DRP-Adjusted 2009-10 | Executive 2010-11 | Change | Percent |
|---|---|---|---|---|
| MTA | 3,766,143,937 | 3,926,790,000 | 160,646,063 | 4.3% |
| Rockland | 2,773,341 | 2,646,000 | (127,341) | -4.6% |
| Staten Island Ferry | 26,870,543 | 25,812,700 | (1,057,843) | -3.9% |
| Westchester | 45,222,721 | 43,325,400 | (1,897,321) | -4.2% |
| Nassau/MTA LI Bus | 54,472,574 | 52,401,500 | (2,071,074) | -3.8% |
| Suffolk | 21,300,957 | 20,382,300 | (918,657) | -4.3% |
| NYC DOT | 71,851,017 | 68,980,200 | (2,870,817) | -4.0% |
| Others Systems | 26,090,847 | 25,021,800 | (1,069,047) | -4.1% |
| Supplemental Aid | 4,312,000 | 4,312,000 | 0 | 0.0% |
| **Total Non-MTA** | **252,894,000** | **242,881,900** | **(10,012,100)** | **-4.0%** |
| **TOTAL DOWNSTATE** | **4,019,037,937** | **4,169,671,900** | **150,633,963** | **3.7%** |
| **Upstate Aid** | | | | |
| CDTA | 29,414,406 | 29,176,000 | (238,406) | -0.8% |
| CNYRTA | 26,872,776 | 26,633,000 | (239,776) | -0.9% |
| RGRTA | 30,812,845 | 30,543,000 | (269,845) | -0.9% |
| NFTA | 42,567,208 | 42,007,000 | (560,208) | -1.3% |
| Other Systems | 35,245,552 | 33,909,000 | (1,336,552) | -3.8% |
| Supplemental Aid | 1,960,000 | 1,960,000 | 0 | 0.0% |
| **TOTAL UPSTATE** | **166,872,787** | **164,228,000** | **(2,644,787)** | **-1.6%** |
| **Total All Transit** | **4,185,910,724** | **4,333,899,900** | **147,989,176** | **3.5%** |
| **Total Non-MTA** | **419,766,787** | **407,109,900** | **(12,656,887)** | **-3.0%** |

Included in the overall amount of transit operating assistance provided to the MTA, is a restoration of funding to the Reduced Fare for School Children Program. The SFY 2010-11 Executive Budget Proposal includes approximately $25.3 million to offset the costs of the MTA for this Program. The line appropriation for the Reduced Fare for School Children Program was significantly reduced under the SFY 2009-10 DRP – decreasing the appropriation from $25.3 million to only $6.3 million. The proposed SFY 2010-11 appropriation for this program would restore State-supported funding to levels originally proposed in SFY 2009-10 prior to enactment of the DRP. However, the $25.3 million appropriation still represents a decrease from the allocation of approximately $45 million traditionally provided to the program in prior years.

The SFY 2010-11 Executive Budget also includes an Article VII proposal that would require the Department of Environmental Conservation (DEC) to establish a waiver process that would allow transit systems to temporarily defer compliance with State-mandated diesel retrofit requirements. The proposal is estimated to achieve approximately $36 million in savings to regional transit systems and $1.4 million in savings to DOT.

The Executive also proposes to relax requirements previously made under Executive Order 142 which prescribed the use of more expensive biodiesel fuels for transportation purposes. By relaxing these requirements, combined savings of approximately $7.4 million are expected to be generated for transit systems and for DOT in SFY 2010-11. Once fully annualized, these savings are estimated to grow to $10 million for transit systems and $1.5 million for DOT.

**Transportation Capital Infrastructure**

The Executive Budget recommendation for SFY 2010-11 includes a proposal to establish a new two-year $7 billion DOT Capital Program. The size of the program associated with SFY 2010-11 is $3.5 billion. Highlights for capital spending under the new program in SFY 2010-11 are bulleted below:

- The recommended construction letting level under the new two-year program for SFY 2010-11 is $1.8 billion. In terms of appropriation authority, the Executive recommends a total of $501 million in Dedicated Highway and Bridge Trust Fund (DHBTF) spending for highway and bridge construction in SFY 2010-11. This represents an increase of $10 million over the SFY 2009-10 Adjusted Budget appropriation levels for highway and bridge construction supported by the State Dedicated Fund.

- The Executive recommends approximately $708 million in SFY 2010-11 for engineering, project inspection, program management and DOT administration.

- The SFY 2010-11 Executive Proposed Budget provides $363.1 million for the CHIPs and $39.7 million for the Marchiselli Program, maintaining SFY 2009-10 Adjusted Budget funding levels.

- Approximately $302 million is included for DOT preventive maintenance, equipment and facilities in SFY 2010-11.

- The Executive proposes $71 million for acquisition of right-of-way in SFY 2010-11.

- The Executive also proposes a total of $52 million for the first year of the new plan for passenger rail and freight projects. Of this amount, $15.3 million is provided to support Amtrak service from Albany to Montreal, as well as additional rail capital investments.

- The first year of the new two-year plan includes $50 million for the capital improvement of non-MTA transit systems.

- For SFY 2010-11, the new plan includes $16 million for investment in canal infrastructure.

- Finally, the Executive's new two-year plan proposal includes $14 million in SFY 2010-11 for aviation capital and matching funds for Federal aviation aid.

While the Executive outlines these provisions for the first year of the new two-year capital program, the SFY 2010-11 Budget Proposal includes no new appropriations for the State's Multi-Modal Program and Industrial Access Program (IAP). Both programs were components of the last DOT capital program which spanned the five-year period from 2005 through 2010. The two programs are currently funded through reappropriations. The SFY 2010-11 Executive Budget includes recommendations to reduce Multi-Modal reappropriations by $101 million and IAP appropriations by $32 million. For the Multi-Modal Program, this would reduce the funding allocations for the Executive, Senate and Assembly by 50 percent of the current remaining balance.

Over the past several years, the amount of revenue being deposited into the DHBTF has been out-matched by the level of obligated expenditures and debt service payments that had to be made from the Fund. To address this issue, General Fund transfers to the DHBTF were enacted in order to fill the "gap" in the Dedicated Fund since SFY 2008-09. For SFY 2010-11, the Executive recommends a transfer of approximately $695 million from the General Fund to the DHBTF. This represents an increase of approximately $335 million or 92 percent over the transfer that was recommended for SFY 2009-10.

**Article VII**

The Executive proposes Article VII legislation in support of the recommended SFY 2010-11 Budget that would:

- **Provide the Annual Authorization for CHIPS and the Marchiselli Program:** The Executive includes in the SFY 2010-11 Budget Proposal legislation that would provide the annual authorization for the CHIPS and Marchiselli programs.

- **Consolidate the Accident Damage Account with the DHBTF:** The Executive recommends legislation that would consolidate the DOT Accident Damage Account into the DHBTF. Both funds are used to finance highway and bridge maintenance activities. Consolidation of these two funding sources is estimated to achieve approximately $750,000 in annually recurring savings.

- **Establish a Waiver Process Allowing Transit Systems to Temporarily Defer Compliance with Diesel Retrofit Requirements:** The Executive includes Article VII legislation that would require the Department of Environmental Conservation (DEC) to issue waivers upon application by State agencies, public authorities, and their contractors that would defer the statutory retro-fitting requirement imposed under the Diesel Emissions Reduction Act (DERA) for vehicle engines that will be taken out of service within three years. The Executive estimates that this proposal would achieve approximately $36 million in savings to regional transit systems – $30 million of which would impact the MTA – and $1.4 million in savings to DOT.

- **Eliminate the Ability of an IDA to Grant an Exemption on the Additional Portion of the MRT:** The Executive proposes legislation that would eliminate the current ability of an industrial development authority (IDA) to grant an exemption from the additional portion of the mortgage recording tax (MRT) by extending its tax exempt status to projects financed by the IDA. Since a portion of the MRT is dedicated to regional transit systems, eliminating this exemption is anticipated to increase the amount of revenue available to fund transit by $20 million annually.

- **Extend the DOT Single Audit Program:** The SFY 2010-11 Executive Budget also includes Article VII legislation that would extend for one year the Department of Transportation's Single Audit Program. Cost savings of $300,000 are associated with this proposal.

## TRIBAL STATE COMPACT

| Agency | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| | | | | |
| Special Revenue-Other | 47,600,000 | 39,100,000 | (8,500,000) | -17.86% |
| **Total All Funds:** | **47,600,000** | **39,100,000** | (8,500,000) | -17.86% |

### Budget Proposal

As part of the compacts between the State and the Native American tribes authorizing casino gambling within the State, the State receives a portion of the revenues from those casinos. Under the State Finance Law, the municipalities within which the casinos are located are entitled to 25 percent of the revenues remitted to the State. The localities who receive these revenues are Buffalo, Niagara Falls, Salamanca, and Hogansburg.

The Executive recommends an All Funds appropriation of $39.1 million in SFY 2010-11 for the local government share of the casino revenues. The appropriation is a reduction of $8.5 million, or 17.9 percent, from SFY 2009-10. This reduction is a result of the projected decrease in gambling revenues which have been impacted by the economic slowdown.

## HUDSON RIVER VALLEY GREENWAY COMMUNITIES COUNCIL

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $458,000 | $339,000 | ($119,000) | -25.98% |
| **Total All Funds:** | **$458,000** | **$339,000** | **($119,000)** | **-25.98%** |

*The Hudson River Valley Greenway Communities Council (Greenway Council) was established to coordinate activities associated with the development and enhancement of local land use planning techniques and the creation of a voluntary regional planning compact for the Hudson River Valley with local and county governments to the Greenway Council is made available to Greenway Communities, in the form of planning grants, compact grants and technical assistance through the "Greenway Communities Program".*

### Overview of Executive Budget Proposal

The Executive Budget proposal recommends a General Fund appropriation totaling $339,000 in State Fiscal Year (SFY) 2010-11 for the Hudson River Valley Greenway Communities Council. This represents a reduction of $119,000, or 26 percent, from SFY 2009-10.

As part of the SFY 2010-11 Executive Budget Proposal, the Governor continues his policy of requiring agencies to make Across-The-Board reductions in State Operation spending, which accounts for a savings of $73,000. The Greenway Communities Council also absorbs the State Operation spending reduction target of $21,000 for the Greenway Heritage Conservancy for the Hudson River Valley, due to the appropriation for the Conservancy has already been brought to the lowest point possible of $184,000 in order for the Conservancy to maintain operations and a skeleton staff.

The Executive Budget recommends a local assistance reduction of $24,000. This would reduce the amount of grant funding available for planning and development projects in the Greenway.

In the SFY 2010-11 Executive Budget, the Governor recommends a policy of implementing workforce- related savings associated with re-negotiation of labor agreements with State employees. While most of these renegotiations have yet to occur, the Executive Budget proposal anticipates savings of $1,000, which is reflected in personal service appropriation reductions in the Hudson River Valley Greenway Communities Council.

# HUDSON RIVER VALLEY GREENWAY HERITAGE CONSERVANCY (HERITAGE CONSERVANCY)

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $184,000 | $184,000 | $0 | 0.00% |
| **Total All Funds:** | **$184,000** | **$184,000** | **$0** | **0.00%** |

*The purpose of the Hudson River Valley Greenway Heritage Conservancy (Heritage Conservancy) is to continue and advance the state's commitment to the preservation, enhancement and development of the world-renowned scenic, natural, historic, cultural and recreational resources of the Hudson River Valley while continuing to emphasize economic development activities and maintaining the tradition of municipal home rule.*

## Overview of Executive Budget Proposal

The Executive recommends a General Fund appropriation totaling $184,000, which maintains funding levels for the State Fiscal Year (SFY) 2010-11 and is used for the operational support of the conservancy.

## GREEN THUMB PROGRAM

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $2,831,000 | $2,782,000 | ($49,000) | -1.73% |
| **Total All Funds:** | **$2,831,000** | **$2,782,000** | **($49,000)** | **-1.73%** |

*The Green Thumb Program was developed to allow income-eligible senior citizens of New York State the opportunity to be considered for part-time employment in State agencies.*

### Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2010-2011 is $2.78 million on an All Funds basis, which is a decrease of $49,000 or 1.7 percent from SFY 2009-10.

This reduction is due to a decrease in the participation of the Department of Environmental Conservation.

## JUDICIARY

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $2,269,057,771 | $2,437,295,285 | $168,237,514 | 7.41% |
| Special Revenue-Other | $247,599,690 | $262,906,355 | $15,306,665 | 6.18% |
| Special Revenue-Federal | $9,100,000 | $9,100,000 | $0 | 0.00% |
| **Total All Funds:** | **$2,525,757,461** | **$2,709,301,640** | **$183,544,179** | **7.27%** |

*The Judiciary is one of the three branches of New York State Government. Article VI of the State Constitution establishes a Unified Court System (UCS), defines the organization and jurisdiction of the courts and provides for the administrative supervision of the courts by a Chief Administrator on behalf of the Chief Judge of the State of New York. Pursuant to the Unified Court Budget Act, the cost of operating the UCS, excluding town and village courts, is borne by the State. The Judiciary provides a forum for the resolution of civil claims and family disputes, criminal charges and charges of juvenile delinquency, disputes between citizens and their government, and challenges to government actions. It also supervises the administration of estates, considers adoption petitions, and presides over dissolution of marriages, and provides protection for children and the mentally ill. In addition, the Judiciary regulates the admission of lawyers to the New York State Bar and regulates their conduct.*

### Overview of the Executive Budget Proposal

The State Fiscal Year (SFY) 2010-11 Executive Budget recommends $2.7 billion in All Funds appropriations for the Judiciary, an increase of $183.5 million or seven percent over the current year. General Fund appropriations increases by $168.2 million or seven percent.

Significant changes include:

- Increase of $58.5 million for increments, salary increases, longevity bonuses and other mandated collective bargaining costs;
- Increase of $4.9 million to annualize the costs of current year line adjustments, including approved temporary service conversions and changes in certificated justice staffing;
- Increase of $10.0 million for implementation of caseload standards for attorneys assigned to represent indigent criminal defendants in New York City pursuant to Chapter 56 of the Laws of 2009 (caseload caps);

- Increase of $4.1 million in child legal representation costs, including full-year funding to fully implement attorneys for the child caseload caps established pursuant to Chapter 626 of the Laws of 2007 (Law Guardians);
- Increase of $4.9 million in non-personal service increases related to inflation; real estate rental costs for additional court support office space; contractual increases for non-discretionary obligations such as security, telecommunications charges, information technology services and computer assisted legal research; and workload-based increases for transcripts, judicial hearing officers and per diem interpreting services;

- Increase of $92.1 million attributable to increased employee fringe benefit costs, including projected health insurance premium increases;

- Increase of $6.3 million for the Judicial Supplemental Support Fund payments to judges;

- Decrease of $2.0 million in miscellaneous personal service reductions;

- Decrease of $2.8 million in baseline overtime savings resulting from administrative controls;

- Decrease of $3.6 million in temporary service reductions attributable to approved temporary service conversions; and

- Decrease of $4.6 million in non-personal service savings attributable to a variety of cost savings measures including, but not limited to, reductions in travel and elimination of discretionary contractual obligations and services.

**Judicial Salary Increases**

The SFY 2010-11 Judiciary budget proposal includes $48 million for a one year salary increase using funds from a reappropriation. In addition, the budget proposal includes language authorizing salary increases retroactive to April 1, 2005.

**Interest on Lawyer Account**

The Judiciary budget proposal includes a $15 million supplemental appropriation for Civil Legal Services that will be used to address the shortfall in the Interest on Lawyer Account (IOLA). There has been a decline in funding available for indigent civil legal services in part due to a decline in interest rates, as well as a decrease in funds lawyers have deposited in escrow accounts. The 2010-11 anticipated shortfall for IOLA is $15 million. The supplemental appropriation included in the Judiciary budget would be transferred to the IOLA board to support civil legal services.

**Article VII**

The SFY 2010-2011 Executive Budget proposes Article VII legislation that would:

- Increase certain court fees to compensate for recent declines in interest earnings on escrow accounts which are used to fund civil legal services. In addition, funds would be used to reform the indigent defense system through additional funding to the Indigent Legal Services Fund (ISLF). The fee increases are as follows:

    - the State's portion of the Index Number Fee for filing in Supreme Court would be increased by $50 from $165 to $215;
    - Motion and Cross Motion fees in Supreme and Appellate courts would be increased by $75 from $45 to $120; and
    - First Paper Fee in City, District, and New York City Civil Court would be increased by $15, from $45 to $60.

  This proposal would generate additional revenue of $41 million, increasing to $54 million when fully implemented. $15 million would be used to fund the Civil Legal Services request in the Judiciary's budget request; $10 million would be used for reforming indigent defense services and $16 million would be generated for the Court Facilities Incentive Aid Program (CFIA). The fee increase would avoid a $46 million transfer to CFIA from the General Fund in 2011.

- Provide additional flexibility for towns and villages to consolidate justice courts and their facilities; providing fiscal relief to local governments by allowing municipalities to share court facilities upon the election of a single town justice in two or more adjacent towns.

- Require the Judiciary to provide a public accounting of the expected impact on local governments of any new or expanded program mandated by its rules and regulations.

## LEGISLATURE

| Funding Source | Adjusted Appropriation 2009-2010 | Executive Recommendation 2010-2011 | Change | Percent Change |
|---|---|---|---|---|
| General Fund | $219,767,845 | $220,045,254 | $277,409 | 0.13% |
| **Total All Funds:** | **$219,767,845** | **$220,045,254** | **$277,409** | **0.13%** |