Senate Finance Minority

Staff Analysis of the 2011-12 Executive Budget

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February 7, 2011

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February 7, 2011

Dear Colleagues:

On Tuesday, February 1, Governor Andrew Cuomo proposed his Executive Budget for State Fiscal Year 2011-2012. The context into which this budget proposal fits is similar to that of the past two years. We are still dealing with the aftermath of the most serious economic crisis since the Great Depression, and State revenues continue to trail the rate of spending increases built into the budget. The result is a projected $10 billion deficit.

As the Governor’s proposal attempts to address this reality, it relies almost exclusively on spending cuts to close this deficit. In so doing, it places virtually the entire burden of balancing the budget on the backs of the State workforce and those who rely on State government to provide them with vital services.

There is no doubt that this budget will entail significant pain for New Yorkers. As such, the Legislature has an obligation to the public to review the Governor’s proposal and finally enact a budget which shares that pain fairly across the many segments of our population.

The data prepared by Finance Committee staff and provided in this document will provide greater insight into specific proposals within the Executive Budget which must be discussed in depth and modified when necessary. This process will ensure an equitable budget which creates jobs, controls spending and, ultimately, continues to address the day-to-day needs of New Yorkers and protect the most vulnerable residents of our State.

Sincerely,

Senator Carl Kruger
Ranking Minority Member,
Senate Finance Committee

STAFF ANALYSIS OF THE
SFY 2011-12 EXECUTIVE BUDGET

As prepared by the Senate Finance Committee Staff

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Schedule Of Joint Legislative Public Hearings On

2011-12 Executive Budget Proposal

Date	**Location**	**Time**	**Topic**
February 7th	Hearing Room B	10:00 AM	Local Government
February 8th	Hearing Room B	9:30 AM	Environmental Conservation
February 9th	Hearing Room B	9:30 AM	Public Protection
February 10th	Hearing Room B	9:30 AM	Higher Education
February 14th	Hearing Room B	9:30 AM	Economic Development
February 14th	Hearing Room B	1:00 PM	Taxes
February 15th	Hearing Room B	10:00 AM	Elementary & Secondary Education
February 16th	Hearing Room B	9:30 AM	Human Services
February 16th	Hearing Room B	1:00 PM	Housing
February 28th	Hearing Room B	9:30 AM	Transportation
March 1st	Hearing Room B	10:00 AM	Health/Medicaid
March 2nd	Hearing Room B	9:30 AM	Workforce Issues
March 2nd	Hearing Room B	12:00 PM	Mental Hygiene

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FINANCIAL PLAN OVERVIEW

STATE RECEIPTS (billions of dollars)				
			Annual Change	
	SFY 2010-11	SFY 2011-12	Amount	Percent
General Fund	$54.213	$57.002	$2.789	5.1%
State Funds	$84.441	$88.610	$4.169	4.9%
All Funds	$134.596	$132.871	($1.725)	(1.3%)

- Total All Funds receipts are projected to reach $132.9 billion, a decrease of $1.7 billion, or 1.3% from SFY 2010-11 estimates reflecting the loss of federal grants. All Funds tax receipts (excluding federal grants and miscellaneous receipts) are projected to grow by nearly $4.0 billion or 6.6%. This increase is attributable to the full year impact of the economic recovery legislation enacted in 2010, and positive revenue actions proposed for SFY 2011-12. All Funds miscellaneous receipts are projected to increase by $80 million, or 0.3%. All Funds Federal grants are projected to decrease by $5.8 billion, or 11.6%.

- Total State Funds receipts are projected to be nearly $88.6 billion, an increase of $4.2 billion, or 4.9% from the SFY 2010-11 estimate.

- Total General Fund receipts are projected to be $57 billion, an increase of $2.8 billion, or 5.1% from SFY 2010-11 estimates. General Fund tax receipts are projected to grow by 7.3%, while General Fund miscellaneous receipts are projected to grow by 0.2%.

- After controlling for the impact of policy changes, base tax revenue growth is projected to increase by 7.5% for SFY 2011-12. The projected rebound in economic activity would increase base growth in tax receipts over the current year's base growth.

DISBURSEMENTS

DISBURSEMENTS (billions of dollars)				
			Annual Change	
	SFY 2010-11	SFY 2011-10	Amount	Percentage
All Funds	$136.531	$132.863	($3.668)	(2.7%)
State Funds*	$91.573	$93.195	$1.622	1.8%
State Operating Funds	$87.204	$88.103	$.899	1.0%
General Fund**	$55.157	$56.753	$1.596	2.9%

* Includes Capital Funds
**Includes transfers

Except for the General Fund, all growth rates in the proposed budget are below the level of inflation.

The annual spending growth in State Operating Funds is affected by the rapid annual increase in debt service and fringe benefits, which are difficult to control in the short-term. These expenditures are projected to increase by $1.0 billion in SFY 2011-12. Debt service on state supported debt is project to increase by $534 million (9.6%) in SFY 2011-12. Spending for fringe benefits and fixed costs is projected to increase by $474 million, an increase of 7.8%.

The major reduction in All Funds spending largely reflect the loss of Federal American Recovery and Reinvestment Act (ARRA) support. Direct Federal ARRA support to the State's Financial Plan is projected to total only $712 million in SFY 2011-12 down from $5.908 billion in the current year.

In his Executive budget, the Governor proposes significant current services reductions to education and health. However, even after factoring in substantial education and Medicaid reductions, aggregate absolute SFY 2011-12 State Funds spending is still increasing primarily because of year-to-year increases in Medicaid (21.9%), fringe benefits/fixed costs (7.8%), and debt service costs (10.0%).

GENERAL FUND FINANCIAL PLAN GAPS

As shown in the following table, the projected General Fund budget gaps, absent any changes, would total approximately $64.6 billion over the next four years. The proposed Executive Budget would eliminate the projected $10.0 billion budget gap in SFY 2011-12 and reduce the projected out-year budget gaps by an additional $45 billion. Over the four year period, the budget gaps would be reduced by a total of approximately $55.0 billion, or 85%.

GENERAL FUND FINANCIAL PLAN GAPS (billions of dollars)			
	Before Budget Actions	**After Budget Actions**	**Percentage Decrease**
SFY 2011-12	$10.003	$0	100%
SFY 2012-13	$15.280	$2.301	85%
SFY 2013-14	$17.883	$2.496	86%
SFY 2014-15	$21.415	$4.399	80%
Four Year Total	$64.581	$9.196	86%

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

GAP CLOSING PLAN

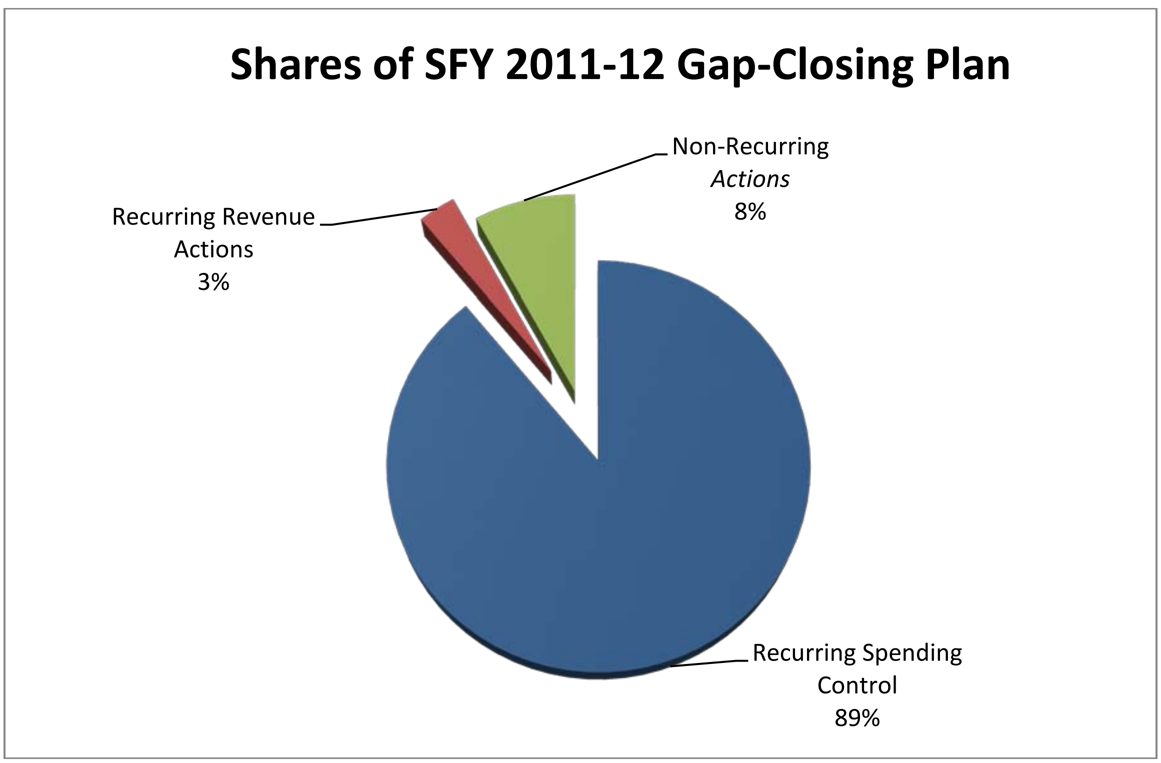
The Executive Budget closes an estimated General Fund gap of $10 billion . The table below summarizes the budget gaps estimated prior to any actions proposed in the SFY 11-12 budget and the gaps remaining after those actions.

All of these gap estimates assume the loss of almost all Federal Stimulus funds (FMAP, Fiscal Stabilization) and that the Personal Income Tax Surcharge imposed in the SFY 2009-10 budget expires as currently scheduled (December 31, 2011).

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

GAP CLOSING PLAN (billions of dollars)		
	Amount	**Percentage**
Recurring Spending Actions	$8.858	89%
Recurring Revenue Actions	$0.340	3%
Non-Recurring Actions	$0.805	8%
Total	**$10.003**	**100%**

Fully 92% of actions taken to close the gap in the SFY 2011-12 Executive Budget proposal are recurring. Only 8% of actions would be classified as "one shots".



General Fund Gap-Closing Plan for 2011-12 (millions of dollars)	
	2011-12
Current-Services Gap Estimates (Before Actions)	**($10,003)**
Total Executive Budget Gap-Closing Actions	**$10,003**
Spending Reductions/Offsets	**$8,858**
Local Assistance	***$7,484***
Medicaid*	$2,850
Public Health/Aging	$81
School Aid	$2,851
Lottery Aid	$155
School Tax Relief	$125
Education/Special Education	$155
Higher Education	$69
Human Services/Labor/Housing	$385
Local Government Aid	$334
Mental Hygiene	$307
Member Item Fund Deposit Repeal	$85
All Other	$87
State Agency Redesign	***$1,374***
Revenue Enhancements	**$340**
Tax Modernization/Voluntary Compliance	$200
Abandoned Property	$100
All Other	$40
Non-Recurring Resources	**$805**
MTA Transaction	$200
NYPA/Other Authorities	$150
Debt Management/Capital Financing	$200
School Aid Claims Limited to Nov. 2010 Database	$100
Recoveries	$75
All Other	$80
Executive Budget Surplus/(Gap) Estimate	**$0**

*Includes target value of savings from Medicaid Redesign Team that is scheduled to report its recommendations by no later than March 1, 2011.

NON-RECURRING RESOURCES SAVINGS/(COSTS) (millions of dollars)	
	SFY 2011-12
Non-Recurring Resources	**$805**
MTA Transaction	$200
NYPA/Other Autorities	$150
Debt Management/Capital Financing	$200
School Aid Claims Limited to Nov. 2010 Database	$100
Recoveries	$75
All Other	$80

The Executive Budget relies on $805 million in non-recurring resources in 2011-12. Non-recurring resources include using funds in the Metropolitan Mass Transportation Operating Assistance (MMTOA); maintaining a consistent annual level of discretionary pay-as-you-go capital spending, rather than increasing it as planned; negotiating funding agreements with the State's public authorities, including $100 million from the New York Power Authority (NYPA); limiting the State's liability for School Aid claims; and a number of routine transactions.

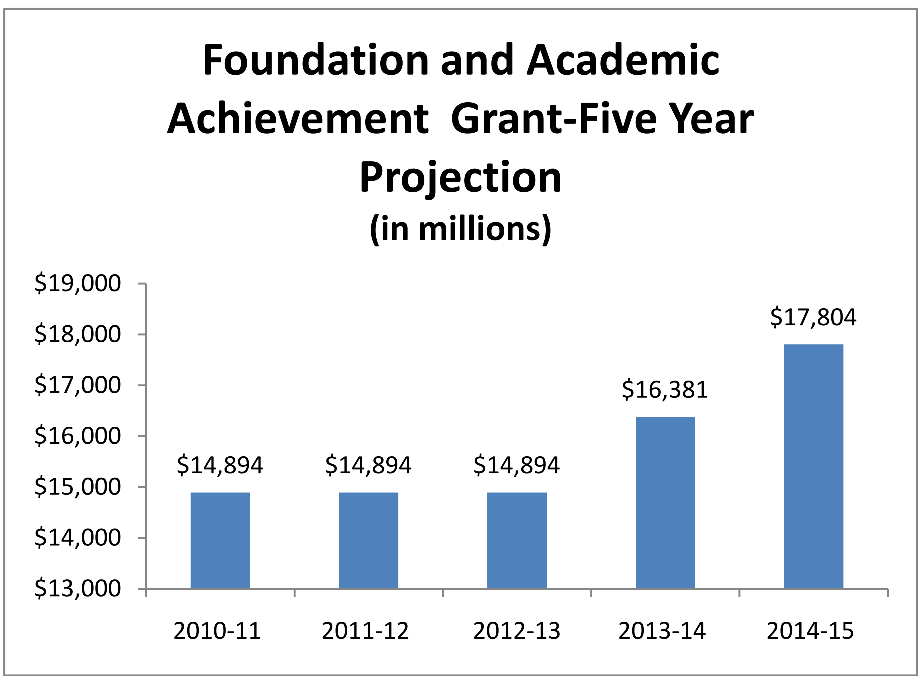
EDUCATION

The 2011-12 Executive Budget recommends a reduction $1.5 billion, or 7.3%, from $20.9 billion to $19.4 billion.

Gap Elimination Adjustment:

The State Fiscal Year (SFY) 2011-2012 Executive Budget proposal reduces State Aid by $2.79 billion.This reduction is based on a Gap Elimination Adjustment (GEA) formula that recognizes school district wealth, student needs, administrative efficiency and residential property tax burden. The GEA, including Administrative Efficiency Aid, will total (2,785.79 million). The GEA excludes Building Aid and Prekindergarten Aid.

The minimum GEA reduction is 11% while the maximum reduction is 23%. However, a high need school district will not be reduced more than 6.9% of estimated Total General Fund Expense (TGFE), and in some cases may be limited to 4.7% based on administrative purposes and student need.



Foundation Aid: The Executive Budget maintains Foundation Aid for the 2011-12 school year at $14.9 million, the amount available for the 2011-12 school year. 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 throughout SFY 2009-2010 and SFY 2010-2011. The Executive recommends a continuation of the Foundation Aid freeze 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.

Building Aid and Building Reorganization Aid: Building Aid allows school districts to receive aid for approved building projects. The Executive proposes a 6.88% increase in Building Aid and Reorganization Aid to $2.66 billion from the prior year's $2.48 billion. In the Article VII proposal, the Executive looks to revise the Building Aid funding structure by creating a competitive application process. Successful projects would reflect the need for the project, the age of the building to be renovated or replaced, and district fiscal capacity.

Transportation Aid: The Executive recommends a $71 million increase in transportation aid to $1.65 billion with the requirement that by 2012-13, school districts must demonstrate participation in a cost-effective shared services program or use State Education Department defined best practices. Beginning in the 2013-14 school year, noncompliance would result in a reduction in transportation reimbursements by district.

Boards of Cooperative Educational Services (BOCES): BOCES services are created when two or more school districts recognize they have similar needs that can be met by a shared program. BOCES helps school districts save money by providing opportunities to pool resources and share costs. BOCES services are often customized offering districts the flexibility to meet their individual needs. The Governor's Budget fully funds the $33 million increase in present law for BOCES Aid. This is an increase of 4.7% from SY 2009-2010. The Executive Budget increases funding to BOCES by $18 million for a total of $720 million. Additionally, beginning in 2012-13, BOCES Aid would be distributed based on the same State aid ratio as Foundation Aid and certain non-instructional services potentially provided by BOCES will no longer be aidable.

Excess Cost Aids: Private Excess Cost Aid provides reimbursement for public school children with more severe disabilities who are placed in private school settings or in the State-operated schools in Rome and Batavia. The Executive recommendation for SY 2010-2011 provides present law funding in the amount of $342.73 million, an increase of $12.28 million or 3.72% over prior school year funding levels.

Public Excess Cost-High Cost is reimbursement for the additional costs associated with providing resource-intensive special education program for students with disabilities. The Executive Budget proposal includes present law funding in the amount of $482.62 million, an increase of $28.48 million or 6.27% over than school year 2009-2010.

Supplemental Excess Cost Aid is funded at $4.3 million, consistent with both SFY 2010-2011 and 2009-2010 levels.

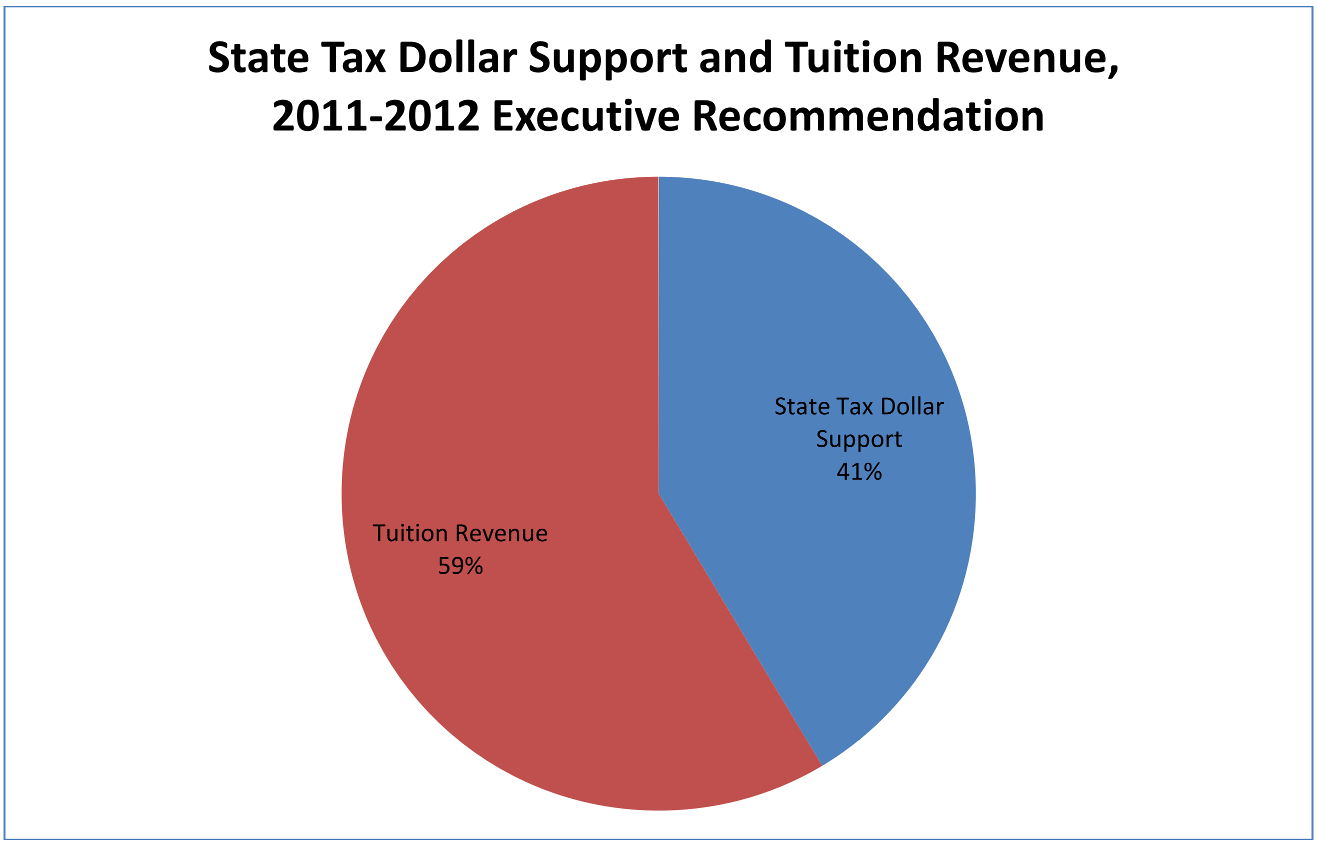
Universal Pre-K: The New York State Universal Prekindergarten (UPK) program was established under Chapter 436 of the Laws of 1997. During the 2004-05 school year, 192 districts (224 eligible) served approximately 57,000 students. In School Year 2009-2010, this number has increased considerably from 192 to 450 school districts and the number of 4-year old has increased from 57,000 to almost 107,700. Similarly to Foundation Aid, the Executive recommends funding for Universal Pre-kindergarten be maintained at the 2010-11 level of $393 million. The planned full programmatic phase-in would be extended from the 2013-14 school year to the 2016-17 school year. Full-Day Kindergarten Conversion Aid statutory provisions are continued in the Executive proposal.

Summer School Special Education: The Executive recommends changing State reimbursement for summer school special education costs from a flat rate of 70% for all districts to the Foundation Aid State Sharing Ratio for each district starting in SY 2011-12. The priority of payment will be for claims for services provided during the 2011-12 school year, with a State reimbursement limit at $100 million during the upcoming fiscal year.

HIGHER EDUCATION

The SFY 2011-12 Executive Budget recommends an All Funds appropriation of $14.02 billion for New York State public and private higher education programs, an increase of $732.9 million or 5.5% from the current appropriation level of $13.29 billion. The All Funds spending of $14.02 billion in 2011-12 is comprised of $9.35 billion for State University of New York (SUNY), $3.59 billion for City University of New York (CUNY) and $1.1 billion for Higher Education Services Corporation (HESC).

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. These provisions were also included as part of the New York State Public Higher Education Empowerment and Innovation Act (PHEEIA) proposed by Governor Paterson. However, PHEEIA was rejected by the Legislature.



COMMUNITY COLLEGES' BASE OPERATING AID

The Executive recommendation reduces base aid for CUNY and SUNY community colleges by $226 per Full-Time Equivalent (FTE) student, from $2,260 to $2.034. These will result in a reduction of $33.1 million for SUNY and $13.1 million for CUNY. *(Please see SUNY and CUNY in agency detail section for other community college programs).*

HIGHER EDUCATION CAPITAL PLANS

In SFY 2008-09, the Legislature enacted multibillion dollar five-year capital plans for strategic initiatives and critical maintenance; a $4.1 billion plan at SUNY and a $1.8 billion plan at CUNY.
The SFY 2011-12 Executive Budget provides for the fourth of five $550 million appropriations to continue addressing the accumulated backlog of critical maintenance projects throughout the SUNY system. The Executive proposal also includes $31.5 million in capital appropriations to support projects at SUNY community colleges, an increase of approximately $9.1 million from SFY 2010-11. The SFY 2011-12 Executive Budget recommends $284 million in 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, as well as $21 million for project administration. The Executive recommends a total of $336.5 million in capital funds, an increase of $17.7 million from SFY 2010-11.

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. The Executive recommendations continue funding for the New York Higher Education Loan Program (NYHELPs), and the Tuition Assistance Program (TAP).

Changes to the Tuition Assistance Program (TAP)

The Executive continues a series of changes to the Tuition Assistance Program (TAP) enacted in last year's enacted budget including:

- $4.42 million in savings associated with the full annualization of a proposal included as part of the 2010-2011 enacted budget which 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.

- $2.0 million in savings associated with the full annualization of a proposal included as part of the 2010-2011 enacted budget which eliminated TAP awards for graduate study.

- $3.62 million in savings associated with the full annualization of a proposal included as part of the 2010-2011 enacted budget which establish default parity such that students in default on federal and other educational loans would no longer be eligible for TAP.

- $11.17 million in savings associated with the full annualization of a proposal included as part of the 2010-2011 enacted budget which reduce the 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.

- $5.43 million in savings associated with the full annualization of a proposal included as part of the 2010-2011 enacted budget which created new TAP Award Schedules for Financially Independent Students.

- $4.2 million in savings associated with the full annualization of a proposal included as part of the 2010-2011 enacted budget which eliminated 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.

These changes would result in a savings of $30.8 million in SFY 2011-12.

FINANCIAL AID AND OPPORTUNITY PROGRAMS

The Executive Budget maintains funding for most higher education scholarship and grant programs for the SFY 2011-12 (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 $3.9 million or 10%, from $39.03 million to $35.13 million.

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

- Extends the McGee Nursing Faculty and Nursing Loan Forgiveness Programs;
- Extends the Regents Physician Loan Forgiveness Program; and
- Extends the Regents Licensed Social Worker Loan Forgiveness Program.

SUMMARY OF PROPOSED SPENDING IN HIGHER EDUCATION - SFY 2010-11 EXECUTIVE BUDGET $				
PROGRAMS	***10-11 ADJUSTED***	***11-12 PROPOSED***	***CHANGE***	***% CHANGE***
Direct Institutional (BUNDY AID)	$39,032,000	$35,129,000	($3,903,000)	(10.00%)
Tuition Assistance Program (TAP)	$825,048,000	$893,369,000	$68,321,000	8.28%
Aid For Part-time Study (APTS)	$14,357,000	$14,357,000	0	0.00%
Higher Education Opportunity Programs (HEOP)	$20,783,000	$20,783,000	0	0.00%
Independent Colleges Nursing Programs	$941,000	$0	(%941,000)	(100.00%)
Educational Opportunity Program (EOP)	$19,180,000	$19,520,800	$340,800	1.78%
Educational Opportunity Centers (EOC)	$49,847,200	$48,687,200	($1,160,000)	(2.33%)
Search for Education, Elevation and Knowledge (SEEK)	$17,191,300	$17,378,000	$186,700	1.09%
College Discovery (CD)	$828,390	$828,390	0	0.00%
STEP	$9,774,000	$9,774,000	0	0.00%
C-STEP	$7,406,000	$7,406,000	0	0.00%
Liberty Partnerships	$10,842,000	$10,842,000	0	0.00%
Native American Postsecondary Aid	$598,000	$0	($598,000)	(100.00%)
Vietnam/Persian Gulf/Afghan Veterans Tuition Award	$12,113,000	$10,700,000	($1,413,000)	(11.67%)
American Airlines Flight 587 Scholarship Program	$454,000	$500,000	$46,000	10.13%
World Trade Center Memorial Scholarship Program	$9,000,000	$12,900,000	$3,900,000	43.33%
American Airlines Flight 3407 Scholarship Program	$191,000	$191,000	0	0.00%
Volunteer Recruitment Service Scholarship Program	$1,365,000	$1,365,000	0	0.00%
Teacher Opportunity Corps	$671,000	$0	($671,000)	(100.00%)
Senator McGee Nursing Faculty Scholarship/Loan Forgiveness Program	$3,933,000	$3,933,000	0	0.00%
Math, Science and Engineering Teaching Incentive Program	$2,150,000	$2,150,000	0	0.00%
Social Worker Loan Forgiveness Program	$978,000	$978,000	0	0.00%
Subtotal HESC, SED and Other Higher Education Opportunity Programs	**$1,046,682,890**	**$1,110,791,390**	**$64,108,500**	6.12%
Operating Budget				
SUNY				
SUNY State-operated Campuses	$2,344,848,000	$2,297,110,000	($47,738,000)	0.19%
SUNY Tuition/Fees Revenues	$1,281,740,000	$1,281,784,000	$44,000	(100%)
SUNY Empire Innovation	$10,281,000	$9,856,900	($424,100)	0%
SUNY Community College Base Aid	$451,691,751	$437,760,386	($13,931,365)	(3.04%)
SUNY Community College Contract Courses	$1,880,000	$1,880,000	0	0%
SUNY Rental Aid	$11,173,000	$11,173,000	0	42%
SUNY Capital Plan	$572,426,000	$1,002,571,000	$430,145,000	(3.92%)
Subtotal SUNY	**$4,674,039,751**	**$5,042,135,286**	**$368,095,535**	(3.92%)
CUNY				
CUNY Senior Colleges	$1,358,080,000	$1,047,498,000	($310,582,000)	1.70%
CUNY Tuition/Fees Revenues	$761,117,000	$801,117,000	$40,000,000	5.26%
CUNY Community College Base Aid	$185,955,512	$172,497,765	($13,457,747)	1.29%
CUNY Community College Workforce Development	$1,880,000	$1,880,000	0	0%
CUNY Capital Plan	$318,785,000	$336,461,000	$17,676,000	12.16%
CUNY Rental Aid	$8,132,120	$8,214,000	$81,880	28.90%
Subtotal CUNY	**$2,633,949,632**	**$2,367,667,765**	**($266,281,867)**	(55.95%)
Total	**$8,354,672,273**	**$8,520,594,441**	**$165,922,168**	**1.99%**

MEDICAID REDESIGN TEAM

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

The redesign team includes 27 members comprising of industry representative, stakeholders and experts from across the State, including Senator(s) Duane and Hannon, Assemblymember(s) Gottfried and Giglio. Other members include: Hospital Association of New York State, Greater New York Hospital Association, SEIU 1199, Continuing Care Leadership Coalition, Community Health Care Association of New York, Medicaid Matters, and New York State Association of Counties.

The Medicaid Redesign Team will perform its task in two phases. The first phase, to be completed by **March 1, 2011,** will require the team to identify $2.85 billion in reductions to the Medicaid program, which would be included as part of the SFY 2011-12 Enacted Budget. It should be noted that the SFY 2011-12 Executive Budget includes language that would incorporate the recommendations of the team into the SFY 2011-12 Enacted Budget. In addition, if the team should fail to achieve any or all of the $2.85 billion in reductions, the Commissioner of Health, the Director of Budget, the Medicaid Director, and other Agency Commissioners would be required to achieve the $2.85 billion in reduction, through any measures deemed appropriate.

The second of the team's task is to develop a comprehensive long term plan for reforming the entire Medicaid program with programs and initiatives that make it cost effective, efficient, and coordinated program offering quality services. Recommendations of the Comprehensive Plan for Medicaid shall be submitted to the Executive by the end of **November 2011.**

The Medicaid Resign Team would be required to submit quarterly reports to the Executive, with a final report due on **March 31, 2012.** Upon submission of the final report the team will terminate its work and be relieved of all duties and responsibilities.

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 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 2011-12 Executive Budget projects a public assistance caseload of 531,723 a 1.38% decrease from the SFY 2010-11 estimate of 539,170. This reduction in caseload represents the first decrease in caseload since September 2008, when there were approximately 13,000 additional recipients. The Executive also proposes utilizing $10 million from the $960 million Flexible Fund for Family Services (FFFS) to encourage shared services arrangements and consolidation of local social services district operations.

The SFY 2011-12 Executive Budget allocates $2.7 billion from the TANF block grant, which is $190 million less than SFY 2010-11 enacted levels. Of the $2.7 billion allocated for TANF, $1.36 billion is allocated for the base TANF program, including benefit payments, which is $120 million less than SFY 2010-11 levels. The remaining $1.35 billion surplus funds under the SFY 2011-12 Executive Budget is available for specific program allocation. This surplus allocation is $70 million less than SFY 2010-11 enacted levels.

It should be noted that the SFY 2011-12 Executive Budget proposes to allocate the surplus portion of the TANF Block Grant as follows: Flexible fund for Family Services (FFFS): $960 million and child care subsidies: $392.97 million. This allocation is significantly different from the SFY 10-11 enacted surplus allocation which included funding for various community service programs. The following chart details the Executive's proposed spending for the available TANF funding:

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

Program	2010-11 Enacted	2011-12 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

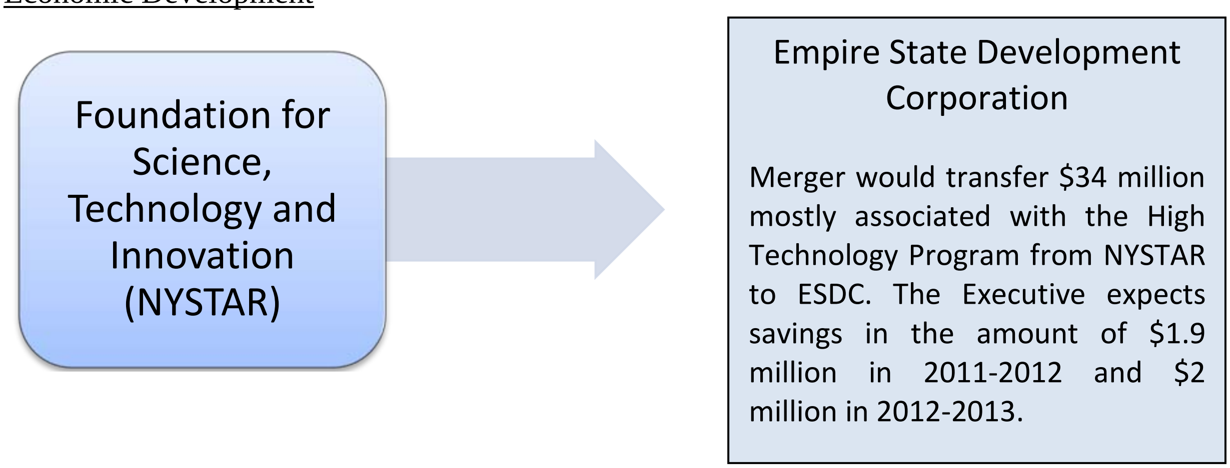
Spending Government and Efficiency Commission and the Executive Reorganization Act of 2011

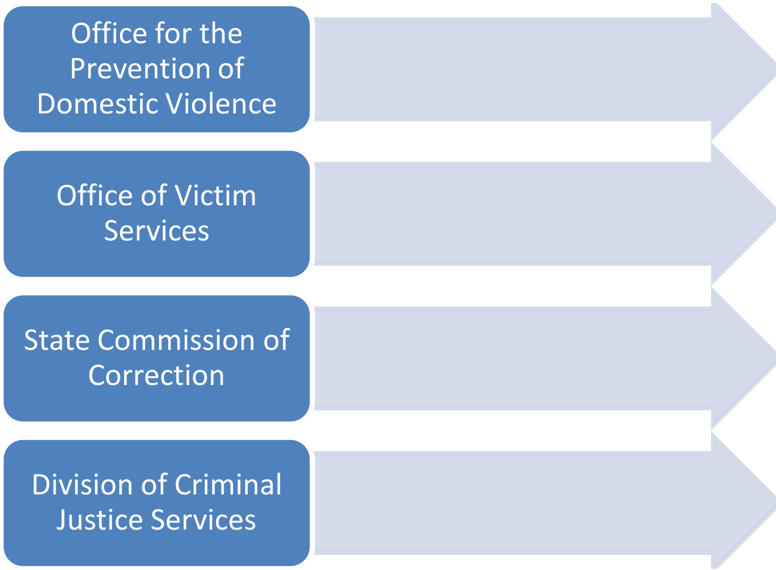
Executive Order No. 4 (2011) established the Spending and Government Efficiency (SAGE) Commission. The SAGE Commission is charged with the responsibility to review and assess New York State Government structures, operations and processes for governing. Its primary goal is to reduce the size of government, find efficiencies, and look for ways to improve the delivery of services to New York State residents.

The SAGE Commission must report its findings on or before May 1, 2011 or at later date determined by the Governor. The final report of the SAGE Commission should be submitted to the Governor on or before June 1, 2012 or at another later date determined by the Governor. The SAGE Commission report should consist of recommendations to eliminate, consolidate or streamline State agencies, authorities and other bodies considered by the Commission to be duplicative and unnecessary. The report should indentify operational improvements and cost effective measures like Information Technology improvements and others. Most importantly, the Executive is hopeful that the final report will be conducive to a reduction of at least 20% of the number of existing agencies. However, the 20% reduction minimum is not part of the language included in the Governor's Article VII legislation.

The Executive Reorganization Act of 2011 would give the Governor authority to examine the organization of State agencies and make changes accordingly to effectuate consolidations, mergers; reduce the number of State agencies; eliminate overlap and duplication of effort; promote more effective management and to increase efficiency. Upon the receipt of the Governor's reorganization plan, the Legislature would have 30 days to approved the reorganization plan through a concurrent resolution approved by a majority vote in each house of the Legislature. The Senate and Assembly must consider in whole the Governor's reorganization plan.

Economic Development





The Division of Criminal Justice Services would have a workforce of 787 full-time equivalent (FTEs), a net increase of 130 from SFY 2010-2011.

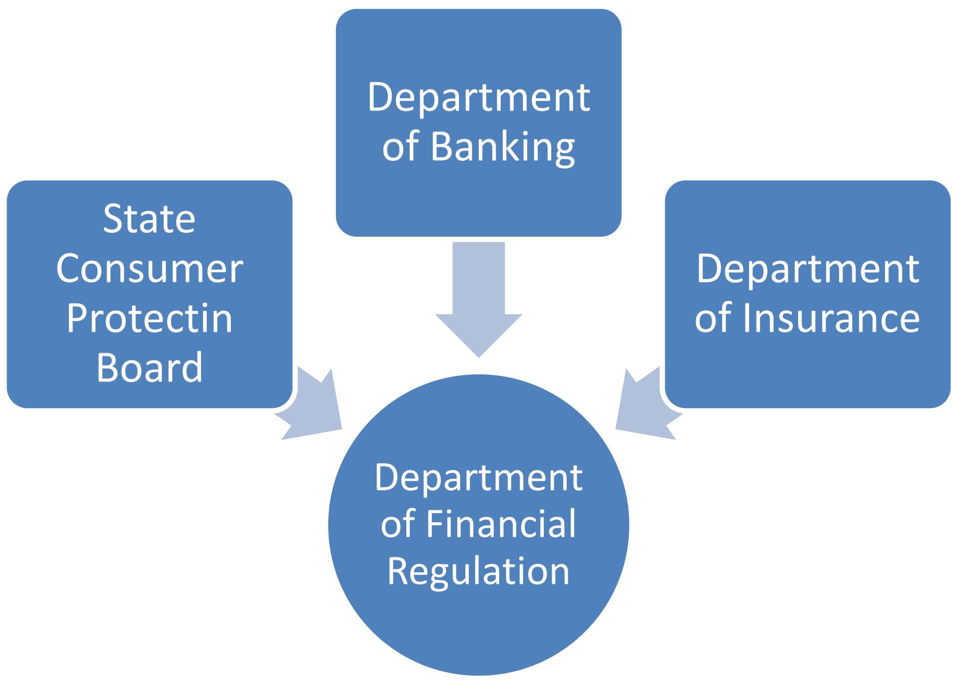
The Executive expects that this merger will result in $477,000 in savings in 2011-2012 and in 2012-2013.

- The Executive Budget recommends the consolidation of the Office for the Prevention of Domestic Violence (OPDV), the Office of Victim Services (OVS), and the State Commission of Correction (SCOC) into the Division of Criminal Justice Services. Under the proposal OPDV, OVS and SCOC would be established as specialized offices and would maintain their missions within the Division. DCJS currently provides administrative support to these agencies. The Executive believes the merger would provide a more efficient and cost-effective environment for the delivery of programs and allow for the maximization of funding sources. The Executive estimates this merger would save an estimated $477,000 in State Fiscal Year 2011-12. The projected staffing level for the merged agency is 787 Full Time Equivalents (FTEs).

- Executive recommends merging the Department of Correctional Services (DOCS) and the Division of Parole into a new agency, the Department of Corrections and Community Supervision (DCCS). The agency will have a new mission – to provide offenders support throughout the period of incarceration and reintegration into the community, thereby increasing their ability to successfully return to the community. It is anticipated that the merger will result in a savings of $6 million in State Fiscal Year 2011-12. Under the Executive proposal the Parole Board would continue to function as an independent entity but would be housed within and receive administrative support from the newly created agency. The Department of Corrections and Community Supervision would have 31,176 Full-Time Equivalent (FTEs).

DEPARTMENT OF FINANCIAL REGULATION

The consolidation bill has 113 Sections of amendments/repeals in order to effect the consolidation of Banking, Insurance and the Consumer Protection. most provisions of the bill will take effect on April 1, 2011**.** However, provisions addressing assessments in Sections 15 and 16 will not become effective until April 1, 2012; employees withholding, not in compliance with Section 501 of the Financial Regulation and Protection Law will have until April 1, 2012 to be in compliance; and sections 30-33 transferring the Consumer Protection Board's authority for product safety literature to the Department of Health, will take effect immediately.



PRISON CLOSURES TASK FORCE

Prison Closure Task Force

The Executive proposes to create a task force by Executive Order task force to recommend specific prisons to close as part of the Executive's attempt to realign the prison system's capacity in the wake of the reduction of approximately 3500 beds. If the task force does not identify facilities for closure, the Commissioner of Correctional Services would be empowered to implement closures. The task force will have 30 days to make its recommendation. Impacted communities would receive assistance from the proposed Regional Economic Development Councils, with up to $100 million available to affected communities. The Executive Budget recommends eliminating the one-year prison closure notification so prisons may close within State Fiscal Year 2011-12. Anticipated prison closures are expected to generated approximately $72 million in savings in the fiscal year.

ECONOMIC DEVELOPMENT

Regional Economic Development Councils

The Executive proposes the formation of ten Regional Councils, chaired by the Lieutenant Governor, for the purpose of promoting partnership with the private sector, fostering effective communication between the State and the regions, and recognizing the critical role that colleges and universities play in creating jobs and attracting business. These councils will be comprised of local businesses, communities; academic and labor organizations; State governments, and other key regional stakeholders who will work together to develop an economic development plan that capitalizes on each region's economic advantages.

Excelsior Jobs Program Enhancements

The Executive proposes a number of reforms to the Excelsior Tax Credit Program.These reforms are intended to improve the effectiveness of the Program to encourage businesses to create new jobs and investments within the State. These include an extension of the currenttax benefit period from five to ten years and a number of tax credit enrichments. There is no impact on the Financial Plan through SFY 2016-17. Extension of the benefit period from five to ten years will only impact the Financial Plan beginning in SFY 2017-18. Under the enhanced program, an additional $1.25 billion in credits will be made available to the program.

NYSTAR Merger with ESDC

The Executive proposes the consolidation of the Foundation for Science, Technology, and Innovation (NYSTAR) into the Empire State Development Corporation (ESDC) in an effort to streamline the delivery of economic development services in the area of high technology. Programs currently administered by NYSTAR would be transferred to and administered by ESDC. This proposal is projected to provide $1.9 million in SFY 2011-12 General Fund savings and $2 million in SFY 2012-13 General Fund savings.

Recharge New York Power Program

The Executive proposes the establishment of the new Recharge New York Power Program to replace the current Power for Jobs program, which is currently set to expire in May, 2011. The legislation will create a permanent statewide Recharge New York Power Program to provide low-cost hydroelectric power for the purpose of attracting, creating, and expanding business in New York State. The Economic Development Power Allocation Board will be authorized to accept and review applications into the Program. In addition, the Executive proposes to extend the existing Power for Jobs and Energy Cost Savings Benefit programs for one year, through June 30, 2012. The proposal has no fiscal implications as the Recharge New York Power program will be administered by NYPA off-budget.

LABOR

The Executive is estimating a total reduction in the State workforce of 11,423 Full Time Equivalents (FTEs). This reduction is going to achieved through 13,943 attritions, 9,800 layoffs and 12,320 new fills for a total estimated FTEs fill level of 179,042. See detailed breakout of the net change in FTEs by State Agency in the following pages.

Proposed Workforce Changes in SFY 2011-12	FTE
Starting Estimate 3/31/2010	190,465
New Fills Anticipated	12,320
Anticipated Layoffs	(9,800)
Attrition	(13,943)
Estimate 3/31/2011	179,042

Governor's Cuomo Executive Budget assumes savings in the amount of $550 million associated with labor concessions. These savings are recurrent every year for the next four years. If the State labor unions do not provide concessions to the Governor, the Executive Budget recommendation would achieve its $550 million target with 9,800 layoffs. The Executive Budget proposal offers no details of a breakout of layoffs by Agency.Most of the current contracts with New York State government employee unions will expire soon (see below). The Executive Budget recommendation

Labor Union	Expiration Date
CSEA, PEF,DC-37, PBA, BCI	March 31, 2011 (uniform groups) April 1, 2011 (civilian groups)
UUP	July 1, 2011

There are several groups with expired contracts:

NYSCOPBA (expired 3/31/09),
Council 82: Supervisors (expired 3/31/09),
Council 82: ALES (expired 3/31/05),
GSEU (paybill was advanced through 7/1/09, but did not pass 2010 Legislature);
Lifeguards (now part of UUP, but currently negotiating separately because they weren't covered in 07-11 agreement).

Detail of FTE Adjustments by State Agency for Major Agencies

Major Agencies FTE Adjustments	Net Change
Children and Family Services, Office of	420
Correctional Services, Department of	1,298
Education Department, State	0
Environmental Conservation, Department of	0
General Services, Office of	3
Health, Department of	137
Labor, Department of	28
Mental Health, Office of	(100)
Motor Vehicles, Department of	0
Parks, Recreation and Historic Preservation, Office of	0
Parole, Division of	(1,893)
People with Developmental Disabilities, Office for	(175)
State Police, Division of	(130)
Taxation and Finance, Department of	0
Temporary and Disability Assistance, Office of	0
Transportation, Department of	0
Workers' Compensation Board	16
Subtotal - Major Agencies	**(396)**
Minor Agencies (summary on next two pages)	**129**
Subtotal - Subject to Direct Executive Control	**(267)**

Adjustments Workforce Savings	
Workforce Savings	(11,510)
Subtotal - Adjustments Workforce Savings	**(11,510)**

University Systems FTE Adjustments	
City University of New York	0
State University Construction Fund	0
State University of New York	400
Subtotal - University Systems	**400**

Off-Budget Agencies FTE Adjustments	
Roswell Park Cancer Institute	0
Science, Technology and Innovation, NYS Foundation for	(23)
State Insurance Fund	0
Subtotal - Off-Budget Agencies	**(23)**

Independently Elected Agencies	
Audit and Control, Department of	(23)
Law, Department of	0
Subtotal - Independently Elected Agencies	**(23)**

Grand Total	(11,423)

Detail of FTE Adjustments by State Agency for Minor Agencies

Minor Agencies	Net Change
Adirondack Park Agency	0
Aging, Office for the	0
Agriculture and Markets, Department of	0
Alcoholic Beverage Control, Division of	0
Alcoholism and Substance Abuse Services, Office of	(25)
Arts, Council on the	0
Banking Department	(555)
Budget, Division of the	3
Civil Service, Department of	0
Consumer Protection Board, State	(23)
Correction, Commission of	(29)
Criminal Justice Services, Division of	130
Deferred Compensation Board	0
Economic Development, Department of	0
Elections, State Board of	0
Employee Relations, Office of	0
Environmental Facilities Corporation	0
Executive Chamber	0
Financial Control Board, New York State	0
Financial Regulation, Department of	1,538
Higher Education Services Corporation, New York State	0
Homeland Security and Emergency Services, Division of	29
Housing and Community Renewal, Division of	0
Hudson River Valley Greenway Communities Council	0
Human Rights, Division of	0
Indigent Legal Services, Office of	0
Inspector General, Office of the	0
Insurance Department	(976)
Interest on Lawyer Account	0
Judicial Commissions	0
Labor Management Committees	0
Lieutenant Governor, Office of the	0
Sub-Total Minor Agencies FTE Adjustment	92

Detail of FTE Adjustments by State Agency for Minor Agencies

Minor Agencies (Cont.)	Net Change
Lottery, Division of the	50
Medicaid Inspector General, Office of the	0
Military and Naval Affairs, Division of	25
National and Community Service	0
Prevention of Domestic Violence, Office for	(26)
Probation and Correctional Alternatives, Division of	0
Public Employment Relations Board	0
Public Integrity, Commission on	0
Public Service Department	3
Quality of Care and Advocacy for Persons With Disabilities	0
Racing and Wagering Board, State	0
Real Property Services, Office of	0
Regulatory Reform, Governor's Office of	(14)
State, Department of	(2)
Statewide Financial System	23
Statewide Wireless Network	0
Tax Appeals, Division of	0
Technology, Office for	52
Veterans' Affairs, Division of	1
Victim Services, Office of	(75)
Welfare Inspector General, Office of	0
Subtotal - Minor Agencies	**129**

LOCAL GOVERNMENT ASSISTANCE

All Funds Summary of Spending
(dollars in millions)

Category	2010-11	2011-12	Change	
			(in millions)	Percent
AIM – New York City	$0	$0	$0	0%
AIM – Towns and Villages	$69.0	$67.6	($1.4)	(2%)
AIM – Cities Outside NYC	$660.3	$647.1	($13.2)	(2%)
Sub-Total AIM	**$729.3**	**$714.7**	**($14.6)**	**(2%)**
VLT Impact Aid	$25.8	$19.6	($6.2)	(24%)
Miscellaneous Financial Assistance	$3.9	$0	($3.9)	(100%)
Small Government Assistance	$2.1	$0	($2.1)	(100%)
Other Local Aid Programs	$19.0	$21.6	$2.6	14%

Gap-Closing Actions

Category	2011-12 (in millions)	2012-13 (in millions)
Maintain AIM Policy for New York City	$301.7	$301.7
Reduce AIM for Cities, Towns and Villages	$19.8	$19.8
Eliminate VLT Impact Aid (outside Yonkers)	$6.2	$6.2
Eliminate Small Government Assistance	$3.9	$3.9
Eliminate Miscellaneous Financial Assistance	$2.1	$2.1
Total	$333.7	$333.7

- **Overview:** The Executive recommends a total All Funds appropriation of $847 million to fund miscellaneous State aid and assistance in SFY 2011-12, including $814 million in General Fund support to local governments under several aid programs and $30 million in Fiduciary Funds to cover contingency appropriation requirements. This represents an increase of $41 million (5.1%) in All Funds appropriations over the SFY 2010-11 budget, consisting primarily of a General Fund increase for new programs to incentivize local reorganization and efficiency.

- **Overall AIM Funding:** The Executive Budget recommends $794 million for the overall AIM program in SFY 2011-12, an increase of $53.2 million (7.2%).

- **AIM Outside of NYC**: The Executive proposes to reduce the Aid and Incentives for Municipalities (AIM) funding for all cities, towns and villages outside of New York City by 2% for SFY 2011-12 from current year levels for a total of $715 million. (Total Savings in SFY 2011-12: $14.6 million)

- **AIM to New York City:** The Executive recommends to permanently eliminate all AIM funding for New York City in SFY 2011-12 and thereafter. Even though NYC received no AIM funding in SFY 2010-11, by operation of law, NYC would receive $301.7 million in SFY 2011-12 without new Article VII language to eliminate it. (Total Savings in SFY 2011-12: $301.7 million)

- **VLT Impact Aid:** The Executive recommends eliminating all funding to municipalities that are eligible to receive Video Lottery Terminal (VLT) Impact Aid **except for the City of Yonkers** in SFY 2011-12. Yonkers would continue to receive $19.6 million in SFY 2011-12 as it does in the current State Fiscal Year. (Total Savings in SFY 2011-12: $6.2 million)

- **Local Government Efficiency Grants (LGEG) Program:** LGEG would receive $4 million in new appropriations for SFY 2011-12 to fund local government efficiency projects, including planning for and/or implementation of a functional consolidation, shared or cooperative services, and regionalized delivery of services. This allocation is $1 million less than SFY 2009-10 and SFY 2010-11, reflecting a partial shift of funding for local re-organization studies and planning grants from LGEG to the new Citizens Re-Organization Empowerment Grants. The maximum grant award for a project is $200,000 per municipality or $1 million total, and local matching funds of 10% of the total cost of the activities under the grant work plan are required.

- **Citizen Empowerment Tax Credit, the Citizens Re-organization Empowerment Grants and the Local Government Performance and Efficiency Program:** The Executive Budget provides $79 million in new appropriations for programs that reward local government consolidation and performance improvements to encourage efficiency and innovation in the face of declining revenues. Of this amount, $35 million is for Citizen Empowerment Tax Credits and Citizens Reorganization Empowerment Grants, and $40 million is for the Local Government Performance and Efficiency Program, as allocated below:

- **Citizen Empowerment Tax Credits:** Funding would be available to incentivize local government consolidation or dissolution, providing a bonus equal to 15% of the newly combined local government's tax levy. At least 50% of such amount must be used for direct relief to property taxpayers.

- **Citizens Reorganization Empowerment Grants:** Funding would be available for grants up to $100,000 for local governments to cover costs associated with studies, plans and implementation efforts related to local government re-organization activities.

- **Local Government Performance and Efficiency Program**: Funding would be available for competitive one-time awards of up to $25 per capita, capped at $5 million, that recognize local governments that have achieved efficiencies and performance improvements.

Other Actions

- **Miscellaneous Financial Assistance:** The Governor proposes to eliminate identical $1.96 million financial assistance payments to both Madison and Oneida counties that were instituted in 2005-06 to provide interim assistance related to Indian land claims. (Total Savings in SFY 2011-12: $3.9 million)

- **Small Government Assistance:** The Executive proposes to eliminate Small Government Assistance, which are payments for three counties (Essex, Franklin, and Hamilton) and 26 school districts. This program was created in 2004-05 to provide partial relief to a small percentage of local governments affected by State forest property tax exemptions. (Total Savings in SFY 2011-12: $2.1 million)

- **Efficiency Incentive Grants (EIG) for Erie County and the City of Buffalo:** The Executive recommends $18.7 million in reappropriations for Efficiency Incentive Grants, which support cost-saving investments in Erie County and the City of Buffalo.

- **Mandate Reform:** To help local governments reduce spending with the least impact on operations, Governor Cuomo has created the Mandate Relief Redesign Team by Executive Order. This team will conduct a rigorous and comprehensive review of mandates imposed on local governments and give recommendations to the Governor. The Team will report to the Governor on March 1, 2011.

2011-12 Executive Budget AIM Proposal

Cities, Sorted by County

Municipality	County	SFY 2010-11 AIM Funding	SFY 2011-12 Executive Budget	Dollar Change
Albany	Albany	$12,865,125	$12,607,823	$(257,302)
Cohoes	Albany	$2,798,863	$2,742,886	$(55,977)
Watervliet	Albany	$1,234,891	$1,210,193	$(24,698)
Binghamton	Broome	$9,438,221	$9,249,457	$(188,764)
Orean	Cattaraugus	$2,285,537	$2,239,826	$(45,711)
Salamanca	Cattaraugus	$947,072	$928,131	$(18,941)
Auburn	Cayuga	$5,083,768	$4,982,093	$(101,675)
Dunkirk	Cattaraugus	$1,607,681	$1,575,527	$(32,154)
Jamestown	Cattaraugus	$4,665,592	$4,572,280	$(93,312)
Elmira	Chemung	$4,672,246	$4,578,801	$(93,445)
Norwich	Chenango	$1,111,509	$1,089,279	$(22,230)
Plattsburgh	Clinton	$2,702,939	$2,648,880	$(54,059)
Hudson	Columbia	$1,486,725	$1,456,991	$(29,734)
Cortland	Cortland	$2,059,520	$2,018,330	$(41,190)
Beacon	Dutchess	$1,568,855	$1,537,478	$(31,377)
Poughkeepsie	Dutchess	$4,334,715	$4,248,021	$(86,694)
Buffalo	Erie	$164,576,768	$161,285,233	$(3,291,535)
Lackawana	Erie	$6,438,593	$6,309,821	$(128,772)
Tonawanda	Erie	$2,655,208	$2,602,104	$(53,104)
Gloversville	Fulton	$2,349,584	$2,302,592	$(46,992)
Johnstown	Fulton	$1,417,255	$1,388,910	$(28,345)
Batavia	Genesee	$1,786,709	$1,750,975	$(35,734)
Little Falls	Herkimer	$883,708	$866,034	$(17,674)
Watertown	Jefferson	$4,799,192	$4,703,208	$(95,984)
Oneida	Madison	$1,735,589	$1,700,877	$(34,712)
Rochester	Monroe	$90,035,167	$88,234,464	$(1,800,703)
Amsterdam	Montgomery	$2,925,173	$2,866,670	$(58,503)
Glen Cove	Nassau	$2,895,578	$2,837,667	$(57,911)
Long Beach	Nassau	$3,217,045	$3,152,704	$(64,341)
Lockport	Niagara	$2,704,617	$2,650,525	$(54,092)
Niagara Falls	Niagara	$18,157,575	$17,794,424	$(363,151)
North Tonawanda	Niagara	$4,423,583	$4,335,111	$(88,472)
Rome	Oneida	$9,268,714	$9,083,340	$(185,374)
Sherrill	Oneida	$380,295	$372,689	$(7,606)
Utica	Oneida	$16,439,258	$16,110,473	$(328,785)
Syracuse	Onondaga	$73,223,045	$71,758,584	$(1,464,461)
Canandaigua	Ontario	$1,142,147	$1,119,304	$(22,843)
Geneva	Ontario	$1,982,258	$1,942,613	$(39,645)
Middletown	Orange	$2,761,047	$2,705,826	$(55,221)
Newburgh	Orange	$4,555,771	$4,464,656	$(91,115)
Port Jervis	Orange	$1,434,962	$1,406,263	$(28,699)
Fulton	Oswego	$1,660,022	$1,626,822	$(33,200)
Oswego	Oswego	$2,501,733	$2,451,698	$(50,035)
Oneonta	Otsego	$2,277,405	$2,231,857	$(45,548)
Rensselaer	Rensselaer	$1,160,528	$1,137,317	$(23,211)
Troy	Rensselaer	$12,530,064	$12,279,463	$(250,601)
Mechanicville	Saratoga	$675,910	$662,392	$(13,518)
Saratoga Springs	Saratoga	$1,683,369	$1,649,701	$(33,668)

Municipality	County	SFY 2010-11 AIM Funding	SFY 2011-12 Executive Budget	Dollar Change
Schenectady	Schenectady	$11,434,688	$11,205,994	$(228,694)
Ogensburg	St. Lawrence	$1,743,530	$1,708,659	$(34,871)
Corning	Steuben	$1,530,159	$1,499,556	$(30,603)
Hornell	Steuben	$1,528,355	$1,497,788	$(30,567)
Ithaca	Tompkins	$2,663,671	$2,610,398	$(53,273)
Kingston	Ulster	$3,131,787	$3,069,151	$(62,636)
Glen Falls	Warren	$1,639,805	$1,607,009	$(32,796)
Mount Vernon	Westchester	$7,301,726	$7,155,691	$(146,035)
New Rochelle	Westchester	$6,288,701	$6,162,927	$(125,774)
Peekskill	Westchester	$2,264,677	$2,219,384	$(45,293)
Rye	Westchester	$1,232,677	$1,208,024	$(24,653)
White Plains	Westchester	$5,574,751	$5,463,256	$(111,495)
Yonkers	Westchester	$110,423,958	$108,215,479	$(2,208,479)

(1) The Executive Budget provides each municipality with 2% less AIM than it received in 2010-11.

Impact of 2011-12 Executive Budget Recommendations on Local Governments
Local Fiscal Years Ending in 2012
($ in Millions)

	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
School Aid/Education	**(1,641.6)**	**(579.7)**	**(1,061.9)**	**0.0**	**0.0**	**0.0**
- Reduce School Aid	(1,537.0)	(518.0)	(1,019.0)	0.0	0.0	0.0
- Reform Summer School Special Education	(86.0)	(50.0)	(36.0)	0.0	0.0	0.0
- Realign Funding for Schools for the Deaf and Blind	(18.6)	(11.7)	(6.9)	0.0	0.0	0.0
Human Services	**(114.2)**	**(64.7)**	**(34.5)**	**(15.0)**	**0.0**	**0.0**
- Shift State Share for CSE to School Districts	(71.8)	(37.3)	(34.5)	0.0	0.0	0.0
- Eliminate Open-Ended Funding for Local Secure and Non-Secure Detention	(67.1)	(35.1)	0.0	(32.0)	0.0	0.0
- Eliminate Funding for the Work Advantage Program	(35.0)	(35.0)	0.0	0.0	0.0	0.0
- Reduce State Share of Adoption Subsidy Program to 62%	(34.6)	(25.5)	0.0	(9.1)	0.0	0.0
- Eliminate Community Optional Preventive Services	(24.2)	(5.5)	0.0	(18.7)	0.0	0.0
- Shift Title XX All-Other to Child Welfare Services	(22.1)	(15.9)	0.0	(6.2)	0.0	0.0
- Eliminate Funding for YDDP/SDPP	(21.6)	(6.6)	0.0	(15.0)	0.0	0.0
- Reduce Adult Homeless Shelter Reimbursement	(15.7)	(15.7)	0.0	0.0	0.0	0.0
- Implement Phase II of the NY Model	(4.6)	(1.6)	0.0	(3.0)	0.0	0.0
- Eliminate Caseload Ratio Funding	(1.5)	0.0	0.0	(1.5)	0.0	0.0
- Delay Public Assistance Grant Increase	2.8	1.2	0.0	1.6	0.0	0.0
- Close Youth Facilities	5.8	2.0	0.0	3.8	0.0	0.0
- Implement Full Family Sanctions	11.9	8.9	0.0	3.0	0.0	0.0
- Establish New Detention Reimbursement	25.5	13.5	0.0	12.0	0.0	0.0
- Create Primary Prevention Incentive Program	38.3	22.2	0.0	16.1	0.0	0.0
- Provide Juvenile Justice Alternatives	46.9	26.1	0.0	20.8	0.0	0.0
- Maximize Public Assistance Shares	52.8	39.6	0.0	13.2	0.0	0.0
Health	**(11.7)**	**(5.4)**	**0.0**	**(6.3)**	**0.0**	**0.0**
- Eliminate Reimbursement for Optional General Public Health Work Services	(32.9)	(13.5)	0.0	(19.4)	0.0	0.0
- Reform Early Intervention	21.2	8.1	0.0	13.1	0.0	0.0
Mental Hygiene	**(5.1)**	**(1.9)**	**0.0**	**(3.2)**	**0.0**	**0.0**
- Reduce OPWDD Services	(1.9)	(0.7)	0.0	(1.2)	0.0	0.0
- Reduce OMH Local Government Unit Administration	(1.9)	(0.5)	0.0	(1.4)	0.0	0.0
- All Other Mental Hygiene	(1.3)	(0.7)	0.0	(0.6)	0.0	0.0
Municipal Aid	**(26.8)**	**0.0**	**(1.9)**	**(5.9)**	**(13.5)**	**(5.5)**
- Reduce AIM to Cities, Towns and Villages	(14.6)	0.0	0.0	0.0	(13.2)	(1.4)
- Eliminate VLT Aid Outside of Yonkers	(6.2)	0.0	0.0	(1.8)	(0.3)	(4.1)
- Eliminate Miscellaneous Financial Assistance to Oneida and Madison Counties	(3.9)	0.0	0.0	(3.9)	0.0	0.0
- Eliminate Small Government Assistance	(2.1)	0.0	(1.9)	(0.2)	0.0	0.0
Public Protection	**(14.0)**	**(7.0)**	**0.0**	**(7.0)**	**0.0**	**0.0**
- Reduce DCJS Local Assistance	(14.0)	(7.0)	0.0	(7.0)	0.0	0.0
All Other Mandate Reforms / Local Impacts	**(14.0)**	**(0.7)**	**(2.8)**	**(4.6)**	**(0.3)**	**(5.6)**
- Reduce Office of Real Property Tax Services Local Assistance	(11.6)	(0.7)	(2.8)	(2.2)	(0.3)	(5.6)
- Eliminate Local Navigation Law Reimbursement	(2.4)	0.0	0.0	(2.4)	0.0	0.0
Total 2011-12 Exec. Budget Actions[1]	**(1,827.4)**	**(659.4)**	**(1,101.1)**	**(42.0)**	**(13.8)**	**(11.1)**
Continuing Medicaid Cap & FHP Takeover Savings[2]	2,372.8	1,577.8	0.0	795.0	0.0	0.0
Grand Total	**545.4**	**918.4**	**(1,101.1)**	**753.0**	**(13.8)**	**(11.1)**

(1) The above impact does not include $500M performance incentive funding for schools, and a $40M local government performance and efficiency program.

(2) Medicaid Cap Savings exclude proposed 2011-12 cost containment initiatives which – if enacted – will lower the State's cost for the cap

MANDATE REFORM

Mandate Reform: To help local governments reduce spending with the least impact on operations, Governor Cuomo has created the Mandate Relief Redesign Team by Executive Order. This team will conduct a rigorous and comprehensive review of mandates imposed on local governments and give recommendations to the Governor. The Team will report to the Governor on March 1, 2011.

PROPERTY TAX RELIEF

School Property Tax Relief Program (STAR)

The Executive proposes to cap the overall annual increase of the STAR exemption benefits to 2% per year. Specifically, this proposal would:

- Cap the maximum tax benefit in each school district or "portion" thereof at 2% above of the tax benefit that was applicable therein for the prior school year. In SFY 2011-12, the Executive estimates that this measure will reduce the cost of the STAR program by $125 million, and for SFY 2012-13 $212 million; and

- Create a mechanism by which property owners may renounce and repay (with interest and a $500 processing fee) any previously-granted property tax exemptions (including, but not limited to STAR) to which they now acknowledge they were not entitled. For SFY 2011-12, it is estimated this action could generate an additional $100,000 each year thereafter.

- Additionally, the Executive recommends an audit of STAR recipients to discover and eliminate fraud. The Tax Department will use its in-house database management systems to identify those homeowners who do not qualify for the benefit, then send a list to local assessors to verify. For SFY 2011-12, the Executive estimates this measure will not generate any savings, and in SFY 2012-13 an additional $50 million in savings to the STAR program.

- The Executive also recommends authorizing the Commissioner of Taxation and Finance to adopt by regulation a uniform statewide system of parcel identification numbers and a uniform statewide assessment calendar, to be effective no sooner than January 1, 2013. This will facilitate the matching of taxpayer ID numbers to parcel ID numbers by the Department for purposes of administering the new $500,000 income limit for Basic STAR.

ECONOMICS, REVENUE AND CAPITAL

ECONOMIC OUTLOOK

National Economy

UNITED STATES ECONOMIC INDICATORS					
Calendar Year Percent Change					
	Estimate	Preliminary	Projected		
	2009	2010	2011	2012	2013
Real GDP	(2.6)	2.8	3.0	3.6	3.6
Personal Income	(1.7)	3.0	5.0	3.9	5.7
Wages	(4.3)	2.1	4.6	5.6	5.8
Consumption	(1.2)	1.8	3.6	3.3	3.3
Pre-Tax Corporate Profits	(0.4)	28.8	6.2	6.2	6.1
S&P 500	(22.5)	20.5	13.4	8.2	5.2
Consumer Price Index	(0.3)	1.6	1.8	1.9	2.3
Non-Agricultural Employment	(4.3)	(0.5)	1.3	2.0	2.0
Unemployment	9.3	9.6	9.3	8.3	7.4
Source: NYS Division of Budget					

At the beginning of 2009, the US economy had been in a recession for over a year. 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). Several smaller personal tax incentives that were part of the original ARRA stimulus package are being extended for two years, and there was a two-year reprieve on the estate tax.

Trade should be a major plus for real GDP growth in the fourth quarter. Export growth should pick up, while import gains ease on a combination of slower inventory accumulation and a quirky seasonal factor for oil import prices.

Although the economy realized a negative real GDP growth of 2.6% in 2009, it is estimated to show a positive growth of 2.8% at the end of 2010. Additionally, economic growth is projected to be maintained over the course of 2011 as the economy continues to recover. As a result, real GDP is projected to increase by 3%.

2010:

While the economic outlook is improving—a self-sustaining recovery in consumer and business spending may be taking hold, and the pace is expected to be moderately stronger in 2011—the pace of economic recovery has been insufficient to reduce the unemployment rate appreciably. Moreover, persistently high joblessness is not only a threat to the recovery, but the increase in long-term unemployment is eroding skills and generating exceptional hardships. Based on the slightly brighter short-term outlook, spreads on corporate bonds and mortgage rates have been shaved, but spreads on municipal bonds remain unchanged.

Recent developments indicate that the recovery in manufacturing continues to move along rapidly. Orders for capital goods remain strong and backlogs have been building. Production growth for materials like plastics, primary metals, paper products, and petroleum/coal products is not slowing down as much as expected. Output of basic chemicals has grown solidly since the end of the summer. Capital goods like electrical equipment, machinery, fabricated metal products, and high tech have seen output accelerate and backlogs grow.

Commercial real estate prices have yet to rebound. Prices need to rise before developers can start putting up new buildings, since so many properties are under water.

Housing remains a key downside risk for 2011. Sales and starts are still deeply depressed, and house prices began to decline again in the second half of 2010.

Commodity prices are climbing (energy and food included) and pushing other prices higher. Wages are growing faster than core inflation, but the gap is not wide, especially with productivity still growing apace.

International trade should provide a strong boost (more than three percentage points) to real GDP growth in the fourth quarter of 2010. Export growth will benefit from the conjunction of a weak dollar (which should continue depreciating versus emerging-market currencies) and solid growth in emerging Asian and Latin American economies. Exports are estimated to show a positive growth of 11.7% in 2010, recovering from the negative growth of 9.5% in 2009.

Non-agricultural employment growth is still estimated to be negative in 2010 although at much lower level of 0.5% compared to negative growth of 4.3% in last year. The overall unemployment rate expected to remain unchanged throughout this year and next year.

Existing home sales continue to improve, and distressed sales have maintained their market share. The key for housing going forward is employment growth. New jobs will require that new homes be built nearby.

Recent evidence has been positive, with consumer sentiment, retail sales, personal spending, and income increasing by sizable amounts.

2011:

The national economy is projected to recover at a comparatively stronger pace in 2011, with real GDP growing by 2.5%. The pace and shape of a U.S. recovery is projected to be positive. The short-term forecast for mortgage and business credit has been revised up to reflect the stronger outlook for 2011, but the outlook for consumer credit remains unchanged.

As the economy continues to recover in 2011, manufacturers' output and confidence are expected to downshift only slightly.

Continuing growth in the capital goods sectors will be one of the major supporting factors behind this year's ongoing recovery in manufacturing. Most of this growth, as in 2010, should come from equipment replacement pressures and corporations easing up on the purse strings, although the tax deal's sweetened investment incentives provide an extra lift.

Crude oil prices have shot up prematurely and will soften a bit in the first half of 2011, before resuming their climb in the second half. The oil market is looking at the OECD economic revival and reading that as greater demand, when falling gasoline demand will soon offset rising industrial usage in the developed countries.

Government payrolls will continue to fall in 2011, but private job growth this year should double last year's gain. Payrolls keep climbing moderately in 2012 and 2013, but declines in the jobless rate will be gradual. Pre-recession payroll employment levels will not be regained until late in 2013. Non-agricultural employment are expected to show a positive growth of 1.3% in 2011, after a long period of negative growth.

Consumer momentum of the last couple of quarters of 2010 should spill over into 2011. The poor housing market, state and local government budget constraints, high unemployment, and climbing gasoline prices remain trouble spots for consumers.

The short-term forecast for term Treasury yields has been bumped up in the first half of 2011, reflecting the stronger projected growth of the U.S. economy. Projected spreads on mortgage rates and corporate bonds have narrowed, as risks to the overall outlook have diminished. However, spreads on state and local bonds remain about unchanged, reflecting continued concerns about stretched state and local budgets.

Overall, the private-sector recovery has gathered more momentum, and will get an extra kick in 2011 from a further injection of fiscal stimulus. consumer confidence are improving, and that the long-awaited "self-sustaining" recovery seems to be near, where employment and consumer spending move up together. Hiring appears to be picking up, and initial unemployment insurance claims are trending lower. Disinflation, not inflation, remains the price story. Commodity prices are rising again, but core inflation is still weakening, and wage inflation is very low.

New York Economy

NEW YORK ECONOMIC INDICATORS					
Calendar Year Percent Change					
	Actual 2009	Preliminary 2010	Projected 2011	2012	2013
Personal Income	(3.1)	3.9	5.0	3.1	5.2
Wages	(7.2)	4.0	3.2	5.2	5.2
Nonfarm Employment	(3.1)	(0.1)	0.7	1.3	1.2
Unemployment Rate	8.4	8.4	8.1	7.7	7.3
Source: NYS Division of Budget					

As of February, 2011, the New York State economy's recovery from the 2008-2009 recession is entering its 14th month. The State economy is estimated to have experienced a business cycle peak in August 2008, fully eight months after the nation peaked as a whole. The index also indicates that the State recession ended in December 2009, implying a six-month lag and that the State recession was just a bit shorter than the national downturn. As of November 2010, the most recent month for which data are available, the State economy appears to be on a solid growth path, with the New York leading index signaling that the State economic growth can be expected to accelerate as 2011 progresses.

The New York State labor market shed about 23,000 more jobs during the 2008, 2009 recession than in the wake of September 11, 2001, but still fared better than the national workforce. U.S. employment was still falling on a year-over year basis in the second quarter of last year, while State employment saw its first year over year increase since the third quarter of 2008. Budget Division projects total State employment growth of 0.7% for 2011 with private sector jobs increasing 1.2%. This compares to growth of 1.3% and 1.8%, respectively, for the nation, and implies that the national labor market fell more steeply but will stage a quicker comeback than New York.

The financial crisis resulted in a record decline in finance and insurance sector bonuses of 37.1% for the 2008-09 bonus season. This decline, combined with large job losses, led to a historic decline in State wages of 7.2% for 2009. Indeed, State wage growth largely has been led by the finance and insurance sector in recent years. With improved conditions on Wall Street, particularly near-zero borrowing costs for the largest banks, bonuses grew over 25% during the first quarter of 2010, resulting in 6.8% growth for all of 2009-10. Indeed, the Budget Division estimates that some bonus pay related to the sector's 2009 performance "leaked" into the second quarter of 2010, implying even more generous payouts than the 2009-10 estimate suggests. However, due to the return of tumultuous conditions to financial markets and the fallout from financial reform, the Budget Division estimates moderate growth in finance and insurance bonuses of 3.7% for 2010-11. Total State wage growth of 3.2% is estimated for 2011, following 4.0% growth for 2010. Growth in both the wage and non-wage components of income will result in total personal income growth of 5.0% for 2011, following growth of 3.9% for 2010.

New York's residential housing sector experienced less of a price and construction bubble than many other states, there was less of an overhang to unwind, and as a result, a lower foreclosure rate than many other states. New York's foreclosure rate has been consistently lower than the nation's since the collapse of home prices in 2006. For example, for the third quarter of 2010, the most recent quarter for which data are available, 0.95% of the State's outstanding mortgage loans entered the foreclosure process, compared to 1.34% of U.S. loans. However, like the national economy, the State's real estate sector is projected to remain flat throughout 2011.

The securities industry has undergone a dramatic turnaround since the darkest days of the financial crisis. Policy measures taken to restore liquidity to the banking system, including the TARP, the extraordinary expansion of the Federal Reserve's balance sheet, as well as its historic interest rate target policy, contributed to an environment that drove profits to new record levels. Yet these lofty profits materialized despite levels of traditional investment banking activity such as corporate debt and equity underwriting activity that were well below their pre-recession peaks.

Despite substantial growth in equity markets in the fourth quarter and higher levels of many types of financial market activity, 2010 profits and revenues are likely to be lower than 2009. In 2006 and 2007, Wall Street firms earned record levels of revenues, but after subtracting the cost of borrowing the funds necessary to earn some of those revenues, their earnings were much smaller. By 2008, both revenues and net revenues were down 49.4% and 37.9%, respectively. However, with the Federal Reserve engineering near-zero interbank borrowing costs, the differential between revenues and net revenues were quite small in both 2009 and 2010. Thus, one might expect 2010 revenues to have been decisively better than 2009 for Wall Street. Yet, they do not appear to be heading in that direction.

General Fund Receipts				
(Millions of Dollars)				
	Estimated 2010-11	Forecast 2011-12	Change	Percent Change
Personal Income Tax				
Withholding	30,776	31,802	1,026	3.3%
Estimated Payments	9,751	10,925	1,174	12.0%
Final Returns	1,967	2,190	223	11.3%
Other Payments	1,091	1,104	13	1.2%
Gross Collections	**43,585**	**46,021**	**2,436**	**5.6%**
STAR Special Revenue Fund	(3,300)	(3,292)	8	-0.2%
Refunds/Offsets	(7,686)	(7,512)	174	-2.3%
Revenue Bond Tax Fund	(8,975)	(9,628)	(653)	7.3%
Net Collections	**23,624**	**25,589**	**1,965**	**8.3%**
User Taxes and Fees				
Sales and Use	8,063	8,406	343	4.3%
Cigarette/Tobacco	484	514	30	6.2%
Alcoholic Beverage	228	233	5	2.2%
Total	**8,775**	**9,153**	**378**	**4.3%**
Business Taxes				
Corporation Franchise	2,848	3,157	309	10.8%
Corporation and Utilities	634	681	47	7.4%
Insurance	1,191	1,266	75	6.3%
Bank	991	1,147	156	15.3%
Total	**5,664**	**6,251**	**587**	**10.4%**
Other Taxes				
Estate and Gift	1,081	1,015	(66)	-6.0%
Pari-Mutuel	17	14	(3)	-17.6%
Other	1	1	0	0.0%
Total	**1,099**	**1,030**	**(69)**	**-6.3%**
Total Tax Collections	**39,162**	**42,023**	**2,861**	**7.3%**
Miscellaneous Receipts	3,083	3,088	5	0.2%
Federal Grants	60	60	0	0.0%
Total Receipts	**42,305**	**45,171**	**2,866**	**6.8%**

Source: New York State Division of the Budget.

ALL FUNDS RECEIPTS

All Funds Receipts				
(Millions of Dollars)				
	Estimated 2010-11	Forecast 2011-12	Change	Percent Change
Personal Income Tax	35,899	38,509	2,610	7.3%
User Taxes and Fees				
Sales and Use	11,513	11,950	437	3.8%
Cigarette/Tobacco	1,621	1,786	165	10.2%
Motor Fuel Tax	516	518	2	0.4%
Alcoholic Beverage	228	233	5	2.2%
Highway Use Tax	129	140	11	8.5%
Auto Rental Tax	95	102	7	7.4%
Taxicab Surcharge	81	81	0	0.0%
Total	14,183	14,810	627	4.4%
Business Taxes				
Corporation Franchise	3,270	3,636	366	11.2%
Corporation and Utilities	836	892	56	6.7%
Insurance	1,308	1,392	84	6.4%
Bank	1,184	1,342	158	13.3%
Petroleum Business Tax	1,075	1,116	41	3.8%
Total	7,673	8,378	705	9.2%
Other Taxes				
Estate and Gift	1,081	1,015	(66)	-6.1%
Real Estate Transfer Tax	566	620	54	9.5%
Pari-Mutuel	17	14	(3)	-17.6%
Other	1	1	0	0.0%
Total	1,665	1,650	(15)	-0.9%
Payroll Tax	1,372	1,437	65	4.7%
Total Tax Collections	**60,762**	**64,784**	**4,022**	**6.6%**
Miscellaneous Receipts	23,736	23,816	80	0.3%
Total Receipts	**84,498**	**88,600**	**4,102**	**4.8%**
Source: New York State Division of the Budget				

PERSONAL INCOME TAX

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	22,655.0	23,624.0	25,589.0	1,965.0	8.3
All Funds	34,751.0	35,899.0	38,509.0	2,610.0	7.3

Summary:

General Fund

The personal income tax, New York's largest source of revenue, accounts for almost 60% of General Fund receipts. The tax is imposed at a graduated rate (from 4% to 8.97%) 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% 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 make permanent tax shelter reporting provisions that are set to expire on July 1, 2011.
- The Executive proposes to make technical corrections to the Empire Zones program to grant the Department of Economic Development (DED) the authority to continue to monitor Empire Zone Program compliance and to decertify non-complying businesses.
- The Executive proposes to extend the financial services investment tax credit through October 1, 2015.
- The Executive proposes to provide the Commissioner of the Division of Housing and Community Renewal (DHCR) authorization to allocate an additional $4 million in low income housing tax credits.
- The Executive proposes to reform and improve the job creating effectiveness of the Excelsior economic development program.
- The Executive proposes to cap the annual growth of STAR exemption benefits at two%.
- The Executive proposes to expand e-filing requirements as a part of the Tax Modernization Project; and improve tax collections by offsetting tax debts against large Lottery winnings.

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%, on average. With the bursting of the housing market bubble and the collapse of the financial markets, capital gains decreased by 54.8% in 2008. Capital gains continued to decline in 2009, decreasing by 40.4% reflecting the continued weakness in the housing market. However, due to the economic recovery and the strengthening of the financial markets, capital gains are estimated to rebound in 2010, increasing by 20.2%. Wages, the major component of income, are estimated to increase by 4.2%. The other components of income are projected to increase by 3.9%. In 2011, the capital gains are projected to increase by 10.2%, reflecting the improving housing market and stock market. Wages are projected to increase 3.2%. The other components of income are projected to increase by 5.0%.

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 60% of personal income tax collections. For SFY 2010-11, withholding is estimated to increase by $1,333 million, 4.5%, reflecting the impact of the personal income tax surcharge enacted with the SFY 2009-10 budget as well as the improving financial industry in 2010. Withholding is projected to increase in SFY 2011-12 by $1,026 million, or approximately 3.3% 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 2010-11 refunds are estimated to increase by $1,044 million, or 15.7%. This increase 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 2011-12 refunds are projected to decrease by 174 million, reflecting the improving personal income.

In SFY 2010-11, All Funds net personal income tax receipts are projected to increase by 3.3%, from $34.8 billion to $35.9 billion. SFY 2010-11 General Fund income tax collections are projected to increase by $0.9 billion from $22.7 billion to $23.6 billion mainly as a result of the projected recovery in the economy as well as the temporary rate increase. In SFY 2011-12, All Funds net personal income tax receipts are projected to increase by 7.2%, from $35.9 billion to $38.5 billion. SFY 2011-12 General Fund income tax collections are projected to increase by $1,965 billion from $23.6 billion to $25.6 billion mainly as a result of projected recovery in the economy.

In SFY 2011-12, the deposit to the STAR fund is projected to decrease by $7 million from approximately $3.3 billion to $3.2 billion. This decrease is attributable to the Executive's proposals to cap the annual growth of STAR exemption benefits at 2%.

In SFY 2011-12, deposits into the Revenue Bond Tax Fund are projected to increase by $652 million, from $8.9 billion to $9.6 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 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	49.0	46.0	49.0	3	6.5
All Funds	49.0	46.0	49.0	3	6.5

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 Governor has not proposed any new legislation in the SFY 2011-12 Executive Budget.

Receipts:

In SFY 2010-11, receipts from alcoholic beverage control license fees are estimated to total $46 million, a decrease of $3 million from SFY 2009-10. Receipts for SFY 2011-12 are projected to be $49 million, an increase of $3 million from SFY 2010-11.

ALCOHOLIC BEVERAGE TAXES

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	225.6	228.0	233.0	5.0	2.2
All Funds	225.6	228.0	233.0	5.0	2.2

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 Governor has not proposed any new legislation in the SFY 2011-12 Executive Budget.

Receipts:

Receipts from the alcoholic beverage tax for SFY 2011-12 are projected to total $233 million, an increase of $5 million. The total amount is comprised of: $165 million derived from liquor, $45 million derived from beer, and $18 million from wine and other specialty beverages.

AUTO RENTAL TAX

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	0.0	0.0	0.0	0.0	0.0
All Funds	76.1	95.0	102.0	7.0	7.4

Summary:

General Fund

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

Special Revenue Funds

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

Receipts from the 6% statewide tax are deposited to the Dedicated Highway and Bridge Trust Fund. Receipts from the supplemental tax are deposited into the 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 2011-12 Executive Budget.

Receipts:

For SFY 2010-11, receipts are estimated to total \$95 million, an increase of \$18.9 million. The \$95 million includes an estimated \$35 million from the supplemental tax on passenger car rentals in the MCTD. Receipts for the auto rental tax are projected to total \$102 million for the SFY 2011-12, an increase of \$7 million above SFY 2010-11. This reflects projected growth in the national consumption of motor vehicle rental services.

CIGARETTE AND TOBACCO TAXES

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-11	SFY 2010-11 to SFY 2011-12 Change	%Change
General Fund	456.4	484.0	514.0	30.0	6.2
Other Funds	909.5	1,137.0	1,272.0	135.0	11.9
All Funds	1,365.9	1,621.0	1,786.0	165.0	10.2

Summary:

General Fund

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

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

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

Special Revenue Funds

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

<u>Proposed Legislation:</u>

The Governor has not proposed any new legislation in the SFY 2011-12 Executive Budget.

Receipts:

All Funds receipts from cigarette and tobacco taxes are estimated to total $1,621 million in SFY 2010-11, an increase of $255.1 million. This increase reflects the impact of the State cigarette tax increase to $4.35 per pack and the other increases on other tobacco products. The 2010-11 estimate assumes that the State receives no revenue from the implementation of the laws governing collection of taxes due the State from sales of unstamped cigarettes to non-Native Americans on reservations. On a General Fund basis, receipts are estimated to total $484.0 million, an increase of $27.6 million.

For SFY 2011-12, All Funds receipts are projected to be $1,786 million, an increase of $165 million. This increase reflects the full year impact of the tax rate increases on cigarettes and other tobacco products. $130 million of the All Funds Receipts are based upon the assumption of implementation of laws requiring the collection of tax on cigarettes sold on Indian reservations to non-Native Americans. On a General Fund basis, receipts are projected to total $514 million, an increase of $30 million. General Fund receipts are also based upon the assumption of implementation of laws requiring the collection of tax on cigarettes sold on Indian reservations to non-Native Americans.

HIGHWAY USE TAX

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	0.0	0.0	0.0	0.0	0.0
All Funds	137.2	129.0	140.0	11.0	8.5

Summary:

General Fund

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

Special Revenue Funds

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

Proposed Legislation:

The Executive has not proposed any new legislation.

Receipts:

Receipts from the highway use tax are estimated to total $129 million in SFY 2010-11, a decrease of $8.2 million. For SFY 2011-12, receipts are projected to be $140 million, an increase of $11 million from SFY 2010-11.

MOTOR FUEL TAX

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	SFY 2010-11 to SFY 2011-12 % Change
General Fund	0.0	0.0	0.0	0.0	0.0
All Funds	506.9	516.0	518.0	2.0	0.4

Summary:

General Fund

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

Special Revenue Funds

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

Proposed Legislation:

Legislation proposed with this Budget would:

- extend for one year the full or partial tax exemptions on E85, CNG, hydrogen and B20 when purchased for use in a motor vehicle engine; and
- modernize certain fuel definitions to conform with changes in Federal and State law. This proposal would also conform the enforcement provisions for highway use diesel fuel with those currently applied to motor fuel.

Receipts:

In SFY 2010-11, receipts are estimated to total $516 million, an increase of $9.1 million. In SFY 2010-11, receipts are estimated to be $407.7 million for the Dedicated Highway and Bridge Trust Fund and $108.3 million for the Dedicated Mass Transportation Trust Fund.

For SFY 2011-12, receipts are projected to be $518 million, an increase of $2 million from SFY 2010-11. In SFY 2011-12, receipts are estimated to be $409.3 million for the Dedicated Highway and Bridge Trust Fund and $108.7 million for the Dedicated Mass Transportation Trust Fund.

MOTOR VEHICLE FEES

(millions of dollars)

	Actual	Estimated	Forecast	SFY 2010-11 to SFY 2011-12	
	SFY 2009-10	SFY 2010-11	SFY 2011-11	Change	%Change
General Fund	15.2	36.0	132.0	96.0	266.7
Other Funds	949.7	1,245.2	1,251.2	6.0	0.5
All Funds	964.9	1,281.2	1,383.2	102.0	8.0

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:

Legislation proposed with this Budget would:

- Clarify that all non-dedicated motor vehicle receipts includes fines and assessments for the purpose of distributing receipts into the Dedicated Funds Pool.

Receipts:

All funds receipts for Motor Vehicle fees are projected to be $1,281.2 million for SFY 2010-11, an increase of $316.3 million from SFY 2009-10. General Fund receipts for Motor Vehicle Fees are projected to be $36 million for SFY 2010-11, a $20.8 million increase from SFY 2009-10.

REVENUE

All Funds receipts for Motor Vehicle fees are projected to be $1,383.2 million, an increase of $102 million from SFY 2010-11. On a General Fund basis, receipts are estimated to be $132 million, representing an increase of $96 million from SFY 2010-11. These increases can be attributed to an increase in revenue from miscellaneous licenses and fees which are on the portion of the cycle where the highest renewal rate occurs.

SALES AND USE TAX

(millions of dollars)

	Actual	Estimated	Forecast	SFY 2010-11 to SFY 2011-12	
	SFY 2009-10	SFY 2010-11	SFY 2011-11	Change	%Change
General Fund	7,404.5	8,062.5	8,406.1	343.6	4.3
LGAC*	2,466.5	2,687.5	2,801.9	114.4	4.3
MTOAF**	656.6	762.0	742.0	(20.0)	(2.6)
All Funds	10,527.5	11,512.0	11,950.0	438.0	3.8

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

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 4%. The sales and use tax, account for approximately 18% of state revenues. The General Fund receives approximately 70% of all sales tax collections.

Special Revenue Funds

Of the State portion of the sales tax, a quarter of it is deposited to the Local Government Assistance Tax Fund. 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% tax is imposed on purchases made in the Metropolitan Commuter Transportation District (MCTD). The Mass Transportation Operating Assistance Fund was created to help finance State public transportation. The receipts from the supplemental MCTD sales and use tax are earmarked for this dedicated fund.

Proposed Legislation:

Legislation proposed with this Budget would:

- Improve sales tax compliance as part of the Tax Modernization Project; and
- Extend for one year the full or partial exemptions on E85, CNG, hydrogen and B20 when purchased for use in a motor vehicle engine.

Receipts:

All Funds sales tax receipts are estimated to be $11,512 million for SFY 2010-11, an increase of $984.5 million. This includes an estimated $330 million from the elimination of the clothing and footwear exemption. On a General Fund basis, receipts for SFY 2010-11 are estimated to be $8,062.5, an increase of $658 million.

All Funds sales tax collections for SFY 2011-12 are projected to total $11,950 million, an increase of $438 million. This increase is due to the start of an economic recovery. General Fund sales tax collections for SFY 2011-12 are projected to be $8,406.1 million, an increase of $343.6 million.

BANK TAX

Summary:

General Fund

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

Special Revenue Funds

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

Proposed Legislation:

- The Executive proposes to extend the end date for the period during which qualifying property may be placed in service to qualify for the investment tax credit applicable to financial services taxpayers from October 1, 2011 to October 1, 2015.
- The Executive proposes to make permanent the provisions concerning taxation of commercial banks and extend transitional provisions of New York State bank taxes for two years through 2012 in accordance to the federal Gramm-Leach Bliley Act.
- The Executive proposes to extend beyond the June 30, 2010 sunset of Empire Zone Program the Department of Economic Development's ability to monitor and assess the performance of the approximately 7,500 businesses that qualify for Empire Zone benefits. This allows for DED to effectively decertify businesses that fail to report or meet performance objectives and preserves current revenue.
- The Executive proposes to reform the effectiveness of the Excelsior economic development program to create jobs by extending the benefit period from five to ten years and enhancing the credits awarded. There is no impact on the Financial Plan through SFY 2016-17. Extension of the benefit period from five to ten years will only impact the Financial Plan beginning in SFY 2017-18.

CORPORATION FRANCHISE TAX

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	2,144.6	2,848.0	3,157.0	309.0	10.8
All Funds	2,510.9	3,270.0	3,636.0	366.0	11.2

Summary:

General Fund

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

Special Revenue Funds

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

Proposed Legislation:

- The Executive proposes making permanent tax shelter reporting provisions that are set to expire on July, 2011.

- The Executive proposes increasing the aggregate amount of low-income housing tax credit the Commissioner of Housing and Community Renewal may allocate by $4 million to $32 million. This proposal has no fiscal impact because the annual revenue foregone due to the increase in credit is already included in the State Financial Plan.

- The Executive proposes extending the Gramm-Leach Bliley provisions for two years.

- The Executive proposes to extend the end date for the period during which qualifying property may be placed in service to qualify for the investment tax credit applicable to financial services taxpayers from October 1, 2011 to October 1, 2015. This proposal has no fiscal impact because the annual revenue foregone due to the increase in credit is already included in the State Financial Plan.

- The Executive proposes to extend beyond the June 30, 2010 sunset of Empire Zone Program the Department of Economic Development's (DED) ability to monitor and assess the performance of the approximately 7,500 businesses that qualify for Empire Zone benefits. This allows for DED to effectively decertify businesses that fail to report or meet performance objectives and preserves current revenue.

- The Executive proposes to reform the effectiveness of the Excelsior economic development program to create jobs by extending the benefit period from five to ten years and enhancing the credits awarded. There is no impact on the Financial Plan through SFY 2016-17. Extension of the benefit period from five to ten years will only impact the Financial Plan beginning in SFY 2017-18.

Receipts:

The Executive estimates All Funds corporate franchise tax receipts of $3.270 billion in SFY 2010-11, an increase of $759.1 million from SFY 2009-10. The increase is primarily attributed to 28.8% growth in corporate profits in 2010 and a projected 28.4% increase in audit receipts. The Executive projects All Funds corporate franchise tax receipts to increase $366.0 million to $3.636 billion in SFY 2011-12. Contributing to this increase is the expected receipt of $423 million in credit tax deferrals enacted in SFY 2009-10.

On a General Fund basis, the Executive estimates SFY 2010-11 receipts of $2.848 billion, an increase of $703 million. On a General Fund basis the Executive projects receipts to increase by $309 million from SFY 2010-11 to $3.157 billion in SFY 2011-12.

CORPORATION AND UTILITIES TAXES

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	721.7	634.0	680.6	46.6	7.4
All Funds	953.7	836.0	891.6	55.6	6.7

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% on the gross receipts of transportation and transmission companies.
- Section 185 imposes a franchise tax on farmers, fruit-growers and other agricultural cooperatives.
- Section 186-a imposes a 2% gross receipts tax on charges for the transportation, transmission, distribution, or delivery of electric and gas utility services.
- Section 186-e imposes a 2.5% gross receipts tax on charges for telecommunications services.

Special Revenue Funds

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

Proposed Legislation:

- 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% 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% 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 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-11	SFY 2010-11 to SFY 2011-12 Change	%Change
General Fund	1,331.0	1,191.0	1,266.0	75.0	6.3
Other Funds	159.7	117.0	126.0	9.0	7.7
All Funds	1,490.7	1,308.0	1,392.0	84.0	6.4

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% and all other premiums received by non-life insurers are taxed at the rate of 2%. A $250 minimum tax applies to all non-life insurers.
- The franchise tax on life insurers has two components. The first component is a franchise tax computed under four alternative bases, with tax due based on the highest tax calculated under the four alternative bases. In addition, a 0.8 of one mill tax rate applies to each dollar of subsidiary capital allocated to New York. The second component is an additional franchise tax on gross premiums, less returned premiums. The tax rate on premiums is 0.7% and applies to premiums written on risks located or resident in New York. This tax is added to the tax due under the first component.

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

Special Revenue Funds

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

Proposed Legislation:

The Executive proposed the following legislation with this Budget:

- Extending the financial services investment tax credit through October 1st, 2015;
- Makes technical corrections to the Empire Zones Program to grant the Department of Economic Development (DED) the authority to continue to monitor Empire Zone Program compliance and to decertify non-complying businesses;
- Conforms New York State Insurance and Tax Laws to conform to the federal Dodd-Frank Act excess lines tax provisions. This includes authorizing New York State to participate in a national compact that collects and remits excess lines taxes to the states;
- Reform and improve the effectiveness of the Excelsior Economic Development Program; and
- Eliminate a tax exemption for any large cooperative insurers receiving $25 million or more in annual premiums.

Receipts:

The Executive estimates All Funds insurance taxes receipts of $1,308 million in SFY 2010-11, a decrease of $182.7 million from SFY 2009-10. The decrease is primarily attributable to a fall in the value of the policies sold because of the downturn of the economy. A noticeable decline has been seen in the casualty, property, and commercial insurance policies. The Executive projects All Funds insurance taxes receipts to be $1,392 million in SFY 2011-12, an increase of $84 million.

On a General Fund basis, the Executive estimates receipts of $1,191 million in SFY 2010-11, an decrease of $140 million from SFY 2009-10. On a General Fund basis, the Executive estimates $1,266 million, an increase of $75 million from SFY 2010-11.

The Executive estimates that tax receipts from the MCTD surcharge is $117 million for SFY 2010-11 and $126 million for SFY 2011-12.

PETROLEUM BUSINESS TAXES

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-11	SFY 2010-11 to SFY 2011-12 Change	SFY 2010-11 to SFY 2011-12 %Change
General Funds	0.0	0.0	0.0	0.0	0.0
All Funds	1,103.6	1,075.0	1,116.0	41.0	3.8

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% increase or decrease per year.

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

Proposed Legislation:

The Executive has proposed the following legislation in this Budget:

- Extend for one year the tax exemptions on renewable fuels such as E85, CNG, hydrogen and B20 when purchased as automotive fuel. It would also clarify the definition of E85 to conform with international standards.
- Modernizing certain fuel definitions to conform with changes in Federal Law and EPA regulations. This proposal would also conform the enforcement provisions for highway dieseal fuel to those currently applied to motor fuel.

<u>Receipts:</u>

Petroleum Business Tax receipts are estimated to total $1,075 million in SFY 2010-11, a decrease of $28.6 million from SFY 2009-10. This decrease is attributed to a 5% decrease in the PBT index on January 1, 2010, and only partially offset by a 5% increase in the index for January 1, 2011.

Petroleum Business Tax receipts are projected to total $1,116 million in SFY 2011-12, a $41 million increase from SFY 2011-12. The increase is due primarily to a 5% increase in the PBT index on January 1, 2011 and a projected increase of 5% on January 1, 2012.

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% 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% on January 1, 2011.

ESTATE TAX

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	864.0	1080.0	1015.0	(65.0)	(6.0)
All Funds	864.0	1080.0	1015.0	(65.0)	(6.0)

Summary:

General Fund

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

Special Revenue Funds

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

Proposed Legislation:

The Executive has not proposed any new legislation.

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 increase by $216 million in the current fiscal year to $1080 million in SFY 2010-11. This decrease is a result of stock market gains and increasing housing values.

In SFY 2011-12, estate tax receipts are projected to decrease by $65 million to $1,015 million. Receipts from small estates are projected to decrease by 3.4%, to $463 million. Receipts from large estates are projected to decrease by 8%, to $274 million.

REAL ESTATE TRANSFER TAX

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	0.0	0.0	0.0	0.0	0.0
Other Funds	493.0	566.0	620.0	54.0	9.5
All Funds	493.0	566.0	620.0	54.0	9.5

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 1% 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:

No new legislation is proposed with this budget.

Receipts:

For SFY 2010-11, All Fund receipts for real estate transfer taxes are estimated to total $566 million, a increase of $73 million, or 14.8%. This increase is due largely to the Federal tax credit for first time home buyer in the housing market in SFY 2010-11.

For SFY 2011-12, All Fund receipts are projected to be $620 million, an increase of $54 million or 9.5% from SFY 2010-11. This increase reflects the recovering economy as well as the recovering housing market.

PARI-MUTUEL TAX

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	18.8	17.0	14.0	(3.0)	(17.6)
Other Funds	0.0	0.0	0.0	0.0	0.0
All Funds	18.8	17.0	14.0	(3.0)	(17.6)

Summary:

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

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

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

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

General Funds

Pari-Mutuel receipts have declined steadily over the years due to competition from nearby casinos and the growth of other gaming venues such as Video Lottery Terminals (VLTs), resulting in a reduction of handle and attendance at on and off track betting locations (OTB's). Pari-Mutuel tax receipts are projected to drop by $3 million, or 17.6%, to $14 million in SFY 2011-2012, this decline is reflected in the closure of NYC OTB. It is estimated that some wagering will remain with other OTB's and to NYRA, however, a portion of NYC OTB's handle is expected to be lost.

Special Revenue Funds

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

<u>Proposed Legislation:</u>

The Executive proposes to extend certain tax rates and the authorization for account wagering for a period of one year (June 30, 2011 to June 30, 2012). 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.

<u>Receipts:</u>

For SFY 2010-11, All Fund receipts for Pari-Mutuel taxes are estimated to be $17.0 million, a decrease of $ 1.8 million, or 9.6%. This decrease is due to a decline in the handles during SFY 2010-11. For SFY 2011-12, receipts are projected to decline. The projected decline reflects the loss of pari-mutuel tax receipts from OTB's and the full year impact of the closure of NYC OTB.

REVENUE

RACING ADMISSION/BOXING AND WRESTLING EXHIBITIONS TAX

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	General Fund	0.7	0.7	0.7	0
Other Funds	Other Funds	0	0	0	0
All Funds	All Funds	0.7	0.7	0.7	0

Summary:

General Fund

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

Special Revenue Funds

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

<u>Receipts:</u>

For SFY 2010-11, All Funds receipts are estimated to be $700,000.

METROPOLITAN TRANSPORTATION AUTHORITY RECEIPTS

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	0	0	0	0	0
All Funds	1,352.9	1,699.0	1,736.0	67.0	4.0

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% 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% 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%. In addition to this sales tax, the rentals of automobiles within the district are subject to an auto rental tax of 5%.

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% 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 has not proposed any new legislation in this Budget.

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 2010-11	SFY 2011-12
Payroll Tax (mobility)	1,372.0	1,437.0
Motor Vehicle Fees	181.0	181.0
Auto Rental Tax	35.0	37.0
Taxicab Surcharge	81.0	81.0
Total	1,669.0	1,736.0

MISCELLANEOUS RECEIPTS

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-11 Change	% Change
General Fund	3,887.9	3083.6	3,088.2	4.6	0.2
All Funds	18,700.3	18175.5	18,450.3	274.8	1.5

Summary:

General Fund

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

Special Revenue Funds

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

Proposed Legislation:

- Legislation is proposed in this budget that would reduce dormancy periods on fourteen abandoned property items from 5 or 6 years to 3.

Receipts:

In SFY 2010-11, General Fund miscellaneous receipts are estimated to total $3,083 million, a decrease of $804 million. This decrease is due to the elimination of one-shots enacted in the SFY 2009-10 Budget. For SFY 2011-12, General Fund miscellaneous receipts are projected to total $3,088 million, an increase of $4.6 million from SFY 2010-11.

LOTTERY

(millions of dollars)

	Actual SFY 2009-10	Estimated SFY 2010-11	Forecast SFY 2011-12	SFY 2010-11 to SFY 2011-12 Change	% Change
General Fund	0.0	0.0	0.0	0.0	0.0
Other Funds	2,644.7	3,005.0	2,892.0	113.0	3.710
All Funds	2,644.7	3,005.0	2,892.0	113.0	3.710

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.

Proposed Legislation/ Administrative Actions:

- The Executive proposes to offset certain tax debts against lottery winnings by requiring winners’ outstanding tax debts to be withheld from Lottery individual prizes above $600. It is estimated that enactment of this measure would increase tax collections by $5 million in SFY 2011-12, and $10 million annually thereafter.
- The Executive proposes elimination of restrictions on the Quick Draw game. A number of restrictions are currently imposed on where the State’s Quick Draw lottery game can be played. For premises licensed to sell alcoholic beverages, Quick Draw may not be conducted unless at least 25% of gross sales are sales of food. For premises that do not sell alcoholic

beverages, Quick Draw may not be conducted unless the establishment is a minimum of 2,500 square feet. Elimination of these restrictions would generate an increase in revenue by $10.0 million in SFY 2011-12 and $44.0 million annually thereafter.

- The Executive proposes for New York State Lottery to enter into Multi-State Progressive Video Lottery Games. The New York State Lottery currently offers progressive jackpots(a cash prize that grows larger until won) for certain Video Lottery Games. Currently,terminals in different New York State Video Lottery Gaming facilities can be combinedinto a progressive jackpot pool with other states that offer Video Lottery Gaming. This proposal would allow New York to combine with play in other states to increase the progressive jackpots through larger pools. In SFY 2011-12 it is estimated that this proposal will increase revenue by an estimated $2 million and $3 million annually thereafter.
- The Executive proposes a provision for "Free-Play Allowance" to all video lottery gaming facilities. Video Lottery Gaming facility vendors are authorized to provide free game credits to encourage frequent players to use paid credits when their "free play" is exhausted. This provision authorizes a "free-play allowance" to Video Lottery Gaming facilities. The amount of "free-play allowance" that can be provided to each facility will be capped at 10% of the net machine income at that facility. Currently Lottery is overseeing a pilot program for free play at Tioga and Vernon Downs harness tracks. Beginning in SFY 2011-12 it is estimated this action would increase revenue by $38 million annually.
- The Executive proposes legislation that will allow Lottery to offer two new scratch off games where the payout is 75% (the traditional payout is 60%). Lottery is currently authorized to offer three of these games. This proposal would allow Lottery to introduce two new $30 scratch-off games. For SFY 2011-12 it is estimated this measure would generate an additional $4 million in revenue and $4 million annually thereafter.
- The Executive proposes for New York State to permit for an increase prize payout percentage on Multi-Jurisdictional Games. New York currently offers two multi-jurisdictional lottery games; Mega Millions and Powerball. If the prize payout on either of these games were to increase above their current 50% prizepay, New York could no longer participate due to the statutory limit prohibiting a prize payout in excess of 50% on multi-jurisdictional games. This proposal would allow the Lottery to have a higher prize-payout if two-thirds of the participating lottery jurisdictions agree to a prize payout in excess of 50%. This proposal would not necessarily generate additional revenue for the State, but would allow for New York .
- The Executive proposes for administrative action for various lottery sales efficiency measures, they are; expand the sales force to reduce the ratio of retailers to marketing reps by approximately 50 FTE's, which would support the expansion of the retailer base through recruitment of corporate chain stores, as well as implementing The "Megaplier" add-on feature for the Mega Millions game. For SFY 2011-2012 it is estimated this measure would increase receipts by $100 million, and $109 million in SFY 2012-13.
- The Executive proposes an administrative action that will expand the prepaid subscription sales to other jackpot games, and for SFY 2011-12 it is estimated this measure would generate an additional $1 million and in SFY 2012-13 an additional $2 million.

Receipts:

For SFY 2010-11, receipts for education from the sales of Lottery are estimated to be $3 billion, an increase of $360.3 million or 13.6% above SFY 2009-10. Sales of all traditional games were negatively impacted from the loss of a 53rd week of deposits in the current fiscal year. Net receipts for education also include $920 million from the operation of video lottery terminals, including $380 million in receipts for the right to operate VLTs at Aqueduct.

For SFY 2011-12, receipts for education from Lottery games are projected to decrease from SFY 2010-11 by $268 million, or 8.9 %, to $2.74 billion. This decrease takes into account the one-time $380 million payment for the right to operate VLT's at Aqueduct. 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 be taking actions to increase revenue to support education by $101 million. Administrative actions include initiatives to increase the efficiency of the sales force and to increase the number of retail vendors. These actions will increase sales of most traditional games, and when combined with proposed law changes, are estimated to result in receipts for education from Lottery games of $2.89 billion, a decrease from the prior fiscal year of $113 million, or 3.8%. After adjusting for last year's one-time Aqueduct payment, proposed law receipts would increase by $267 million, or 10.2%. Administrative surplus income is projected to total $389 million in 2011-12.

For SFY 2011-12, instant games receipts from sales are projected to increase by $9 million, or 1.4%. The VLT program is projected to generate $ 642 million for education in SFY 2011-12, a decrease of $ 278 million. This decrease indicates the loss of the one-time $380 million payment for the right to operate VLT's at Aqueduct. Adjusting for the Aqueduct payment, VLT receipts are projected to increase by $102 million, primarily due to the beginning of gaming operations at Aqueduct in 2011-2012, combined with full year impact of 2010 legislation that reduced the vendors' commission and the increase hours of operation for VLT facilities. Proposed legislation for SFY 2011-2012 that would authorize a "free-play" allowance program, as well as for multi-state progressive video lottery games are projected to generate an additional $40 million in revenue to support education.

In SFY 2011-12, for "Jackpot games", both Mega Millions and Powerball receipts are anticipated to increase. Mega Millions is projected to increase to $154 million. It is projected there will an increase in the number of large jackpot roll-ups in 2011-12 from 2010-11. The addition of the "Megaplier" feature is projected to contribute $8 million in receipts from sales. Receipts from Powerball are projected to increase to $86 million, an increase of $16 from SFY 2010-11. With the increase of consumer awareness, and as availability of the game improves in New York, sales are projected to increase.

Lotto receipts from sales are expected to decline by $20 million in 2010-11 to $61 million. The decline in Lotto sales was accelerated by the introduction of Powerball in New York, which draws on the same nights as Lotto, as well as the economy. With consumers deciding where to spend their money and having more jackpot games to pick from, Lotto receipts have been negatively impacted.

The first full year of sales of Sweet Million is projected to generate $19 million in revenue to support education. Lottery launched Sweet Million, a new version of the Lotto game that offers a fixed top prize of $1 million, in September 2009.

Revenue from sales attributable to the Numbers game is projected to increase by 5.1% in SFY 2011-12, to $311 million. Win 4 receipts are projected to grow by $17 million, an increase of 6.3%. Receipts from Take 5 sales are projected to decline by $1 million in SFY 2011-12 to $95 million due to competition from newer games. Receipts from sales of the Quick Draw game are projected to increase by $1 million as the impact of a full year of sales without restrictions on the hours of operation offset the base trend decline in the game. Under proposed law, the removal of restrictions on where Quick Draw can be operated would result in an additional $9 million in receipts from sales, while increased sales force and recruitment efforts are projected to increase receipts from the sale of Quick Draw by $15 million.

REVENUE ACTIONS

Revenue Actions					
SFY 2011-12 Executive Budget					
Effective Date	**Description**	**Current Fee**	**Proposed Fee**	**SFY 2011-12 (000s)**	**Full Annual (000s)**
Tax and Assessment Actions				***$0***	***$0***
New or Increased Fees					
CFS					
4/1/11	Establish fee for Statewide central registrar clearance checks.	N/A	$60	$11,922	$11,922
Racing					
4/1/11	Racing purse surcharge.	0%	2.75%	$7,600	$8,500
		New or Increased Fees-Subtotal		**$19,522**	**$20,422**
Loophole Closing Actions					
Tax and Finance					
4/1/11	Repeal exemption for large cooperative insurance companies.	N/A	N/A	$22,000	$16,000
		Loophole Closing Actions-Subtotal		**$22,000**	**$16,000**
Tax Enforcement Actions					
Tax and Finance					
4/1/11	Offset certain tax debts against lottery winnings.	N/A	N/A	$5,000	$10,000
4/1/11	Improve compliance through tax modernization initiatives.	N/A	N/A	$200,000	$200,000
		Tax Enforcement Actions - Subtotal		**$205,000**	**$210,000**
Other Revenue Actions					
Lottery					
4/1/11	Provide free play allowance to all tracks.	N/A	N/A	$38,000	$38,000
4/1/11	Increase the number of 75% instant games.	N/A	N/A	$4,000	$4,000
4/1/11	Remove location restrictions on Quick Draw.	N/A	N/A	$10,000	$44,000
4/1/11	Increase private payout percentage on multi-jurisdictional games.	N/A	N/A	$0	$0
4/1/11	Multi-state progressive video lottery games.	N/A	N/A	$2,000	$2,000
4/1/11	Various Lottery sales efficiency actions.	N/A	N/A	$100,000	$109,000
Office of State Comptroller					
4/1/11	Reduce various abandoned property dormancy periods.	N/A	N/A	$55,000	$15,000
		Other Revenue Actions - Subtotal		**$209,000**	**$213,000**
		ALL REVENUE ACTIONS – GRAND TOTAL		**$455,522**	**$459,422**

Revenue Bill – S.2811/A.4011

Part A –Reduce the dormancy period of miscellaneous abandoned property.

Part A reduces the dormancy period of miscellaneous abandoned property from either five or six years to three years.

This part also reduces the dormancy period from five years to three years on condemnation awards, credit balances arising from loans, bank accounts (demand deposit, savings, time deposit, deposit and suspense), lost cash, money on despoit to secure funds, unredeemed gift certificates, and various other types of funds such as bail, certain trusts, esrow accounts, and child or spousal support which is held by the court because it has not been claimed.

Additionally this part reduces the dormancy period from six years to three years on surplus from the sale of pledged property.

These funds will be deposited with the Comptroller and can be claimed by the owner of the funds or the representative of his or her estate at any time.

Increases revenue $55 million in 2011-12, and $70 million in 2012-13.

Part B – Make tax shelter reporting provisions permanent.

Part B makes permanent disclosure and penalty provisions relating to transactions that present the potential for tax avoidance in order to deter the use of tax shelters.

The proposed amendment makes these tax shelter provisions permanent by removing the sunset date in that provision, which is set to expire on July 1, 2011. The amendment would also remove the requirement for the Commissioner of Taxation and Finance to prepare a report on the tax shelter law by April 1, 2007, since that report has already been prepared and submitted.

Preserves $5 million in annual revenue currently in the State Financial plan.

Part C – Provide the Department of Economic Development with continuing authority to monitor Empire Zone Program compliance and to decertify non-complying businesses.

Part C amends the Tax Law to make clear that firms that are decertified by the Department of Economic Development after July 1, 2010 shall be denied tax credits.

The Department of Economic Development (DED) is responsible for the continued administration and performance monitoring of businesses for taxable years succeeding the Empire Zone sunset of June 30, 2010. This bill clarifies that if DED decertifies a business, the business would not continue to qualify for Empire Zone benefits under the Tax Law.

Under the law in effect prior to June 30, 2010 DED had the authority to monitor the performance of businesses and decertify businesses that failed to report or meet its performance objectives. This bill continues that authority beyond the Program sunset of June 30, 2010.

Preserves current revenue by ensuring the continued performance monitoring of the over 7,500 businesses that remain in the Empire Zone Program.

Part D – Authorize an offset of lottery winnings with outstanding State tax liabilities.

Part D permits the crediting of lottery prizes exceeding six hundred dollars against prize winners' liabilities for taxes owed to New York.

The Executive argues that lottery winners should not be expected to take their winnings without settling past-due debts, including tax liabilities, owed New York State. This bill provides a method of collecting tax liabilities from lottery prizes. The names of tax debtors submitted to the Division of the Lottery (Lottery) would include those against whom a warrant, a public record serving as a judgment, had been filed, as well as those whose tax liabilities have not yet been warranted but are legally fixed, final and not subject to further administrative or legal review.

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget because it would increase tax collections by $5 million in SFY 2011-12, and $10 million annually thereafter.

Part E – Extend the financial services investment tax credit to certain broker-dealers for four years from October 1, 2011 to October 1, 2015.

Part E extends for four years the Investment Tax Credit (ITC) for certain financial services taxpayers.

The financial services investment tax credit provisions have encouraged taxpayers in the financial services industry to make investments in qualifying property, including buildings, in New York State. Thus, an extension of the credit for four years is appropriate.

The annual revenue foregone due to the extension of this tax credit is already included in the State Financial Plan.

Part F – Authorize additional credits of $4 million for the Low-Income Housing Credit.

Part F increases the aggregate amount of Low-Income Housing Tax Credit the Commissioner of Housing and Community Renewal may allocate.

Amends Public Housing Law §22 to increase the aggregate amount of low-income housing tax credit the Commissioner may allocate from $28 million to $32 million. Current statute provides for total allocation authority of $28 million.

The annual revenue foregone due to the increase in credit is already included in the State Financial Plan.

Part G – Improve the effectiveness of the Excelsior Jobs Program.

Part G improves the effectiveness of the Excelsior Jobs Program (the Program) by enhancing the existing tax credits available to applicants and adding an energy incentive to the program.

This offers an enhanced package of tax credits by:

- Revising the formula for the Excelsior Jobs Tax Credit to be based upon the projected income tax receipts to New York State for each net new hire, and basing the jobs credit on the product of the gross wages paid and 6.85% (the State's highest income tax rate after 2011);
- Providing that, under the revised formula, the jobs credit will not be lower than current law at any salary level;
- Removing the $5,000 cap on the jobs credit;
- Increasing the Excelsior Research & Development (R&D) Tax Credit to be equal to 50% of the taxpayer's actual federal research and development credit and capping the credit at 3% of R&D expenditures;
- Basing the Excelsior Real Property Tax Credit on the value of a property after improvements have been made in order to increase the incentive for businesses to invest in property, plant and equipment;
- Allowing participants in the Program to access existing New York State research and development tax credits in addition to the Excelsior tax credits; and
- Authorizing utilities to offer discounted gas or electric rates to participants in the Program.

There is no change to the Financial Plan from this bill through SFY 2016-17. The Financial Plan impact of the extension of the benefit period from five years to ten years begins in SFY 2017-18.

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

Part H limits the exemption from the franchise tax on insurance corporations for certain town or county cooperative insurance corporations in order to prevent "unfair" competition.

The State Tax Law currently exempts from taxation town and county co-operative insurance companies that were in existence before 1937. These companies originally were formed by persons desiring to provide insurance on a co-operative basis in a specified geographic area (e.g., one or more towns, or one to three adjoining counties) in order to provide only certain types of insurance, such as fire insurance. However, over the years, their authorization has been enveloped into broader authority under the Insurance Law, enabling these companies to expand both their geographic reach and the types of insurance they offer. As a result, some of the town and county co-operative insurance companies currently exempt from taxation have expanded their business significantly beyond what was originally contemplated when the exemption was enacted. These companies are competing with other property and casualty companies doing business in New York State, yet they have an unfair advantage because they pay no State franchise tax. This bill is intended to level the playing field for large co-operative insurance corporations and other property and casualty companies, and limit the exemption to those companies whose operations are more closely aligned with the original intent of the exemption.

Increases revenue by $22 million in SFY 2011-12 and $16 million annually thereafter.

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

Part I brings New York's excess line premium tax and tax on independently procured insurance into conformance with the Federal Dodd-Frank Wall Street Reform and Consumer Protection Act, including the Nonadmitted and Reinsurance Reform Act of 2010, and allows New York to enter into the Nonadmitted Insurance Multi-State Agreement (NIMA) prepared by the National Association of Insurance Commissioners.

The Federal Dodd-Frank Wall Street Reform and Consumer Protection Act, including the Nonadmitted and Reinsurance Reform Act of 2010 (NRRA) contained in that Act, changes our current taxation of surplus lines (or excess lines) and independently procured insurance by giving the "home state" of the insured the sole authority to regulate and collect taxes on these transactions. NRRA also gives states the ability to enter into a compact to allocate among the compact member states premium taxes on surplus lines and independently procured insurance.

The Executive asserts that failure to enact this legislation will result in a decrease in New York State's tax receipts.

Part J – Extend Gramm-Leach Bliley (GLB) provisions for two years and make Bank Tax Extender permanent.

Part J makes the provisions of the New York State and New York City bank taxes dealing with the taxation of commercial banks permanent and extends the transitional provisions concerning the enactment and implementation of the federal Gramm-Leach-Bliley Act for two years.

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget as it preserves current revenue.

Part K – Modernize certain fuel definitions.

Part K updates the manner in which diesel motor fuel is classified for purposes of the taxes imposed on diesel motor fuel under the Tax Law.

Presently, the taxation of diesel motor fuel is dependent upon whether it is considered "enhanced" or how it is labeled. Under current law, "enhanced" diesel motor fuel is taxed on its "first sale" in the State. As the "enhanced" diesel product moves down the distribution chain the taxes are embedded in the price paid by subsequent purchasers. The final consumer bears the statutory incidence of the tax. The purpose of this taxation method is to minimize the risk of tax evasion by collecting the tax at the top of the distribution chain in the State.

However, changes to the federal government's fuel tax structure, including a fuel terminal based tax with dyed diesel fuel rules, and EPA regulations limiting sulfur content in diesel fuels, have driven changes in the petroleum marketplace regarding the labeling and invoicing for sale of diesel fuel product. In addition, and most significantly, a new State law (Chapter 203 of Laws of 2010), requires that all heating oil sold in this State, effective July 1, 2012, contain no more than 15 parts per million (PPM) in sulfur content. This is the same low sulfur standard required by federal rules for highway diesel fuel and current New York requirements for "enhanced" diesel motor fuel.

Moreover, if no action is taken to change New York's diesel fuel tax definitions before July 2012, the recently enacted 15 PPM sulfur content requirement for all heating oil sold in the state, roughly 1.4 billion gallons of number two heating oil sold in the State annually, would initially be subject to the State's highway diesel fuel taxes, even though residential heating fuel is exempt from State taxes. Because this diesel fuel used for heating will initially be taxed, under the new law many consumers will likely find themselves in the same position farmers are in now, facing tax-induced "cash flow" problems. That is, homeowners will have to pay the State's highway fuel taxes when they purchase diesel fuel for heating use, an exempt purpose, and then apply to the Department for a refund. On average, the heating oil bill for two million households would be increased by approximately $160 when the highway fuel taxes are embedded in the price.

Changes the statutory definitions related to taxation of diesel motor fuel. As noted above, taxation of diesel motor fuel is currently based upon whether the diesel motor fuel is “enhanced.” It removes the concept of “enhancement” from the Tax Law, and amends the Tax Law to incorporate the federal dyeing rules. This bill creates two categories of diesel motor fuel: non-highway diesel motor fuel and highway diesel motor fuel. Non-highway diesel motor fuel would be defined as any diesel motor fuel that is designated for use other than on a public highway and dyed in accordance with the federal regulation for dyeing diesel motor fuel. Highway diesel motor fuel would be defined as any diesel motor fuel that is not non-highway diesel motor fuel. The definition of automotive fuel is repealed in Article 12-A because Articles 12-A and 13-A now use the terms “motor fuel” and “highway diesel motor fuel” in place of the term “automotive fuel” to simplify the terms being used and to eliminate confusion with other articles of the Tax Law.

Amends the definition of motor fuel to include E85 and fuel grade ethanol. The definition of E85 is amended to more appropriately describe it as a fuel blend consisting of ethanol that meets the ASTM International active standard D5798 for fuel ethanol. This would allow all motor fuel that was intended to receive tax exemptions to qualify regardless of the technical aspects of the fuel definition. Existing law defines E85 as consisting of 85% ethanol and the remainder of which is motor fuel. However, E85 producers adjust the distribution based upon seasonal temperature changes, which may cause the ethanol percentage to fall below 85%. This causes ambiguity about whether the exemption applies. The amended definition eliminates this ambiguity.

The definitional changes noted above result in a change in how diesel motor fuel is taxed. As a result, amendments to the Tax Law with respect to the Department’s administration of the diesel motor fuel tax are necessary. For instance, amendments to registration, recordkeeping and penalties are necessary to incorporate the new defined terms.

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget because it prevents an unintended tax increase.

Part L – Extend the alternative fuels tax exemptions for one year.

Part L clarifies the definition of E85 and extends the sunset for the tax exemptions for alternative fuels, including E85, compressed natural gas (CNG), hydrogen, and B20 from September 1, 2011 to September 1, 2012.

This part also amends the definition of E85 to more appropriately describe it as a fuel blend consisting of ethanol and motor fuel, which meets the American Society for Testing and Materials (ASTM) International active standard D5798 for fuel ethanol. This allows all motor fuel that was intended to receive the tax exemptions to qualify regardless of technical aspects of the fuel definition.

Extends the sunset date for the exemptions in the Tax Law for alternative fuels from September 1, 2011 to September 1, 2012. Unless this sunset date is extended, the Tax Law will no longer allow full exemptions for E85, CNG, and hydrogen, and partial exemptions for B20 from the motor fuel taxes (Article 12-A), the petroleum business taxes (Article 13-A), fuel use taxes (Article 21-A) and State and local sales and compensating use taxes (Articles 28 and 29).

Reduces state revenue by $1.5 million in 2011-12 and 2012-13.

Part M – Simplify the distribution of Motor Vehicle fees.

Part M simplifies the distribution of motor vehicle receipts by clarifying that all “taxes and fees now deposited into the general fund” include fines, assessments and other monies received pursuant to the Vehicle and Traffic Law.

Since 2006, $169.4 million of non-dedicated motor vehicle taxes and fees have been directed to the Dedicated Funds Pool. If there is a surplus, the remainder is directed to the General Fund. If there is a shortfall, revenues from the General Fund are transferred to the Dedicated Funds Pool to cover this shortfall. Currently, the Office of the State Comptroller attributes some non-dedicated motor vehicle receipts, such as fines and assessments, into the General Fund. These non-dedicated receipts are distinct from the taxes and fees categories covered by the current distribution statute.

This part provides that funds now collected pursuant to the Vehicle and Traffic law, and not otherwise dedicated to another fund, shall be directed towards the Dedicated Funds Pool created by this statute. This would not have a net impact on the General Fund or the Dedicated Funds Pool because the fund will be maintained at $169.4 million and any monies over that amount in the Dedicated Funds Pool will still be transferred to the General Fund and any shortfall in the Dedicated Funds Pool will be covered by the General Fund. This bill would only simplify the current motor vehicle receipt distribution, eliminate cash-flow complexities caused by current law and streamline the accounting process associated with this Dedicated Funds Pool.

This part also amends section 11 of part EE of Chapter 63 of the laws of 2000 by removing the language "taxes and fees" and replacing it with "all motor vehicle receipts."

Increases General Fund motor vehicle revenues by $78.1 million and decreases General Fund miscellaneous licenses and fees by an equal amount.

Part N – Eliminate restrictions on the operation of Quick Draw.

Part N removes *Quick Draw* restrictions: (1) limiting ticket sales to bars and taverns where at least twenty-five (25%) of gross sales are from food; (2) that require a minimum of 2,500-square-feet for establishments that do not serve alcohol; and (3) that require that a person must be twenty-one years of age to play *Quick Draw* at bars and taverns.

Increases revenue by $10.0 million in SFY 2011-12 and $44.0 million annually thereafter.

Part O – Authorize a Free Play Allowance Program.

Part O authorizes the Division of the Lottery (Lottery) to administer a free play allowance credit program at video lottery gaming (VLG) facilities, capped at 10% of net machine income.

Free-play is an accepted promotional tool in the gaming industry. New York's VLG facilities face competition from gaming facilities in other jurisdictions that offer greater levels of free-play either because they have free-play programs, or retain larger percentages of gaming revenue. Pilot free-play allowance credit programs conducted at Tioga Downs and Monticello Gaming and Raceway have been successful at increasing net machine income (NMI).

Increases revenue by $38 million annually beginning in 2011-12.

Part P – Allow two additional 75% Instant Lottery Games.

Part P allows the Lottery Division to offer an additional two instant games with a 75% prize payout annually.

This part amends Tax Law § 1612(a)(2) to allow the Lottery Division to offer as many as five instant games in which up to 75% of ticket sales receipts may be used for payment of prizes.

Under current law, the Lottery Division may offer as many as three instant games during the fiscal year in which up to 75% of ticket sales receipts may be used for payment of prizes.

Increases revenue by an estimated $4 million in SFY 2011-12 and $4 million annually thereafter.

Part Q – Allow for a higher prize pay-out on multi-jurisdictional Lottery Games.

Part Q permits the Lottery Division ("the Lottery") to continue participating in joint, multi-jurisdiction and out-of-state lottery gaming consortiums in the event these entities increase prize payout percentages higher than the amount allowable under existing State law.

This part amends Tax Law § 1612(a)(3) to allow the Lottery to use a percentage of ticket sales receipts exceeding 50% for payment of prizes of any joint, multi-jurisdiction and out-of-state lottery if at least two-thirds of the lottery jurisdictions participating in such lottery agree to a prize payout percentage that exceeds 50% of ticket sales.

Existing law limits the amount that the Lottery may use for prize payments for any joint, multi-jurisdiction and out-of-state lottery games to 50% of ticket sales for such games.

Preserves revenue contained in the State's Financial Plan.

Part R – Authorize multi-jurisdictional Video Lottery gaming.

Part R permits the introduction of joint, multi-jurisdiction and out-of-state video lottery gaming with the same prize payout percentages as existing video lottery gaming.

This part amends Tax Law § 1612 to permit the introduction of joint, multi-jurisdiction and out-of-state video lottery gaming with the same prize payout percentages as existing video lottery gaming.

Authorizing the Lottery Division to offer joint, multi-jurisdiction and out-of-state video lottery gaming will allow the Lottery Division to introduce multi-jurisdiction, wide-area progressive video lottery terminals with higher prize payouts.

Increases revenue by an estimated $2 million in SFY 2011-12 and $3 million annually thereafter.

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

Part S extends, for a period of one year, various provisions of the Racing, Pari-Mutuel Wagering and Breeding (Racing) Law which expire during the 2011-12 fiscal year.

Section 1 of the Part S amends Racing Law §1003(a) to extend in-home simulcasting from June 30, 2011 to June 30, 2012.

Section 2 of Part S amends Racing Law §1007(3)(d)(iii) to extend the current percentage of total pools allocated to purses that a track located in Westchester County receives from a franchised corporation from June 30, 2011 to June 30, 2012.

Section 3 of Part S amends the opening paragraph of Racing Law §1014(1) to continue the provisions allowing simulcasting of out-of-state thoroughbred races on any day the Saratoga thoroughbred track is operating from June 30, 2011 to June 30, 2012, and to delay the operation of these provisions in regard to the simulcasting of out-of-state thoroughbred races on all days whether or not the Saratoga thoroughbred track is operating until June 30, 2012.

Section 4 of Part S amends Racing Law §1015(1) to extend the provisions governing the simulcasting of races conducted at out-of-state harness tracks from June 30, 2011 to June 30, 2012.

Section 5 of Part S amends the opening paragraph of Racing Law §1016(1) to extend the provisions governing the simulcasting of out-of-state thoroughbred races on any day the Saratoga thoroughbred track is closed from June 30, 2011 to June 30, 2012.

Section 6 of Part S amends the opening paragraph of Racing Law §1018 to extend the current distribution of revenue from out-of-state simulcasting during the Saratoga meet through September 8, 2011.

Section 7 of Part S amends §32 of Chapter 281 of the Laws of 1994 to extend the current amount of off-track betting wagers on New York Racing Association, Inc. (NYRA) pools dedicated to purse enhancement from July 1, 2011 to July 1, 2012.

Section 8 of Part S amends §54 of Chapter 346 of the Laws of 1990 to extend binding arbitration for disagreements from July 1, 2011 to July 1, 2012.

Section 9 of Part S amends Racing Law §238(1)(a) to extend the current distribution of revenue from on-track wagering on NYRA races.

Section 10 of Part S amends Racing Law §1012(5) to extend the authorization for account wagering from June 30, 2011 to June 30, 2012.

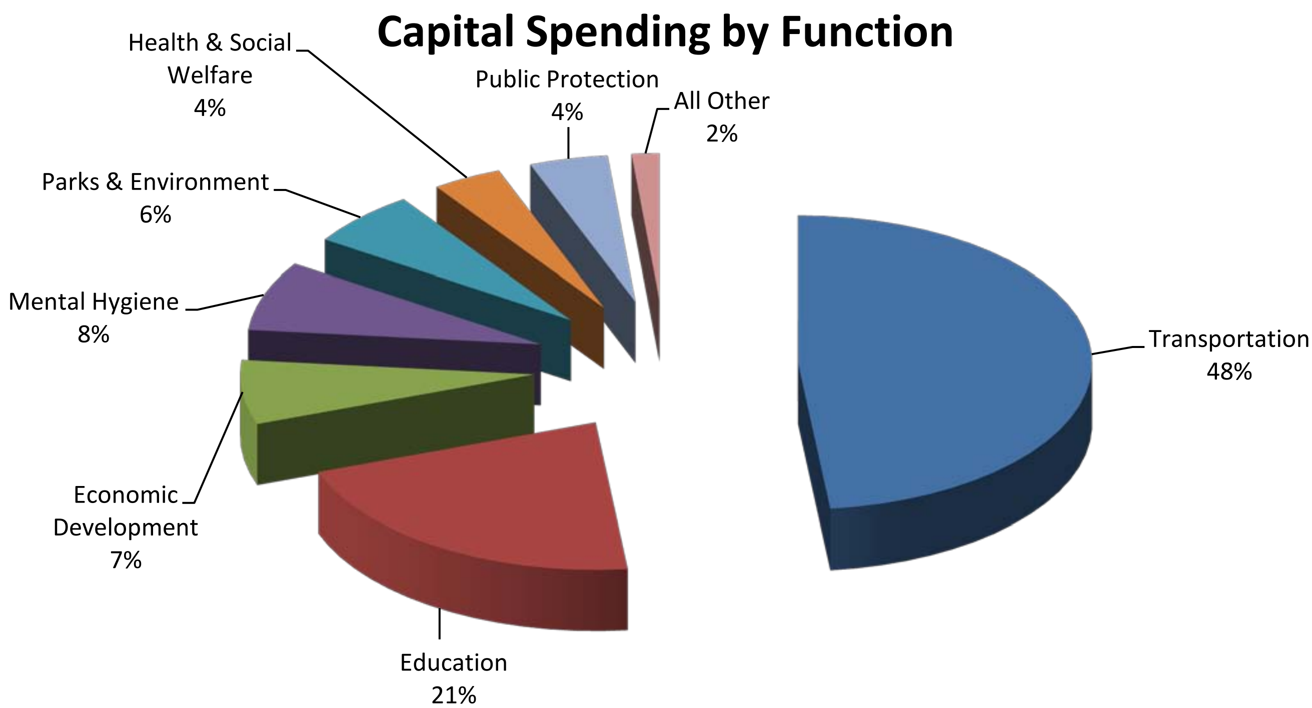
The extension of these provisions will maintain the pari-mutuel betting and simulcasting structure that is currently in place in New York State. These provisions were most recently extended in 2010.

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget because it maintains the current pari-mutuel betting structure in New York State.

CAPITAL SPENDING AND FINANCING

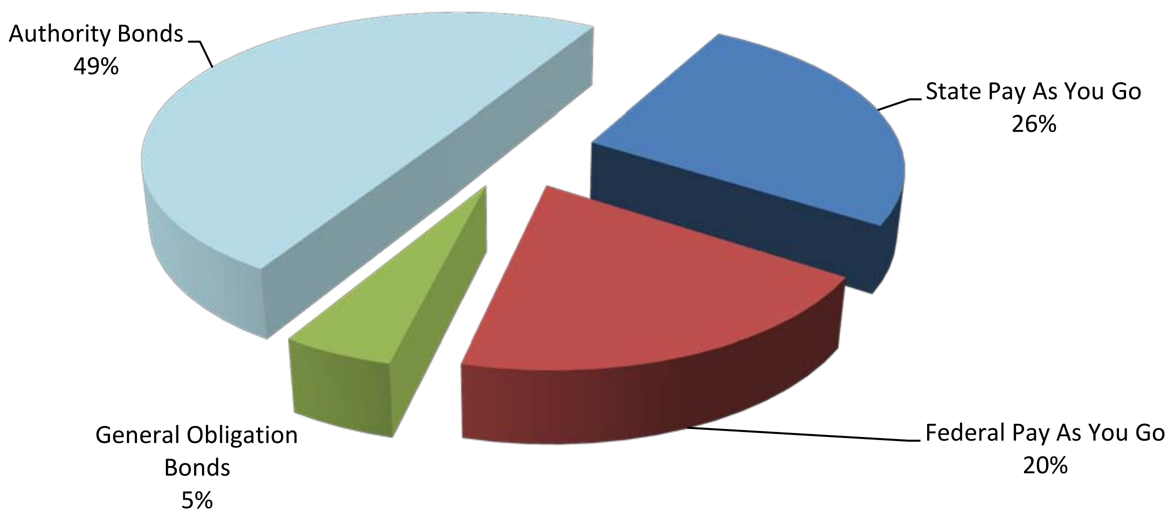
Capital Spending

Each year, a five-year Capital Program and Financing Plan is required to be submitted with the Executive Budget. As part of the SFY 2011-12 Executive Budget, the Governor proposes $43.5 billion in capital spending over the life of the plan, an average of $8.7 billion annually. In SFY 2011-12, capital spending is projected to decrease by 1.3%, from $10.3 billion to $10.2 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.

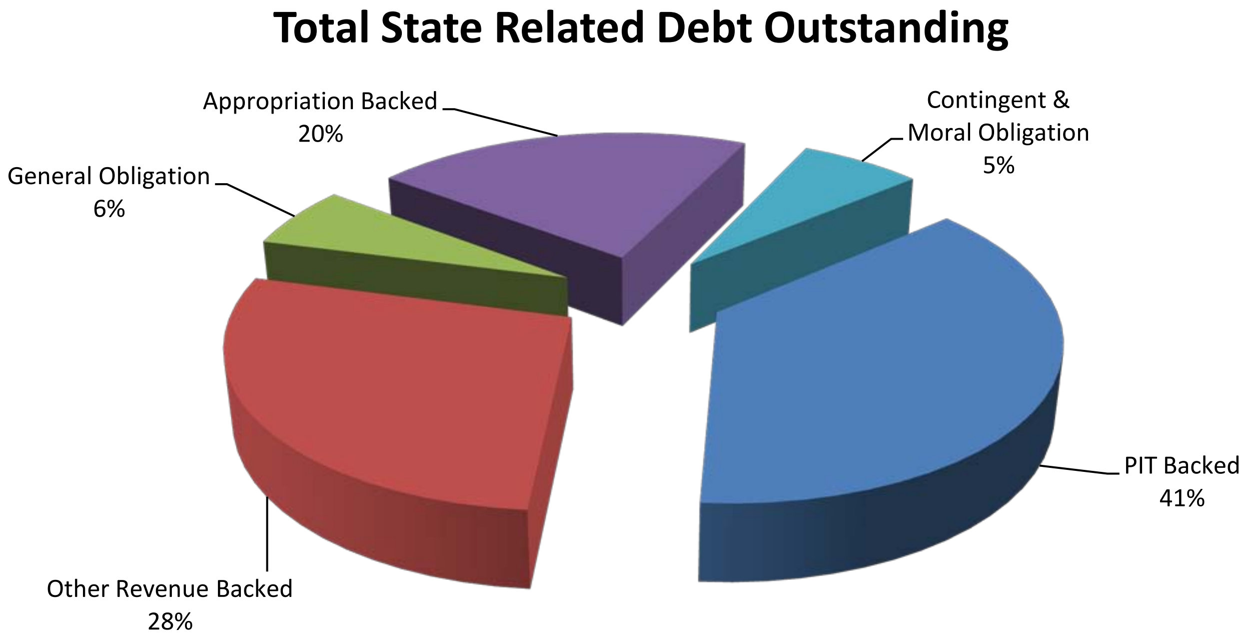
Capital Spending by Funding Source



Debt Financing

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

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



By the end of the five year plan, debt issuances are projected to decrease by $1.8 billion, from $5.5 billion in SFY 2011-12 to $3.7 billion in SFY 2015-16. This decrease is mainly due to a decrease in bond issuances for economic development as current programs become fully funded as well as reduction in capital spending.

Caps on State-Supported Debt

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

In SFY 2011-12, the cap on new debt outstanding is fully phased in to its cap of 4% of personal income. As shown in the table below, the bond issuances, for the proposed capital spending plan fall below the bond caps specified in the Debt Reform Act. However, the debt outstanding cap for any given year is based on personal income for the preceding calendar year. For example, the debt outstanding cap for SFY 2010-11 is based on the State's personal income for 2009.

Due to the recession, personal income decreased considerably in 2009. In 2009, personal income declined by 3.1%. 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/Available Cap
(Millions of Dollars)

SFY	Debt Cap	Actual/Projected	Available Cap
2011-12	39,617.1	37,284.5	2,332.5
2012-13	40,825.8	40,091.4	734.5
2013-14	42,965.0	42,215.9	749.1
2014-15	45,257.3	43,912.9	1,344.4
2015-16	47,655.3	45,430.1	2,225.1

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%. 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/Available Cap
(Millions of Dollars)

SFY	Cap	Actual/Projected	Available Cap
2011-12	6,178.6	3,547.7	2,631.0
2012-13	6,467.9	3,961.1	2,506.1
2013-14	6,741.3	4,233.6	2,507.0
2014-15	7,083.5	4,462.7	2,621.0
2015-16	7,450.2	4,663.8	2,787.0
2016-17			

DIVISON OF ALCOHOLIC BEVERAGE CONTROL

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
State Operations	$22,335,000	$16,860,000	($5,475,000)	(24.5%)
Aid to Localities	$0	$0	$0	0%
Capital Projects	$0	$0	$0	0%
Total	$22,235,000	$16,860,000	($5,475,000)	(24.5%)

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

Overview of Executive Budget Proposal

The Executive Budget recommends a $16,860,000 appropriation for the Division of Alcoholic Beverage Control in SFY 2011-12, a $5.475 million or 24.5 % decrease from SFY 2010-11. A majority of this decrease, $3.6 million, is due to a non-renewal of a special appropriation. This non-recurring appropriation was related to investments in improving the efficiency of the Division of Alcoholic Beverage Control.

The Executive also proposes that changes the compensation for commissioners, except the Chairperson, from annual salary to a per diem.

AUDIT AND CONTROL (OFFICE OF STATE COMPTROLLER)

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$171,798,000	$157,826,000	($13,972,000)	(8.13%)
Special Revenue-Other	$11,008,000	$18,508,000	$7,500,000	68.13%
Internal Service Funds	$4,258,000	$6,609,000	$2,351,000	55.21%
Total All Funds:	**$288,454,000**	**$284,333,000**	**($4,121,000)**	**(1.43%)**

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

Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2011-12 is $284.3 million on an All Funds basis, reflecting a net decrease of $4.1 million, or 1.4%, from the previous year.

This net change is attributable to a $13.9 million, or 10% reduction in General Fund appropriations for State Operations purposes including personal and non-personal services and a $9.8 million increase in appropriations made from other funds. These include approximately $2.35 million in appropriations from Internal Service Funds to the Chief Information Office and approximately $7.5 million in appropriations from Special Revenue Funds for State Operations.

The Executive recommends a staffing level of 2,529 Full Time Equivalent (FTE) positions, an decrease of 23 positions from SFY 2010-11. This change represents the transfer of these positions to the Statewide Financial Systems Project, which was noted in the SFY 2010-11 Executive Budget as a scheduled transfer.

AUTHORITY BUDGET OFFICE

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Other	$1,326,000	$0	($1,326,000)	(100%)
Total All Funds:	**$1,326,000**	**$0**	**($1,326,000)**	**(100%)**

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 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$34,477,000	$29,029,000	($5,448,000)	(15.80%)
Special Revenue-Other	$23,431,000	$22,931,000	($500,000)	(2.13%)
Internal Service Funds	$1,650,000	$1,650,000	$0	0.00%
Total All Funds:	**$59,588,000**	**$53,610,000**	**($5,948,000)**	**(9.99%)**

The Division of the Budget (DOB) advises the Governor in matters that affect financial affairs of the State. DOB assists in creating the annual 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) 2011-12 is $53.6 million on an All Funds basis, which represents a decrease of $6 million, or 10 % from the SFY 2010-11 Enacted Budget. The All Funds decrease is directly attributable to the Executive's policy of implementing a 10% across the board (ATB) reduction to all General Fund State Operations appropriations.

The Governor recommends a staffing level of 307 Full-Time Equivalent (FTEs) positions for the Division of Budget (DOB), an increase of 3 positions from the previous year. The increase in FTE positions is due to the possible transfer of three regulatory review positions related to the dissolution of the Governor's Office of Regulatory Reform.

DEPARTMENT OF CIVIL SERVICE

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$18,593,000	$16,734,000	($1,859,000)	(10.00%)
Special Revenue-Other	$2,257,000	$2,257,000	$0	(0.00%)
Internal Service Funds	$40,704,000	$40,704,000	$0	(0.00%)
Total All Funds:	**$61,554,000**	**$59,695,000**	($1,859,000)	(3.02%)

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

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends $59.7 million in All Funds support, which is a decrease of $1.9 million or 3% from SFY 2010-11 funding levels. This decrease is primarily attributed to a 10% across the board reduction in General Fund state operations. These savings would be achieved through administrative efficiencies in non-personal service.

Article VII Proposals

The SFY 2011-12 Executive Budget includes Article VII language that would change the salary compensation rate for the two Commissioners, who are not the President, of the State Civil Service Commission. The annual salary of $90,800 would be changed to a per diem rate of $250 with an allowance for actual and necessary expenses. The President of the Civil Service Commission will continue to receive $90,800 annual salary because the President is appointed by the Governor to serve as the head of the Civil Service Department.

COLLECTIVE BARGAINING AGREEMENTS

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$39,093,000	$5,300,000	($33,793,000)	(86.44%)
Special Revenue-Other	$500,000	$500,000	$0	0.00%
Total All Funds:	**$39,593,000**	**$5,800,000**	**($33,793,000)**	**(85.35%)**

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.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) Executive Budget recommends $5.8 million in All Funds support of Collective Bargaining Agreements, reflecting a decrease of 85.3% or $33.79 million from SFY 2010-11. This decrease is a result of the expiration of existing contracts. The proposed appropriation reflects the amount necessary to continue required benefits and programs in the absence of new collective bargaining agreements.

CONSUMER PROTECTION BOARD

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$2,508,000	0	($2,508,000)	(100.00%)
Special Revenue-Other	$670,000	0	($670,000)	(100.00%)
Total All Funds:	**$3,178,000**	**0**	**($3,178,000)**	**(100.00%)**

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 State Fiscal Year 2011-12 Executive Budget proposes to merge the Consumer Protection Board (CPB), the New York State Banking Department and the New York State Insurance Department to create the new Department of Financial Regulation (DFR). This results in a funding decrease of 100% or $3,178,000 from SFY 2010-11. The CPB's responsibilities will be shifted between the DFR and the Department of State (DOS). A more detailed discussion of the merger can be found within the agency detail section for the Department of Financial Services.

STATE COMMISSION OF CORRECTIONAL SERVICES

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$2,975,000	$0	($2,975,000)	(100.00%)
Total All Funds:	**$2,975,000**	**$0**	($2,975,000)	(100.00%)

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) 2011-12 Executive Budget recommends that the State Commission of Correction (SCOC) 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.*

DEPARTMENT OF CORRECTIONAL SERVICES

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$2,512,906,000	$0	($2,512,906,000)	(100.00%)
Special Revenue-Federal	$38,300,000	$0	($38,300,000)	(100.00%)
Special Revenue-Other	$29,480,000	$0	($29,480,000)	(100.00%)
Capital Projects Fund	$320,000,000	$0	($320,000,000)	(100.00%)
Interanl Service Funds	$73,692,000	$0	($73,692,000)	(100.00%)
Enterprise Funds	$43,013,000	$0	($43,013,000)	(100.00%)
Total All Funds:	**$3,017,391,000**	**$0**	**($3,017,391,000)**	**(100.00%)**

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) 2011-12 Executive Budget recommends that the Department of Correctional Services merge into the new Department of Corrections and Community Supervision. The agency will have a new unified mission – to provide offenders support throughout the period of incarceration and reintegration into the community. *A more detailed discussion of this proposal can be found under the Department of Corrections and Community Supervision Agency Detail Section.*

DEPARTMENT OF CORRECTIONS AND COMMUNITY SUPERVISION

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$2,700,518,000	$2,424,785,000	($275,733,000)	(0.21%)
Special Revenue-Federal	$38,900,000	$39,400,000	$500,000	1.29%
Special Revenue-Other	$30,755,000	$30,355,000	($400,000)	(1.30%)
Capital Projects Fund	$320,000,000	$320,000,000	$0	0.00%
Internal Service Funds	$84,692,000	$84,692,000	$0	0.00%
Enterprise Funds	$43,013,000	$43,013,000	$0	0.00%
Total All Funds:	**$3,217,878,000**	**$2,942,245,000**	**($275,633,000)**	**(8.57%)**

The Department of Corrections and Community Supervision – the combined entity which will result from the proposed merger of the Department of Correctional Services and the Division of Parole – will be responsible for the safe and secure confinement of convicted felons, preparing these individuals for successful reintegration into the community upon release, setting conditions of release, supervising offenders in the community, and assisting parolees toward successful completion of their sentence.

Overview of Executive Budget Proposal

The SFY 2011-12 Executive Budget proposal recommends merging the Department of Correctional Services (DOCS) and the Division of Parole into a new agency, the Department of Corrections and Community Supervision (DCCS). The agency will have a new mission – to provide offenders support throughout the period of incarceration and reintegration into the community, thereby increasing their ability to successfully return to the community.

The SFY 2011-12 Executive Budget proposal recommends an All Funds appropriation of $2.94 billion for the Department of Corrections and Community Services. This is a net General Fund decrease of $275.7 million over SFY 2010-11. This is a decrease of $268.7 million, or 10%, in General Fund State Operations.

Local Assistance

$5 million reduction in appropriation authority to pay board of prisoner liabilities incurred by counties prior to April 1, 2009. A $1 million reappropriation is recommended for any future billings received.

Merger

The Executive Budget proposal advances Article VII legislation that recommends the Department of Correctional Services and the Division of Parole merge into the Division of Corrections and Community Supervision. A plan for consolidation has not yet been fully formulated, it is anticipated that the merger will result in a savings of $6 million in SFY 2011-12 and $8 million when fully annualized. Broad interchange language is included in the appropriations to allow flexibility in implementation.

Under the Executive proposal the Parole Board would continue to function as an independent entity but would be housed within and receive administrative support from DCCS. The SFY 2011-12 Executive Budget proposes reducing the Parole Board from 19 to 13 members for an estimated savings of $508,000 in SFY 2011-12 and $763,000 in SFY 2012-13.

The new agency would have 31,176 Full-Time Equivalent (FTEs), with 1893 FTEs transferrs from the Parole to DOCS. 700 positions would be eliminated through attrition resulting from the reduction or elimination of correctional officer training classes through prison facility closures (see below). However, this is offset through the addition of 105 FTEs (100 to fulfill legislative mandates in health program areas and 5 for in-sourcing)

Executive's Prison Closure Proposal

The Executive will create a task force by Executive Order to identify prisons to be closed as part of the Executive's attempt to realign the prison system with an excess of 3500 beds. If the task force does not recommend facility closures, the Commissioner of Correctional Services would be empowered to implement facility closures. The task force will have 30 days to make its recommendation. Impacted communities would receive assistance from the new Regional Economic Development Councils proposed in the Executive Budget, with up to 100 million available to affected communities. The Executive Budget proposes eliminating the one-year prison closure notification so that prisons may close within SFY 2011-12. Anticipated prison closures are expected to generated approximately $72 million in savings in SFY 2011-12.

Article VII

- The Executive Budget proposes merging the Department of Correctional Services (DOCS) and the Division of Parole (DOP) into the new Department of Corrections and Community Supervision (DCCS). This merger would eliminate the separate entities of the Department of Correctional Services and the Division of Probation, and integrate and consolidate all facets of inmate release and community re-entry within a single entity to be named the Department of Corrections and Community Supervision (DCCS). The Parole Board would continue to function in essentially its current capacity, but would be housed in the new entity and reduced in size from 19 to 13 members. The Board's administrative functions would be absorbed by the new Department, but the merger bill language specifically preserves the Board's independence with respect to its fundamental decision-making powers. (Part A of S.2812/A.4012)

- The Executive Budget proposes the elimination of the one year prison closure notification requirement and modifies the type of plan to be developed in the event of a prison closure. It would eliminate the requirement for the development of an adaptive reuse plan prior to a prison closure and instead direct the Chairman of the Urban Development Corporation to prepare an economic transformation plan for the impacted community, in consultation with the corresponding regional development council, no later than six months after the prison closure. (Part C of S.2807/A.4007)

DIVISION OF CRIMINAL JUSTICE SERVICES

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$180,660,000	$164,594,000	($16,066,000)	(8.89%)
Special Revenue-Other	$96,171,000	$83,302,000	($12,869,000)	(13.38%)
Special Revenue-Federal	$137,704,000	$98,129,000	($39,575,000)	(28.74%)
Internal Service Funds	$890,000	$890,000	$0	0.00%
Total All Funds:	**$415,425,000**	**$346,915,000**	($68,510,000)	(16.49%)

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 the Executive Budget Proposal

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends an All Funds appropriation for the Division of Criminal Justice Services (DCJS) of $347 million, a decrease of $68.5 million, or 16.5%. This represents the combined appropriations for the proposed merged criminal justice agencies (see discussion below). Without the proposed merger the SFY 2011-12 Executive Budget recommendation for DCJS would be an increase of 5% over SFY 2010-11 adjusted appropriation of $330.49 million.

The Executive Budget proposal reflects a General Fund decrease of $6.4 million representing a 10% General Fund State Operations taken by each agency. These savings are intended to be achieved through administrative efficiencies in non-personal service and negotiated workforce savings that minimize layoffs.

Merger/Consolidation of Criminal Justice Agencies

The SFY 2011-12 Executive Budget includes Article VII legislation that consolidates the operations of the Office for the Prevention of Domestic Violence (OPDV), the Office of Victim Services (OVS), and the State Commission of Correction (SCOC) into the Division of Criminal Justice Services.

Under the proposal OPDV, OVS and SCOC would be established as specialized offices within the Division. Each agency would retain a Director (or Commissioner in the case of SCOC). The Executive estimates this merger would save an estimated $477,000 in SFY 2011-12 and

$477,000 in SFY 2012-13. The projected staffing level for the merged agency is 787 Full Time Equivalents (FTEs).

The Executive anticipates that the merger would promote improved coordination of policies and programs as well as offer a more efficient and cost-effective environment for the delivery of programs and services. Each of the agencies will maintain their mission within the new agency:

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

- Office of Victim Services is the lead State source of assistance to persons who have been the victims of crime, particularly crimes of a violent nature. Its mission will continue to be: providing financial assistance to victims for losses they suffer as a result of crime; making grants to local agencies, which assist witnesses and victims; and, serving as the State's advocate for crime victims' rights, needs, and interests.

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

Local Assistance

General Fund Local Assistance programs are reduced by $9.7 million or 8% from the SFY 2010-11 Enacted Budget. All local programs such as Probation Aid, Operation Impact, and Funding for Alternatives to Incarceration will now be housed within a single appropriation. The language governing this appropriation provides that allocations for these programs will be made “pursuant to a plan developed by the Commissioner, taking into consideration performance measures and program outcomes.”

General Fund Local Assistance Funding

Aid to Localities Funding:	SFY 2010-11 Enacted Amount	SFY 2011-12 Proposed
Funding and Program Assistance		
NYS Defenders Association	$1,185,000	
Aid to Defense	$5,981,000	
Special Narcotics Prosecutor	$896,000	
New York State Prosecutors Training Institute	$2,502,000	
Re-Entry Task Forces	$3,327,000	
Aid to Prosecution	$11,600,000	
Soft Body Armor	$557,000	
Crime Labs	$7,207,000	
District Attorney Salary	$2,282,000	
Drug Diversion	$671,000	
Westchester Policing	$2,155,000	
Witness Protection	$330,000	
Operation IMPACT	$15,683,000	
Subtotal:	**$54,376,000**	
Probation and Correctional Alternatives		
Relapse Prevention	$3,524,000	
Probation Eligibility	$889,000	
Supervision and Treatment	$509,000	
Drug/Alcohol	$2,079,000	
TANF	$2,848,000	
Demonstrations	$4,315,000	
Probation Aid	$47,250,000	
Probation Violation Centers	0	
Subtotal:	$61,414,000	
Total	**$115,790,000**	**$106,122,000**

The Executive eliminates $1.2 million in Legislative additions for domestic violence funded from the Criminal Justice Improvement Account (CJIA). In addition the Executive eliminates the $5.2 million Legislative additions for civil or criminal legal services in additions to the Legal Services Assistance Account. The Executive also provides that programs are not lined out under the Legal Services Assistance Account.

Programs to be Funded under the Legal Services Assistance Account - Special Revenue	SFY 2010-11 Enacted	SFY 2011-11 Proposed
Aid to Prosecution	$2,880,000	-
Aid to Defense	$2,880,000	-
District Attorney/Indigent Legal Services Attorney Tuition Reimbursement Program	$2,700,000	-
Legal Services (Legislative add)	$5,200,000	-
Grand Total:	**$13,660,000**	**$7,614,000**

Programs	SFY 2010-2011 Enacted	SFY 2010-11 Proposed	Change
Juvenile Justice Delinquency Prevention Formula Account (JJDP)	$2,700	$3,000	$300
Juvenile Justice Delinquency Prevention Formula Account (Title V)	$100	$100	$0
Juvenile Accountability Block Grant Account (JAIBG)	$2,100	$2,000	($100)
Violence Against Women	$7,000	$6,500	($500)
Edward Byrne Memorial Grant/JAG	$9,775	$9,775	$0
Miscellaneous Discretionary	$8,000	$8,000	$0
Recovery Act Justice Assistance Grant (JAG ARRA)	$23,500	$0	($23,500)
Recovery Grant STOP Violence Against Women Formula Funds (ARRA)	$3,250	$0	($3,250)
Crime Identification Technology Account	$1,500	$1,500	$0
Domestic Violence Prevention	$500	$500	$0
Crime Victim Assistance	$24,870	$24,870	$0
Crime Victims Compensation (ARRA Funding Reduced)	$12,973	$11,523	($1,450)
Total Federal Aid to Localities:	**$96,268**	**$67,768**	**($28,500)**

Edward Byrne Justice Assistance Grant (JAG) Program

The SFY 2011-12 Executive Budget appropriates $17.8 million in total funding for the Federal Edward Byrne Justice Assistance Grant (JAG) Program, an increase of $2.4 million over the previous year. 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.

Article VII

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

The Executive Budget proposes merging the operations of the Office for the Prevention of Domestic Violence (OPDV), Office of Victim Services (OVS), and the State Commission on Correction (SCOC) into the Division of Criminal Justice Services. OPDV and OVS would be headed by Directors appointed by the Commissioner of DCJS. The Governor would continue to appoint the members of SCOC, but the advice and consent of the Senate to make such appointments would no longer be required. (Part B of S.2812/A.4012).

The Executive Budget proposes extending for three years various criminal justice programs that would otherwise sunset. Authorization of these programs has been extended previously and many have been re-authorized many times. These programs include:

- determinate sentencing;
- inmate work release and furloughs;
- substance abuse treatment for inmates;
- alternatives to incarceration;
- ignition interlock program for individuals convicted of alcohol-related violations;
- mandatory arrest in cases of domestic violence; and
- protective measures for child witnesses. (Part A of S.2807/A.4007)

The Executive Budget proposes making changes to the provisions relating to the disposition of monies recovered by the district attorneys in New York City and making those provisions permanent. These provisions permit the district attorneys to retain only a portion of monies paid by entities to settle criminal matters and avoid prosecutions, otherwise known as deferred prosecution agreements. This legislation would apply the existing formula for distribution of such monies to each recovery made by a district attorney, rather than dividing up the cumulative amount of such recoveries received by such district attorney for the fiscal year. By doing so, district attorneys will likely retain a larger portion of the total monies recovered.

OFFICE OF VICTIMS SERVICES

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Federal	$39,454,000	$0	($39,454,000)	(100.00%)
Special Revenue-Other	$37,895,000	$0	($37,895,000)	(100.00%)
Total All Funds:	**$77,349,000**	**$0**	($77,349,000)	(100.00%)

The Office of Victims Services (OVS) is the lead State agency in assisting persons who have been the victims of crime, particularly crimes of a violent nature. The Office's mission is to provide financial assistance to victims for financial for losses they suffer as a result of crime. The Office provides grants to local agencies, which assist witnesses and victims and serves as the State's advocate for crime victims' rights, needs, and interests.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends that the Office of Victim Services 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.*

DEFERRED COMPENSATION BOARD

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$114,000	$114,000	$0	0.00%
Special Revenue-Other	$817,000	$817,000	$0	0.00%
Total All Funds:	**$931,000**	**$931,000**	**$0**	**0.00%**

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

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) Executive Budget recommends $931,000 in All Funds support, which is consistent with SFY 2010-11 funding levels. Currently, more than 1,200 local governments participate in the State plan.

STATE BOARD OF ELECTIONS

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$6,135,000	$5,521,000	($614,000)	(10.01%)
Special Revenue-Other	$500,000	$500,000	0	0%
Special Revenue-Federal	$7,500,000	$7,500,000	0	0%
Total All Funds:	**$14,135,000**	**$13,521,000**	**($614,000)**	**(4.34%)**

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) 2011-12 Executive Budget provides an All Funds appropriation of $13.5 million for the State Board of Elections. This is a net decrease of approximately 4% or $614,000 from SFY 2010-11 funding levels. This decrease is primarily attributed to a 10% across the board reduction in General Fund state operation reductions. These savings are intended to be achieved through administrative efficiencies in non-personal service and negotiated workforce savings that minimize staff reductions to the extent possible.

The SFY 2011-12 Executive Budget includes an appropriation of $1 million to be used for the alteration of poll sites to provide accessibility for disabled voters.

The SFY 2011-12 Executive Budget provides an appropriation of $7 million for the implementation of Federal election requirements including the Help America Vote Act (HAVA) and the Military and Overseas Voter Empowerment Act. The Executive also continues to reappropriate funds in the amount of $101.1 billion to allow New York State to complete activities regarding compliance with the Help America Vote Act (HAVA), the Military and Overseas Voter Empowerment Act and poll site accessibility.

OFFICE OF EMPLOYEE RELATIONS (OER)

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$3,290,000	$2,961,000	($329,000)	(10.00%)
Special Revenue-Other	$121,000	$121,000	$0	0.00%
Internal Service Funds	$3,710,000	$3,710,000	$0	0.00%
Total All Funds:	**$7,121,000**	**$6,792,000**	**($329,000)**	**(4.62%)**

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 State Fiscal Year (SFY) 2011-12 Executive Budget recommends $6.8 million in All Funds support, which is a decrease of $329,000 or 4.62% from SFY 2010-11 funding levels. This decrease is primarily attributed to a 10% across the board reduction in General Fund state operation reductions and would be achieved through administrative efficiencies in non-personal service.

EXECUTIVE CHAMBER

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$19,838,000	$17,854,000	($1,984,000)	(10.0%)
Special Revenue-Other	$100,000	$90,000	($10,000)	(10.0%)
Total All Funds:	**$19,938,000**	**$17,944,000**	**($1,994,000)**	**(10.0%)**

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) 2011-12 for the Executive Chamber is $17.9 million on an All Funds basis, which is a decrease of approximately $2.0 million, or 10% from the SFY 2010-11 Enacted Budget. The decrease is attributable to the Executive's policy of implementing a 10% across the board (ATB) reduction to all General Fund State Operations appropriations.

The Executive Budget recommends a staffing level of 136 for the Executive Chamber, which is the same level of staffing as in SFY 2010-11.

OFFICE OF THE LIEUTENANT GOVERNOR

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$700,000	$630,000	($70,000)	(10.00%)
Total All Funds:	**$700,000**	**$630,000**	**($70,000)**	**(10.00%)**

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) 2011-12 Executive Budget recommends $630,000 on an All Funds basis, which represents a decrease of $70,000, or 10% from SFY 2010-11. This reduction is directly attributable to the Executive's policy of implementing a 10% across the board (ATB) reduction in appropriations to all General Fund State Operations appropriations.

The Executive Budget recommends a staffing level of seven Full-Time Equivalent (FTE) positions, which is unchanged from SFY 2010-11.

GENERAL STATE CHARGES (WORKFORCE)

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$2,377,665,000	$2,889,150,000	$511,485,000	21.51%
Fiduciary Funds	$101,000,000	$101,000,000	$0	0.00%
Total All Funds:	**$2,478,665,000**	**$2,990,150,000**	$511,485,000	20.64%

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

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends an All Funds appropriation of $3 billion for General State Charges, reflecting a $511.5 million increase or 20.64% over SFY 2010-11 funding levels. This increase can be attributed to statutorily required increases in spending on employee fringe benefits, such as pensions and health insurance. This amount will be augmented by $1 billion initially appropriated to the State University of New York for employee fringe benefits.

The following provide highlights of the overall total General State Charges:

- The SFY 2011-12 Executive Budget recommends a General Fund appropriation of $1.97 billion for the State's employee health insurance, reflecting an increase of $184.1 million from SFY 2010-11 funding levels.

- The SFY 2011-12 Executive Budget recommends a General Fund appropriation of $1.3 billion for the State's contribution to the retirement system. Legislation enacted in SFY 2010-11 provided for an amortization plan that allows for contribution costs that exceed 10.5% and 18.5% of salary for New York State and Local Employee Retirement System (ERS) and New York State and Local Police and Fire Retirement System (PFRS), respectively, to be amortized over a 10-year period.

- The SFY 2011-12 Executive Budget recommends a General Fund appropriation of $142 million for litigation expenses associated with the State's settlement of the Simpson case. This reflects an increase of $31 million or 28.2% over SFY 2010-2011 funding levels. The settlement agreement requires a payment of $11.2 million to be paid over the next four fiscal years on a quarterly basis. The case originated from allegations that the State's battery exams were biased and discriminatory to certain minority groups.

OFFICE OF GENERAL SERVICES (OGS)

Agency	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$143,172,000	$128,912,000	($14,260,000)	-10.0%
Special Revenue-Other	$21,591,000	$21,591,000	$0	0.0%
Special Revenue-Federal	$11,340,000	$8,230,000	($3,110,000)	-27.4%
Capital Projects Fund	$98,000,000	$84,000,000	($14,000,000)	-14.3%
Internal Service Funds	$300,720,000	$300,720,000	$0	0.0%
Enterprise Funds	$2,009,000	$2,009,000	$0	0.0%
Fiduciary Funds	$750,000	$750,000	$0	0.00%
Total All Funds:	**$577,582,000**	**$546,212,000**	**($31,370,000)**	**-5.4%**

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 $546.2 million for State Fiscal Year (SFY) 2011-12, representing a $31.4 million decrease, or 5.4% from SFY 2010-11 levels. Part of this reduction is directly attributable to the Executive's policy of implementing a 10% across the board (ATB) reduction in appropriations to all General Fund State Operations appropriations.

The Executive's proposal includes a $3 million decrease in Federal Funds which reflects the elimination of the one-time appropriation from American Recovery and Reinvestment Funds, which had gone towards construction procurement.

The net decrease of $14 million to Capital Projects is a result of a year-to-year decrease due to a deferral of non-critical maintenance and suspension of sustainability projects.

The Executive proposes a staffing level of 1,374 Full Time Equivalent (FTEs) positions, which is an increase of 3 FTEs from SFY 2010-11. It should be noted that at the start of SFY 2010-11 the Agency had approximately 1,500 FTEs. However, as a result of the Early Retirement Incentive and Work Force Reduction actions, the FTE level fell over the course of SFY 2010-11. In all of the Executive's budget documents, year-to-year staffing levels reflect little to no change since base FTE levels are reflective of estimated FTE levels as of the end of SFY 2010-11. Although the Executive has stated his intent to minimize workforce reductions over SFY 2011-12, provided a lack of concessions on the part of labor, it is possible that staff reductions may be higher than anticipated.

DIVISION OF HOMELAND AND SECURITY AND EMERGENCY SERVICES

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$15,257,000	$14,054,000	($1,203,000)	(7.88%)
Special Revenue-Federal	$627,474,000	$627,474,000	$0	0.00%
Special Revenue-Other	$99,719,700	$124,753,000	$25,033,300	25.10%
Capital Projects Fund	$42,000,000	$0	($42,000,000)	(100.00%)
Internal Service Funds	$2,000,000	$2,000,000	$0	0.00%
Enterprise Funds	$50,000,000	$50,000,000	$0	0.00%
Total All Funds:	**$836,450,700**	**$818,281,000**	**($18,169,700)**	**(2.17%)**

The Division of Homeland Security and Emergency Services (DHSES) was established un July 2010 through the merger of four existing entities: the Office of Homeland Security (now the Office of Counter Terrorism), the State Emergency Management Office (now the Office of Emergency Management), the Office of Fire Prevention and Control (OFPC), and the Office of Cyber Security and Critical Infrastructure Coordination (now the Office of Cyber Security). Additionally, as part of the merger, a new Office of Interoperable and Emergency Communications was established within DHSES.

The DHSES provides leadership, coordination and support for efforts to prevent, protect against, prepare for, respond to, and recover to and recover from terrorism and other man-made and natural disaster, threats, fires and other emergencies.

Overview of Executive Budget Proposal

The 2011-12 Executive Budget recommends an All Funds appropriation of $818.3 million, a decrease of $18.2 million or $2.2% from SFY 2010-11. This includes a $1.2 million General Fund reduction, or 8% to State Operations. The Executive Budget reduces each agency's General Fund State Operations budget by approximately 10%. These savings are intended to be achieved through administrative efficiencies in non-personal service and negotiated workforce savings to minimize layoffs. The Division will have a total of 433 Full Time Equivalent Positions (FTEs), an increase of 29 FTEs over SFY 2010-11 levels and are as follows: Office of Emergency Management (13), Office of Counter Terrorism (10), Office Cyber Security (5) and Administration and Finance (1). All are funded through Special Revenue Funds.

Aid to Localities

The Executive again 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 Executive Budget again provides funding for local interoperable communications grant. The program awards grants to county consortiums to assist them in the development of county-driven interoperable communications networks for use by both State and local first-responders. The funding for this grant program comes from a portion of the Statewide Public Safety Communication account, which collects cellular surcharge revenue. The grant program began in SFY 2010-11. Counties should expect the $20 million in grants from SFY 2010-11 to be distributed in mid-2011. For SFY 2011-12 local assistance grants will total $45 million. It is expected that these awards will be funded by mid-2012.

Capital Projects

The Executive proposes reappropriations of $37 million in capital funding related to the expansion of the State Preparedness Training Center (SPTC) outside of Oriskany in Oneida County into a state-of-the-art training facility for State, local, and Federal first-responders. The funds support the second year of a five-year $42 million plan to expand the training center.

Article VII

The Executive Budget proposes altering the use of cellular surcharge revenue by eliminating the annual transfer of $1.5 million from the Statewide Public Safety Communications Account to the Emergency Services Revolving Loan Fund. According to the Executive, since the Fund is structured as a revolving loan fund (i.e., payments of principal and interest are deposited back into the fund) the elimination of the annual transfer from the Statewide Public Safety Communications Account should not diminish the ability of the Revolving Loan Fund's administrators to make new loans.

OFFICE OF INDIGENT LEGAL SERVICES

Funding Sources	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
Special Revenue-Other	$78,500,000	$80,000,000	$1,500,000	1.91%
Total All Funds:	**$78,500,000**	**$80,000,000**	$1,500,000	1.91%

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

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends an All Funds appropriation of $80 million for the first full year of operation of the Office of Indigent Legal Services (OILS), an increase of $1.5 million or 2% over SFY 2010-11. The Office is funded through the Indigent Legal Services Fund (ILSF). Of the available funding, $3 million will support State Operations, an increase of $1.5 million over the previous year. The remaining $77 million, the same funding as SFY 2010-11 will be available for distribution to counties and New York City for the costs related to indigent defense services.

The Office of Indigent Legal Services is responsible for developing policies regarding indigent defense services and working with counties to facilitate improvements in the public defense system. The Executive Budget appropriations support up to 20 Full-time Equivalents (FTEs) in SFY 2011-12.

OFFICE OF THE INSPECTOR GENERAL

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$6,138,000	$5,524,000	($614,000)	(10.0%)
Special Revenue-Other	$100,000	$100,000	$0	0.0%
Total All Funds:	**$6,238,000**	**$5,624,000**	**($614,000)**	**(10.0%)**

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) 2011-12, 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 $614,000, or 10%, from SFY 2010-11 levels, directly attributable to the Executive's policy of implementing a 10% across the board (ATB) reduction in appropriations to all General Fund State Operations appropriations.

INTEREST ON LAWYERS ACCOUNT

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
Special Revenue-Other	$46,873,000	$46,889,000	$16,000	0.03%
Total All Funds:	**$46,873,000**	**$46,889,000**	$16,000	0.03%

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) 2011-12 Executive Budget recommends $45 million in spending authority for local grants. This is the same amount of funding as in SFY 2010-11. The grant funding is based on interest rates. The amount disbursed is dependent on the amount of interest generated by the trust accounts which fund the programs. The Board administering the Interest on Lawyer Account (IOLA) is expecting to award grants to approximately 71 organizations across New York State in 2010-11 for civil legal services. The number of grantees for 2011-12 will be determined based on the Fund's projected revenues.

The SFY 2011-12 Executive Budget proposes an increase of $16,000 for personal service.

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 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$5,474,000	$5,452,000	($22,000)	(0.4%)
Total All Funds:	**$5,474,000**	**$5,452,000**	($22,000)	(0.4%)

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) 2011-12 Executive Budget provides an appropriation of $5.45 million, a decrease of $22,000 or 0.40% over SFY 2011-12. This decrease is in non-personal service for the Commission on Judicial Conduct.

DEPARTMENT OF LAW

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$112,641,000	$101,381,000	($11,260,000)	(10.00%)
Special Revenue-Federal	$35,820,000	$34,820,000	($1,000,000)	(2.79%)
Special Revenue-Other	$61,565,000	$72,819,000	$11,254,000	18.28%
Total All Funds:	**$210,026,000**	**$209,020,000**	($1,006,000)	(0.48%)

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 $209 million, an All Funds decrease of $1 million from SFY 2010-11. This decrease is a net result of a 10% decrease, or $11.3 million, in General Fund State Operations and a $1 million decrease in Special Revenue Federal funds appropriations for the Medicaid Fraud Control Program. The Executive proposes a Special Revenue Funds increase of $11.5 million for the Litigation Settlement Account.

DIVISION OF MILITARY AND NAVAL AFFAIRS

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$17,755,000	$16,044,000	($1,711,000)	(9.64%)
Special Revenue-Other	$8,741,000	$8,741,000	$0	0.00%
Special Revenue-Federal	$42,780,000	$42,780,000	$0	0.00%
Capital Projects	$30,700,000	$39,200,000	$8,500,000	27.69%
Total All Funds:	**$99,976,000**	**$106,765,000**	$6,789,000	6.79%

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.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends an all funds appropriation of $106.8 million, a net increase of $6.8 million, or 6.8% over previous year. The Executive proposes a General Fund State Operations decrease of 10% or $1.7 million. These savings are intended to be achieved through administrative efficiencies in non-personal service and negotiated workforce savings to that minimize layoffs to the extent possible.

The Military Readiness program is the core of the Division's operations and includes the New York Army National Guard, the New York Air National Guard, the New York Naval Militia, and the New York Guard. For SFY 2011-12 the Division of Military and Naval Affairs will recognize 25 Full-Time Equivalent (FTEs) federally funded positions that were previously on staff but were not previously reflected.

Capital Projects

The net increase in the Executive Budget proposal is primarily due to a net increase of $8.5 million in capital projects of which $7.4 million is federal funds. The funds will be used for improvements to Ronkonkoma Army Air Support Facility in Suffolk County and the Stormville Combined Support Maintenance Shop Project in Dutchess County.

DIVISION OF PAROLE

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$187,612,000	$0	($187,612,000)	(100.00%)
Special Revenue-Federal	$600,000	$0	($600,000)	(100.00%)
Special Revenue-Other	$1,275,000	$0	($1,275,000)	(100.00%)
Internal Service Funds	$11,000,000	$0	($11,000,000)	(100.00%)
Total All Funds:	**$188,212,000**	**$0**	($188,212,000)	(100.00%)

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) 2011-12 Executive Budget recommends that the Division of Parole merge into the new Department of Corrections and Community Supervision. The agency will have a new unified mission – to provide offenders support throughout the period of incarceration and reintegration into the community. *A more detailed discussion of this proposal can be found under the Department of Corrections and Community Supervision Agency Detail Section.*

OFFICE FOR THE PREVENTION OF DOMESTIC VIOLENCE

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$2,050,000	$0	($2,050,000)	(100.00%)
Special Revenue-Other	$70,000	$0	($70,000)	(100.00%)
Special Revenue-Federal	$10,100,000	$0	($10,100,000)	(100.00%)
Internal Service Funds	$890,000	$0	($890,000)	(100.00%)
Total All Funds:	**$13,110,000**	**$0**	($13,110,000)	(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) 2011-12 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.*

PUBLIC EMPLOYMENT RELATIONS BOARD (PERB)

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$4,543,000	$4,146,000	($397,000)	(8.74%)
Total All Funds:	**$4,543,000**	**$4,146,000**	**($397,000)**	**(8.74%)**

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

Public Employees Relations Board (PERB)

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends $4.1 million in All Funds support, which is a decrease of $397,000 or 8.7% from SFY 2010-11 funding levels. This decrease is primarily attributed to a 10% across the board reduction in General Fund state operations. These savings would be achieved through administrative efficiencies in non-personal service.

COMMISSION ON PUBLIC INTEGRITY

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$4,308,000	$3,878,000	($430,000)	(9.98%)
Total All Funds:	**$4,308,000**	**$3,878,000**	**($430,000)**	**(9.98%)**

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 proposal for State Fiscal Year (SFY) 2011-12 is $3.9 million in General Fund spending for the Commission on Public Integrity. This is a decrease of approximately 10% or $430,000 from SFY 2010-11 funding levels. This decrease is primarily attributed to a 10% across the board reduction in General Fund state operation reductions. These savings are intended to be achieved through administrative efficiencies in non-personal service and negotiated workforce savings that minimize staff reductions to the extent possible.

DIVISION OF STATE POLICE

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$469,079,000	$422,174,000	($46,905,000)	(10.00%)
Special Revenue-Other	$236,350,000	$236,350,000	$0	0.00%
Special Revenue-Federal	$6,310,000	$7,335,000	$1,025,000	16.24%
Capital Projects Fund	$11,500,000	$11,500,000	$0	0.00%
Total All Funds:	**$723,239,000**	**$677,359,000**	($45,880,000)	(6.34%)

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) 2011-12 Executive Budget recommends $677.4 million in All Funds support, reflecting a decrease of $45.9 million or 6.3%. This reflects a $47 million General Fund decrease from the SFY 2010-11 Enacted budget due to a 10%General Fund State Operations reduction taken in each agency. These savings will be achieved through administrative efficiencies in non-personal service and negotiated workforce savings to minimize layoffs to the extent possible. Special Revenue Funds are increased by $1 million through a grant received from the National Institute of Justice.

The Executive Budget proposes that the Division of State Police a recruitment class not be held during the SFY 2011-12 fiscal year. As a result, the State Police expect a workforce decline of approximately 130 positions by the end of the SFY 2011-12. It is anticipated that a portion of the Division’s General Fund State Operations 10 percent reduction will be achieved through this attrition.

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.

OFFICE FOR TECHNOLOGY

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$30,558,000	$27,502,000	($3,056,000)	(10.00%)
Special Revenue-Other	$3,445,000	$3,445,000	$0	0.00%
Internal Service Funds	$403,165,000	$403,165,000	$0	0.00%
Total All Funds:	**$437,168,000**	**$434,112,000**	**($3,056,000)**	**(0.70%)**

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) 2011-12 Executive budget proposal recommends $434.1 million in All Funds support for the Office for Technology's (OFT) operations, a decrease of $3.0 million, or less than 1%. This reduction is directly attributable to the Executive's policy of implementing a 10% across the board (ATB) reduction in appropriations to all General Fund State Operations appropriations. 93%, or $403.2 million of the Office's funding comes from Internal Service Fund charges from other State agencies for services provided by OFT.

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. The only monies to be spent on this project to date were expended in SFY 2008-09 when the Office spent $400,000 for a Request for Proposals to construct such a center. Currently, the project is suspended until further direction from the Executive is given on how this project will move forward.

DIVISION OF VETERANS' AFFAIRS

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$14,397,000	$13,832,000	($565,000)	(3.92%)
Special Revenue-Federal	$2,466,000	$2,466,000	$0	0.00%
Total All Funds:	**$16,863,000**	**$16,298,000**	($565,000)	(3.35%)

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) 2011-12 Executive Budget recommends an All Funds appropriation of $16.3 million. This is a net decrease of $565,000 All Funds, or 3.4% from SFY 2010-11 Enacted Budget. The decrease is attributable to a 10% General Fund State Operations reduction taken in each agency, which results in $645,000 for the Division. The savings will be achieved through administrative efficiencies in non-personal service and negotiated workforce savings that minimize layoffs to the extent possible. The Blind Veteran Annuity Assistance program is increased by $80,000 over SFY 2010-11 levels. The Executive recommends a staffing level of 98 Full-time Equivalents (FTE)s for the Division of Veterans' Affairs, an increase of one position to ensure contract compliant within the Veterans' Education Program.

WORKERS COMPENSATION BOARD

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Other	$204,749,000	$204,749,000	0	0%
Total All Funds:	**$204,749,000**	**$204,749,000**	**0**	**0%**

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

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends $204.7 million All Funds support, which is consistent with SFY 2010-11 levels.

Article VII Proposals

The SFY 2011-12 Executive Budget includes Article VII provisions that would implement the recommendations made by the Governor's Task Force on Group Self-Insurance. These provisions would authorize the Workers' Compensation Board Chairman to settle insolvent self-insurance trusts and reform the self-insurance processes to ensure self-insured employers' ability to pay workers' compensation assessments as well as ensuring self-insurance trusts are fully funded.

NEW YORK STATE COUNCIL ON THE ARTS

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund-Local Assistance	$35,150,000	$31,635,000	$(3,515,000)	(10%)
Special Revenue-Other	$196,000	$196,000	$0	0
General Funds-Operations	$6,715,000	$4,674,000	$(2,041,000)	
Special Revenue-Federal	$2,413,000	$2,423,000	$0	0
Total All Funds:	**$44,474,000**	**$38,918,000**	**$(5,556,000)**	**10%**

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 SFY 2011-12 Executive Budget includes $38.9 million in All Funds support, reflecting a net decrease of $5.6 million from SFY 2010-11 enacted amounts. The Executive proposes to reduce funding for arts grants, which the 2010-11 Enacted Budget included for $35.2 million to $31.6 million for SFY 2011-12. In addition, the Budget provides a State Operations appropriation of $220,000, a decrease of 10% from SFY 2010-11, to subsidize the maintenance and operations of "The Egg." The $250,000 SFY 2010-11 appropriation for the Arts Stabilization Program has been omitted.

The Executive Budget recommends an additional reduction of $2.04 million in available funding for the operations of NYSCA. The agency would manage the reductions through strict limits and realignment to staffing (29 FTEs) improved procurement of energy, vehicles, supplies, equipment, technology, and other services.

The Empire State Plaza Performing Arts Center (The Egg), a public benefit corporation, produces performing arts events for the general public in the form of dance, theatre and artistic presentations. In the past "The Egg" has been subsidized by $600,000 in State funding, supplementing this subsidy with revenues generated from ticket sales, donations and sponsorships. The Executive Budget proposes a maintenance and operations subsidy for "The Egg." It is projected that "The Egg" will be fully able to support their operating budgets through non-State revenue sources.

Article VII

Part C would repeal Article 9 of the Arts and Cultural Affairs Law which established the New York State Theatre Institute (NYSTI) as a public benefit corporation; enable the transfer of its remaining deeds, assets and property to the Office of General Services; and repeal 97-u of the State Finance Law which established NYSTI's authority to deposit revenue and funds into bank accounts effective immediately.

CITY UNIVERSITY OF NEW YORK

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$1,216,362,110	$1,202,703,000	($13,659,110)	(1.12%)
Special Revenue-Other	$145,000,000	$175,400,000	$30,400,000	20.97%
Special Revenue-Federal	$7,554,000	$0	($7,554,000)	(100.00%)
Capital Projects Fund	$318,785,000	$336,461,000	$17,676,000	5.54%
Fiduciary Funds	$1,860,258,000	$,880,890,000	$20,632,000	1.11%
Total All Funds:	**$3,547,959,110**	**$3,595,454,000**	**$47,494,890**	**1.34%**

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 2011-12 Executive Budget recommends an All Funds appropriation of $3.6 billion for the CUNY Senior Colleges, a increase of $47.5 million, from SFY 2010-11 levels. General Fund appropriations for the CUNY system decreases by $13.6 million or 1.1%from $1.216 billion to $1.202 billion. The Special Revenue-Other category represents an increase of $30.4 million associated with appropriation authority to disburse self-generated revenue. Fiduciary funding representing aid to CUNY from the City of New York, increases by $20.6 million or 1.1% from SFY 2010-11.

CUNY's Senior Colleges General Fund appropriations represent $1.342 billion of the total, a reduction of $15.31 million or 1.1% from SFY 2010-2011. Appropriations for CUNY Senior Colleges' employee fringe benefits and pension programs total $538.1 million, an increase of $50.1 million or 10% over the SFY 2010-2011 level. These appropriations reflect increases in personnel costs, non-personal services, fringe benefits and community college enrollment growth in combination with General Fund decreases necessary to close State budget gaps.

CUNY – CAMPUS REVENUES APPROPRIATIONS	SFY 2010-11	Executive Recommendation 2011-12	Difference	Percent Change
General Revenue Offset (Tuition account)	$761,117,000	$801,117,000	$40,000,000	5.26%
General Income Reimbursable	$90,000,000	$111,540,000	$21,540,000	23.93%
Stabilization Account	$5,000,000	$10,000,000	$5,000,000	100.00%
Tuition Reimbursable Account	$50,000,000	$50,000,000	$0	0.00%
Total	$906,117,000	$972,657,000	$66,540,000	7.34%

Funding for Opportunity and Financial Aid Programs

The SFY 2011-12 funding for the Search for Education, Elevation and Knowledge (SEEK) Program is recommended at $17.3 million an increase of $200,000 from SFY 2010-11 allocation of $17.1 million. The SEEK program provides supplemental financial aid, academic support, counseling and mentoring services for students at CUNY's Senior Colleges.

Community Colleges

The Executive recommendation reduces base aid for community colleges by $226 per Full-Time Equivalent (FTE) student, from $2.260 to $2.034. This will result in a reduction of $13.1 million for CUNY.

The recommended SFY 2011-12 Executive Budget includes appropriations for workforce development in the amount of $1.88 million, for child care centers in the amount of $813,000, and College Discovery in the amount of $828,000. All of these appropriations remain unchanged from the SFY 2010-11 levels. Spending for CUNY's community college rental aid would total $8.2 million, an increase of $.81 million, or 1%, from the SFY 2010-11 level.

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 2011-12 Executive Budget recommends $284 million in 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, as well as $21 million for project administration. The Executive recommends a total of $336.5 million in capital funds, an increase of $17.7 million from SFY 2010-11.

Article VII

- Removes provisions of law subjecting SUNY and CUNY to pre-approval of contracts by the Office of the State Comptroller (OGS) to act in order to streamline the procurement of goods and services, while maintaining provisions requiring the post-audit of such contracts by OSC. Sections 2 and 4 promulgate new protocol and reporting requirement s to gauge the efficacy of the aforementioned action.

- Authorizes streamlined procurement guidelines for the City University Construction Fund (CUCF), which must substantially conform to those applicable to existing public authorities.

- Codifies in law, the ability of CUCF and DASNY to implement capital projects through alternative construction delivery mechanisms, other than “design, bid, build.”

- Prescribes reporting requirements by the universities that detail the effectiveness of SUNY and CUNY trying to increase the economic well being of New York. The report must be available to the Governor and respective parties every January 1 until the expiration of this bill.

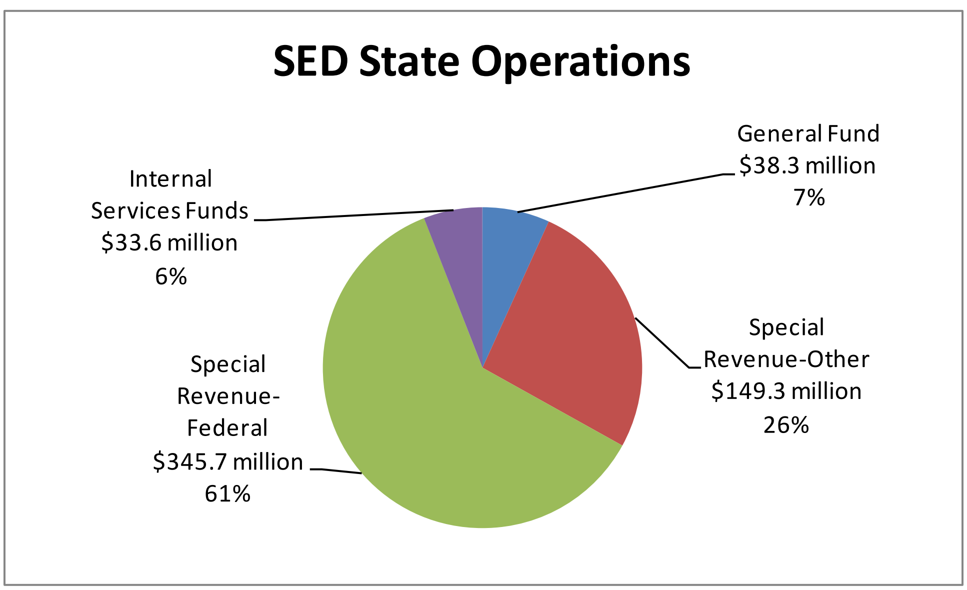
STATE EDUCATION DEPARTMENT

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$18,288,416,000	$18,759,896,000	$471,480,000	2.58%
Special Revenue-Other	$6,617,462,000	$6,389,772,000	($227,690,000)	(3.44%)
Special Revenue-Federal	$7,852,021,000	$4,429,791,000	($3,422,230,000)	(43.58%)
Capital Projects Fund	$41,200,000	$17,400,000	($23,800,000)	(57.77%)
Internal Service Funds	$31,563,000	$33,563,000	$2,000,000	6.34%
Total All Funds:	**$32,830,662,000**	**$29,630,422,000**	**($3,200,240,000)**	**(9.75%)**

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) 2011-2012 Executive Budget recommends an All Funds appropriation in the amount of $32.11 billion; a decrease of 3.2 billion or almost 10%from SFY 2010-11. Of this amount, $38.3 million is associated with State Operations; a decrease of $4 million from SFY 2010-2011. Aid to Localities comprises the largest share of the All Funds amount with $29.05 billion, a reduction of $3.15 billion from the prior year. Part of this reduction can be attributed to the $1.54 billion in federal aid the State received in 2010-11 through the American Recovery and Reinvestment Act and the Education Jobs Fund. Capital Projects funding was reduced 58 percent to $17.4 million from SFY 2010-11.



Elementary, Middle, Secondary, and Continuing Education Programs

School Aid: The Executive Budget recommends a decrease in State Aid of almost $1.535 billion including computerized aids, growth, grants, programs and other aid categories bringing total funding to $19.39 billion in School Year 2011-2012. Formula based aids will increase by $41 million or less than 1% to $19.25 billion. Grant programs increase by $1.75 million. The Executive applies a Gap Elimination Adjustment in the amount of $2.78 billion to formula-based aids. Only Building Aid, Building Aid Reorganization Aid and Universal Pre-kindergarten (UPK) are excluded with from the Gap Elimination adjustment formula.

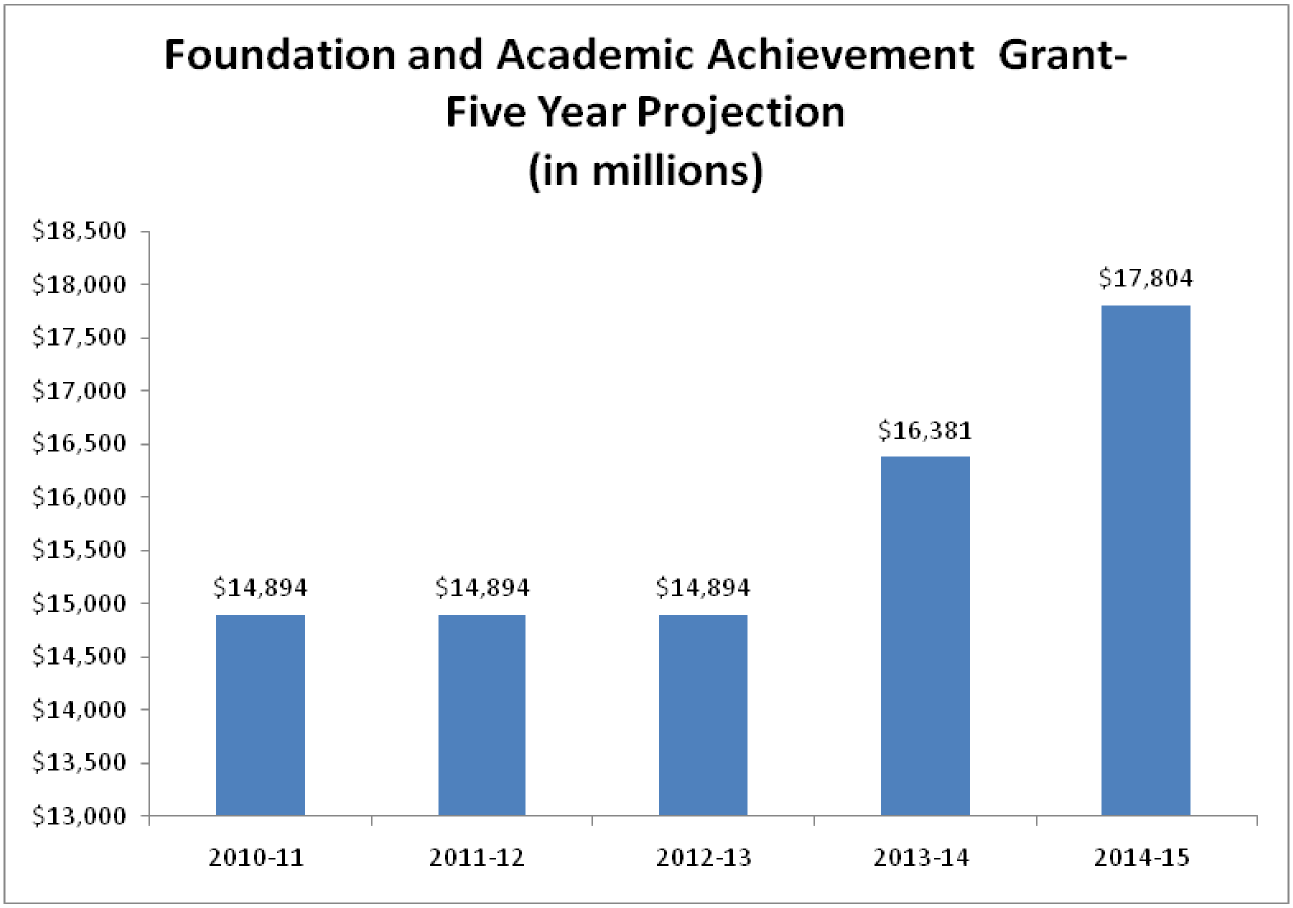
Several operating aid categories like Foundation Aid, High Tax Aid, Supplemental Public Excess Cost Aid will be frozen at the 2010-2011 level. These school aid categories have been frozen over the last three years as a consequence of the State's fiscal crisis. The UPK program funding will be frozen at the 2010-2011 level of $393 million. The Executive continues to support Charter School Transitional Aid at $25.1 million, an increase of $1.9 million from School Year 2010-2011.

Expense based-aids including Building Aid, Transportation Aid. Excess Cost Aid and BOCES Aid are funded separately from the Foundation Aid formula. Expense–based aids are funded at their current law level. This is an increase of $301.8 million over School Year 2010-2011.

The Executive proposes a November 15 database freeze for all school districts in School Year 2011-2012. The Executive assumes a $100 million savings from this proposal. Any change in expense-based aids would be limited to the data provided by school districts for the November 15 database.

Elimination Adjustment (GEA) for the 2011-12 school year. The GEA attempts to reduce school aid in a progressive manner making considerations for district wealth, student need, administrative efficiency, and residential property tax burden. The GEA would be applied to formula-based school aid with the exclusion of Building Aid and Universal Prekindergarten Aid. The Executive proposes to use the GEA in future years to scale back school aid growth.

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 $14.89 billion. The Executive expects Foundation Aid to grow by $2.91 billion or 19% by the 2014-2015 State Fiscal Year.



Early Childhood Education: Similarly to Foundation Aid, the Executive recommends funding for Universal Pre-kindergarten be maintained at the 2010-11 level of $393 million. The planned full programmatic phase-in would be extended from the 2013-14 school year to the 2016-17 school year. Full-Day Kindergarten Conversion Aid statutory provisions are continued in the Executive proposal and funded at $4.67 million.

Building Aid and Building Reorganization Aid: The Executive proposes a 6.88% increase in Building Aid and Building Reorganization Aid to $2.66 billion from the prior year's $2.48 billion. In the Article VII proposal, the Executive looks to revise the Building Aid funding structure by creating a competitive application process. Successful projects would reflect the need for the project, the age of the building to be renovated or replaced, and district fiscal capacity.

Transportation Aid: The Executive recommends a $71 million increase in transportation aid to $1.65 billion with the requirement that by 2012-13, school districts must demonstrate participation in a cost-effective shared services program or use State Education Department defined best practices. Beginning in the 2013-14 school year, noncompliance would result in a reduction in transportation reimbursements by district.

Boards of Cooperative Educational Services (BOCES): The Executive Budget increases funding to BOCES by $18 million for a total of $720 million. Additionally, beginning in 2012-13, BOCES Aid would be distributed based on the same State aid ratio as Foundation Aid and certain non-instructional services potentially provided by BOCES will no longer be aidable.

Excess Cost Aids

- Private Excess Cost Aid: The Executive recommendation for SY 2010-2011 provides present law funding in the amount of $342.73 million, an increase of $12.28 million or 3.72% over prior school year funding levels.
- Public Excess Cost-High Cost: The Executive Budget proposal includes present law funding in the amount of $482.62 million, an increase of $28.48 million or 6.27% over than school year 2009-2010.
- Supplemental Excess Cost Aid is funded at $4.3 million, consistent with both SFY 2010-2011 and 2009-2010 levels.

High Tax Aid: High Tax Aid is funded at $204.77, the same level as the past two budget cycles.

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.
- **Charter School Transitional Aid:** The Executive proposes $25.11 million in Charter School Transitional Aid for SFY 2010-11, representing a $1.89 million increase from SFY 2010-11.
- **Reorganization Incentive Aid:** The Executive proposes $2.86 million for SFY 2011-12, consistent with both SFY 2010-11 and SFY 2009-10.
- **Special Services Aid:** The Executive proposes $213.89 million for SFY 2011-12, a $2.8 million increase from SFY 2010-11.
- **Computer Software Aid:** The Governor recommends $46.37 million for SFY 2011-12 for Computer Software Aid, a $1.17 million increase over SFY 2010-11.
- **Textbook Aid:** The Executive proposes $182.09 million in SFY 2011-2012, a $1.06 million increase from SFY 2010-11.
- **Library Materials Aid:** The SY 2011-12 school aid proposal for Library Materials Aid provides $19.40 million, a $23,000 decrease from SFY 2010-11.

Grant Programs and Additional Aid Categories

- $17.23 million for Homeless Pupils, an increase of $1 million or 6.16% from 2010-11.
- $19.5 million for Incarcerated Youth, an increase of $750,000 or 4% from 2010-11.
- $76 million for Education of Office of Mental Health/Office of People with Developmental Disabilities (OMH/OPWDD) pupils, an increase of 5.56% from 2010-11.
- $5 million for Native American Building Aid, an increase of 42.9% from 2010-11.
- $32 million for Native American Education Aid, a decrease of 8.57% from 2010-11.

The Executive Budget proposal maintains funding for 2011-12 at 2010-11 levels for the following programs:

- $25 million for Teachers of Tomorrow;
- $2 million for Teacher-Mentor Intern;
- $13.84 million for School Health Services;
- $6 million for Roosevelt;
- $96 million for Employment Preparation Education (EPE) Aid;
- $12.50 million for Bilingual Education Grants;
- $2.70 million for Special Account School Districts;
- $.7 million for BOCES Aid for Special Act Districts;
- $3.29 million for Learning Technology Grants; and
- $400,000 for Bus Driver Safety.

Special Education

Private Schools for the Blind: The Executive proposal merges 11 State-supported private schools for the blind and deaf with other private schools. This proposal decreases State Aid for these schools in the amount of $93 million. Funding is provided in the amount of $20 million. State funding for the costs associated with these students will be provided through school aid, more specifically, Private Excess Cost Aid.

Summer School Special Education: The Executive Budget recommends changing State reimbursement for summer special education costs from a flat rate of 70% for all districts to a wealth based aid ratios used during the regular school year. This would result in a savings of $56 million in State Fiscal Year 2010-2011. Overall funding of $234.3 million will support the State's share of costs associated with summer school programs for disabled students; an increase of $22.1 million over last year. Priority will be provided to 2011-2012 School Year claims. State reimbursement for prior years costs is limited to $100 million.

Preschool Special Education: The Executive Budget proposal recommends $869.9 million in State funding to support the State's 59.5% share of the costs associated with the education of three and four-year olds with disabilities. Similar to last year, prior year claims on file with the State Education Commissioner as of April 1, 2011 will receive priority. Any remaining claims will be treated as next year liability if the appropriation authority is insufficient for payment.

Other State Aid Programs

Competitive Education Improvement Performance: The Executive Budget proposal provides new funding for Competitive Education Improvement Performance grants for $1.7 million. These grants include, but are not limited to funding for Primary Mental Health, Student Mentoring & Tutoring Program, Workforce Literacy and National Board of Professional Standards. These programs were eliminated by the Executive Budget recommendation.

Non-Public School Aid: The Executive proposes $100.4 million in SFY 2011-2012, an $8.7 million or 8% reduction from SFY 2010-11.

The Executive Budget proposal maintains the same level of funding for the following programs:

- $1.3 million for Targeted Pre-Kindergarten;
- $4.3 million for Adult Literacy Education;
- $466 million for the New York State Center for School Safety;
- $691 million for the Health Education Program;
- $922 for Academic Intervention for Non-public Schools;
- $24.34 million for Extended School Day/School Violence Prevention;
- $3.05 million for the Summer Food Program;
- $11.5 million for the Consortium for Worker Education;
- $4.8 million for Charter School Start-Up Grants;
- $932 million for County Vocational Education and Extension Boards; and
- $490 million for the Center for Autism and Related Disabilities at SUNY Albany.

Office of Higher Education and the Professions

The SFY 2011-12 Executive Budget proposes an All Funds appropriation of $83.9 million, a decrease of $74 million, or 47% from SFY 2010-11 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 $3,903,000 or 10% from $39 million to $35.13 million. Funding for the Independent Colleges Nursing Program was eliminated. 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)	$39,032,000	$35,129,000	($3,903,000)	-10.00%
Higher Education Opportunity Programs (HEOP)	$20,783,000	$20,783,000	$0	0.00%
Independent Colleges Nursing Programs	$941,000	$0	($941,000)	-100.00%
STEP	$9,774,000	$9,774,000	$0	0.00%
C-STEP	$7,406,000	$7,406,000	$0	0.00%
Liberty Partnerships	$10,842,000	$10,842,000	$0	0.00%
Native American Postsecondary Aid	$598,000	$598,000	$0	0.00%
Teacher Opportunity Corps*	$671,000	$0	($671,000)	-100.00%

*In the 2011-12 Executive Budget, Teacher Opportunity Corps funding was folded into a competitive grant program and is no longer funded independently.

Cultural Education Program

The SFY 2011-12 Executive Budget recommends an All Funds appropriation of $103.7 million, a decrease of $99.7 million from SFY 2010-11.

Library Aid: The Executive Budget recommends $76 million in funding for Library Aid, a decrease of $8.45 million from SFY 2010-11 levels. Capital funding for local library construction is maintained at $14 million.

Public Television and Radio Aid: The Executive Budget recommends $13.5 million in funding for Public Television and Ratio a decrease of $4.09 million from SFY 2010-11 levels.

Vocational and Educational Services for Individuals with Disabilities Programs (VESID)

The Vocational and Educational Services for Individuals with Disabilities Program has been renamed the Adult Career and Continuing Education Services Program. The Executive Budget proposal a decrease funding for this program to $213 billion for SFY 2010-11, a $1.3 billion decrease from SFY 2010-11. This decrease may be attributed to programmatic shifts and agency reorganization. There were no actual reductions to the program.

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); and
- Long Term Support Services ($15.16 million).

SCHOOL TAX RELIEF (STAR) PROGRAM
($ Millions)

	2009-10	2010-11	Change	2011-12	Change
STAR Total (on Cash basis)	**3,414**	**3,270**	**(144)**	**3,293**	**23**
Basic Exemption	1,782	1,896	114	1,933	37
Enhanced Exemption	715	775	60	790	15
NYC PIT STAR	917	599	(318)	570	(29)

STAR

STAR was enacted in 1997 to offset rising property taxes for homeowners and to provideadditional targeted property tax relief to senior citizens. When the STAR program was created, it included a mechanism to prevent large drops in benefits resulting from rising property values. However, no similar mechanism was created to prevent significant benefit increases when property values decline. As a result, STAR spending increased significantly in areas where property values declined dramatically, but the increases were unrelated to property tax burdens.Over time, the scope of the program was expanded by raising the Enhanced STAR income eligibility threshold, and by increasing the size of the Enhanced STAR exemption. These enhancements have contributed to increases in the current and projected cost of STAR. STAR spending is projected to total $3.3 billion in 2011-12, a 32% increase from 2001-02 when the STAR phase-in was completed. From 2001-02 through 2010-11, local school property taxes increased by more than 70%.

The School Tax Relief Program (STAR) program consists of three separate initiatives designed to provide local property tax relief:

- Basic STAR provides savings to residential homeowners by exempting from school taxesat least the first $30,000 of the full assessed value of their primary residence. This benefitwill reduce the tax bills of more than 2.8 million homeowners by an average of $681 in2011-12.
- Enhanced STAR provides a larger benefit to residential homeowners age 65 years andolder with incomes below $79,050 by exempting the first $60,100 of the assessed valueof their primary residence from school taxes. Nearly 630,000 senior homeowners willbe eligible to receive this enhanced property tax exemption in 2011-12, with an averagebenefit estimated at $1,253.
- New York City STAR supports tax relief for more than 3 million New York City residents.Under the program, eligible City residents receive a flat refundable credit of $125 for amarried couple filing jointly and $62.50 for single taxpayers, as well as a 6% City tax rate reduction.

Proposed Legislation

The Executive proposes a cap in exemption benefits to 2% annually. For SFY 2011-12 it is estimated this cap would reduce the cost of the STAR program by $125 million and for SFY 2012-13 the program would be reduced by $212 million.

The Executive proposes legislation that would audit STAR recipients to uncover and eliminate fraud by utilizing an in-house database within the Tax Department to identify those homeowners who do not qualify for the benefit, and then submit a list to local assessors for verification. For SFY 2011-12 it is estimated this proposal would not generate any savings, for SFY 2012-13 it is estimated this measure could generate $50 million.

The Executive proposes legislation that would recoup ineligible STAR payments; for those individual who received a STAR exemption and were not entitled to it, they can return the exemption, with interest and a $500 processing fee. For SFY 2011-12 it is estimated to generate $100,000 and for SFY 2012-13 $100,000.

OFFICE OF CHILDREN AND FAMILY SERVICES

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$2,173,180,000	$2,000,020,000	($173,160,000)	(7.97%)
Special Revenue-Other	$123,340,000	$119,880,000	($3,460,000)	(2.81%)
Special Revenue-Federal	$1,538,710,000	$1,547,710,000	$9,000,000	0.58%
Capital Projects Fund	$37,680,000	$37,680,000	$0	0.00%
Internal Service Funds	$100,000	$100,000	$0	0.00%
Enterprise Funds	$480,000	$480,000	$0	0.00%
Total All Funds:	**$3,873,490,000**	**$3,705,870,000**	**($167,620,000)**	**(4.33%)**

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) 2011-12 Executive budget provides $3.7 billion in All Funds support, a decrease of $167.6 million or 4.3% below SFY 2010-11 levels. This net change is attributed to the following: consolidation efforts in Child Welfare Services, Juvenile Justice reform proposals, and shifting the State share of Committee on Special Education (CSE) to schools. The Executive Budget also recommends a 10% across the board reduction in State Operations resulting in $21.4 million in State savings.

Child Welfare Services

The SFY 2011-12 Executive Budget eliminates funding for the Child Welfare Quality Program which supports services related to improving child welfare services. State reimbursement for preventive and child protective services which is currently at 62%, would be eliminated. OCFS would also expand collection and distribution of information to local social services districts outside of New York City, allowing local districts to assess performance and rationalizing contracting for preventive and foster care services. These changes would result in $53 million in State savings.

For adoption subsidy funding, which pays monthly subsidies to adoptive parents in support of handicapped and hard-to-place children, the Executive proposes reducing State reimbursement from 73.5% to 62%. This reduction in reimbursement level would be consistent with the State reimbursement levels provided to localities under preventive services. This change in reimbursement would result in State savings of $34 million in SFY 2011-12, increasing to $36 million on a full annual basis.

Currently, local social services districts are allocated $102 million statewide annually in Federal Title XX funding. It is required that $66 million is used to offset Adult Protective and Domestic

Violence Services (AP/DVS) program costs and the remaining $36 million is used for discretionary funds, such as community centers. The SFY 2011-12 Executive Budget proposes utilizing Federal Title XX funds to support child welfare services. AP/DVS would continue to receive $66 million, however, the remaining $36 million would be utilized for child welfare services only, thereby offsetting a portion of State and local costs associated with providing these services. This proposal would result in $22.32 million in State savings and $13.68 million in local savings in SFY 2011-12. It should be noted that this proposal could impact Child Care Subsidies funding and community centers as many local districts use discretionary Title XX funding for these purposes.

Foster Care and Adoption Subsidies

Foster Care Block Grant

The SFY 2011-12 Executive Budget provides $436 million in funding for the Foster Care Block grant which is consistent with SFY 2010-11 enacted levels. The Foster Care Block Grant is a capped appropriation which provides allocations to local social services district for the State's share of foster care expenditures. Any savings that result from reduced use of foster care can be reinvested into locally-designed child welfare initiatives.

Bridges to Health Medicaid Waiver Program

The SFY 2011-12 Executive Budget maintains the $72.5 million in funding for the Bridges to Health Medicaid Waiver program. This program prevents foster care children with multiple needs from entering institutional care and provides enhanced services. The number of Medicaid waiver slots associated with this program is 3,305 for SFY 2011-12, which is consistent with SFY 2010-11 levels. This Federal government reauthorized this program for five additional years starting in 2011.

Home-based child care provider grants

The SFY 2011-12 Executive Budget includes $5 million in funding for quality improvement grants for home-based child care providers. This level of funding is as a result of an agreement made between the Civil Service Employees Association and the Federation of Teachers in October 2009.

Improve juvenile justice services

The Executive also proposes Article VII language to invest $13.5 million which would be used to increase the staff-to-youth ratios and provide improve mental health, medical and direct care services for youth in three of the State's juvenile justice facilities. This funding would result in an increase of 414 additional staff in three Department of Justice (DOJ) youth facility programs and serves as the first step in addressing the deficiencies identified as part of the Federal DOJ report on New York's juvenile justice system.

Article VII PROPOSAL

Juvenile Justice Reform

The SFY 2011-12 Executive Budget includes several Article VII proposals for juvenile justice reform that would result in a State savings of $2 million in SFY 2011-12, increasing to $3 million in SFY 2012-13. These proposals include:

Facilities

The SFY 2011-12 Executive Budget includes Article VII language to close or downsize an unspecified number of state-run youth detention facilities to address vacancy rates and an approximate 50% utilization rate while improving efficiencies within the OCFS juvenile justice system**.** This proposal would reduce capacity by 376 beds, from 1,209 to 833, resulting in staffing reductions of 371 annual salaried positions. These actions would result in State savings of $22 million in SFY 2011-12 and SFY 2012-13. The Executive also proposes eliminating the 12 month notice requirement prior to the closure or downsizing of any state-run juvenile justice facility. Enacting this provision would permit unused facilities to close more quickly.

Services

The SFY 2011-12 Executive Budget includes Article VII language that would eliminate the Alternatives to Detention/Residential Placement Program which offers community based services to youth as an alternative to institutional placement and $2.2 million in funding previously available for that program would also be eliminated.

The Executive also proposes Article VII language to invest funding to establish the Supervision and Treatment Services for Juveniles Program. These funds would be provided to local governments to support performance focused, community based alternatives to youth facilities and detention centers. The SFY 2011-12 Executive Budget includes $31.4 million for these services. Funding for these programs is expected to increase to $48.3 million in SFY 2012-13.

Funding

Article VII language in the SFY 2011-12 Executive Budget proposes a $15 million capped appropriation to reimburse localities for high risk youth juvenile detention. Funds from this appropriation would reimburse localities for 50% of local detention costs (up to the amounts appropriated) associated with high-risk youth who pose a threat to public safety. The State would no longer provide reimbursement for the detention of low or medium-risk youth. This Article VII would require the use of a state-wide risk assessment instrument by Family Courts in determining whether detention of youth is appropriate. In addition, it would require Family Court Judges who place low or medium-risk youth in detention to cite specific reasons for why detention is necessary in the Court's order.

The Executive also proposes Article VII language to eliminate the requirement that the State reimburse counties and the City of New York 49% of the cost of local secure and non-secure youth detention services effective July 1, 2011. This would result in a savings of $23 million in SFY 2011-12 and $51 million in SFY 2012-13.

Establish Primary Prevention Incentive Program

The SFY 2011-12 Executive Budget includes Article VII language and provides $35 million increasing to $42 million for SFY 2012-13 to establish a Primary Prevention Incentive Program. This program, which would support locally administered strategies that improve performance in youth services, would be allocated to local social services districts on a competitive basis. Mandatory preventive services are those which are provided to children and families when a child is in "immediate risk" of foster care placement. In addition to mandatory child welfare preventive services, the State also funds a number of "front-end" preventive service programs meant help keep children who are "not at immediate risk of placement" in their homes. Examples of front-end preventive programs include: Community Optional Preventive Services (COPS), home visiting programs, services for runaway and homeless youth, services for care taker relatives, post adoption services, delinquency prevention programs and services provided by local youth bureaus. Under the Executive proposal, funding for several of these existing front-end preventive services would be eliminated. Instead, counties and the City of New York would choose which programs to fund and the amount of funding to be provided to each local program.

Change State funding of Committee on Special Education (CSE)

The SFY 2011-12 Executive Budget includes Article VII language that eliminates the State's reimbursement for CSE services. Currently, when a child has special needs that cannot be met in their school, the district sends them to residential schools. The State pays for 36.8% of the costs, with the local social services districts paying 43.2% and the school district paying the remaining 20%. Under this proposal the Executive would transfer the State share to local school districts. The SFY 2011-12 Executive Budget does maintain $3.23 million in funding for two State-run schools that serve the deaf and blind in Batavia and Rome. This proposal would result in State savings of $69.3 million for SFY 2011-12.

Increase Statewide Central Registrar Fee

Article VII language in the SFY 2011-12 Executive Budget proposes to increase the fee required for obtaining child abuse and maltreatment background checks from $5 to $60. Currently, the $5 is imposed on every background check. Child care providers and those individuals not obtaining the checks for employment purposes are exempt from this fee. Under the Executive proposal the fee is increased to $60 and the only exemption would be for those instances when the background check is not for employment purposes. This proposal would result in $12 million in additional State revenue in SFY 2011-12.

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$1,313,010,000	$1,361,510,000	$48,500,000	3.69%
Special Revenue-Other	$186,520,000	$169,100,000	($17,420,000)	(9.34%)
Special Revenue-Federal	$4,394,030,000	$3,995,160,000	($398,870,000)	(9.08%)
Capital Projects Fund	$30,000,000	$30,000,000	$0	0.00%
Internal Service Funds	$1,200,000	$1,200,000	$0	0.00%
Fiduciary Funds	$10,000,000	$10,000,000	$0	0.00%
Total All Funds:	**$5,934,760,000**	**$5,566,970,000**	**($367,790,000)**	**(6.20%)**

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.

Over of the Executive Budget Action

The SFY 2011-12 Executive Budget provides $5.5 billion in All Funds appropriation support, a decrease of $367.8 million or 6.2% from SFY 2010-11 levels. The largest component of this decrease is $398.9 million which can be attributed to a reduction in Federal appropriation authority for child support, Food Stamps and TANF programs. These Federal appropriation authority reductions are technical actions being taken by the Executive to more closely reflect the projected cash expenditures for each of the programs. This action is not expected to result in any program or service reductions.

The SFY 2011-12 Executive Budget also includes a net increase of $48.5 million in General Fund spending. This increase reflects a projected increase in State expenditures as a result of higher public assistance benefit expenditures. The net General Fund increase is offset by approximately $8.1 million in savings attributable to a 10% across the board reduction for State Operations. These reductions would be achieved through non-personal service efficiencies.

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 2011-12 Executive Budget projects a public assistance caseload of 531,723 a 1.38% decrease from the SFY 2010-11 estimate of 539,170. This reduction in caseload represents the first decrease in caseload since September 2008, when there were approximately 13,000 additional recipients. The Executive also proposes utilizing $10 million from the $960 million Flexible Fund for Family Services (FFFS) to encourage shared services arrangements and consolidation of local social services district operations.

The SFY 2011-12 Executive Budget allocates $2.7 billion from the TANF block grant, which is $190 million less than SFY 2010-11 enacted levels. Of the $2.7 billion allocated for TANF, $1.36 billion is allocated for the base TANF program, including benefit payments, which is $120 million less than SFY 2010-11 levels. The remaining $1.35 billion surplus funds under the SFY 2011-12 Executive Budget is available for specific program allocation. This surplus allocation is $70 million less than SFY 2010-11 enacted levels.

It should be noted that the SFY 2011-12 Executive Budget proposes to allocate the surplus portion of the TANF Block Grant as follows: Flexible fund for Family Services (FFFS): $960 million and child care subsidies: $392.97 million. This allocation is significantly different from the SFY 10-11 enacted surplus allocation which included funding for various community service programs. The following chart details the Executive's proposed spending for the available TANF funding:

Proposed TANF Funding in SFY 2011-12
(amounts in thousands)

PROGRAM		
Basic Programs:	**2010-11 Enacted**	**2011-12 Executive**
Public Assistance Benefits	$547,121	$1,074,584
Public Assistance Offsets	$687,610	$0
Public Assistance Grant Increase	$31,856	$66,058
Public Assistance Grant Increase Delay	$0	($26,600)
Implement Full Family Sanctions	$0	($5,500)
Emergency Assistance to Needy Families (EAF)	$80,000	$160,000
NYC Work Advantage	$37,000	$33,000
Eliminate NYC Work Advantage	$0	($33,000)
State Operations	$69,700	$69,700
AFIS, EBICS	$4,000	$4,000
Welfare to Work Staff	$12,600	$12,600
Systems	$4,000	$4,000
Welfare Fraud and Prevention	$5,500	$5,500
Subtotal:	**$1,479,387**	**$1,363,342**
Surplus Programs:		
ACCESS Welfare to Careers	$250	$0
Advantage After Schools	$11,213	$0
Alternatives to Detention	$6,000	$0
Bridge	$1,000	$0
Career Pathways	$5,000	$0

Caretaker Relative	$250	$0
Child Care CUNY	$696	$0
Child Care Demonstration Projects	$5,265	$0
Child Care Subsidies	$392,967	$392,967
Child Care SUNY	$947	$0
Disability Advocacy Program (DAP)	$483	$0
Displaced Homemakers	$1,605	$0
Educational Resources	$125	$0
Emergency Homeless Program	$125	$0
Flexible Fund for Family Services	$960,000	$960,000
Green Jobs Corps Program	$2,000	$0
Health Care Jobs Program	$2,000	$0
Homelessness Prevention Program	$1,100	$0
Non-Residential Domestic Violence	$1,449	$0
Nurse Family Partnership	$2,000	$0
Preventive Services	$6,000	$0
Refugee Resettlement Program	$500	$0
Rochester-Genesee Regional Transportation Authority	$403	$0
Settlement House	$1,000	$0
Summer Youth Employment	$15,500	$0
Supplemental Homeless Intervention Program	$ 1,006	$0
Supportive Housing for Families	$2,500	$0
Transitional Jobs Program	$5,000	$0
Wheels for Work	$409	$0
Subtotal:	**$1,426,793**	**$1,352,967**
TOTAL:	**$2,906,180**	**$2,716,309**

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. The SFY 2011-12 Executive Budget includes $760.4 million in funding for SSI additional support which is expected to serve a projected caseload of 681,000 recipients. It should be noted that the cost of SSI additional support has steadily increased from $624 million in SFY 2004-05 to approximately $750 million in SFY 2010-11.

Completely fund Family Assistance grants with federal TANF funds

The SFY 2011-12 Executive Budget proposes to reduce State costs by maximizing federal TANF funds for Family Assistance grants. Currently, the Public Assistance benefits provided to households that have been on assistance for less than five years are funded through a combination of Federal, State and Local dollars. The Executive proposes to maximize the use of Federal TANF monies and fund the entire benefit grants for these recipients. This action would result in State savings of $61.6 million for SFY 2011-12.

Reduce New York City adult homeless shelter reimbursement rate

The SFY 2011-12 Executive Budget proposes to impose a cap on the level of reimbursement that NYC would receive for the Adult Homeless Shelter System. Under this proposal NYC reimbursement would be reduced from $84.7 million in SFY 2010-11 to $69 million in SFY 2011-12. This would result in State savings of $15.7 million. NYC would still be responsible for any expenses above the capped amount.

Eliminate State funding for the New York City Work Advantage Program (WAP)

The SFY 2011-12 Executive Budget proposes to eliminate the State participation in cost sharing of the WAP. Currently, the State and New York City jointly share the cost of shelter supplements for public assistance households at risk of eviction or already residing in homeless shelters. Eliminating State support for this program results in a State savings of $35 million in SFY 2011-12.

Article VII PROPOSALS:

Delay of Public Assistance Grant Increase

The SFY 2009-10 Enacted Budget authorized a 30% increase in the public assistance grant to be implemented over a consecutive three year period at 10% per year. To date, the first two phases of the grant increase have been implemented. The SFY 2011-12 Executive Budget includes Article VII legislation that would delay the third phase of that grant increase until July 2012. This delay would result in State savings of $29.3 million for SFY 2011-12. The State would continue to assume the local share of previously implemented grant increases.

Strengthen Public Assistance Work Requirement Enforcement

Currently, for a family on Public Assistance, the Head of Household (HOH) is required to fulfill employment requirements in order to obtain benefits. If the HOH fails to meet these requirements the benefits are reduced by one third for a family of three. The SFY 2011-12 Executive Budget includes Article VII language that would impose stricter penalties for failure to meet their employment requirements. These new penalties are as follows:

- First instance of non compliance: the benefit is reduced by one third for a family of three.

- Second instance of non compliance: the case is closed and all benefits are suspended; upon compliance the HOH reapplies and the benefits are immediately restored.
- Third instance of non compliance: the case is closed and the benefits for the entire case are suspended; upon compliance the HOH reapplies and receives partial assistance with full benefits being restored six months after the initial date of non compliance.

It is estimated that approximately 6,000 families would be subjected to penalties under this proposal, resulting in State savings of $7.4 million.

Federal SSI Cost-of-Living Adjustment (COLA) Pass-Through

The SFY 2011-12 Executive Budget includes Article VII legislation that would authorize the pass through of the Federal SSI COLA to SSI recipients. In addition, this provision would authorize those amounts to be automatically increased in 2012 by the percentage of any Federal SSI COLA which becomes effective within the first half of calendar year 2012. Currently, the authorization for the SSI Federal pass through is enacted by the legislature annually.

HIGHER EDUCATION SERVICES CORPORATION

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$843,566,000	$959,930,000	$116,364,000	13.79%
Special Revenue-Other	$65,800,000	$12,601,000	($53,199,000)	(80.85%)
Special Revenue-Federal	$122,247,000	$104,292,000	($17,955,000)	(14.69%)
Total All Funds:	**$1,031,613,000**	**$1,076,823,000**	**$45,210,000**	**4.38%**

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

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

Overview of Executive Budget Proposal

The SFY 2011-12 Executive Budget provides an All Funds appropriation of $1.08 billion, an increase of $45.2 million or 4.4% from SFY 2010-11. The Agency presently employs 516 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 $959.9 million, a increase of $116.4 million or 13.9% from the current year.

The Executive continues a series of changes to the Tuition Assistance Program (TAP) enacted in last year's enacted budget with the exemption of the $75 across the board reduction to TAP awards. These changes would result in a savings of $30.8 million in SFY 2011-12. Aid to Localities funding for the Tuition Assistance Program is funded at $893 million, an increase of $68 million from 2010-11.

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. HESC's operating balance has been negatively impacted by the on-going financial market crisis. The Executive budget includes special revenue appropriations totaling $16 million in supplementary funds.

Other Financial Programs

The 2011-12 Executive Budget appropriation recommendations for HESC administered scholarships include $48 million for:

- Scholarships for Academic Excellence - $12.0 million;
- Memorial Scholarships - $1.1 million;
- Regents Awards for Children of Deceased/Disabled Veterans - $0.3 million;
- Veterans Tuition Awards - $10.7 million;
- Military Service Recognition Scholarships - $0.5 million;
- World Trade Center Memorial Scholarships - $12.9 million;
- Flight 587 Memorial Scholarships - $0.5 million;
- Math and Science Scholarships - $1.2 million;
- Flight 3407 Memorial Scholarships - $0.2 million;
- McGee Nursing and Nursing Faculty Loan Forgiveness - $3.9 million;
- Social Worker Loan Forgiveness Program - $1.0 million; and
- Physician Loan Forgiveness Program - $3.9 million.

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. The 2011-12 Executive Budget reduces funding for NYHELPS by $6 million from $10 million to $4 million, as only $4 million of the SFY 2011-12 was disbursed.

Article VII

- Continues the maximum TAP award for students matriculated in certain two-year degree programs at $4,000, and adjusts the overall award schedule accordingly. This would assume savings of $11.2 million in 2011-12 and $16.0 million in savings on a recurring basis annually thereafter.
- Continues provisions from the FY 2010-11 Budget to provides for the calculation of income for purposes of the Tuition Assistance Program (TAP) shall include private pension and annuity income not subject to State Taxes. This would assume savings of $4.2 million in 2011-12 and $6.0 million in savings on a recurring basis annually thereafter.
- Modifies the award eligibility criteria for TAP to create a parity in the treatment of students in default on New York State and Federal loans, regardless of guarantor. This would assume savings of $3.6 million in school year 2011-12 and $5.2 million in savings on a recurring basis annually thereafter.

- Continues TAP schedule for students who are married with no children currently in effect for FY 2010-11. This would assume savings of $5.4 million in school year 2011-12 and annual savings of $7.8 million when fully effective.
- Maintain the minimum academic standards required for non-remedial students to maintain TAP eligibility. An estimate of 2,100 TAP recipients currently receiving on average award of $3,000 would be impacted by this. This would assume savings of $4.4 million in 2011-12 and annual savings of $8.9 million when fully effective.
- Continues the provision enacted in the 2010-11 budget that renders graduate students ineligible for TAP. This would assume savings of $2.0 million in 2011-12 and annual savings of $2.8 million when fully effective.

DIVISION OF HOUSING AND COMMUNITY RENEWAL

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-12	Change	Percent Change
State Operations	$99,303,000	$91,987,000	($7,316,000)	(7.37%)
Aid to Localities	$291,238,000	$141,630,000	($149,608,000)	(51.37%)
Capital Projects	$74,200,000	$74,200,000	$0	0.00%
Total All Funds:	**$464,741,000**	**$307,817,000**	**$156,924,000**	**33.77%**

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 and fulfills this mission through:

- *Oversight of the State's public and publicly assisted rental housing;*
- *Administration of the State's rent regulation; and*
- *Administration of housing development community preservation programs, State and Federal grants and loans programs to finance and encourage the development and revitalization of affordable housing.*

Organization and Staffing

The Executive Budget State Fiscal Year (SFY) 2011-2012 proposal reflects the "administrative" consolidation of the Executive agency, DHCR and the public benefit corporations that constitute NYhomes. At the center of the Executive action was the consolidation of DHCR and all the NYhomes public benefit corporations under the **Housing Finance Agency** umbrella under one statewide CEO/President/Commissioner. The public benefit corporations include:

- State of New York Mortgage Agency;
- Affordable Housing Corporation;
- Mortgage Insurance Fund;
- Municipal Bond Bank Agency; and
- Tobacco Settlement Financing Corporation.

The consolidation that was implemented following the enactment of the SFY 2010-2011 budget, resulted in the creation of four Offices representing the combined entities:

- Finance and Development which includes all programs that fund the development of affordable housing;
- Community Renewal which includes all programs related to community and economic development including the federally funded Community Development Block Grant Program (CDBG), Main Street, Affordable Housing Development, Neighborhood Stabilization and Neighborhood and Rural Preservation Programs;

- Housing Preservation which includes all programs that preserve and improve the State's asset portfolio of affordable housing, rent administration, Section 8, asset management and the Low Income Weatherization Program; and
- Professional Services which includes all the support services: communications, legal affairs, administration, fair housing, policy, accounting and treasury.

Overview of Executive Budget Proposal

The SFY 2011-2012 Executive proposal includes $307.82 million All Funds ($52.57 million in General Fund; $255.25 million Other Funds) for DHCR, a reduction of $156.92 million ($9.77 General Fund; $147.15 million Other Funds) or 34% attributable primarily to the elimination of American Recovery and Reinvestment Act (ARRA) appropriations and reductions in other programs.

The Executive proposes no changes in the staffing level of 757 (down from 875 FTEs in SFY 2010-2011) within DHCR, unless layoffs result in the absence of negotiated workforce savings. The Executive proposes several actions, including:

Repealing Articles XVI and XVII which established the Neighborhood and Rural Preservation Companies Programs, respectively and to consolidate them into one performance-based program with an appropriation of $6.01 million. The enacted SFY 2010-2011 appropriations for the Neighborhood (NPP) and Rural Preservation Programs (RPP) were $8.5 million and $3.5 million, respectively. The proposed Executive budget reduces the NPP to $6.01 million and zeroes out the RPP. Two hundred-thirteen companies (213 vis a vis 217 in SFY 2010-2011), 157 Neighborhood Preservation Companies and 62 Rural Preservation Companies, will not have their contracts renewed at the end of their contract term, which ends on June 30, 2011.

- Maintaining $4 million for the State Low Income Housing Tax Credit (LIHTC); and
- Continuation of recurring capital funding levels ($74.2 million) under the Housing Trust Fund and Affordable Housing Development Program, (commonly known as the Affordable Housing Corporation or AHC).

Five Capital Project All Funds areas are recommended for appropriations:

- AHC ($25 million);
- LIHTF ($29 million);
- Housing Opportunity Program for the Elderly (HOPE/$400,000);
- Public Housing Modernization($12.8 million); and
- Homes for Working Families ($7 million).

Of the 8 Aid to Localities Programs, 5 are recommended for appropriations:

- Housing Development Fund – unchanged from SFY 2010-2011 at $8.2 million;
- Low Income Weatherization – reduced from the SFY 2010-2011 ARRA funding level of $173.5 million to $44.4 million;
- Periodic Subsidies – reduced from SFY 2010-2011 $11.6 million to $10.2 million;
- Rural Rental Assistance - unchanged from SFY 2010-2011 at $14.8 million; and

- Small Cities Community Development Block Grant - unchanged from SFY 2010-2011 at $58 million.

Article VII

The SFY 2011-2012 Executive budget recommends repealing Articles XVI and XVII of the Private Housing Finance Law and creates Article 27 establishing a new Neighborhood and Rural Preservation Program. The Program would support the same housing and community renewal activities supported under current Law. Awards would be granted on a competitive basis and increase the annual cap to $500,000. The proposal authorizes multiple not for profits to file a joint application. The funding for the combined programs would be $6 million.

STATE OF NEW YORK MORTGAGE AGENCY

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$174,520,0000	$173,172,000	($1,348,000)	(.77%)
Total All Funds:	**$174,520,0000**	**$173,172,000**	**($1,348,000)**	**(.77%)**

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 2011-12 Executive Budget recommends $173.12 million in appropriation reflecting a decrease of $1.34 million from SFY 2010-11 levels.

DIVISION OF HUMAN RIGHTS

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$14,522,000	$13,070,000	($1,452,000)	(10.00%)
Special Revenue-Federal	$8,223,000	$8,223,000	$0	0.00%
Total All Funds:	**$22,745,000**	**$21,293,000**	**($1,452,000)**	**(6.38%)**

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 SFY 2011-12 Executive Budget recommends $21.3 million in All Funds support, reflecting a decrease of $1.45 million or 6.4% from the SFY 2010-11 levels. The proposed decrease is attributed to a 10% across the board reduction in State operations funding would be achieved through non personal service efficiencies.

The Executive Budget also recommends a Division staffing level of 195 Full-Time Equivalents (FTEs), reflecting a reduction of eight positions from the SFY 2010-11 levels. This decrease in staffing would result in a General Fund savings of $413,000.

DEPARTMENT OF LABOR

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
Special Revenue-Other	$74,580,000	$74,580,000	$0	0.00%
Special Revenue-Federal	$543,968,000	$574,015,000	$30,047,000	5.52%
Enterprise Funds	$10,020,000,000	$8,400,000,000	($1,620,000,000)	(16.17%)
Total All Funds:	**$10,638,548,000**	**$9,048,595,000**	($1,589,953,000)	(14.95%)

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) 2011-12 Executive Budget recommends $9.2 billion in All Funds support, reflecting a decrease of $1.6 million or 14.9% from SFY 2010-11 funding levels. This decrease is attributable to the elimination of a one-time Federal American Recovery and Reinvestment Act (ARRA) appropriation associated with the Unemployment Insurance (UI) Benefit Fund and Workforce Investment Act (WIA). The State receives Federal funds to support Unemployment Insurance (UI) program administration. The Executive proposes a staffing level of 3,389 Full Time Equivalents (FTEs), which is an increase of 28 FTEs from SFY 2010-11. The increase in staffing levels is attributed to UI computer modernization efforts to improve customer access and increase cost efficiencies.

Unemployment Insurance System

The SFY 2011-12 Executive Budget recommends $3.3 billion in appropriation authority, as well as $158.8 million in reappropriation authority to allow the Department to fully disburse ARRA-related WIA and UI program funding. The Executive includes $6.8 million in Federal grant funding for DOL to support the Department's UI computer systems modernization efforts.

Based on the recommendation of the Office of the State Comptroller (OSC), the SFY 2011-12 Executive Budget proposes to reclassify UI Interest Assessment Accounts, designated to collect UI interest assessments on businesses for mandatory UI loan repayments, from a Special Revenue Fund to an Enterprise Fund which more appropriately reflects its purpose. The Executive also proposes to increase the appropriation from $20 million to $150 million to reflect the estimated interest payments to be collected.

Employment and Training Programs

The SFY 2011-12 Executive Budget proposes to repeal all reappropriated General Fund additions for Employment and Training Programs operated by labor unions, nonprofits, municipalities, and business groups. The elimination of these employee training contracts from prior years would result in General Fund savings of $4.6 million in SFY 2011-12.

The SFY 2011-12 Executive Budget proposes Federally funded appropriation authority of $234 million for WIA services, which provide job training to youth, adults and displaced workers, reflecting a decrease of $7.7 million from SFY 2010-11.

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.

The SFY 2011-12 Executive Budget proposes funding of $28 million for the Labor Standards Program, which is unchanged from SFY 2010-11 funding levels. In addition, $42.3 million in funding is available for the Occupational Safety & Health Program, which is consistent with SFY 2010-11 funding levels.

STATE UNIVERSITY OF NEW YORK

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$2,802,027,636	$2,621,934,645	($180,092,991)	(6.43%)
Special Revenue-Other	$4,937,888,400	$5,339,889,300	$402,000,900	8.14%
Special Revenue-Federal	$377,938,650	$363,600,000	($14,338,650)	(3.79%)
Capital Projects Fund	$572,426,000	$1,002,571,000	$430,145,000	75.14%
Internal Service Funds	$16,600,000	$19,100,000	$2,500,000	15.06%
Total All Funds:	**$8,706,880,686**	**$9,347,094,945**	**$640,214,259**	**7.35%**

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 15appointed 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) 2011-12 Executive Budget includes All Funds appropriations of $9.35 billion, a increase of $640 million or 7.35% from the adjusted SFY 2010-11 levels. This includes a General Fund decrease of $180.1 million or 6.43%, to $2.6 billion. The proposal includes General Fund growth in personal service costs, non-personal services, fringe benefits and community college enrollment growth, offset by General Fund decreases associated with reductions to State-operated campuses, statutory colleges and community colleges necessary to close State budget gaps.

The 2011-12 Executive Budget proposes $3.34 billion for the operations of senior college campuses, system administration and university-wide programs; including $2.1 billion in General Fund resources and $1.3 billion for the collection and distribution of tuition and other revenue. General fund levels represent a 10% reduction of $131.4 million from SFY 2010-11 and

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

Statutory and Contract Colleges

The SFY 2011-12 Executive Budget separates out appropriations for the State's statutory colleges at Cornell and Alfred universities from the State-operated campuses. General Fund support for the five statutory colleges is $129.3 million, a decrease of $15.01 million or 10.4% from the SFY 2010-11 level allocated as follows:

- $78.9 million would support Cornell's statutory colleges, reflecting a reduction of $6.3 million over the last State Fiscal Year, partially offset by a $4.7 million increase in collective bargaining costs and a $11 million reduction.
- $8.1 million for the College of Ceramics at Alfred University, a net decrease of $900,000 from SFY 2010-11, partially offset by an increase of $400,000 associated with collective bargaining and s reduction of $1.3 million.
- The Executive Budget continues the practice which recognizes Cornell's land grant status by providing $42.1 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 2011-12 Executive Budget reduces SUNY community college base operating aid per full-time equivalent student (FTE) by an average of $226 per Full-Time Equivalent (FTE) student, from $2,260 to $2.034. These will result in a reduction of $33.1 million for SUNY. The proposal would reduce base aid funding for SUNY community colleges by $23.9 million in the 2011-12 academic year. A total of $427.8 million is recommended for the SUNY community colleges.

The recommended SFY 2011-12 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. The Cornell Cooperative Extension program administered by Cornell would remain level at $3.92 million.

SUNY Hospitals

The 2011-12 Executive Budget proposal would eliminate General Fund support, approximately $134.8 million, for the three SUNY teaching hospitals: SUNY Downstate, SUNY Stonybrook, and SUNY Upstate. Additionally, SUNY Hospitals will be classified as an authorized cash transfer instead of a local assistance payment.

The SFY 2010-11 Executive Budget maintained the appropriation structure under which the SUNY Hospitals' finances are separated from SUNY system finances. This structure allowed the hospitals to pay their own operating and debt service costs. In accordance with this arrangement, the 2010-11 Executive Budget proposal provided for a subsidy of $129 million, for the three aforementioned teaching hospitals in recognition of their increased operational costs as state entities. In an effort to close State budget gaps, the 2011-12 Executive budget does not continue this arrangement

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 2011-12 Executive Budget provides for the fourth of five $550 million appropriations to continue addressing the accumulated backlog of critical maintenance projects throughout the SUNY system. The Executive proposal also includes $31.5 million in capital appropriations to support projects at SUNY community colleges, an increase of approximately $9.1 million from SFY 2010-11.

Article VII

- Authorizes SUNY trustees to acquire property by accepting conditional gifts, grants, devises or bequests.
- Authorizes SUNY to lease real property to private entities for up to 50 years as long as these public private partnerships are within the schools mission and support its educational purpose. Any public-private partnership will be subject to approval of a newly created State University Asset Maximization Review Board.
- Any lease agreement pursuant to this legislation, would be subject to minority and women-owned business enterprise (MWBE) provisions, prevailing wage rates, indemnification clauses, reverter clauses and project labor agreements.
- Requires project labor agreements for contracts awarded or entered into by campus related foundations for any single construction project exceeding $10 million if more than 25% of the funding comes from either State or SUNY appropriations.
- Creates the State University Asset Maximization Review Board which establishes that lease of real property and participation in public-private partnerships must be unanimously approved by all voting members of the board. The three voting members will be appointed by the Governor, Assembly Speaker and Temporary Senate President. The Board also includes six non-voting members with one representing each of the following: the State Comptroller, Attorney General, the president of the AFL-CIO and the director of the Division of Minority and Women-Owned Business Enterprises (MWBE)
- Further establishes the action and timeline for which the board shall adhere with regards to voting. The Asset Maximization Review Board will have up to 45 days to act on a request by the Board of Trustees; the trustees will furnish within 15 days any information requested by the Asset Maximization Review Board.

- Authorizes the SUNY Trustees to enter into public-private partnerships to build or improve academic building, dormitories or other facilities. Allows the Trustees to enter into public-private partnerships to receive or furnish heat from a central heating plant. Prohibits conflicts of interest.
- Allows SUNY to lease facilities within Albany county directly, rather than requiring the Office of General Services (OGS) to act on its behalf.
- Remove provisions of law subjecting SUNY to pre-approval of contracts by the Office of the State Comptroller (OGS) to act in order to streamline the procurement of goods and services, while maintaining provisions requiring the post-audit of such contracts by OSC. Sections 2 and 4 promulgate new protocol and reporting requirement s to gauge the efficacy of the aforementioned action.
- Allows 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.
- Allows for expansion of State University hospital participation in managed care networks and other joint and cooperative health care arrangements without preapproval from any State entity, and conforms procurement guidelines of SUNY's health care facilities to those of the SUNY campuses, as prescribed in this bill.
- Prescribes reporting requirements by the universities that detail the effectiveness of SUNY trying to increase the economic well being of New York. The report must be available to the Governor and respective parties every January 1 until the expiration of this bill.

STATE UNIVERSITY CONSTRUCTION FUND

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Other	$25,678,000	$26,172,000	$494,000	1.92%
Total All Funds:	**$25,678,000**	**$26,172,000**	**$494,000**	**1.92%**

The State University Construction Fund (SUCF) is a public benefit corporation established in 1962 to serve as a construction agent for the State University of New York (SUNY). 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. During the 2009-10 fiscal year, the Fund initiated the design of 67 projects having a total value of $813 million in design and construction work and began construction of 112 projects having an estimated cost of $392 million. Tasks of the Construction Fund include preparation and development of the State University's Master Capital Construction Plan, equivalent plans for individual campuses, creation of SUNY's annual capital budget request and facility program, development and upkeep of online data processing systems and management of other University-wide rehabilitation programs. These figures exclude projects administered by individual campuses.

Overview of Executive Budget Proposal

The Executive Budget recommends $26.2 million in Special Revenue appropriations funded from the proceeds of Personal Income Tax (PIT) bonds. In SFY 2010-11, appropriations for the Fund's operations totaled $25.7 million. The agency's workforce is expected to increase from 135 employees in SFY 2010-11 to 172 employees in SFY 2011-12.

Article VII Provisions

The Executive Proposal broadens the abilities of the State University Construction Fund (SUFC) to implement capital projects through alternative construction delivery methods and streamlined procurement guidelines, which must substantially conform to those applicable to existing public authorities. The proposal also restricts alternative construction and delivery methods to 15% of the cost of all SUNY capital projects. Additionally, SUCF is required to deliver a report to the Governor and Legislature by December 31, 2015 on programmatic effectiveness.

OFFICE OF THE WELFARE INSPECTOR GENERAL

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$420,000	$378,000	$42,000	(10.00%)
Special Revenue-Other	$1,200,000	$1,200,000	$0	0.00%
Total All Funds:	**$1,620,000**	**$1,578,000**	**$42,000**	**(2.59%)**

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) 2011-12 Executive Budget recommends $1.58 million in All Funds support, reflecting a decrease of $42,000 or 2.6% below SFY 2010-11 levels. This reduction of $42,000 is attributed to a 10% across the board reduction in State Operation spending achieved through administrative efficiencies. The SFY 2011-12 Executive Budget also provides for seven FTE positions, which is consistent with SFY 2010-11 enacted levels.

OFFICE FOR THE AGING

Fund Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$113,911,400	$111,927,600	($1,983,800)	(1.74%)
Special Revenue-Other	$128,237,000	$124,972,000	($3,265,000)	(2.55%)
Special Revenue-Federal	$1,230,000	$1,230,000	$0	0.00%
Enterprise Funds	$100,000	$100,000	$0	0.00%
Total All Funds:	**$243,478,400**	**$238,229,600**	**($5,248,800)**	**(1.07)%**

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 2011-12 Executive Budget recommends $238 million in All Funds support, a decrease of $5.2 million from SFY 2010-11. This decrease is attributed to: the elimination of the NY Connects Program and the deferral of human services cost-living-adjustment for one year, and the elimination of various programs serving seniors in the community

Program Spending Reductions and Eliminations

- The Executive proposes the elimination of the NY Connects Program, which provides seniors with information regarding available services through call centers, telephone hotlines and a dedicated website. The elimination of this program will result in savings of $950,000.

- The Executive proposes the delay of the Human Services cost-of-living adjustment for one year, resulting in State savings of $2.9 million.

- The SFY 2011-12 Executive budget proposes to eliminate $2.17 million in spending for various aging programs as follows:
    - Community Empowerment Initiative, ($170,000);
    - Congregate Services Initiative, ($450,000);
    - EAC/Nassau Respite Program, ($170,000);
    - Elderly Abuse Education and Outreach Program, ($340,000);
    - Enriched Social Adult Day Centers Program, ($170,000);
    - Foster Grandparent Program, ($140,000);
    - Long Term Care Senior Respite, ($100,000);
    - NY Foundation Home Sharing, ($120,000);
    - Patients' Rights Hotline and Advocacy, ($40,000);

- Regional Caregivers Centers for Excellence, ($160,000); and
- Retired and Senior Volunteer Program, ($300,000).

- The Executive also proposes to create a local competitive performance grant program within SOFA to address emerging or ongoing matters that affect older adults. The competitive performance grant would be funded with savings generated from the elimination of the previously mentioned programs. For SFY 2011-12 approximately $770,000 million will be appropriated for competitive grants.

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Federal	$4,750,000	$4,750,000	$0	0.0%
Enterprise Funds	$10,000	$10,000	$0	0.0%
Total All Funds:	**$4,760,000**	**$4,760,000**	**$0**	**0.0%**

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

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends $4.7 million in an All Funds support for the Council. This level of funding is consistent with SFY 2010-11 funding levels, and is sufficient to support the Council's role in coordinating information for persons with developmental disabilities.

DEPARTMENT OF HEALTH

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$12,839,610,440	$15,401,572,290	$2,561,961,850	20%
Special Revenue-Other	$7,161,964,437	$7,062,431,100	($99,533,337)	(1%)
Special Revenue-Federal	$38,039,076,200	$33,665,840,000	($4,373,236,200)	(11%)
Capital Projects Fund	$497,793,783,00	$90,433,000	($407,350,000)	(82%)
Enterprise Funds	$10,000	$0	($10,000)	(100%)
Total All Funds:	**$58,538,444,077**	**$56,220,276,390**	**($2,318,167,687)**	**(4%)**

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) 2011-12 Executive Budget recommends $56.2 billion in All Funds support, which reflects a decrease of $2 billion or 4% from SFY 2010-11. This decrease of $2 billion can be attributed to reductions in appropriation authority in Federal Funds as a result of the loss of the Enhanced Federal Matching Assistance Percentage (FMAP) dollars provided through ARRA, offset by an increase of $2.56 billion reflecting the State share increase spending in the Medical Assistance Program.

Medical Assistance (Medicaid) Program

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends an All Funds spending of $51.53 billion which is $883 million or 1.74% 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 2010-11 (Estimated)	SFY 2011-12 (Projected)	Change	Percent Change
State Funds	$14.360	$18.015	$3.655	25.45%
Local Funds	$7.514	$7.914	$0.400	5.32%
Federal Funds	$31.917	$26.880	($5.037)	(15.78%)
Total All Funds:	$53.791	$52.809	($0.982)	(1.83%)

Medicaid Redesgin Team and Other Medicaid Cost Saving Actions

The SFY 2011-12 Executive Budget recommends $52.809 billion in All Fund spending for the Medicaid program, which is $980 million lower than SFY 2010-11 estimated spending levels of $53.791 billion. Included in the SFY 2011-12 projected spending levels is a $5.7 billion spending reduction target. Absent this recommended reduction target, SFY 2011-12 All Funds projected spending would have been $58.267 billion.

The SFY 2011-12 Executive Budget recommends $18.015 billion State share spending for Medicaid, which is $3.66 billion higher than SFY 2010-11 estimated spending levels. This dramatic year to year increase in State share spending is attributable to the loss of approximately $3.6 billion in Enhanced FMAP dollars that was previously used to offset State share Medicaid spending. Included in the SFY 2011-12 projected State share spending is a $2.85 billion spending reduction target. Projected State spending would be $20.758 billion or $6.4 billion, 44.6%, above SFY 2010-11 estimated spending absent the $2.85 billion spending reduction target established by the SFY 2011-12 Executive Budget.

MEDICAID REDESIGN TEAM

Unlike in prior years Budget, the SFY 2011-12 Executive Budget includes a $2.85 billion State share spending reduction target rather than specific cost containment initiatives included as part of an overall spending plan. This spending reduction target is to be achieved through recommendations developed by the newly created Medicaid Redesign Team.

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

The redesign team includes 27 members comprising of industry representative, stakeholders and experts from across the State, including Senator(s) Duane and Hannon, Assembly member(s) Gottfried and Giglio. Other members include: Hospital Association of New York State, Greater New York Hospital Association, SEIU 1199, Continuing Care Leadership Coalition, Community

Health Care Association of New York, Medicaid Matters, and New York State Association of Counties.

The Medicaid Redesign Team will perform its task in two phases. The first phase, to be completed by March 1, 2011, will require the team to identify $2.85 billion in reductions to the Medicaid program, which would be included as part of the SFY 2011-12 Enacted Budget. It should be noted that the SFY 2011-12 Executive Budget includes language that would incorporate the recommendations of the team into the SFY 2011-12 Enacted Budget. In addition, if the team should fail to achieve any or all of the $2.85 billion in reductions, the Commissioner of Health, the Director of Budget, the Medicaid Director, and other Agency Commissioners would be required to achieve the $2.85 billion in reductions.

The second of the team's task is to develop a comprehensive long term plan for reforming the entire Medicaid program with programs and initiatives that make it a cost effective, efficient, and coordinated program offering quality services. Recommendations of the Comprehensive Plan for Medicaid shall be submitted to the Executive by the end of November 2011.

The Medicaid Resign Team would be required to submit quarterly reports to the Executive, with a final report due on March 31, 2012. Upon submission of the final report the team will terminate its work and be relieved of all duties and responsibilities.

<u>OTHER MEDICAID ACTIONS</u>

The SFY 2011-12 Executive Budget also proposes other actions for the Medicaid program, many which contain no fiscal implications. Details of these programs are highlighted below:

Limit Annual Medicaid Growth

The SFY 2011-12 Executive Budget includes language that would limit future increases in Medicaid spending to a rolling ten year average of the medical component of the Consumer Price Index (CPI), as published by the Department of Labor's Bureau of Labor Statistics. The SFY 2011-12 Executive Budget does not include any savings as a result of this proposal. Future fiscal implications have not been determined.

<u>Hospitals</u>

State University of New York (SUNY) Academic Medical Centers

The SFY 2011-12 Executive Budget would allow SUNY hospitals obtain supplemental medicaid payments for physician and other professional services by accessing available federal monies. This proposal would require any SUNY hospital that seeks this Federal supplemental payment to use their own funds as matching dollars, resulting in no State fiscal implication. It should be noted that there is a proposal in the Higher Education budget that would eliminate $154 million in state subsidies to SUNY teaching hospitals.

Disproportionate Share Funding (DSH)

The SFY 2011-12 Executive Budget would require hospitals to use Department of Health instruments in order to file cost reports for the purpose of recouping DSH payments. This requirement allows New York State to comply with changes to federal law, stemming from the Affordable Care Act and other federal regulatory and legislative changes. There are no SFY 2011-12 fiscal implications from this proposal.

Nursing Homes

Gross Receipts Tax (GRT)

The SFY 2011-12 Executive Budget would make permanent the 6% assessment that is currently imposed on all gross receipts of nursing homes. This 6% GRT was scheduled to expire March 31, 2011 and results in approximately $315 million in State revenue annually.

Nursing Home Rebasing

The SFY 2011-12 Executive Budget would delay the implementation of the Medicaid reimbursement system known as rebasing until July 1, 2011. In addition, the Executive Budget maintain the $210 million capped liability for the rebasing proposal. Under this proposal payments for the period April, 2009 until June 30, 2011 would be made under the old nursing home reimbursement system enacted prior to the Nursing Home rebasing.

Huntington's Disease Rate Add-on

The SFY 2011-12 Executive Budget includes an appropriation of $850,000 for a Huntington's Disease unit at Terrence Cardinal Cook Nursing Home. Previously funding for this purpose was appropriated to St. Vincent and then sub-allocated to Terrence Cardinal Cook. Upon the closure of St. Vincent these funds were unable to be sub-allocated to Terrence Cardinal Cook. The SFY 2011-12 Executive Budget would address is issue by providing a specific appropriation to this facility.

AIDS Adult Day Care

The SFY 2011-12 Executive Budget includes a technical correction authorizing the federal share of a $2.8 million Trend Factor from SFY 2006-07. Due to issues with the State's Upper Payment Limit (UPL) during that fiscal year the Federal share of the trend factor was not provided to AIDS adult day health centers. Subsequent negotiations with the Centers for Medicaid and Medicare Services (CMS), New York State has sufficient room under the UPL to provide this Federal Trend Factor increase. There are no SFy 2011-12 fiscal implications as a result of this proposal.

PUBLIC HEALTH

The SFY 2011-12 Executive Budget includes $5.56 billion in All Funds support for Public Health spending, which is a decrease of $208 million from SFY 2010-11 Enacted Levels. This decrease is primarily attributed to a 10% across the board reduction in General Fund State operation, which would be achieved through personal service efficiencies, other program consolidations and administrative actions. Highlights of the SFY 2011-12 Executive Budget for Public Health are detailed as follows:

Early Intervention:

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% 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% of the costs and Federal funds covering the remaining 50%.

The SFY 2011-12 Executive Budget include several cost saving actions for the EI program, that would result in $20.52 million in State savings, including:

- Authorizing 10% across the board EI program rate reductions, resulting in State savings of $ 11.09 million;
- Requiring EI providers with $500,000 dollars or more in EI services provided to children covered by both Medicaid and an insurance policy, to bill directly Medicaid or the child's insurance policy, resulting in $500,000 in State savings;
- Maximizing reimbursement from commercial insurers by requiring companies to pay legitimate claims for EI services. Payments for EI services under this proposal could not be denied: based upon location of services, the duration of the insured's condition or the provider of services is not a participating provider or the absence of a primary care referral, SFY 2011-12 fiscal implications would be minimal. This proposal would save $24.6 million on a full annual basis;
- Recovering overpayments for Medicaid Transportation provided by Counties, resulting in one time State savings of $6.2 million;
- Achieving programmatic efficiencies by modifing service coordination rates to use capitation, resulting in State savings of $250,000;
- Requiring EI services to be billed in 15 minute increments, replacing the current system of . variable unit increment rates of up to 60 minutes, resulting in State savings of $1.6 million; and
- Revising EI rates for home and community-based visits reflect updated wage equalization and transportation factors, resulting in State savings of $880,000.

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. Reimbursement is provided to localities to perform various "core and optional" services. The SFY 2011-12 Executive Budget includes $319 million in State funding for this program. Effective July 1, 2011, the Executive proposes to eliminate reimbursement to localities for optional services, which would result in State savings of $10.5 million.

Local Performance Grant Program

Consistent with proposals included in other areas of the SFY 2011-12 Executive, proposals for the Department of Health includes the creation of a new local performance grant program. Funding for this competitive program would be available through the reinvestment of savings generated by the elimination of various separately funded community service programs. The SFY 2011-12 Executive Budget includes $3.87 million in funding for these competitive programs with that amount increasing to $7.74 million in SFY 2012-13.

Elimination of Community Programs

The SFY 2011-12 Executive Budget eliminates $8.6 million in funding for various community programs as follows:

• Audit of Resident Teaching Programs	$1.54 million
• Brain Trauma Foundation	$0.25 million
• Cardiac Services	$0.69 million
• Eating Disorders	$0.13 million
• Falls Prevention	$0.30 million
• Gateway Institute (CUNY)	$0.11 million
• Health Promotion Initiatives	$2.02 million
• Interim Lead Safe Housing	$0.13 million
• Latino Outreach Program	$0.04 million
• Long Term Care Community Coalition	$0.03 million
• Maternal Mortality Review and Safe Motherhood Initiative	$0.07 million
• Maternal and Early Childhood Foundation	$0.30 million
• Medicaid Collaborative Studies	$0.70 million
• Minority Male Wellness	$0.03 million
• Office of Minority Health	$0.27 million
• Osteoporosis Prevention	$0.03 million
• Public Awareness Campaign for Donor Registry Letter	$0.12 million
• Public Health Genomics	$0.03 million

- Public Health Management Leaders of Tomorrow $0.28 million
- Quality Improvement $0.18 million
- Racial Disparities Study $0.30 million
- Statewide Health Broadcasts $0.04 million
- Sudden Infant Death Syndrome $0.02 million
- Tick-Borne Disease $0.15 million
- Upstate Medical - SUNY $0.02 million
- Workforce Studies $0.20 million
- COLA savings from eliminated programs $0.06 million

Elderly Pharmaceutical Insurance Coverage (EPIC) Program

EPIC is a New York State program that helps seniors pay for their prescription drugs. Almost 300,000 EPIC enrollees are saving an average of 90% of the cost of their medicines through the EPIC program. The SFY 2011-12 Executive Budget includes $235. Million and is projected to serve 298,600 seniors. The Executive proposes several changes to the EPIC program that would result in a net savings of $58.4 million. The cost saving proposals are as follows:

- The SFY 2011-12 Executive Budget proposes to eliminate the Medicare Part D premium payments and assistance with deductibles. Currently, EPIC provides for a member's Medicare Part D premium, up to the Medicare Part D benchmark plan limit. This proposal will result in $22.3 million in state savings and is effective July 1, 2011.

- The SFY 2011-12 Executive Budget would authorize EPIC to only provide coverage for a members drugs while in the catastrophic coverage period, or "donut hole," and then only as long as the prescription drug is a covered drug resulting in State savings of $12 million dollars and would be effective January 1, 2012. As part of this proposal:

    - Seniors would longer have to pay the annual registration fees or any deductibles.
    - In order to be eligible for EPIC, participants must be enrolled in a Medicare Part D plan and current exemptions for qualifying pension plans or medicare advantage plans are eliminated.
    - EPIC would longer assist seniors with their appeals, grievances and coverage determinations.
    - The new proposals eliminates the deductible coverage category and increases the comprehensive program to the deductible program levels of $35,000 for a single individual and $50,000 for a married couple.
    - Eliminates the EPIC Panel and gives those authorities to the Commissioner of Health. The Commissioner's new powers unde the EPIC program would include:
        - Ability to promulgate regulations;
        - Determine annual schedule for cost-sharing responsibilities;
        - Enter into contracts to assist and carry out the EPIC program;
        - Implement alternative program improvements for efficiencies;

  - Establish or contract for a therapeutic drug monitoring program for the purpose of monitoring therapeutic drug use and determining if medications are dangerous or unnecessary.

- The SFY 2011-12 Executive Budget also proposes a fund balance sweep of $24.1 million dollars.

Roswell (Roswell) Park Cancer Institute

Roswell has traditional received an annual operating subsidy of approximately $78 million, which assist the facility in providing advanced care and services. The SFY 2011-12 Executive Budget proposes reducing this operating subsidy by 10% or $7.76 million. The Executive proposes this as an administrative action through the consolidation of State Operations appropriations within the Department of Health.

Health Care Reform Act (HCRA) Program

The HCRA program supports a variety of health care programs including indigent care payments to hospitals, Graduate Medical Education, health care workforce recruitment and retention activities, insurance initiatives, and public health programs. The SFY 2011-12 Executive Budget includes Article VII that would extend the HCRA program for three years until March 31, 3014. These HCRA provisions were extended as follows:

- Tobacco Control and Insurance pools
- State authority to transfer HCRA funds to subsidize HEAL grants
- Ambulatory Care Pilot program and state authority to set program rates
- Council on Health Care Financing
- Rural Health Network Development grant program
- Rural Health Care Access Development program
- Primary Case Management
- Upstate Personal Care Workforce Recruitment and Retention Program (the New York City Workforce Recruitment and Retention Program is extended elsewhere)
- Home Care Workforce Recruitment and Retention Program
- Entertainment Industry Worker Insurance Demonstration
- GME funding for Empire Clinical Research Investigator Program
- Doctors Across New York
- Area Health Education Centers
- Clinic Bad Debt and Charity Care
- Hospital Indigent Care and High Need Hospital Indigent Care Payments
- Physician Excess Medical Malpractice Program—extended through June 30, 2014

Clinical Laboratories

The SFY 2011-12 Executive Budget includes Article VII language that would ensure New York State conforms to current practices and terminology, while ensuring high quality and accuracy in the field of clinical laboratory medicine. There are no SFY 2011-12 fiscal implication from this proposal. Requirements of this proposal include:

- Laboratory permits or permit category cannot be issued unless all fees and penalties are paid;
- Applications for permits must be made in a manner as required by the Department of Health (DOH);
- Permits for a laboratory is void if the director of that category changes; and
- Permits would be revoked if a laboratory fails to meet DOH standards or comply with any rule or regulations of DoH.

Capital Funding

The SFY 2011-12 Executive Budget includes $391 million for the Healthcare Efficiency Affordability Law for New Yorkers (HEAL NY) Program. These funds are to be available in the absence of additional Federal State Health Reform Partnership (F-SHRP) dollars, in order maintain the HEAL-NY program at $701 million for SFY 2011-12. In addition the program is amended to allow the Department of Health to issue grants without a competitive bidding process for the purpose of addressing any negative occurrences in the health care industry including, facility closures.

OFFICE OF THE MEDICAID INSPECTOR GENERAL

Fund Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$33,744,000	$29,577,000	($3,697,000)	(11%)
Special Revenue-Other	$4,083,000	$3,700,000	($383,000)	(9%)
Special Revenue-Federal	$50,804,000	$47,076,000	($3,728,000)	(7%)
Enterprise Funds	$10,000	$0	($10,000)	(100%)
Total All Funds:	**$88,161,000**	**$80,353,000**	**($7,808,000**	**(9%)**

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) 2011-12 Executive Budget recommends an All Funds appropriation of $80.4 million, a decrease of $7.8 million from SFY 2010-11 Enacted levels. This reduction is primarily attributed to a 10% across the board reduction in State operation spending.

The proposed savings from State operations reductions would achieved through administrative efficiencies in non-personal services reductions and other negotiated workforce savings.

Fraud Audit Savings

- The SFY 2011-12 Executive Budget recommends a Medicaid Fraud audit target of $965 million, which is $205 million below the audit target of $1.17 billion included as part of the SFY 2010-11 Enacted Budget.

DEPARTMENT OF MENTAL HYGIENE

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
State Operations	$600,000,000	$600,000,000	$0	0.00%
Total All Funds:	**$600,000,000**	**$600,000,000**	**$0**	**0.00%**

The Department of Mental Hygiene operates through three independent agencies - the Office of Mental Health, the Office for People With Developmental Disabilities, and the Office of Alcoholism and Substance Abuse Services. All three agencies provide services directly to their clients through State-operated facilities and receive reimbursement for these services, primarily with Medicaid funds.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2011-12 Executive Budget proposes a State Operations appropriation of $600 million, which is consistent with SFY 2010-11 levels. The recommended $600 million in new appropriations from the Patient Income Account and the Mental Hygiene Program Fund may be distributed to OMH, OPWDD, and OASAS in order to access additional revenues made available or through a decreased set-aside for debt service resulting from planned debt management actions.

OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$39,000,000	$36,878,500	($2,121,500)	(5.4%)
Special Revenue-Other	$422,384,000	$394,725,900	($27,658,100)	(6.5%)
Special Revenue-Federal	$146,560,000	$141,530,000	($5,030,000)	(3.4%)
Capital Projects Fund	$108,934,000	$97,606,000	($11,328,000)	(10.4%)
Total All Funds:	$716,878,000	$670,740,400	($46,137,600)	**(6.4%)**

The mission of the Office of Alcoholism and Substance Abuse Services (OASAS) is to improve the lives of New Yorkers by leading a premier system of addiction services through prevention, treatment, and recovery.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends an All Funds support of $670 million for the Office of Alcoholism and Substance Abuse Services (OASAS), a decrease of $46 million or 6.4% from SFY 2010-11. This decrease can be attributed to the delay of the human services cost-of-living adjustment (COLA) for one year and the refocusing and redesigning of various program and services.

State Operations

The OASAS State Operations budget has been reduced by $11.6 million or 8.9%, for a total of $119 million in SFY 2011-12. The SFY 2011-12 Executive Budget achieves these reductions by proposing a 10% across the board cut for non-federally-supported programs and the elimination of three Federal grants. The $119 million in State Operations funding will support 817 Full-Time Equivalents (FTEs) positions.

Local Assistance

The SFY 2011-12 Executive Budget recommends $454 million in Aid to Localities appropriations, a decrease of $23 million, or 4.8% from SFY 2010-11. This decrease includes $5.3 million for delaying COLA adjustment for one year. The remainder of the decrease or $17.7 million in savings would be achieved by:

- Reducing funding for programs that fail to meet established performance indicators;
- Reducing and restructuring 41 existing gambling education, assessment and referral program;
- Delaying the development of five gambling prevention programs and three recovery community centers; and
- Continuing the 1.1% reduction to local payments implemented in SFY 2010-11.

Capital Projects

The SFY 2012-12 Executive Budget recommends $97.6 million in capital funding, a decrease of $11.3 million due to reduced costs for not-for-profit operated facilities, including the elimination of funding to develop additional treatment capacity under Rockefeller drug law reform.

OFFICE OF MENTAL HEALTH

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$421,782,000	$421,782,000	$0	0.00%
Special Revenue-Other	$2,949,385,000	$2,863,210,000	($86,175,000)	(2.92%)
Special Revenue-Federal	$48,845,000	$53,452,000	4,607,000	9.43%
Capital Projects Fund	$234,291,000	$220,874,000	($13,417,000)	(5.72%)
Internal Service Funds	$2,810,000	$2,610,000	($200,000)	(7.11%)
Enterprise Funds	$8,606,000	$8,606,000	$0	0.00%
Total All Funds:	**$3,665,719,000**	**$3,570,534,000**	**($95,185,000)**	**(2.59%)**

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) 2011-12 Executive Budget recommends $3.5 billion All Funds, a net decrease of $95 million, or 2.59% from SFY 2010-11. This decrease in funding is primarily attributable aid to a slowdown in residential bed development, the elimination of ineffective programs, and targeted funding reductions.

State Operations

The SFY 2011-12 Executive Budget decreases State Operations spending by $105 million, or a reduction of 4.8% from SFY 2010-11. This reduction is reflective of a 10% reduction in State operations costs, including costs associated with downsizing inpatients beds and administrative efficiencies.

Local Assistance

The SFY 2011-12, the Executive Budget increases local assistance spending by $23.7 million. The $23 million increase is primarily due to the annualization of prior year initiatives and other adjustments. The major components of this increase include:

- $40.8 million for year one annualization in response to a federal court order related to providing supported housing needed services for individuals leaving certain New York City adult homes which would fund 1,500 rental housing units;
- $29.5 million for annualization of prior year initiatives, including community residence programs, ambulatory care restructuring, Personalized Recovery Oriented Services (PROS), residential treatment facilities, and children's case management;

- Increase OMH authority that would allow for an additional $4.6 million in federal grants; and
- $13 million for a human services cost-of-living increase.

The $88 million increase in local assistance spending is partially offset by $34.5 million in reductions and eliminations in funding to a number of programs, including the following:

- Funding for family-based treatment beds would be eliminated;
- Aid to providers that are funded above the regional per-bed models for supported housing would be reduced;
- Residential pipeline units would be converted to lower-cost alternatives;
- 250 planned supported housing beds would be reprogrammed;
- The development of all new OMH Community Residential Programs would be frozen for one year;
- Nonresidential OMH programs would be restructured;
- Certain community support programs would experience targeted reductions; and
- SFY 2010-2011 spending levels for existing local aid programs would be maintained.

Furthermore, the human services COLA would be delayed for one year resulting in a State savings of $13 million. The SFY 2011-12 Executive Budget proposes to maintain existing rates for community residences/family based treatment and residential treatment facilities at current levels for a State savings of $16.7 million.

Capital Projects

The SFY 2011-12 Executive Budget provides capital appropriations of $220 million, which represent a $13.4 million or 5.72% decrease from SFY 2010-11. This is primarily related to planned declined in bonded appropriations.

Article VII Proposals

The Executive Budget proposes to amends the Medicaid eligibility status of individuals served in institutions for Mental Disease. Current law forces OMH to terminate Medicaid eligibility for individuals who are served in Institutions for Mental Disease. This change rather than suspend a person's eligibility rather than terminate it. The proposal of this proposal is to conform with Center for Medicare and Medicaid Services guidelines, and would preserve $200 million in disproportionate share (DSH) payments.

The Executive Budget proposes to repeal one year notice of significant service reductions for OMH. This would allow the commissioner of OMH to consolidate, reduce, transfer close or redesign facilities and services without the one year delay. This proposal would remove the requirement that all savings from the closure of hospitals, beds or wards to be reinvested into community services. Any savings realized from closures would be moved into the general fund.

OFFICE FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Fund Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$1,472,023,000	$1,430,364,800	($41,658,200)	(2.83%)
Special Revenue-Other	$3,151,793,000	$3,013,588,400	($138,204,600)	(4.38%)
Special Revenue-Federal	$751,000	$751,000	$0	0.00%
Capital Project Fund	$139,560,000	$151,995,000	$12,435,000	8.91%
Internal Service Funds	$350,000	$350,000	$0	0.00%
Enterprise Funds	$2,668,000	$2,668,000	$0	0.00%
Total All Funds:	**$4,767,145,000**	**$4,599,717,200**	**($167,427,800)**	**(3.51)**

The mission of the Office for People with Developmental Disabilities (OPWDD) is to help people with developmental disabilities live richer lives. The agency's vision is to ensure that people with developmental disabilities enjoy meaningful relationships with family, friends, and others in their lives; experience personal health and growth; and live in homes and fully participate in the communities of their choice.

Overview of Executive Budget Proposal

The State Fiscal Year (SFY) 2011-12 Executive Budget recommends All Funds support of $4.5 billion, a net decrease of $167 million or 3.5%, from SFY 2010-11. This decrease is largely attributable to savings actions intended to promote cost efficiencies, streamline operations, restructure programs and services, and rationalize reimbursement.

State Operations

The SFY 2011-12 Executive Budget decreases State Operations spending by nearly $113 million or 5%, this is attributed to a 10% across-the-board cut for non-federally-supported programs.

Local Assistance

The SFY 2011-12 Executive Budget decreases Local Assistance spending by $66.8 million, to be achieved by:

- Delaying the planned 1.2% annual human services cost-of-living adjustment for one year;
- Reforming the financing of various OPWDD programs through rate, price and contract adjustments for both residential and non-residential services; and
- Delaying the development of OPWDD community adult and children residential opportunities while investing to add 2,300 lower-cost residential and non-residential opportunities.

Capital Projects

The SFY 2011-12 Executive Budget provides capital appropriations of nearly $152 million, an increase of $12.4 million or approximately 9% from FY 2010-11 appropriation levels. This increase is primarily attributable to additional support for health and safety-related rehabilitation projects and increased bonded funding to support additional community capacity to continue deinstitutionalization efforts.

COMMISSION ON THE QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

Fund Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$5,636,000	$5,092,000	($544,000)	(9.65%)
Special Revenue-Other	$8,345,000	$8,345,000	$0	0.0%
Special Revenue-Federal	$4,663,000	$4,633,000	$0	0.0%
Enterprise Funds	$45,000	$45,000	$0	0.0%
Total All Funds:	**$18,689,000**	**$18,145,000**	**($544,000)**	**(2.41%)**

The mission of the Commission on Quality of Care and Advocacy for Persons with Disabilities (CQCAPD) is to improve the quality of life for individuals with disabilities in New York State and to protect their rights and advocate for needed change. A Commission priority has been to enhance advocacy services for all populations. The Commission's focus has been to increase its outreach efforts, provide a single point of access for disability information, and expand disability rights and awareness training. The Commission's Advocacy Council has expanded its membership to include individuals with a broader range of disabilities to better fulfill its mission in advising the Governor and Legislature regarding all New Yorkers with disabilities.

Overview of Executive Budget Proposal

The SFY 2011-12 Executive Budget recommends $18.1 million in All funds support for the Commission. This level of funding represents a decrease of $500,000 or 2.41% from SFY 2010-11, and is primarily attributed to a 10% across the board reduction to the Commission's state operations budget.

ADIRONDACK PARK AGENCY

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$5,119,000	$4,607,000	($512,000)	(10.00%)
Special Revenue-Other	$500,000	$0	($500,000)	(100.00%)
Special Revenue-Federal	$700,000	$700,000	$0	0.00%
Capital	$0	$500,000	$500,000	100.0%
Total All Funds:	**$6,319,000**	**$5,807,000**	($512,000)	(8.10%)

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) 2011-12 is $5.8 million on an All Funds basis, which is a decrease of $512,000 or 10% from the previous year.

The Executive recommends that the Adirondack Park Agency have a workforce composed of 56 Full-Time Equivalent (FTEs) positions, the same levels as the previous year. It is important to note that the recommended staffing levels are subject to change due to continued negotiations on workforce agreements.

The overall reduction is primarily attributable to the 10% across-the board State operations reduction that is recommended for all State agencies. Savings have been achieved as the result of attaining the full-year value of the transfer of two Agency Visitor Interpretative Centers. The center located in Newcomb, Essex County, was successfully transferred to the State University of New York's College of Environmental Science and Forestry on July 1, 2010. The center located in Paul Smiths, Franklin County, was successfully transferred to Paul Smith's College of Arts and Sciences on December 31, 2010.

DEPARTMENT OF AGRICULTURE AND MARKETS

Funding Source	Adjusted Appropriation 2009-2010	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$48,094,000	$40,166,000	($7,928,000)	(16.48%)
Special Revenue-Other	$47,257,000	$46,600,000	($657,000)	(1.39%)
Special Revenue-Federal	$49,644,000	$49,644,000	$0	0.00%
Capital Projects Fund	$3,750,000	$3,000,000	($750,000)	(20.00%)
Enterprise Funds	$21,361,000	$21,361,000	$0	0.00%
Fiduciary Funds	$1,836,000	$1,836,000	$0	0.00%
Total All Funds:	**$171,942,000**	**$162,607,000**	($9,335,000)	(5.43%)

The Department of Agriculture and Markets is charged with fostering a competitive and safe food and agricultural industry in the State of New York to benefit and protect both producers and consumers. The Department's major responsibilities include oversight and regulation of the State's agricultural and food industry by administering inspection and testing programs associated with food safety, animal and plant health, and accurate labeling; as well as the preservation of agricultural resources by supporting programs that improve soil and water quality. The Department is also responsible for operating the annual New York State Fair.

Overview of Executive Budget Proposal

The Executive Budget Recommendation for State Fiscal Year (SFY) 2011-2012 is $162.6 million in All Funds appropriations, which is a decrease of $9.3 million from SFY 2010-11.

The Executive Budget recommends a staffing level of 511 full-time equivalent positions (FTE), which is the same level as the previous year. However, the Governor is still negotiating workforce savings and it is possible that staffing levels could change.

SFY 2011-12 Executive Proposed Budget Impacts on State Operations

The Executive recommends State Operations appropriations totaling $125.8 million for SFY 2011-12, a decrease of $3.5 million or 2.7% from the SFY 2010-11 Enacted Budget. This reduction is attributable to the continued policy of requiring across-the-board reductions in State Operations spending.

Agriculture & Markets Local Assistance Grants

The Executive recommends Aid to Localities appropriations totaling $33.8 million for SFY 2011-12, a decrease of approximately $5 million or 12% from the SFY 2010-11 Enacted Budget.

This $5 million reduction has been achieved by the Executive's recommendation to eliminate the line item appropriations for the following programs that received $3.2 million in funding in SFY 2010-11 that provide research, education and promotional support for agricultural activities:

- The Agriculture in the Classroom Program;
- The Association of Agricultural Educators;
- The Integrated Pest Management Program;
- The Geneva Experiment Station;
- 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;
- Farm Family Assistance;
- Golden Nematode Research; and
- Future Farmers of America.

To replace the line item appropriations, funding for the aforementioned programs is to be restructured into a $1.2 million competitive grant program. The program would award grants to the groups that produce the best outcomes for the agricultural industry. The program is incorporated in Article VII legislation and is explained in further detail under the appropriate section below.

The Executive also recommends eliminating the appropriation of $3 million for farmer's markets in the Genesee Valley Region for SFY 2011-12. The appropriation allocated in SFY 2010-11 was not a recurring appropriation.

The Executive recommends eliminating reappropriations to the Department of Agriculture and Markets, including legislative-adds from previous years. The overall amount of reappropriations that were eliminated is still being determined, however the amount of eliminated legislative-add reappropriations total over $950,000.

Capital Appropriations in Agriculture & Markets

The Executive recommends overall capital appropriations totaling $3 million for SFY 2011-12, a reduction of $750,000 or 20%, from the SFY 2010-12 Enacted Budget. This reduction is attributable to a reduced appropriation associated with the maintenance and improvement of the 19 facilities at the State Fair.

Proposed Article VII

Make Permanent Pesticide Registration Fees: This legislation would make permanent the current time frames for review of pesticide product registration applications and pesticide product registration fees. The Executive Budget assumes $7 million in annual revenue as a result of this provision. The first $5 million in pesticide program fees is deposited in the Environmental Protection Fund and the remaining fees are deposited in the Environmental Regulatory Account.

Agriculture and Markets Competitive Grant Program: This legislation would authorize the Commissioner of Agriculture and Markets (Commissioner) to use existing local agricultural funds for a new competitive grant program.

Specifically, the Commissioner would be authorized to establish a competitive grants program to fund research, marketing and education initiatives for the benefit of New York's agricultural community. This new $1.2 million competitive program would replace $3.2 million in existing discrete agricultural programs.

Share NY Food Initiative: This legislation would amend current law to provide that farmers' markets would be eligible for funding through the Healthy Food/Healthy Communities portion of the Upstate Agricultural Economic Development Fund, which is administered by the Empire State Development Corporation (ESDC) in consultation with the Department of Agriculture and Markets. The bill would target *food deserts* to ensure that such underserved communities have access to locally-produced, nutritious foods.

Existing law does not specifically authorize the Department to facilitate the creation of a revolving loan fund to support agricultural programs – an important component of the Governor's "Share NY Food" initiative. The revolving loan fund is designed to provide opportunities to expand food outlets like Community Supported Agriculture (CSA) operations, mobile vendors and other non-traditional markets. Such a fund would help cover farmer costs and shares upfront, thereby allowing subscribers to pay their CSA shares over the course of the CSA season.

BANKING DEPARTMENT

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Other	$106,044,000	$0	($106,044,000)	(100.00%)
Special Revenue-Federal	$1,000,000	$0	($1,000,000)	(100.00%)
Total All Funds:	**$107,044,000**	**$0**	**($107,044,000)**	

Agency Overview

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.

The Executive proposes to consolidate the Department of Banking into a Department of Financial Regulation.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$25,903,000	$23,562,000	($2,341,000)	(9.04%)
Special Revenue-Other	$3,765,000	$3,765,000	$0	0.00%
Special Revenue-Federal	$1,000,000	$1,000,000	$0	0.00%
Total All Funds:	**$30,668,000**	**$28,327,000**	**($2,341,000)**	**(7.63%)**

The Department of Economic Development (DED) works closely with the Empire State Development Corporation (ESDC) to provide advice to the Executive regarding economic development policy. The Department also aids the development of the State's economic development strategies. Working with ESDC, the Department provides technical and financial assistance to businesses through its network of regional offices located throughout the State – helping to coordinate the efforts of other State agencies, authorities, organizations and local governments in developing and implementing economic development projects.

DED is also responsible for administering the State's tourism and marketing programs, including the I ♥ NY Program, as well as aiding with Empire Zones program management.

Overview of the Executive Budget Proposal

The Executive Budget recommends $28.3 million for the Department of Economic Development in State Fiscal Year (SFY) 2011-12 on an All Funds basis, a decrease of $2.3 million or 7.6% from the SFY 2010-2011 budget. The decrease is a direct result of the 10% year-to-year reduction in General Fund spending on State Operations recommended for all State agencies.

The Executive proposes the following funding levels for major programs:

- **"I ♥ NY" Tourism Advertising:** $3.6 million, a reduction of $400,000 from SFY 2010-11;
- **5A Tourism Matching Grants:** $3.8 million, representing no change from SFY 2010-11;
- **Promotion of International Trade:** $1.1 million, a reduction of $100,000 from SFY 2010-11;
- **Minority- and Women-Owned Business Enterprises (MWBE) Development:** $48,000, representing no change from SFY 2010-11; and
- **Gateway Information Centers:** No funding is provided to tourism Gateway Centers.

Article VII

Empire Zone Program: The Executive proposes to extend the Department of Economic Development's ability to monitor and assess the performance of the approximately 7,500 businesses that qualify for Empire Zone benefits beyond the June 30, 2010 sunset of the Empire Zone Program. This legislation clarifies DED's ability to effectively decertify businesses that fail to report or meet performance objectives and would preserve current revenue receipts.

Modify the Linked Deposit Program: The Executive proposes legislation that would expand utilization of the Program and increase the amount of funds available for small businesses by increasing the lifetime maximum of a linked deposit loan from $1 million to $2 million. The proposal also allows for a four-year renewal on linked deposit loans.

ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (NYSERDA)

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Other	$16,230,000	$16,230,000	$0	0.00%
Capital Projects	$19,247,000	$15,310,000	($3,937,000)	(20.46%)
Total All Funds:	**$35,477,000**	**$31,540,000**	($3,937,000.00)	(11.10%)

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% 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% 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; and
- $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 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$122,241,000	$110,002,000	($12,239,000)	(10.01%)
Special Revenue-Other	$266,634,300	$256,077,000	($10,557,300)	(3.96%)
Special Revenue-Federal	$127,419,000	$76,012,000	($51,407,000)	(40.34%)
Capital Projects Fund	$486,726,000	$511,726,000	$25,000,000	5.14%
Internal Service Funds	$60,000	$60,000	$0	0.00%
Total All Funds:	**$1,003,080,30**	**$953,877,000**	($49,203,300)	(4.91%)

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 $953.8 million for State Fiscal Year (SFY) 2011-12 for the Department of Environmental Conservation. This represents a reduction of $49.2 million or 4.9% from the SFY 2010-11 Enacted. The overall reduction is primarily a result of the loss of one-time funding for the Federal Great Lakes Restoration Initiative and reductions in State operations and capital projects.

The Executive recommends an overall staffing level of 3,003 Full Time Equivalent (FTEs) positions in SFY 2011-12, which is the same level as the previous year. However, the Governor is still negotiating workforce savings and it is possible that staffing levels could change.

State Operations

The Executive recommends total appropriations of approximately $440.5 million for State Operations purposes in the SFY 2011-12 Budget Proposal. This represents a reduction of $74 million or 14% from SFY 2010-11. The reduction is attributable to the savings generated by the following actions taken by the agency during SFY 2010-11:

At the beginning of SFY 2010-11 DEC had a staffing level of 3,454 FTEs. At the end of SFY 2010-11, it is estimated that DEC will have a staffing level of 3,003 positions. Over the course of the year, DEC lost a total of 451 FTEs due to the following actions:

- 260 FTEs to the Early Retirement Incentive
- 139 forced lay-offs
- 52 FTE positions through attrition

Aid to Localities

The Executive recommends a total Aid to Localities appropriation of $1.6 million for SFY 2011-12, representing a decrease of $192,000 or 10% from SFY 2010-11 enacted appropriation levels. This reduction in Aid to Localities funding is primarily reflective of the Executive's recommendation to eliminate funding for the Great Lakes Commission, Delaware River Basin Commission, and the Susquehanna River Basin Commission.

Environmental Protection Fund (EPF)

The Executive proposes an overall appropriation of approximately $134 million for SFY 2010-11 for the Environmental Protection Fund (EPF), which is the same level of funding as SFY 2010-11. EPF capital appropriations are intended to provide funding for high priority environmental projects. 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

Of the $134 million, $16.2 million would be allocated to cover stewardship and infrastructure costs for the Office of Parks, Recreation, and Historic Preservation and DEC. The amount specifically for each agency is not stated.

Other Capital

Including the recommended appropriation of $134 million from the EPF, the Executive proposes total capital appropriations of $511.7 million for SFY 2011-12, a decrease of $25 million or 1% from the levels in SFY 2010-11. This decrease is primarily attributable to the elimination of the federal capital appropriation for the Great Lakes.

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 2010-11 Adjusted Budget.

Article VII

Make Permanent Pesticide Registration Fees: This legislation would make permanent the current time frames for review of pesticide product registration applications and pesticide product registration fees. The Executive Budget assumes $7 million in annual revenue as a result of this provision. The first $5 million in pesticide program fees is deposited in the Environmental Protection Fund and the remaining fees are deposited in the Environmental Regulatory Account.

ENVIRONMENTAL FACILITIES CORPORATION

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Other	$12,310,000	$12,310,000	$0	0.00%
Capital Projects Fund	$343,000	$343,000	$0	0.00%
Total All Funds:	**$12,653,000**	$12,653,000	$0	0.00%

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) for State Fiscal Year (SFY) 2011-12. This is consistent with funding levels of the previous fiscal year. EFC was not subjected to the 10% across-the board-State Operations reductions since the agency does not receive funding from the General Fund.

The Executive recommends an overall staff level of 88 Full-Time Equivalent (FTE) positions for the EFC, representing no change from prior year staffing levels.

Sub-allocations for EFC are included in the Department of Environmental Conservation and the Department of Health's capital budgets, which were required in order to receive Federal funding for the Clean Water State Revolving Loan Fund and Drinking Water State Revolving Loan Fund program.

DEPARTMENT OF FINANCIAL REGULATION

Funding Source	Available 2010-11	Executive Recommendation 2011-12	Change	Percent Change
State Operations	$331,968,555	$338,430,823	$6,462,268	1.1%
Aid to Localities	$225,566,000	$225,566,000	0	100%
Capital Projects	0	0	0	0.00%
Total All Funds:	**$557,534,555**	**$563,996,823**	**$6,462,268**	**1.16%**

Agency Overview

The Executive Budget recommends the creation of a new entity, the Department of Financial Regulation (DFR), by consolidating the functions, operations, and staff of the Banking and Insurance Departments together with certain related components of the Consumer Protection Board. The intent is to unify the State's regulations of financial services and protect consumers from abuses while reducing overall spending.

The Superintendent of the DFR is to be a Gubernatorial appointment with the consent of the Senate. Offices will be located in New York City and Albany with smaller offices throughout the State with its activities will be implemented through three programs: Administration, Regulation and Consumer Protection.

Executive Budget Proposal

The Executive recommends $564 million in Special Revenue Funds, a net increase of $6.4 million or 1.1% over the combined SFY 2010-2011 budgets of the Banking and Insurance Departments. These funds will serve to adjust personal service costs, meet the expenses to implement the consolidation and resources to increase the examinations of insurance companies. The latter is expected to result in a savings to the insurance industry, which typically contracts outside vendors to meet regulatory requisites.

The Executive recommends that the DFR's operations will be funded by assessments charged to regulated institutions. Additional operating funds will be derived from fees paid by entities seeking charters or licensure. The $564 million appropriation is divided among operations ($550 million) and support for the State Transmitter of Money Insurance Fund ($14 million).

Program Impact

The activities of the DFR will be implemented via two programs, regulation and consumer protection. Regulations will be responsible for the:

- monitoring of banks, insurance, companies and other financial organizations;
- identification and resolution of potential problems with management;
- annual on-site examination of institutionalized financial report; and
- periodic site visits.

Consumer Protection will ensure:

- compliance by State-chartered institutions with State laws;
- fairness with regard to the extension of credit;
- that financial institutions are meeting the credit and banking needs of local communities;
- that consumers are educated with regard to abusive industry practices; and
- advocacy on behalf of victimized consumers within a Financial Frauds and Consumer Protection Unit (FFCPU).

Article VII

- Part A creates the Financial Frauds and Consumer Protection Unit (FFCPU);
- Adds a new chapter 18-A of the Consolidate Laws, creating the Financial Regulation and Protection Law which contains five articles;
- Establishes a means by which DFR may levy assessments;
- Defines the powers of the Superintendent including the administrative and procedural provisions, including the right to subpoena and levy fines;
- Provides for the prevention of financial fraud; and
- Provides restrictions on the officers and employees of the DFR.

HUDSON RIVER PARK TRUST

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Capital Projects Fund	$0	$0	$0	0.0%
Total All Funds:	**$0**	**$0**	**$0**	**0.0%**

Hudson River Park Trust is a partnership between New York State and New York City. The Trust is charged with the design, construction and operation of the 550 acre Hudson River Park, which will span five miles from Battery Park to 59th Street in New York City. As a public benefit corporation, Hudson River Park Trust is governed by a thirteen-member Board of Directors; five members are appointed by the governor; five by the Mayor of New York City; and three by the Manhattan Borough President. The Trust employs a focused, diverse staff with experience in parks, design, finance, public policy, operations and maintenance.

Overview of Executive Budget Proposal

All Trust administrative activities, including operation costs, are paid directly from a portion of the commercial lease payments and other revenues generated by businesses located conducted on Park property and activities conducted thereon.

Like last year, there are no new direct appropriations recommended by the Executive in the State Fiscal Year (SFY) 2011-12 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 2011-12 Executive Proposed Budget includes a $3 million capital appropriation from the Environmental Protection Fund (EPF), which is the same level of funding as that provided in SFY 10-11.

INSURANCE DEPARTMENT

Funding Source	Appropriation 2010-2011	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$150,000	$0	($150,000)	(100.00%)
Special Revenue-Other	$450,340,555	$0	($450,340,555)	(100.00%)
Special Revenue-Federal	$0	**$0**	$0	0.00%
Total All Funds:	**$450,490,555**	**$0**	**($450,490,555)**	**(100.00%)**

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.

The Executive proposes to consolidate the Insurance Department into a Department of Financial Regulation.

DIVISION OF LOTTERY

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Other	$95,310,700	$ 89,700,000	($5,600,000)	(5.9%)
Total All Funds:	**$95,310,700**	**$ 89,700,000**	**($5,600,000)**	**(5.9%)**

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 $89.7 million in SFY 2011-2012, a decrease of $5.6 million or 5.9% primarily reflecting achieved savings in nonpersonal services expenditures. Lottery is continuing to achieve reductions through a successful contract negotiation with its full service contractor, who provides services for both draw and instant games.

The Executive Budget recommends a staffing level of 369 Full-Time Equivalents (FTEs) for the Division of the Lottery. This level reflects an increase of 50 FTEs to enable Lottery to implement much needed revenue enhancements to help close the State budget gap. In addition, the Division will implement measures to improve efficiency of Lottery sales.

The Executive Budget proposes legislation that will remove location restrictions onthe Quick Draw game, expand subsidized free play offerings at video gaming facilities,and allow for increased prize payouts on multi-jurisdictional and instant games..

Article VII

Improve tax collections by offsetting tax debts against large Lottery winnings: This proposal would offset certain tax debts against lottery winnings by requiring winners' outstanding tax debts to be withheld from Lottery individual prizes above $600. It is estimated that enactment of this measure would increase tax collections by $5 million in SFY 2011-12, and $10 million annually thereafter

Eliminate Quick Draw Restrictions: This proposal would remove certain restrictions on the locations where Quick draw can be played and the requirement that 25% of sales be derived from food sales, and the age restriction (currently 21). Proposed savings from this proposal would be $10 million this year and $44 million annually thereafter.

Alterations to Allow For Progressive VLT Jackpots: This legislation would amend §1612 of the Tax law pertaining to the authorization of VLTs to allow for multi-jurisdiction and out-of-state progressive video lottery jackpots. The statutory distributions for administration, aid to education, and lottery overhead would not be affected to diminish the amount of money the state receives from VLTs.

Authorize a "Free Play" Program at VLT Facilities: This legislation would establish a state-wide subsidized free-play program for VLT operators in the state. Free Play allows a player to play a VLT for a specified dollar amount without paying any other consideration. The Lottery Division would promulgate rules and regulations or issue instructions on the administration of the program. It would provide that free-play promotional plans designed to increase revenue earned to support education must be approved by the Division and specify that the value of the subsidized free-play not exceed 10% of the annual total amount wagered on video lottery games after prize payouts for gaming facilities meeting certain size and geographic criteria, and 7.5% for all other facilities. Currently Lottery is overseeing a pilot program for free play at Tioga and Vernon Downs harness tracks.

The Division of the budget estimates the program to generate $38 million annually in revenue through increased use of VLTs.

Allow Two Additional 75% Instant or "Scratch Off" Lottery Games: This legislation allows Lottery to offer two new scratch off games where the payout is 75% (the traditional payout is 60%). Lottery is currently authorized to offer three of these now. If enacted, Lottery would introduce two new $30 scratch off games. It is estimated this measure would generate an additional $4 million in revenue and $4 million annually thereafter.

Technical Amendments To Provide For Increased Power Ball & Mega Millions Payouts: Under Tax Law §1612(a)(3) Lottery may only use 50% of ticket sales for prize payments for multi-jurisdiction games such as Powerball and Mega Millions. Out of those states offering Mega Millions and Powerball, only NY has a payout limitation lower than 53%, requiring Lottery to veto changes to the design that can increase play and in turn, payouts.

This amendment would waive the 50% requirement of payout for prizes if 2/3 of the other participating jurisdictions agree to an increased prize payout. The idea behind the change is to increase play for big jackpots, which will increase overall revenue to the state from the game.

METROPOLITAN TRANSPORTATION AUTHORITY

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
Special Revenue- Other	$2,253,300,000	$2,151,000,000	($102,300,000)	(4.54%)
Total All Funds	**$2,253,300,000**	**$2,151,000,000**	**($102,300,000)**	**(4.54%)**

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) 2011-12 Executive Budget proposal provides for two types of State-supported funding to the MTA:

- Transit operating aid appropriations, which are provided through the budget of the Department of Transportation (DOT); and
- Contingency appropriations, which actually provide no direct financial aid to the Authority in SFY 2011-12. 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 $3.8 billion would be made available to the Authority in transit operating assistance in SFY 2011-12 through DOT, and approximately $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 2011-12, the Executive proposes an overall total of approximately $3.8 billion in transit operating aid to the Authority. This represents a decrease of $108.5 million or 3.0% under appropriation levels in the SFY 2010-11 Adjusted Budget. Much of this decrease is explained by an adjustment to the projected revenues from the Payroll Mobility Tax in SFY 2011-12 to better reflected recent returns.

While this is a reduction in the overall level to the MTA, the Authority would receive an increase of $43 million on an overall cash basis for SFY 2011-12. This cash increase is due to the restoration of the cash that was reduced as a result of the FMAP Contingency Plan of SFY 2010-11.

The SFY 2011-12 Executive Budget Proposal maintains an appropriation of approximately $25.3 million to offset the costs to the MTA for the Reduced Fare for School Children Program for New York City.

Capital Funding

Although the SFY 2011-12 Executive Budget Proposal does not include any new direct capital appropriations for the MTA, the Executive recommends that the MTA receive $100 million in capital funding that would be redirected from existing economic development funds. This proposal is to help the MTA offset the resulting budget gap within the Authority's Financial Plan for 2011, the Authority assumed it would receive $200 million more in local assistance from the State that was not realized in the Executive's Budget.

Since the $100 million consist of pre-existing economic development funding, the authorization for this allocation can be found in budget of the Urban Development Corporation.

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 $2.15 billion in the SFY 2010-11 Executive Budget:

- The first contingency appropriation provided to the Authority totals $630 million, an increase of $9 million, or 1.4%, from the SFY 2010-11 Enacted Budget from the Dedicated Mass Transportation Fund.
- The second contingency appropriation is made in the amount of $1.5 billion. This contingency appropriation is required pursuant to the new Section 92-ff of State Finance Law which was enacted as part of Chapter 25 of the Laws of 2009.

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.

DEPARTMENT OF MOTOR VEHICLES

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
Special Revenue- Other	$90,478,000	$90,431,000	($47,000)	(0.05%)
Special Revenue- Federal	$36,800,000	$38,001,000	$1,201,000	3.26%
Internal Service Funds	$11,500,000	$13,500,000	$2,000,000	17.39%
Capital Projects Fund	$217,842,000	$201,137,000	($16,705,000)	(7.67%)
Total All Funds	**$356,620,000**	**$343,069,000**	**($13,551,000)**	**(3.80%)**

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 $343.1 million for the Department of Motor Vehicles. This represents a reduction of approximately $13.5 million, or 3.8%from the State Fiscal Year (SFY) 2010-11 Enacted Budget.

The Executive also recommends an overall staffing level of 2,472 full-time equivalent (FTE) positions, which represents no change from what the estimated level will be as of March, 31, 2011. However, at the beginning of SFY 2010-11, DMV had 2,809 FTEs. The year-to-year reduction over SFY 2010-11 can be explained by positions being eliminated due to the Early Retirement Incentive and the Workforce Reduction actions taken at the end of the year. While the Executive states his intent to minimize further workforce reduction actions, if no labor concessions occur to help achieve the 10% across-the-board (ATB) reductions in State Operations spending, staff reductions may be higher than anticipated in SFY 2011-12.

DMV Expenses Appropriated From the Dedicated Highway & Bridge Trust Fund

Under the SFY 2011-12 Executive Proposed Budget, the DHBTF would support $201.1 million of DMV's expenses. This represents a decrease of approximately $16.7 million or 7.7% from the appropriation made from the DHBTF in the SFY 2010-11 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 2011-12 Executive Proposed Budget represents 58% of the total value of appropriations made to DMV.

It should be noted that $12 million of the $16.7 million reduction in DHBTF appropriations is directly attributable to the Executive's policy of implementing a 10% reduction in State Operations appropriations, essentially helping to provide relief to the DHBTF which has experienced cash shortfalls over the past several years. Technically, by providing DHBTF relief, General Fund savings are achieved as a lesser amount of General Fund monies would be required to be transferred to the DHBTF to off-set such cash shortfalls.

Article VII

The Executive proposes Article VII legislation that would:

- **Permanently extend the suspension of drivers' licenses for certain alcohol-related charges.** This measure would permanently extend the statute that imposes a suspension for Driving While Intoxicated (DWI), which is currently set to expire on October 1, 2011. The State's receipt of a percentage of federal highway funding is contingent on imposing certain penalties for DWI. Maintenance of this punishment, providing for mandatory suspension, is necessary to ensure the receipt of $10.75 million in federal highway capital funds in SFY 2011-12 and $21.5 million annually thereafter. The statute is traditionally extended for a period of two years; this legislation attempts to make the law permanent, depriving the legislature of its biennial review of such authorization.

- **Permanently extend suspension/revocation of drivers' licenses for certain drug-related offenses.** This measure would permanently extend the suspension of driving privileges for conviction of certain drug-related crimes. Extension of this legislation would allow the State to continue to receive federal funds in the amount $35.8 million in SFY 2011-12 and $71.6 million annually thereafter. Again, it is traditionally extended for a period of two years, rather than made permanent as prescribed by this legislation.

- **Makes permanent provisions relating to the Motor Vehicle Financial Security Act.** This proposal would permanently extend the requirement that motorists maintain vehicle insurance at all times, along with the fines and penalties associated with non-compliance. These fines and penalties generate approximately $24 million in revenue annually. This proposal is traditionally extended for a period of two years, rather than made permanent. It was most recently extended in 2009.

- **Updates the Vehicle and Traffic Law to conform to Federal requirements, governing operators of commercial motor vehicles and medical certification requirements.** After an audit by the Federal Motor Carrier Safety Administration, New York State was found to be in "Substantial Noncompliance" with the Motor Carrier Safety Improvement Act of 1999 in three areas (Final Determination of Substantial Noncompliance, November 2010). Failure to meet these federal requirements could result in the loss of $35 million in federal highway funds in SFY 2011-12. The Article VII legislation provides for several changes to the Vehicle and Traffic Law:

- Adding non-commercial license holders who are operating a commercial motor vehicle to the statute governing record retention of 55 years; this is designed to comply with two federal regulations which prescribe recordkeeping among commercial driver's license holders and self-certification compliance, and require suspension, revocation, or cancellation of a commercial license (or a non-commercial license if a commercial vehicle is being operated) in the event of a variety of convictions, including use of alcohol, drugs, and leaving the scene of an accident.

- Amending the law prescribing the procedure to apply for a driver's license to provide that an applicant for a commercial driver's license must submit medical certification at intervals required by the Motor Carrier Safety Improvement Act and accompanying regulations. It also amends law relating to expiration of learner's permits, providing that expired medical certification for commercial driver's license shall suspend a related learner's permit.

- Providing for revocation of a commercial driver's license upon determination by the DMV that the license holder falsified information required by the Motor Carrier Safety Improvement Act during the application process or during initial or continuing medical certification or self-certifications. Revocation would also be mandatory for one-year for this violation; this revocation includes the same exceptions provided for other revocable offenses/violations. .

- Mandatory suspension of a commercial driver's license upon failure to submit medical certification documentation, or upon mistaken issuance of certification.

- Providing that court clerks certify and notify the DMV of convictions within ninety-six hours involving out of state commercial driver's license holders, and out of state drivers with non-commercial licenses who are convicted of committing a violation involving a commercial motor vehicle. Federal law requires notification within ten days.

- Amending the Criminal Procedure Law to prohibit the court from issuing an adjournment in contemplation of dismissal for a traffic violation committed by a commercial license holder or was committed in a commercial motor vehicle.

OLYMPIC REGIONAL DEVELOPMENT AUTHORITY (ORDA)

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$5,222,000	$4,700,000	($522,000)	(10.00%)
Special Revenue-Other	$354,000	$354,000	$0	0.00%
Total All Funds:	**$5,576,000**	**$5,054,000**	($522,000)	(9.36%)

The Olympic Regional Development Authority was established by the New York State Legislature in 1981, in order to create a program to manage and promote the sports facilities used for the 1980 Olympic Winter Games. These facilities include: Whiteface Mountain Ski Area; the Olympic Training Center; the Mt. Van Hoevenberg bobsled, cross country ski trails and biathlon range; Intervale Ski Jumping Complex; Olympic Ice Rinks and the Olympic Speed Skating Oval; and Gore Mountain Ski Center. The State and local governments work together cooperatively to protect the public's investment in the previously mentioned facilities.

Overview of the Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2011-12 is approximately $5.1 million on an All Funds basis, which is a decrease of $522,000 or a reduction of 10% from SFY 2010-11.

As part of the SFY 2011-12 Executive Budget proposal, the Governor continues his policy of requiring across-the-board reductions in State Operations spending. The Olympic Regional Development Authority targeted continued reductions in energy costs and deferred maintenance in order to meet this constraint. ORDA also receives approximately $26.6 million from marketing, ticket sales, fees and other revenues; and over $900,000 in local assistance from the Town of North Elba.

OFFICE OF PARKS, RECREATION & HISTORIC PRESERVATION

Agency	Adjusted Appropriation 2010-11	Executive Recommendation 2010-2011	Change	Percent Change
General Fund	$135,654,600	$119,461,200	($16,193,400)	(11.94%)
Special Revenue-Other	$93,788,900	$93,788,900	$0	0.00%
Special Revenue-Federal	$9,820,900	$9,820,200	($700)	(0.01%)
Capital Projects Fund	$46,801,000	$46,801,000	$0	0.00%
Enterprise Funds	$1,500,000	$0	($1,500,000)	(100.00%)
Total All Funds:	**$287,565,400**	**$269,871,300**	($17,694,100)	(6.15%)

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) 2011 is $269.8 million on an All Funds basis, which is a decrease of $17.7 million or 6.15% from the previous year.

The Executive Budget recommends a staffing level of 1,785 full-time equivalent positions (FTEs), which is the same level as the previous year. However, the Governor is still negotiating workforce savings and it is possible that staffing levels could change.

Operational Savings in SFY 2011-12

The Executive proposes overall savings of $13.8 million in State Operations spending in SFY 2011-12. The majority of the overall reduction is attributable to the following actions taken in the SFY 2010-11.

At the beginning of SFY 2010-11 OPRHP had a staffing level of 2,005 FTEs. At the end of SFY 2010-11, it is estimated that OPRHP had a staffing level of 1,785. Over the course of the year, OPRHP lost a total of 220 FTEs due to the following actions:

- 112 FTEs to the Early Retirement Incentive;
- 76 forced lay-offs; and
- 32 FTE positions through Attrition.

The reduction of staff will result in savings for SFY 2011-12 and is attributable to the reduction in State operations funding.

OPRHP has closed several parks at the end of SFY 2010-11, which will result in an overall savings for OPRHP.

OPRHP has eliminated a number of programs and initiatives that did not directly support park operations, including:

- The Heritage Trails Program;
- Support for the Heritage Areas System;
- The Green Thumb Program;
- The Preservationist Magazine;
- The Historic Battlefield Flag Conservation Program; and
- Our Student Conservation Association/AmeriCorps.

OPRHP also announced in SFY 2010-11 that the Empire State Games would no longer be administered by the agency. The appropriation of $1.5 million has been eliminated in the SFY 2011-12 executive proposed budget.

Parks Local Assistance Spending

The proposed Executive Budget for SFY 2011-12 is $ 12.6 million, which is a reduction of $3.8 million from the level of funding appropriated in SFY 2010-11.

The reduction is also attributable to the repeal of Article 4-a of the Navigation law, which would result in a savings of $ 2.9 million. There is corresponding legislation for this action and it is described in further detail below.

OPRHP received a reduction of approximately $ 900,000 in federal funding for SFY 2011-12.

Parks Capital Spending

The proposed Executive Budget for SFY 2011-12 is $46.8 million, which is the same level of funding appropriated in SFY 2010-11.

Article VII Legislation

Dissolve the Tug Hill Commission: This legislation would remove all references to the Tug Hill Commission in State law. The Tug Hill Commission provides various forms of technical and other assistance to local governments in the Tug Hill region of New York, located between the Adirondacks and Lake Ontario. The Executive budget assumes $1.226 million in recurring savings resulting from the dissolution of the Tug Hill Commission.

Eliminate the salary for the Chair of the State Athletic Commission: This legislation would amend the Executive Law to eliminate the statutorily mandated salary of the Chair of the New

York State Athletic Commission. The Commission would continue to exist, but the Chair position would no longer be funded. The Executive budget assumes $154,000 in recurring savings resulting from this measure.

Repeal Article 4-A of the Navigation Law regarding reimbursements paid to certain governmental entities: This legislation would repeal Article 4-A of the Navigation Law to which requires the State to reimburse governmental entities that voluntarily enforce provisions of the Navigation Law. Corresponding changes are also made to section 97-nn of the State Finance Law. The Executive Budget assumes a $2.92 million savings in the Office of Parks, Recreation, and Historic Preservation, Aid-to-Localities budget.

DEPARTMENT OF PUBLIC SERVICE

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Other	$76,392,000	$76,892,000	$500,000	0.65%
Special Revenue-Federal	$3,750,000	$3,500,000	($250,000)	(6.67%)
Total All Funds:	**$80,142,000**	**$80,392,000**	$250,000	0.31%

The Department of Public Service (DPS), the staff arm of the Public Service Commission (PSC), which consists of five members appointed by the Governor, has four major areas of responsibility: regulating the State's public utilities, including electric, gas, steam, telephone and water rates and services; ensuring natural gas and liquid petroleum pipeline safety; regulating the cable television industry; and overseeing electric and gas facilities and transmission line siting.

Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2011-12 is $80.4 million in All Funds, a net increase of $250,000 from SFY 2010-11 levels.

This net increase has been achieved from three major funding changes. First, the Department received $1,200,000 from the American Recovery and Reinvestment Act of 2009, which has since lapsed. However, this reduction is off-set by a new $1 million from federal funding sources in order to aid in the continued inspection of existing transmission lines. The increase in overall funding is also attributable to an increase of $500,000 from the Transmission Line Intervenor account.

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The Transmission Line 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 are to 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. Consistent with the legislative intent behind the creation of the Intervenor Account, the Executive recommends appropriating the $500,000 anticipated to be received for SFY 2011-12.

The Department projects a staffing level of 534 positions for SFY 2011-12, an increase of three full time equivalents from SFY 2010-11. The three new FTE positions will be federally funded and are for the further review and inspection of transmission lines in New York State.

The majority of the Department's funding, 94% is derived from the Section 18-an 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 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 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Other	$ 22,470,000	$24,800,000	($2,733,000)	(10.0%)
Total All Funds:	**$ 22,470,000**	**$24,800,000**	**($2,733,000)**	**(10.0%)**

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 $24.8 million in State Fiscal Year (SFY) 2011-12, an increase of $2.3 million or 10.0%. This increase is primarily due to costs of equine drug testing. Operations of the Board are financed from fees collected from the racing and gaming industries. Over the past several years, the combination of declining horse race wagering and steadily increasing Board operating costs has created a structural deficit within the Board's Regulation of Racing account. This deficit has required the Board to borrow taxpayer financed General Fund moneys in order to finance its operations. To correct this fiscal imbalance the Executive Budget includes legislation establishing a 2.75% surcharge on purses, and the moneys from this surcharge will be deposited in the Regulation of Racing account. The additional revenue provided from the purse surcharge, combined with cost containment actions, will eliminate the need for further General Fund advances and will ensure that the cost for the Board's regulatory activities are fully borne by the Racing Industry rather than by taxpayers.

The Executive recommends Full Time Equivalent (FTEs) level of 105 positions. This staffing level remains unchanged from SFY 2010-11 levels.

Article VII

The Executive proposes establishing a 2.75% surcharge on purses at harness and thoroughbred racetracks.

Overall declines in the racing industry handle have impaired the Racing and Wagering Board's ability to fully support the costs of the regulation of horse racing from resources currently dedicated to these activities. This bill amends the Racing, Pari-Mutuel Wagering and Breeding Law to impose a surcharge on purses at harness and thoroughbred racetracks. Receipts from the surcharge will support the Racing and Wagering Board's oversight and regulation of horse racing.

It is estimated by implementing this proposal would generate an additional $7.6 million in revenues needed to support the Racing and Wagering Board's regulation of the State's horse racing industry and prevent

Tribal State Compact

The Executive is proposing legislation that would facilitate an efficient transfer of Tribal State Compact Revenue to the General Fund and make a technical correction to the distribution of the local share of such revenues associated with the Niagara Falls Casino.

SCIENCE, TECHNOLOGY AND INNOVATION, FOUNDATION OF

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$68,212,000	$0	($68,212,000)	(100.00%)
Special Revenue- Other	$500,000	$0	($500,000)	(100.00%)
Total All Funds:	**$68,712,000**	**$0**	**($68,712,000)**	**(100.00%)**

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.

Overview of Executive Budget Proposal

For State Fiscal Year (SFY) 2011-12, the Executive recommends consolidating the Foundation for Science, Technology and Innovation (NYSTAR) into the Urban Development Corporation (UDC) [d/b/a the Empire State Development Corporation (ESDC)]. *A more detailed discussion of this proposal can be found within the Agency Detail Section for the Urban Development Corporation.*

DEPARTMENT OF STATE

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
State Operations	$77,893,309	$66,568,539	($11,324,770)	(14%)
Aid to Localities	$105,133,631	$67,245,000	($37,888,631)	(36%)
Capital Projects Fund	$2,750,000	$0	($2,750,000)	(100%)
Total All Funds:	**$185,776,940**	**$133,813,539**	**($51,963,401)**	**(28%)**

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) 2011-12 Executive Budget recommends $133.8 million in All Funds support, a net reduction of $52.0 million or 28% from the SFY 2010-11 Enacted Budget. The reduction is attributable to the conclusion of the American Recovery and Reinvestment Act (ARRA) funding for the Community Services Block Grant Program (CSBG).

The General Fund appropriation decrease from the SFY 2010-11 budget of $3.2 million reflects a 10% spending cut in State Operations and the dissolution of the Tug Hill Commission, the latter being offset by the transfer of Consumer Protection Board activities related to the "do not call" registry and public utilities intervention program. In addition, the Executive budget includes a 10% across the board cut to the General Fund State Operations budget.

State Operations

The SFY 2011-12 Executive Budget includes $20.2 million in General Fund appropriations for the support of State operations, reflecting a decrease from $3.2 million appropriated in the prior year. This General Fund reduction would result in the loss of 17 Full Time Equivalents (FTEs) employees as a result of the elimination of the Tug Hill Commission. (The Tug Hill Commission answers inquiries and provides technical assistance service regarding land use law, budgeting, recent legislative actions, and court rulings.)

The proposed change of $11.3 million in the State Operations budget reflects:

- Administration ($982,521) wherein the increases in PS/NPS for Do Not Call Registry are offset by 10% State Operations Reduction;
- Lake George Park Commission ($34,000) SFY 2010-11 added paybill funds for NYS Correctional Officers and Police Benevolent Association (NYSCOPBA);
- Business and Licensing Services early retirement incentive savings and defunding the Chair of the Athletic Commission ($1.9 million);
- A State Operations Reduction ($973,779) in Local Government and Community Services;
- The elimination of the Watershed Partnership SRO in Local Government and Community Services ($479,000);
- The elimination of the Great Lakes as a State Operations appropriation (allocated to Aid to Localities) and the termination of the ARRA CSBG funding;
- The elimination of the Tug Hill Commission; and
- A 10% reduction($15,000) in the State Operations of the Commission on Uniform State laws.

Aid to Localities

The SFY 2011-12 Executive Budget recommends reductions of $37.9 million from the SFY 2010-11 Enacted Budget reflecting the conclusion of the ARRA funded CSBG ($43.2 million) offset by $5.3 million in Great Lakes appropriations as Aid to Localities.

Capital Projects

The Executive proposes the eliminating $2.8 million in funding for Brownfield Opportunity Areas Program (BOA)

Article VII Proposals

The Governor proposes to:

- Make permanent the funding distribution formula for the Community Services Block Grant;
- Make permanent the Secretary of State's authority to charge increased fees for expediting the handling of documents;
- Eliminate the statutorily mandated salary for the State Athletic Commission Chair;
- Increase the renewal term for appearance enhancement disciplines and barbers from two to four years and double the associated fee**; and
- Eliminate the Tug Hill Commission.

** This would constitute an administrative processing cost for the State.

URBAN DEVELOPMENT CORPORATION

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$45,896,000	$55,239,000	$9,343,000	20.35%
Capital Projects Fund	$25,000,000	$255,550,000	$230,550,000	922.20%
Total All Funds:	**$70,896,000**	**$310,789,000**	**$239,893,000**	**338.37%**

The Executive proposes to merge the New York State Foundation for Science, Technology and Innovation [doing business as the Office of Science, Technology, and Academic Research (NYSTAR)] into the Urban Development Corporation [doing business as the Empire State Development Corporation (ESDC)]. All powers, functions and duties of NYSTAR would be incorporated under ESDC, and ESDC would continue to administer the statutory programs formerly administered by NYSTAR.

ESDC would also continue to work with the Department of Economic Development (DED) to provide oversight of major economic and real estate development projects, housing portfolio maintenance and State facility financing.

Overview of the Executive Budget Proposal

The Executive Budget recommends $310.8 million for the Urban Development Corporation in State Fiscal Year (SFY) 2011-12, an increase of $239.9 million or 338.4% over the SFY 2010-11 Budget. Capital spending accounts for $230 million of this proposed increase, while spending on aid to localities has a net increase of $9.3 million. These increases are a result of the proposed consolidation of NYSTAR into ESDC and the reprioritizing of previously existing funds.

The Executive would provide $43.4 million for ongoing economic development programs including: the Empire State Economic Development Fund; Minority- and Women-Owned Business Development and Lending Programs; the Urban and Community Development Program; the Entrepreneurial Assistance Program; the retention of professional football in western New York; and other high technology research centers.

Nearly $2.4 billion in reappropriations for various economic development and regional initiatives would also continue to be provided.

Other major programmatic aspects of the Executive's SFY 2011-12 Budget Proposal are discussed below.

NYSTAR Merger

The Executive proposes the consolidation of the Foundation for Science, Technology, and Innovation (NYSTAR) into the Empire State Development Corporation in an effort to streamline the delivery of economic development services in the area of high technology. The proposal would repeal provisions of Public Authorities law resulting in the elimination of the NYSTAR board and its related powers.

Programs currently administered by NYSTAR would be transferred to and administered by ESDC. Programs impacted include: Advanced Research Centers; College Applied Research & Technology Center; Center for Advanced Technology; Regional Technology Development Centers; and Centers of Excellence.

The merger would result in the elimination of 23 staff by March 31, 2011. The ESDC budget includes an appropriation of $1 million that may be used, at the discretion of ESDC, to rehire key NYSTAR staff.

This proposal is projected to provide $1.9 million in SFY 2011-12 General Fund savings and $2 million in SFY 2012-13 General Fund savings.

Regional Economic Development Councils

The Executive proposes the formation of ten Regional Councils, chaired by the Lieutenant Governor, for the purpose of promoting partnership with the private sector, fostering effective communication between the State and the regions, and recognizing the critical role that colleges and universities play in creating jobs and attracting business. These councils would be comprised of local businesses and communities; State and municipal governments; academic and labor organizations; and other key regional stakeholders. Working together, these varying members would formulate a long-term economic development strategy, coordinate resources from State agencies and authorities, and monitor and assess previous economic development commitments for each respective region.

By redirecting existing, uncommitted economic development funds, the Executive proposes to provide the Regional Councils with $200 million in funding to be distributed on a competitive basis. $130 million in grant funding would be placed under the jurisdiction of the Councils, as well as $70 million in tax credits from the enhanced Excelsior Jobs Program. The regions would compete for these funds by presenting the best economic development strategy for consideration by the Councils.

Currently, there is a lack of information on the exact composition of the Councils and the manner in which they would operate. Further details concerning the formation, administration, and oversight of these Regional Councils are expected to be outlined in a forthcoming Executive Order which has yet to be released. However, it is the intent of the Executive for all economic development funding from numerous State agencies and authorities to be channeled through and allocated by the Regional Councils. It is uncertain whether or not these councils will contain legislative appointees.

Capital Initiatives

For SFY 2011-12, the Executive proposes to re-program $340 million in existing, bonded economic development funds to support the following:

- $130 million for competitive grants to be allocated by Regional Councils;
- $100 million for the current MTA Capital Program;
- $100 million for the Economic Transformation Program which would make grants available to communities adversely impacted by the Executive's proposed correctional and youth facility closures; and
- $10 million toward the remaining State share balance of $29.5 million for the NYC Empowerment Zone.

The $340 million in re-programmed funding would be derived from the portions of the balance of uncommitted discretionary capital funding previously appropriated to the Executive, Senate, and Assembly.

Excelsior Jobs Program

Established in the SFY 2010-11 Budget, the Excelsior Jobs Program offers a number of incentives for businesses to create new jobs and investments in New York State. The Executive proposes a number of reforms to strengthen the effectiveness of the Program in attracting more businesses to maintain jobs within the State. The proposal includes an extension of the current tax benefit period for the Excelsior Jobs Tax Credit from five to ten years along with a number of enhancements to available tax credits which include:

- Basing the Excelsior Jobs Tax Credit on the product of the gross wages paid for any new hire and 6.85% (the State's highest income tax rate after 2011).
    - Under this revised formula, the jobs credit will be no lower than current law at any salary.
    - In addition, the legislation seeks to make the Program more responsive to qualified recipients based upon the participants' compliance with interim job, investment, or research and development milestones.
    - The $5,000 cap on the jobs credit would be removed.
- Increasing the Excelsior Research and Development Credit to equal 50% of the federal R&D credit and capping it at 3% of the taxpayer's R&D expenditures within the State.
- Assessing the Excelsior Real Property Tax Credit on the value of a property post-investment. Current law bases the credit on the value of a property prior to any improvements.
- Allowing for participants in the Program to access existing New York State research and development tax credits in addition to the Excelsior credits.
- Authorizing utilities to offer discounted gas or electric rates to any business that participates in the Program.

There is no impact on the Financial Plan as a result of these amendments until SFY 2016-17, as the $1.25 billion in credits authorized for the initial five year benefit period are already included in the Financial Plan. However, extending the benefit period from five to ten years will impact the Financial Plan by adding $1.25 billion in new costs beginning in SFY 2017-18.

It is important to note that according to ESDC, participants who have already applied for the first round of benefits in 2011 may only be eligible for benefits under the original five year benefit period. This would mean that $250 million less in credits would actually be allocated over the life of the Program under the benefit schedule of the enhanced program.

Small Business Revolving Loan Fund

Established in last year's budget, the Small Business Revolving Loan Fund provides low interest loans to qualified lenders who in turn can make loans to small businesses that are unable to obtain credit or a reasonable credit term. For SFY 2011-12, there is no additional funding proposed by the Executive for this program as the $25 million included in the SFY 2010-11 budget provided the one-time appropriation needed to get the revolving loan fund started.

Article VII

General Loan Powers Of UDC: This proposal makes permanent the general loan powers of the New York State Urban Development Corporation (UDC). Absent enactment of this bill, UDC will only be authorized to make loans in connection with certain State-funded economic development programs that have statutory loan authorization. Traditionally, this power is extended annually.

NYSTAR Merger into ESDC: The Executive proposes legislation that would repeal provisions of Public Authorities law resulting in the elimination of the NYSTAR Board and its related powers and transfer such powers, duties, and obligations to ESDC.

DEPARTMENT OF TAXATION AND FINANCE

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$376,366,000	$310,682,000	($65,684,000)	(17.5%)
Special Revenue-Other	$107,297,000	$108,042,000	$745,000	.6%
Special Revenue-Federal	$2,500,000	$2,500,000	$0	0%
Internal Service Funds	$41,806,000	$31,131,000	($10,675,000)	(25.5%)
Aid to Localities	$12,325,000	$750,000	($11,575,000)	(93.9%)
Total All Funds:	**$540,294,000**	**$453,105,000**	**($87,189,000)**	**(16.1%)**

The Department of Taxation and Finance administers State taxes and various local taxes and also manages the State Treasury. The Department executes its mission through eight programs: Audit, Collections and Enforcement, Centralized Operations Support, Office of Conciliation and Mediation, Management, Administration and Counsel, Revenue Processing and Reconciliation, Tax Policy, Revenue Accounting and Taxpayer Guidance; Technology and Information Services, and Treasury Management.

Overview of Executive Budget Proposal

The Executive Budget recommends $453.1 million in All Funds for the operations of the Department of Taxation and Finance. This is made up of $311.4 million from the General Fund and $141.7 million from Other Funds. This represents a decrease of $87.2 million, which is a decrease of $77.3 million from General Fund allocation and a $9.9 million decrease in Other Funds allocation.

The Executive Budget reduces each agency’s General Fund State Operations budget by 10%. These savings are intended to be achieved through administrative efficiencies in non-personal service and negotiated workforce savings that minimize layoffs to the extent possible.

In addition, the Department will seek to increase efficiencies by launching the Empire State Tax Modernization Initiative, which will leverage technology and private-sector best practices in order to streamline New York State tax administration and drive significant savings while enhancing revenue collections and customer service in an environmentally-responsible manner. Initial goals include expanding electronic tax return filing (“e-file”) participation rates and eliminating the State’s use of costly paper taxpayer refund checks in favor of electronic options that most of the Departments customers already use some form of electronic filing.

This proposal would mandate electronic filing by all sales tax vendors and increase personal income tax e-filing. Electronic filing improves data matching with existing IRS and other data sources, resulting in increased State revenue through denied refunds and more accurate final returns. In addition, the Tax Commissioner would be given discretion to require automated point of sale accounting systems and more frequent filing from sales tax filers who have a poor filing record. Finally, the Department of Taxation and Finance will embark on an auditing program to more efficiently engage taxpayers by adopting techniques based on those used in the IRS Limited Issue Focused Examination (LIFE) program.The Tax Modernization Initiative will produce savings and increased revenues projected at $200 million annually for SFY 2011-12 and SFY 2012-13.

DIVISION OF TAX APPEALS

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
State Operations	$3,154,000	$3,021,000	($133,000)	(4.2%)
Aid to Localities	$0	$0	$0	0%
Capital Projects	$0	$0	$0	0%
Total All Funds:	**$3,154,000**	**$3,021,000**	**($133,000)**	**(4.2%)**

The Division of Tax Appeals provides the public with a due process system for resolving disputes with the Department of Taxation and Finance. The Division of Tax Appeals is headed by the Tax Appeals Tribunal, which is comprised of three commissioners appointed by the Governor and confirmed by the Senate. Under the direction of the Tax Tribunal, dispute adjudication is provided through small claims hearings, formal hearings, and the Tribunal appeals process.

Overview of Executive Budget Proposal

The Division of Tax Appeals is supported solely with State tax dollars. The Executive Budget recommends a General Fund appropriation of $3,021,000 for SFY 2011-12. This represents a decrease of $133,000 or 4.2%.

The Division employs a workforce of 24 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 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Capital Projects	$2,000,000	$2,000,000	$0	0.0%
Total All Funds:	**$2,000,000**	**$2,000,000**	**$0**	**0.0%**

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

For State Fiscal Year (SFY) 2011-12, the Executive recommends a total All Funds appropriation of two million dollars to the Thruway Authority. 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.

DEPARTMENT OF TRANSPORTATION

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$97,550,900	$97,550,900	$0	0.00%
Special Revenue- Other	$4,324,958,000	$4,197,692,000	($127,266,000)	(2.94%)
Special Revenue-Federal	$71,093,000	$69,377,000	($1,716,000)	(2.41%)
Internal Service Funds	$4,249,144,000	$3,851,958,000	($397,186,000)	(9.35%)
Capital Projects Fund	$50,000,000	$50,000,000	$0	0.00%
Total All Funds	**$8,792,745,900**	**$8,266,577,900**	**($526,168,000)**	**(5.98%0**

The Department of Transportation (DOT) is responsible for maintaining, improving, and rehabilitating New York State's highway and bridge system which is composed of over 38,000 State highway lane miles and over 7,500 bridges. The Department is also responsible for overseeing and administering programs that provide capital funding to local roads and bridges such as the State-funded Marchiselli Program and the Consolidated Local Highway Improvement Program (CHIPs), as well as partially funding rail, airport, and canal programs. DOT further administers State-aid provided to regional transit systems for both operating assistance and capital investment.

The Department also closely coordinates with other State transportation agencies and authorities with the goal of creating an interconnected Statewide transportation system that addresses environmental and community concerns and efficiently moves people and goods throughout New York State.

Overview of Executive Budget Proposal

The Executive recommends a total All Funds appropriation of $8.3 billion for DOT, a decrease of approximately $526 million or 6% from the State Fiscal Year (SFY) 2010-11 Enacted Budget. This decrease primarily reflects the non-recurrence of a SFY 2010-11 Federal rail capital appropriation, a 10% year-to-year reduction to Dedicated Highway Bridge and Trust Fund (DHBTF) appropriations associated with State Operations, the annualization of workforce reduction actions taken in SFY 2010-11, and a reduction in mass transit aid appropriation levels.

The Executive recommends a staffing level of 8,708 Full Time Employees (FTE) for SFY 2011-12, which represents a decrease of 908 employees from January 2010. Many of these eliminated positions result from the Early Retirement Incentive. However, 98 of these positions were eliminated as a result of workforce reduction actions taken last year.

The Executive recommends a $45.4 million, or 10% reduction, to the Agency's operating expenses associated with the decrease in personal and non-personal expenses that has been recommended for all State agencies. These expenses in DOT are paid out of the DHBTF.

State Transit Operating Aid and Mass Transit Initiatives in SFY 2011-12

The Executive recommends overall appropriations totaling $4.2 billion in transit operating assistance to regional transit systems, including the Metropolitan Transportation Authority (MTA). This overall aid level represents a net decrease of approximately $106 million from the SFY 2010-11 Adjusted Budget. This overall decrease of $106 million is achieved through a decrease of $108 million in transit aid to the MTA, offset by an overall increase of $2 million to all other systems. The majority of the decrease in appropriation authority to the MTA is attributable to an adjustment of MTA payroll tax revenues. The table below outlines the overall amount of transit aid provided to each of the major regional transit systems in the SFY 2011-12 Executive Budget Proposal, as well as the year-to-year change in assistance.

State Transit Operating Assistance, SFY 2011-12 Executive Budget

Downstate Aid	FMAP-Adjusted 2010-11	Executive 2011-12	Change	Percent
MTA	3,910,377,384	3,801,896,000	(108,481,384)	-2.77%
Rockland	2,631,447	2,646,000	14,553	0.55%
Staten Island Ferry	25,670,731	25,812,700	141,969	0.55%
Westchester	43,087,111	43,325,400	238,289	0.55%
MTA Long Island Bus	52,113,293	52,401,500	288,207	0.55%
Suffolk	20,270,197	20,382,300	112,103	0.55%
NYC DOT	68,600,809	68,980,200	379,391	0.55%
Others Systems	24,837,892	25,021,800	183,908	0.74%
Supplemental Aid	4,312,000	4,312,000	0	0.00%
Total Non-MTA	**241,523,480**	**242,881,900**	**1,358,420**	**0.56%**
TOTAL DOWNSTATE	**4,019,037,937**	**4,169,671,900**	**(107,122,964)**	**-2.67%**
Upstate Aid				
CDTA	29,049,727	29,176,000	126,273	0.43%
CNYRTA	26,517,506	26,633,000	115,494	0.44%
RGRTA	30,408,696	30,543,000	134,304	0.44%
NFTA	41,819,212	42,007,000	187,788	0.45%
Other Systems	33,688,406	33,909,000	220,594	0.65%
Supplemental Aid	1,960,000	1,960,000	0	0.00%
TOTAL UPSTATE	**163,443,547**	**164,228,000**	**784,453**	**0.48%**
Total All Transit	**4,182,481,484**	**4,333,899,900**	**1,568,906**	**0.04%**
Total Non-MTA	**404,967,027**	**407,109,900**	**2,142,873**	**0.53%**

Included in the overall amount of transit operating assistance provided to the MTA, is continued funding to the Reduced Fare for School Children Program. The SFY 2011-12 Executive Budget Proposal includes approximately $25.3 million to offset the costs to the MTA for this Program, maintaining the same level of aid as the prior year.

The Metropolitan Mass Transportation Operating Assistance (MMTOA) Account is a special revenue fund that is primarily used to provide the MTA and other Downstate Transit systems with operating aid appropriations. MMTOA receives revenues collected on behalf of areas throughout the State for certain transportation related taxes.

The SFY 2011-12 Executive Budget proposes transferring $165 million from MMTOA to the General Fund. These funds will be used to pay debt service on State bonds issued on behalf of the MTA for prior year capital programs which otherwise would be paid out of the General Fund. These transferred funds come from the portion of the MMTOA Account that receives taxes and fees collected in the 12-county MTA district. This transfer would help pay down a portion of the MTA's State backed debt.

Transportation Capital Infrastructure in SFY 2011-12

The Executive's proposal includes $3.9 billion in SFY 2011-12 for Capital Projects. DOT is currently entering the second year of the two-year $7 billion DOT Capital Program. The size of the program associated with SFY 2011-12 is $3.5 billion, per the Plan schedule established last year. Highlights for capital spending in SFY 2011-12 are bulleted below:

- The recommended construction letting level under the new two-year program for SFY 2011-12 is $1.8 billion. In terms of appropriation authority, the Executive recommends a total of $501 million in DHBTF spending for highway and bridge construction in SFY 2010-11, maintaining the same level of funding as SFY 2010-11.
- The Executive recommends $273 million in SFY 2011-12 for preventative highway maintenance, equipment and facilities.
- The Executive recommends $69 million for right-of-way acquisitions for construction projects.
- The SFY 2011-12 Executive Proposed Budget provides $363.1 million for the Consolidated Highway Improvement Program (CHIPs) and $39.7 million for the Marchiselli Program, maintaining SFY 2010-11 Enacted Budget funding levels.
- The most recent Federal Transportation act, SAFETEA-LU, expired in 2009. While a successor program has not been enacted, Congress has passed temporary funding measures, at reduced levels. The Federal aid appropriation for SFY 2011-12 will be $2 billion, which includes provisions for State and local highway and bridges, engineering, rail and community enhancement programs, maintaining the same level of funding as in the prior year.
- The Executive also proposes a total of $57 million for passenger rail and freight projects. These funds include $16.9 million to support Amtrak service from Albany to Montreal, as well as additional rail capital investments.
- The Executive's proposal includes $16 million for canal infrastructure for SFY 2011-12 from remaining funds available from the 2005 Bond Act.
- Finally, the Executive's proposal includes $14 million in SFY 2011-12 for aviation capital which includes $4 million of matching funds for Federal aviation aid.

Over the past several years, the amount of revenue being deposited into the DHBTF has been out-matched by the level of obligated expenditures and debt service payments that have had to be made from the Fund. To address this issue, General Fund transfers to the DHBTF have had to be enacted in order to fill the "gap" in the Dedicated Fund since SFY 2008-09. For SFY 2011-12, the Executive recommends a transfer of approximately $522 million from the General Fund to the Dedicated Fund. This represents a decrease of approximately $173 million or 25% under the transfer that was recommended for SFY 2010-11. The decrease in the General Fund transfer for SFY 2011-12 is partially explained by the following:

- An expectation that revenues collected by the Fund will increase by $27 million for SFY 2011-12.
- A decrease of approximately $15 million due to a recalculation of debt service payments due for the coming fiscal year.
- A 10%, $64 million year-to-year reduction in personal and non-personal service for the Department. A large portion of State Operations spending for the Department is paid out of the Dedicated Fund.

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**

Proposed Article VII Legislation

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 2011-12 Budget Proposal, legislation that would provide the annual authorization for the CHIPS and Marchiselli programs which provide funding for local roads and bridges.

- ***Permanently extend the DOT Single Audit Program:*** The SFY 2011-12 Executive Budget also includes Article VII legislation that would permanently extend the Department of Transportation's Single Audit Program. There are annual cost savings of $300,000 associated with this proposal.

TRIBAL STATE COMPACT

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
Special Revenue-Other	$39,100,000	$44,300,000	$5,200,000	13.2%
Total All Funds:	**$39,100,000**	**$44,300,000**	**$5,200,000**	**13.2%**

Overview of the Executive Budget Proposal

The Executive is proposing legislation that would facilitate an efficient transfer of Tribal State Compact Revenue to the General Fund and make a technical correction to the distribution of the local share of such revenues associated with the Niagara Falls Casino.

HUDSON RIVER VALLEY GREENWAY COMMUNITIES COUNCIL

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$339,000	$321,000	($18,000)	(5.31%)
Total All Funds:	**$339,000**	**$321,000**	**($18,000)**	**(5.31%)**

The Hudson River Valley Greenway Communities Council (Greenway Council) was established to coordinate activities associated with the development and enhancement of local land use planning techniques and the creation of a voluntary regional planning compact for the Hudson River Valley with local and county governments to the Greenway Council is made available to Greenway Communities, in the form of planning grants, compact grants and technical assistance through the "Greenway Communities Program".

Overview of Executive Budget Proposal

The Executive Budget proposal recommends a General Fund appropriation totaling $321,000 in State Fiscal Year (SFY) 2011-12 for the Hudson River Valley Greenway Communities Council. This represents a reduction of $18,000, or 5%, from SFY 2010-11.

As part of the SFY 2011-12 Executive Budget proposal, the Governor continues his policy of requiring agencies reduce spending in State Operation, which accounts for a savings of $18,000.

HUDSON RIVER VALLEY GREENWAY HERITAGE CONSERVANCY (HERITAGE CONSERVANCY)

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$184,000	$166,000	($18,000)	(9.78%)
Total All Funds:	**$184,000**	**$166,000**	**($18,000)**	**(9.78%)**

The purpose of the Hudson River Valley Greenway Heritage Conservancy (Heritage Conservancy) is to continue and advance the state's commitment to the preservation, enhancement and development of the world-renowned scenic, natural, historic, cultural and recreational resources of the Hudson River Valley while continuing to emphasize economic development activities and maintaining the tradition of municipal home rule.

Overview of Executive Budget Proposal

The Executive recommends a General Fund appropriation totaling $166,000, a reduction of $18,000, for SFY 2011-12. The overall reduction is a result of the Executive's proposed 10% across the board reduction of State operations spending.

The funding is used for the continued operational support of the Conservancy.

GREEN THUMB PROGRAM

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$2,831,000	$2,831,000	$0	0.0%
Total All Funds:	**$2,831,000**	**$2,831,000**	**$0**	**0.0%**

The Green Thumb Program was developed to allow income-eligible senior citizens of New York State the opportunity to be considered for part-time employment in State agencies.

Overview of Executive Budget Proposal

The Executive Budget recommendation for State Fiscal Year (SFY) 2011-12 is $2.83 million on an All Funds basis, which is the same level of funding from SFY 2009-10.

JUDICIARY

Funding Source	Adjusted Appropriation 2010-11	Executive Recommendation 2011-12	Change	Percent Change
General Fund	$2,400,401,718	$2,446,343,088	$45,941,370	1.91%
Special Revenue-Other	$261,799,922	$259,234,498	($2,565,424)	(0.98%)
Special Revenue-Federal	$9,100,000	$10,500,000	$1,400,000	15.38%
Total All Funds:	**$2,662,201,640**	**$2,716,077,586**	$53,875,946	2.02%

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 Judiciary advances a request of $2.7 billion in All Funds, an increase 2% from SFY 2010-11. The Executive's commentary on the Judiciary's Budget Request, the Governor asked that the Judiciary reduce its budget, in keeping with the 10% state operations reductions taken by the Comptroller, the Attorney General, and State agencies.

Significant increases to the Judiciary's SFY 2011-12 General Fund State Operations and Aid to Localities budget request include:

- $20.2 million for salary increments required by law for nonjudicial personnel;$5.71 million related to contractual and workload increases in payments for attorneys representing children in the Attorney for the Child Program;
- $11.8 million for continued 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;

- $4.07 million to meet contractually obligated increases for security services, real estate rentals, computer assisted legal research, and contracts for community courts, alternative dispute resolution and court improvement projects;
- $2.06 in net increases necessary to meet the operational needs of the courts including, but not limited to: per diem interpreters, judicial hearing officers, technology services, expert witnesses, printing, postage and transcripts; and
- $25 million for civil legal services to address the urgent problem of the growing need for civil legal assistance for low income New Yorkers.

Significant decreases to the budget include:

- $11.52 million in savings related to salary adjustments and lump sum payouts for separation from service;
- $11.09 million in nonpersonal service savings attributable to a variety of cost saving measures including reductions in travel and the elimination of targeted training programs, legal reference print materials, and temporary service and overtime not directly related to court operations. Additional savings are being realized from the transition to IP telephones, the reduced expansion of redundant wring for Courtnet, and stringent control of the purchase of equipment; and
- $46.59 million in savings related to the Vacancy Control Program instituted in fiscal year 2008-09 and the Early Retirement Incentive Program authorized in 2010.

In addition, the Judiciary requests $617.39 million in General State Charges. This is an increase of $50.67 million, or 8.9% over the SFY 2010-11 adjusted appropriation.

Civil Legal Services

As stated above, the Judiciary budget proposal includes $25 million as recommended by the Task Force to Expand Access to Civil Legal Services in New York. In addition, the SFY 2011-12 Judiciary budget proposal includes a $15 million subsidy for the Interest on Lawyer Account (IOLA) as was included in last year's budget.

Judicial Compensation

The SFY 2011-12 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

LEGISLATURE

Funding Source	Adjusted Appropriation 2010-2011	Executive Recommendation 2011-2012	Change	Percent Change
General Fund	$217,844,801	$217,844,801	$0	0.00%
Special Revenue-Other	$2,100,000	$2,100,000	$0	0.00%
Total All Funds:	**$219,944,801**	**$219,944,801**	$0	0.00%