

STATE EDUCATION DEPARTMENT

MISSION

The State Education Department (SED) is the administrative agency of the Board of Regents. The Department's primary mission is to oversee public elementary and secondary education programs throughout New York and promote educational excellence, equity and cost-effectiveness.

ORGANIZATION

The Board of Regents oversees the State Education Department, which was originally established by the Legislature in 1784 and subsequently continued in the State Constitution. The Board of Regents is comprised of 17 members – one for each of the State's 13 judicial districts, plus four statewide members – who are elected by a joint session of the Legislature for staggered 5-year terms. The Board elects its chair, who holds the title Chancellor, and appoints the Commissioner of Education as the chief administrative officer of the Department.

The Department's central operations are located in the Education Building in Albany. The Department also has regional service facilities at various locations throughout the State.

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$29.63 billion** in All Funds support (\$18.76 billion General Fund; \$10.87 billion Other Funds). This is a decrease of **\$3.2 billion (-9.7 percent)** from the 2010-11 budget. This net change primarily reflects the loss of Federal American Recovery and Reinvestment Act of 2009 (ARRA) funds, a reduction to School Aid and other educational programs, and the addition of \$500 million for two new performance programs for school districts.

The Executive Budget reduces each agency's General Fund State Operations budget by 10 percent. These savings are intended to be achieved through administrative efficiencies in nonpersonal service and negotiated workforce savings that minimize layoffs to the extent possible.

SCHOOL AID

The 2011-12 Executive Budget proposes \$19.39 billion in School Aid for the 2011-12 school year. While the State remains committed to improving educational outcomes, the high cost of education is unsustainable. In order to achieve necessary savings, the Executive Budget maintains formula aid categories that provide operating support at current levels and recommends a \$2.79 billion Gap Elimination Adjustment (GEA) for the 2011-12 school year. The GEA, combined with the loss of \$1.34 billion in one-time Federal funding, and growth in expense-based aids of \$305 million results in an overall School Aid year-to-year reduction of \$1.54 billion (-7.3 percent). This proposed reduction represents 2.9 percent of school district budgets statewide. Even with this reduction, School Aid will continue to represent the largest State-supported program. On a State fiscal year basis, School Aid will comprise approximately 23 percent of State

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operating funds spending in 2011-12 and 29 percent of General Fund spending. The Executive Budget also recommends initiatives to help schools improve student performance and operate more efficiently.

Major budget actions for the 2011-12 school year include:

- **School Year Support:** The Executive Budget provides \$19.39 billion in State support for public schools for the 2011-12 school year, a year-to-year decrease of \$1.54 billion (-7.3 percent). Even with this reduction, School Aid will have increased by \$5.70 billion, or 41.6 percent, since the 2000-01 school year.
- **Fiscal Year Support:** The Executive Budget provides \$18.74 billion in total appropriation support for public schools in 2011-12, a reduction of \$1.29 billion from 2010-11 fiscal year appropriation support. In 2010-11, Federal funding provided under ARRA and the Federal Education Jobs Fund provided \$1.45 billion in one-time revenue. The year-to-year reduction is primarily attributable to the loss of this one-time Federal funding.
- **Gap Elimination Adjustment:** The Executive Budget recommends a Gap Elimination Adjustment (GEA) of \$2.79 billion for the 2011-12 school year. This approach reduces School Aid progressively, accounting for each school district's wealth, student need, administrative efficiency, and residential property tax burden. The GEA would be applied against formula-based School Aid, excluding Building Aid and Universal Prekindergarten Aid. In future years, as we redesign our approach to funding schools, the GEA would be continued and scaled to limit growth in School Aid to sustainable levels.
- **Foundation Aid:** The Foundation Aid formula calculates funding based on the cost of an education in a successful school, student need, and local ability to pay. The Executive Budget recommends limiting Foundation Aid for the 2011-12 school year to the amount provided for the 2010-11 school year, \$14.89 billion. The Executive Budget recommends extending the full phase-in of Foundation Aid to 2016-17.
- **Early Childhood Education:** The Executive Budget recommends maintaining funding for Universal Prekindergarten for the 2011-12 school year at the 2010-11 level of \$393 million. The planned full phase-in will be extended from the 2013-14 school year to the 2016-17 school year, consistent with the proposed phase-in of Foundation Aid. Maintaining funding at the 2010-11 level ensures continued school district participation, stability of funding for those school districts that are currently participating, and preserves the current commitment for this high priority program. Existing statutory provisions for school districts to receive Full-Day Kindergarten Conversion Aid are continued.
- **Support for School Construction:** The Executive Budget recommends \$2.66 billion in 2011-12 State support for the construction of school facilities. This reflects an increase of \$171 million from the 2010-11 school year. In order to better target limited State resources for school construction, the Executive Budget recommends aligning reimbursement rates more closely with the current fiscal capacity of school districts and creating a new funding structure for school construction. Under this new approach, funding would be awarded based on a competitive application process that considers the need for the project, the age of the building to be renovated or replaced, and the fiscal capacity of the school district.

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- **Boards of Cooperative Educational Services (BOCES):** The Executive Budget recommends \$720 million in BOCES Aid for 2011-12, an increase of more than \$18 million from the 2010-11 school year. Beginning with aid payable in 2012-13, the Executive Budget would distribute BOCES Aid based on the same State aid ratio as Foundation Aid. In addition, in order to encourage system-wide cost effectiveness, beginning with costs reimbursed in 2012-13 certain non-instructional services provided by BOCES would no longer be aidable.
- **Special Services Aid:** The Executive Budget recommends total funding of \$214 million, an increase of \$2.8 million (1.3 percent) from the 2010-11 funding level. This amount is calculated under existing statutory provisions. This aid category funds career education programs and computer services for school districts that are not component districts of BOCES.
- **Transportation Aid:** The Executive Budget recommends \$1.65 billion for reimbursement for the costs of transporting students. This represents an increase of \$71 million (4.5 percent) from the 2010-11 funding level. In addition, the Executive Budget would encourage districts to engage in shared services or other efficiency measures.
- **Private Special Education Aid:** The Executive Budget recommends \$343 million – the amount that is calculated under existing statutory provisions. This represents a \$12.3 million (3.7 percent) increase from the 2010-11 funding level.
- **High Cost Special Education Aid:** The Executive Budget recommends \$483 million – the amount that is calculated under existing statutory provisions. This represents a \$28.5 million (6.3 percent) increase from the 2010-11 funding level.
- **Miscellaneous Operating Support Programs:** The Executive Budget maintains funding at 2010-11 levels for various programs that can be used by school districts for operating support. These programs include the following: High Tax Aid, Supplemental Public Special Education Aid, the New York City Academic Achievement Grant, Academic Enhancement Aid, and the Supplemental Educational Improvement Plan Grant. These actions are consistent with the existing statutory provisions included in the 2010-11 Enacted Budget and the approach taken to maintain Foundation Aid and other aids that provide operating support at 2010-11 levels.
- **Charter Schools:** The Executive Budget provides \$25.1 million in Transitional Aid for school districts impacted by a concentration of charter schools, as well as \$4.8 million for technical assistance and start-up grants for charter schools.
- **Roosevelt Union Free School District:** The Executive Budget recommends a \$6 million Academic Improvement Grant for the Roosevelt Union Free School District. This is the same amount provided to Roosevelt in the 2010-11 school year.
- **Teachers of Tomorrow:** The Executive Budget continues this \$25 million incentive program, which provides awards and stipends to retain and attract teachers into New York State classrooms in areas where teacher shortages exist.
- **Teacher Mentor Intern Program:** The \$2 million Teacher-Mentor Intern program is continued at the 2010-11 funding level.
- **Bilingual Education/English Language Learners:** The Executive Budget maintains \$12.5 million in funding for Bilingual Education grants. These funds support programs which include technical assistance centers, two-way bilingual classrooms, intensive bilingual teacher training and leadership programs.

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- **Other Programs:** The Executive Budget recommends funding based on existing statutory formulas for several programs including the following: Textbook Aid, Library Materials Aid, Computer Software Aid, Computer Hardware Aid, Full Day Kindergarten Conversion Aid and Reorganization Operating Aid. In addition, funding levels based on existing reimbursement methodologies are recommended for certain other categorical programs, including Urban-Suburban Transfer, Education of Homeless Pupils, Education of Incarcerated Youth, Education of Office of Mental Health/Office for People with Developmental Disabilities students, and Native American Building Aid.
- **Federal Race to the Top:** The Executive Budget would continue the Federal Race to the Top program. In August 2010, New York State was awarded \$696.6 million in Race to the Top funding. Over the next four years, this funding will support major reforms in standards and assessments, data systems, teacher and principal preparation and evaluation, with the goal of turning around the lowest-achieving schools. Race to the Top funding will be spent consistent with a plan submitted by the State Education Department and approved by the U.S. Department of Education that includes providing at least 50 percent of the funds to schools to be used for implementing the new reforms. The balance of funds will be used for statewide capacity building and supplemental grants to schools related to the reform initiatives.
- **Reimbursement for the Metropolitan Commuter Transportation Mobility Tax:** The Executive Budget includes \$70 million for full reimbursement of school district expenses for the mobility tax.

Other proposals in the Executive Budget relating to school districts include:

- **Mandate Relief:** The Governor has created the Mandate Relief Redesign Team by Executive Order. This team – made up of representatives of the Legislature, local government, education and private industry – will conduct a rigorous and comprehensive review of mandates imposed on school districts and other local taxing districts in order to look for the best and most cost-effective ways to deliver mandated programs and services and identify mandates that are ineffective, unnecessary, outdated and duplicative. The Team will report to the Governor on March 1, 2011.
- **Maintain the Contract for Excellence Program:** School districts recently participating in the Contracts for Excellence program would continue operating approved academic intervention programs consistent with Contract for Excellence requirements. However, the required investment in these programs will be permitted to decline by the same percentage as the district's formula-based aid will be reduced under the Gap Elimination Adjustment. This approach will ensure the continued participation of 23 school districts, including all "Big Five" city school districts (New York City, Buffalo, Rochester, Syracuse and Yonkers).
- **Allow Access to Employee Benefit Accrued Liability Reserve Funds:** In order to maintain educational programming during the 2011-12 school year, a school district's governing board would be permitted to authorize a withdrawal of excess funds in an employee benefits accrued liability reserve fund. The amount withdrawn could not exceed the Gap Elimination Adjustment for a school district. The State Comptroller would first certify that the amount remaining in the Fund is sufficient to meet employee benefit requirements after the withdrawal.

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PERFORMANCE INCENTIVES

The 2011-12 Executive Budget includes a competitive program to reward efficient and improving schools, modeled on the Federal Race to the Top program. A total of \$500 million will be awarded via two \$250 million competitive grants:

- **School District Performance Improvement Awards:** Grants totaling \$250 million will be awarded to school districts that demonstrate significant improvements in their student performance outcomes. This program would build upon the objectives of the Race to the Top program by providing additional State funding to those school districts with most improved academic achievement gains and student outcomes.
- **School District Management Efficiency Awards:** Competitive grants totaling \$250 million will be awarded to school districts that undertake long-term structural changes which will reduce costs and improve efficiency.

STATE OPERATIONS

The taxpayer-supported General Fund accounts for seven percent of the State Education Department's overall operating budget. Federal grants, including programs for disadvantaged pupils, account for 61 percent of the agency's resources. The remaining 32 percent is derived from fees, chargebacks and other miscellaneous receipts. For 2011-12, SED's General Fund State Operations budget totals \$38 million, a decrease of \$4 million from the 2010-11 Enacted Budget.

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School-Age Special Education

School districts receive funding for special education services provided to school-age children through the Foundation Aid formula. In addition, Public High Cost Special Education Aid and Private Special Education Aid supplement Foundation Aid for students with severe needs. The Executive Budget recommends continuing existing statutory provisions for these two aid categories with total funding of \$825 million for the 2011-12 school year, an increase of \$41 million (5 percent).

Preschool Special Education

Approximately 500 providers (school districts, BOCES, and private entities) operate preschool special education programs that provide educational and therapeutic services to approximately 100,000 children aged 3 to 5 during any given school year. The General Fund recommendation of \$868 million will support a 59.5 percent State share of preschool special education program costs in the 2011-12 fiscal year.

Summer School Special Education

The summer school special education program supports educational services provided during July and August for approximately 43,000 disabled students aged 5 to 21. The State has historically supported 70 percent of the total education, transportation and maintenance costs of these programs regardless of a school district's relative wealth. The

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2011-12 Executive Budget proposes to more closely align State reimbursement to school districts for summer school special education costs with wealth-based aid ratios used during the regular school year. Additionally, the priority of payment will be for claims for services provided during the 2011-12 school year, with State reimbursement for costs incurred for prior school years limited to \$100 million during the upcoming fiscal year.

Private Schools for the Blind and Deaf

Currently, nearly 1,500 students attend 11 State-supported private schools for the blind and deaf. Unlike other private special education schools, these schools have historically been funded through a discrete State appropriation. The Executive Budget would consolidate these 11 private schools into the broader classification of private special education schools to realign them with the needs of the State's current special education population. As such, State support for the costs of students attending these schools would be provided through Private Excess Cost Aid, as is the case for students attending other private special education schools at the direction of school districts.

EDUCATION-RELATED PROGRAMS

The Executive Budget recommends a net year-to-year reduction of approximately \$23.5 million in funding for education-related programs. Major actions include:

- **Aid for Nonpublic Schools:** The Executive Budget provides nonpublic schools \$74.2 million in aid for mandated services and \$26.2 million for the comprehensive attendance-taking program. This represents a decrease of \$8.7 million (-8 percent) from the 2010-11 Enacted Budget.
- **Library Aid:** The Executive Budget provides \$76 million in funding for Library Aid; this represents a decrease of \$8.4 million (-10 percent) from the 2010-11 Enacted Budget. In addition, \$14 million in capital funding is included for public library construction projects.
- **Public Broadcasting Aid:** The Executive Budget provides \$13.5 million in State support for New York's public broadcasting stations, which includes support for eight public radio stations, three public television stations, and five stations that broadcast both radio and television. This represents a decrease of \$1.5 million (-10 percent) from the 2010-11 Enacted Budget.
- **Bundy Aid:** The Executive Budget recommends \$35.1 million for Unrestricted Aid for Independent Colleges and Universities, also known as Bundy Aid. This represents a \$3.9 million (-10 percent) decrease from the 2010-11 Enacted Budget.
- **Education Improvement Performance Grants:** The Executive Budget includes new funding of \$1.7 million for competitive grants for programs with demonstrated success in improving achievement outcomes.
- **Capital Projects:** The Executive Budget includes \$3.4 million in new capital support for various minor rehabilitation projects to maintain SED's facilities in safe operating condition. This represents a decrease of 50 percent from 2010-11 funding level of \$6.8 million and is consistent with the Department's priorities. SED will use these funds for various health and safety and critical infrastructure projects at its 24 State-owned buildings.

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EDUCATION-RELATED PROGRAMS

| Program | (\$000) | | |
|--|------------------------|------------------------|-----------------|
| | 2010-11 School Year | 2011-12 School Year | Change |
| Academic Intervention Services for Nonpublic Schools | 922 | 922 | 0 |
| Adult Basic Education | 1,843 | 1,843 | 0 |
| Adult Literacy Education | 4,293 | 4,293 | 0 |
| Charter School Start-Up and Technical Assistance | 4,837 | 4,837 | 0 |
| County Vocational Education and Extension Boards | 932 | 932 | 0 |
| Education of Children of Migrant Workers | 89 | 89 | 0 |
| Education Improvement Performance Grants | 0 | 1,730 | 1,730 |
| Extended Day/School Safety Program | 24,343 | 24,343 | 0 |
| Fiscal Stabilization Grants | 30,022 | 30,022 | 0 |
| Health Education Program | 691 | 691 | 0 |
| Math and Science High Schools* | 1,382 | 1,382 | 0 |
| National Board for Professional Teaching Standards | 490 | 0 | (490) |
| Nonpublic School Aid | 109,105 | 100,377 | (8,728) |
| Postsecondary Aid to Native Americans | 598 | 598 | 0 |
| Primary Mental Health | 894 | 0 | (894) |
| Prior Year Claims | 15,046 | 15,046 | 0 |
| School Lunch and Breakfast Program | 32,300 | 33,100 | 800 |
| Statewide Center for School Safety | 466 | 466 | 0 |
| Student Mentoring and Tutoring Initiative | 490 | 0 | (490) |
| Summer Food Program | 3,049 | 3,049 | 0 |
| SUNY Center for Autism and Related Disabilities | 490 | 490 | 0 |
| Syracuse City School District/Say Yes to Education* | 350 | 350 | 0 |
| Targeted Prekindergarten | 1,303 | 1,303 | 0 |
| Subtotal P-12 Education programs | 233,935 | 225,863 | (8,072) |
| Bundy Aid | 39,032 | 35,129 | (3,903) |
| Collegiate Science and Technology Entry Program | 7,406 | 7,406 | 0 |
| High Needs Nursing | 941 | 0 | (941) |
| Higher Education Opportunity Program | 20,783 | 20,783 | 0 |
| Liberty Partnerships | 10,842 | 10,842 | 0 |
| Science and Technology Entry Program | 9,774 | 9,774 | 0 |
| Teacher Opportunity Corps | 671 | 0 | (671) |
| Subtotal Higher Education Programs | 89,449 | 83,934 | (5,515) |
| Library Aid | 84,458 | 76,012 | (8,446) |
| Public Broadcasting Aid* | 15,002 | 13,502 | (1,500) |
| Subtotal Cultural Education Programs | 99,460 | 89,514 | (9,946) |
| College Readers Program | 294 | 294 | 0 |
| Independent Living Centers | 12,361 | 12,361 | 0 |
| Supported Employment | 15,160 | 15,160 | 0 |
| VESID Case Services | 54,000 | 54,000 | 0 |
| Subtotal Vocational Rehab Programs | 81,815 | 81,815 | 0 |
| Total Education-Related Programs | 504,659 | 481,126 | (23,533) |

*Includes Federal ARRA funding in 2010-11.

SCHOOL TAX RELIEF (STAR)

The School Tax Relief (STAR) program was enacted in 1997 to provide needed tax relief for homeowners across the State. The Executive Budget provides \$3.3 billion for the STAR program comprised of the Enhanced STAR exemption for eligible senior citizens, the Basic STAR exemption for other qualified homeowners, and the New York City Personal Income tax rate reduction and refundable tax credit.

Major budget actions include:

- **Adjust STAR Exemption Benefit:** 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 driven by declines in property values. As a result, STAR spending increased significantly in areas where property values declined

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dramatically, but the increases were unrelated to property tax burdens. To control spending growth, the Executive Budget limits growth in exemption benefits to two percent annually. This change is worth \$125 million in 2011-12.

- **Audit 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. This is expected to produce annual savings of \$50 million starting in 2012-13.
- **Create a Mechanism for STAR Recipients to Repay Improper Exemption:** The Executive Budget creates a mechanism for STAR recipients to repay (with interest and a \$500 processing fee) STAR exemptions received that they acknowledge they were not entitled to. This will generate \$100,000 in 2011-12.

PROGRAM HIGHLIGHTS

Under the policy direction of the Board of Regents, operational responsibilities of the State Education Department include administration, regulation and review of numerous education programs. The following provides a description of the major program areas administered by the Department:

SCHOOL AID

The Executive Budget provides \$19.4 billion in School Aid for the 2011-12 school year. State support for public schools, including lottery payments, accounts for approximately 23 percent of State operating funds and 29 percent of the General Fund.

School Aid is distributed to school districts through formula-based aids and categorical grants including the following:

- **Foundation Aid** is based on the cost of a successful education adjusted by regional cost variations and pupil needs. The 2011-12 Executive Budget would maintain Foundation Aid at its current level of \$14.9 billion.
- **Transportation Aid and Building Aid** provide support to school districts for student transportation and the construction/preservation of school facilities. These two aid categories will total \$4.3 billion. They account for 22 percent of overall School Aid.
- **Universal Prekindergarten** provides grants to school districts ranging from \$2,700 to \$6,500 per child reflective of varying district wealth and educational needs. For the 2011-12 school year, funding will be available for approximately 108,400 students to attend Universal Prekindergarten programs throughout the State.
- **Specialized Aid and Grant Programs** address specific educational needs, ranging from textbooks to adult education programs.

PROGRAMS FOR STUDENTS WITH SPECIAL NEEDS

New York provides a full spectrum of special education services for students aged 3 to 21. These services range from speech therapy to placement in full-time residential schools for school-age children with the most severely disabling conditions. Statewide,

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over 400,000 children with special needs receive special education services. Students who require particularly intensive programs are served by approximately 150 private schools, including 13 Special Act School Districts.

Two State-operated schools provide specialized services for blind and deaf students with multiple disabilities. The Batavia School for the Blind serves 54 blind and multiply-disabled students. The Rome School for the Deaf serves 70 deaf and multiply-disabled school-age students.

EDUCATION-RELATED PROGRAMS

The State Education Department also administers various programs that address specialized student needs or reimburse school districts for education-related services.

Major programs include:

- **School Nutrition Programs:** The Executive Budget recommends \$36 million in State funds to supplement Federal support for the School Lunch and Breakfast program and the Summer Food service program. Approximately 400 million school meals are served annually to nearly three million students participating in the school lunch and breakfast program. In addition, more than 280 sponsors of summer food programs serve free meals to approximately 325,000 low-income students participating in summer recreation programs.
- **Aid for Nonpublic Schools:** The Executive Budget recommends a total of \$100.4 million to reimburse nonpublic schools for the cost of mandated services and comprehensive attendance-taking.

CULTURAL EDUCATION

Cultural Education programs administered by the State Education Department include support for public broadcasting stations and aid to public libraries and library systems. The State Library, the State Museum and the State Archives are located in the Cultural Education Center in Albany and are also administered by SED staff.

The State Library is the largest of its kind in the nation, providing reference information and other coordinated library services to State agencies, businesses and the public. The State Library also charters all libraries in the State and distributes State and Federal aid to local libraries.

The State Museum is the largest state-operated museum in the nation and contains exhibits on New York's cultural and natural history. The Museum is also a major research center and the home of the Geological Survey, Biological Survey, Anthropological Survey and the Historical Survey. Each of these surveys is involved with developing and maintaining the collections and exhibits of the State Museum. The State Museum also administers the Cultural Resource Survey Program, which oversees the handling and preservation of artifacts found at construction sites.

The State Archives is responsible for the maintenance and preservation of important State and local government records. In addition to its operations in the Cultural Education Center, the State Archives also operates the State Records Center at the Harriman State Office Campus in Albany. The operations of the State Museum, State Library and State Archives are largely supported by a surcharge on certain documents filed in county clerk offices.

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HIGHER EDUCATION AND REGULATION OF THE PROFESSIONS

The Office of Higher Education and the Professions is responsible for ensuring the quality and availability of postsecondary education programs and regulating professionals in order to protect the public by ensuring the quality and integrity of services provided to consumers in the State. This Office conducts the following activities:

- Assists the Regents in making higher education policies and plans; administers aid programs for colleges, universities and students; and reviews and registers academic programs of degree-granting institutions. This Office also oversees teacher certification and discipline and background checks for prospective school personnel.
- Licenses and provides oversight for members of the 48 professions regulated pursuant to Title VIII of the Education Law, including the following: Nursing, Optometry, Dentistry, Pharmacy, Veterinary Medicine, Social Work, Architecture, Engineering and Public Accountancy. The Office is also responsible for enforcing standards of practice, codes of conduct and professional discipline for the licensees, except members of the medical professions (Physicians, Physician Assistants and Special Assistants) whose professional conduct is within the purview of the Department of Health. Professional licensure, oversight and enforcement functions are self-supporting through the collection of professional licensing fees and fines.

ADULT CAREER AND CONTINUING EDUCATION SERVICES

The former Vocational and Educational Services for Individuals with Disabilities (VESID) program is now called Adult Career and Continuing Education Services (ACCES). Special education, formerly part of VESID, is now under the auspices of the new Office of Prekindergarten through Grade Twelve Education. ACCES supports, promotes and develops the State's adult education programs; provides a full range of services that may be needed by people with disabilities, including vocational rehabilitation services; regulates the State's proprietary schools; and oversees the General Education Development (GED) testing office within the State Education Department.

Using its network of 15 district offices across the State, ACCES provides vocational rehabilitation services to clients with disabilities tailored to their individual goals, capabilities and needs. In 2009-10, this program arranged job placements for nearly 12,000 individuals from an active caseload of 58,000.

SCHOOL TAX RELIEF (STAR)

For 2011-12, STAR will provide New York's taxpayers with savings of \$3.3 billion in school tax relief.

School Property Tax Relief

- In 2011-12, approximately 630,000 senior homeowners will be eligible to receive an enhanced exemption. The statewide average STAR enhanced benefit for seniors is estimated at \$1,253. To be eligible for the enhanced benefit, residential property owners must be at least 65 years of age (if property is owned by husband and wife or by siblings, then one of them must be at least 65 years old. Eligibility

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was expanded in 2000 to surviving spouses who are at least 62 years of age, and certain nursing home residents). In addition to the age requirement, annual income cannot exceed \$79,050 to receive benefits in 2011.

- In 2011-12, the school property tax exemption will provide over 2.8 million qualified homeowners who are not eligible for the senior citizen enhanced exemption with a full value equivalent homestead exemption of at least \$30,000. Statewide tax savings relating to this basic STAR exemption will average \$681.
- The exemptions provided to homeowners living in counties where median home sale prices exceed the statewide median are adjusted upward from the minimums stated above to account for regional variations in property values.
- Legislation accompanying the Executive Budget would correct STAR exemption benefit oversight and create a mechanism for STAR recipients to repay improper exemptions.

New York City Tax Reduction

- Under the current STAR program, New York City's more than 3 million resident personal income taxpayers receive a rate reduction benefit on the first \$500,000 of income.
- Those taxpayers whose income is below certain thresholds also receive a flat refundable credit.
- Total New York City taxpayer savings will be nearly \$580 million in 2011-12, or about 7 percent of tax liability.

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| Program | School Aid | | | |
|---|---------------------------------|------------------------|-------------------|-------------------|
| | School Year Payments (Millions) | | | |
| | Estimated 2010-11 | Recommended 2011-12 | Change Amount | Change Percent |
| I. Formula-Based Aids: | | | | |
| Foundation Aid | 14,893.62 | 14,893.62 | 0.00 | 0.00 |
| Excess Cost - High Cost | 454.14 | 482.62 | 28.48 | 6.27 |
| Excess Cost - Private | 330.45 | 342.73 | 12.28 | 3.72 |
| Reorganization Operating Aid | 2.86 | 2.86 | 0.00 | 0.00 |
| Textbooks (Incl. Lottery) | 181.03 | 182.09 | 1.06 | 0.59 |
| Computer Hardware | 37.88 | 37.93 | 0.05 | 0.13 |
| Computer Software | 45.20 | 46.37 | 1.17 | 2.59 |
| Library Materials | 19.17 | 19.40 | 0.23 | 1.20 |
| BOCES | 701.69 | 720.08 | 18.39 | 2.62 |
| Special Services | 211.09 | 213.89 | 2.80 | 1.33 |
| Transportation (Including Summer) | 1,583.32 | 1,654.69 | 71.37 | 4.51 |
| High Tax | 204.77 | 204.77 | 0.00 | 0.00 |
| Universal Prekindergarten | 393.00 | 393.00 | 0.00 | 0.00 |
| Academic Achievement Grant | 1.20 | 1.20 | 0.00 | 0.00 |
| Supplemental Educational Improvement Grant | 17.50 | 17.50 | 0.00 | 0.00 |
| Charter School Transitional Aid | 23.22 | 25.11 | 1.89 | 8.14 |
| Full-Day Kindergarten | 1.36 | 4.67 | 3.31 | 243.38 |
| Academic Enhancement Aid | 8.32 | 8.32 | 0.00 | 0.00 |
| Supplemental Public Excess Cost | 4.31 | 4.31 | 0.00 | 0.00 |
| Formula-Based Aids | 19,114.13 | 19,255.17 | 141.04 | 0.74 |
| Gap Elimination Adjustment | (2,138.07) | (2,785.79) | (647.72) | NA |
| Federal SFSF and Education Jobs Fund Restorations | 1,333.51 | 0.00 | 1,333.51 | NA |
| Net Gap Elimination Adjustment | (804.56) | (2,785.79) | (1,981.23) | NA |
| FMAP Reduction | (131.51) | 0.00 | 131.51 | NA |
| | (936.07) | (2,785.79) | (1,849.72) | NA |
| Formula-Based Aids w/ GEA, SFSF, Ed Jobs, and FMAP | 18,178.06 | 16,469.38 | (1,708.68) | (9.40) |
| Building Aid/Reorganization Building | 2,488.58 | 2,659.91 | 171.33 | 6.88 |
| Total Formula-Based and Other Aids | 20,666.64 | 19,129.29 | (1,537.35) | (7.44) |
| II. Grant Programs and Additional Aid Categories: | | | | |
| Teachers of Tomorrow | 25.00 | 25.00 | 0.00 | 0.00 |
| Teacher-Mentor Intern | 2.00 (a) | 2.00 | 0.00 | 0.00 |
| School Health Services | 13.84 | 13.84 | 0.00 | 0.00 |
| Roosevelt | 6.00 | 6.00 | 0.00 | 0.00 |
| Urban-Suburban Transfer | 2.73 | 2.73 | 0.00 | 0.00 |
| Employment Preparation Education | 96.00 | 96.00 | 0.00 | 0.00 |
| Homeless Pupils | 16.23 | 17.23 | 1.00 | 6.16 |
| Incarcerated Youth | 18.75 | 19.50 | 0.75 | 4.00 |
| Bilingual Education | 12.50 | 12.50 | 0.00 | 0.00 |
| Education of OMH/OPWDD Pupils | 72.00 | 76.00 | 4.00 | 5.56 |
| Special Act School Districts | 2.70 | 2.70 | 0.00 | 0.00 |
| Chargebacks | (52.00) | (54.50) | (2.50) | 0.00 |
| BOCES Aid for Special Act Districts | 0.70 | 0.70 | 0.00 | 0.00 |
| Learning Technology Grants | 3.29 | 3.29 | 0.00 | 0.00 |
| Native American Building Aid | 3.50 | 5.00 | 1.50 | 42.86 |
| Native American Education | 35.00 | 32.00 | (3.00) | (8.57) |
| Bus Driver Safety | 0.40 | 0.40 | 0.00 | 0.00 |
| Total Grant Programs and Additional Aid Categories | 258.64 | 260.39 | 1.75 | 0.68 |
| SCHOOL YEAR TOTAL | 20,925.28 | 19,389.68 | (1,535.60) | (7.34) |

(a) Supported in full by American Recovery and Reinvestment (ARRA) Aid.

EDUCATION

ALL FUNDS APPROPRIATIONS (dollars)

| Category | Available 2010-11 | Appropriations Recommended 2011-12 | Change | Reappropriations Recommended 2011-12 |
|-------------------|-----------------------|--|------------------------|--|
| State Operations | 596,334,000 | 566,868,000 | (29,466,000) | 459,423,000 |
| Aid To Localities | 32,193,128,000 | 29,046,154,000 | (3,146,974,000) | 9,330,784,000 |
| Capital Projects | 41,200,000 | 17,400,000 | (23,800,000) | 143,096,000 |
| Total | <u>32,830,662,000</u> | <u>29,630,422,000</u> | <u>(3,200,240,000)</u> | <u>9,933,303,000</u> |

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

| Program | Full-Time Equivalent Positions (FTE) | | |
|--|---------------------------------------|---------------------------------------|------------|
| | 2010-11 Estimated FTEs 03/31/11 | 2011-12 Estimated FTEs 03/31/12 | FTE Change |
| Adult Career and Continuing Education Services | | | |
| Special Revenue Funds - Federal | 957 | 957 | 0 |
| Office of Management Services Program | | | |
| General Fund | 55 | 55 | 0 |
| Special Revenue Funds - Other | 210 | 210 | 0 |
| Internal Service Funds | 135 | 135 | 0 |
| Office of Pre-kindergarten Through Grade 12 Education | | | |
| General Fund | 149 | 149 | 0 |
| Special Revenue Funds - Federal | 330 | 330 | 0 |
| School for the Blind | | | |
| Special Revenue Funds - Other | 121 | 121 | 0 |
| School for the Deaf | | | |
| Special Revenue Funds - Other | 96 | 96 | 0 |
| Higher Education and the Professions, Office of | | | |
| General Fund | 42 | 42 | 0 |
| Special Revenue Funds - Federal | 9 | 9 | 0 |
| Special Revenue Funds - Other | 404 | 404 | 0 |
| Cultural Education | | | |
| General Fund | 7 | 7 | 0 |
| Special Revenue Funds - Federal | 59 | 59 | 0 |
| Special Revenue Funds - Other | 209 | 209 | 0 |
| Internal Service Funds | 23 | 23 | 0 |
| Total | <u>2,806</u> | <u>2,806</u> | <u>0</u> |

The above table does not reflect layoffs that may be necessary in the absence of negotiated workforce savings.

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

| Fund Type | Available 2010-11 | Recommended 2011-12 | Change |
|---------------------------------|----------------------|------------------------|---------------------|
| General Fund | 42,564,000 | 38,309,000 | (4,255,000) |
| Special Revenue Funds - Federal | 367,224,000 | 345,703,000 | (21,521,000) |
| Special Revenue Funds - Other | 154,983,000 | 149,293,000 | (5,690,000) |
| Internal Service Funds | 31,563,000 | 33,563,000 | 2,000,000 |
| Total | <u>596,334,000</u> | <u>566,868,000</u> | <u>(29,466,000)</u> |

| | | | |
|---------------------------------|--------------------|--|--|
| Adjustments: | | | |
| Transfer(s) From | | | |
| Special Pay Bill | | | |
| Special Revenue Funds - Federal | (39,000) | | |
| Special Revenue Funds - Other | (683,000) | | |
| Appropriated 2010-11 | <u>595,612,000</u> | | |

EDUCATION

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

| Program | Available 2010-11 | Recommended 2011-12 | Change |
|--|----------------------|------------------------|---------------------|
| Adult Career and Continuing Education | | | |
| Services | | | |
| General Fund | 2,400,000 | 2,160,000 | (240,000) |
| Special Revenue Funds - Federal | 122,393,000 | 122,393,000 | 0 |
| Special Revenue Funds - Other | 7,481,000 | 7,781,000 | 300,000 |
| Office of Management Services Program | | | |
| General Fund | 11,633,000 | 10,470,000 | (1,163,000) |
| Special Revenue Funds - Other | 27,504,577 | 25,505,000 | (1,999,577) |
| Internal Service Funds | 18,914,000 | 20,914,000 | 2,000,000 |
| Office of Pre-kindergarten Through Grade 12 Education | | | |
| General Fund | 20,553,000 | 18,498,000 | (2,055,000) |
| Special Revenue Funds - Federal | 222,514,000 | 204,980,000 | (17,534,000) |
| Special Revenue Funds - Other | 5,631,000 | 1,631,000 | (4,000,000) |
| School for the Blind | | | |
| Special Revenue Funds - Other | 10,060,000 | 10,070,000 | 10,000 |
| School for the Deaf | | | |
| Special Revenue Funds - Other | 9,661,000 | 9,661,000 | 0 |
| Higher Education and the Professions, Office of | | | |
| General Fund | 7,376,000 | 6,639,000 | (737,000) |
| Special Revenue Funds - Federal | 2,952,000 | 2,952,000 | 0 |
| Special Revenue Funds - Other | 52,624,000 | 52,624,000 | 0 |
| Cultural Education | | | |
| General Fund | 602,000 | 542,000 | (60,000) |
| Special Revenue Funds - Federal | 19,365,000 | 15,378,000 | (3,987,000) |
| Special Revenue Funds - Other | 42,021,423 | 42,021,000 | (423) |
| Internal Service Funds | 12,649,000 | 12,649,000 | 0 |
| Total | <u>596,334,000</u> | <u>566,868,000</u> | <u>(29,466,000)</u> |

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2011-12 RECOMMENDED (dollars)

| Program | Total | | Personal Service Regular (Annual Salaried) | |
|--|-------------------|--------------------|---|--------------------|
| | Amount | Change | Amount | Change |
| Adult Career and Continuing Education | | | | |
| Services | 684,000 | (76,000) | 630,000 | (70,000) |
| Office of Management Services Program | 6,553,000 | (728,000) | 6,319,000 | (702,000) |
| Office of Pre-kindergarten Through Grade 12 Education | 12,193,000 | (1,354,000) | 11,597,000 | (1,288,000) |
| Higher Education and the Professions, Office of | 2,834,000 | (315,000) | 2,815,000 | (313,000) |
| Cultural Education | 398,000 | (44,000) | 398,000 | (44,000) |
| Total | <u>22,662,000</u> | <u>(2,517,000)</u> | <u>21,759,000</u> | <u>(2,417,000)</u> |

| Program | Temporary Service (Nonannual Salaried) | | Holiday/Overtime Pay | |
|--|---|-----------------|----------------------|-----------------|
| | Amount | Change | Amount | Change |
| Adult Career and Continuing Education | | | | |
| Services | 54,000 | (6,000) | 0 | 0 |
| Office of Management Services Program | 117,000 | (13,000) | 117,000 | (13,000) |
| Office of Pre-kindergarten Through Grade 12 Education | 466,000 | (52,000) | 130,000 | (14,000) |
| Higher Education and the Professions, Office of | 18,000 | (2,000) | 1,000 | 0 |
| Cultural Education | 0 | 0 | 0 | 0 |
| Total | <u>655,000</u> | <u>(73,000)</u> | <u>248,000</u> | <u>(27,000)</u> |

EDUCATION

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2011-12 RECOMMENDED
(dollars)**

| Program | Total | | Supplies and Materials | |
|--|-------------------|--------------------|-------------------------------|-----------------|
| | Amount | Change | Amount | Change |
| Adult Career and Continuing Education | | | | |
| Services | 1,476,000 | (164,000) | 36,000 | (4,000) |
| Office of Management Services Program | 3,917,000 | (435,000) | 203,000 | (23,000) |
| Office of Pre-kindergarten Through Grade 12 Education | 6,305,000 | (701,000) | 90,000 | (10,000) |
| Higher Education and the Professions, Office of | 3,805,000 | (422,000) | 57,000 | (6,000) |
| Cultural Education | 144,000 | (16,000) | 23,000 | (3,000) |
| Total | <u>15,647,000</u> | <u>(1,738,000)</u> | <u>409,000</u> | <u>(46,000)</u> |

| Program | Travel | | Contractual Services | |
|--|----------------|-----------------|-----------------------------|--------------------|
| | Amount | Change | Amount | Change |
| Adult Career and Continuing Education | | | | |
| Services | 5,000 | (1,000) | 1,435,000 | (159,000) |
| Office of Management Services Program | 103,000 | (11,000) | 1,429,000 | (159,000) |
| Office of Pre-kindergarten Through Grade 12 Education | 112,000 | (12,000) | 5,891,000 | (655,000) |
| Higher Education and the Professions, Office of | 57,000 | (6,000) | 3,634,000 | (404,000) |
| Cultural Education | 2,000 | 0 | 115,000 | (13,000) |
| Total | <u>279,000</u> | <u>(30,000)</u> | <u>12,504,000</u> | <u>(1,390,000)</u> |

| Program | Equipment | | General State Charges | |
|--|------------------|------------------|------------------------------|------------------|
| | Amount | Change | Amount | Change |
| Adult Career and Continuing Education | | | | |
| Services | 0 | 0 | 0 | 0 |
| Office of Management Services Program | 714,000 | (79,000) | 1,468,000 | (163,000) |
| Office of Pre-kindergarten Through Grade 12 Education | 212,000 | (24,000) | 0 | 0 |
| Higher Education and the Professions, Office of | 57,000 | (6,000) | 0 | 0 |
| Cultural Education | 4,000 | 0 | 0 | 0 |
| Total | <u>987,000</u> | <u>(109,000)</u> | <u>1,468,000</u> | <u>(163,000)</u> |

EDUCATION

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2011-12 RECOMMENDED (dollars)

| Program | Total | | Personal Service | |
|---|--------------------|---------------------|--------------------|------------------|
| | Amount | Change | Amount | Change |
| Adult Career and Continuing Education Services | 130,174,000 | 300,000 | 58,052,000 | 14,000 |
| Office of Management Services Program | 46,419,000 | 423 | 24,651,000 | 275 |
| Office of Pre-kindergarten Through Grade 12 Education | 206,611,000 | (21,534,000) | 82,358,000 | 0 |
| School for the Blind | 10,070,000 | 10,000 | 5,956,000 | (105,000) |
| School for the Deaf | 9,661,000 | 0 | 5,574,000 | (186,000) |
| Higher Education and the Professions, Office of | 55,576,000 | 0 | 25,241,000 | 0 |
| Cultural Education | 70,048,000 | (3,987,423) | 29,677,000 | (275) |
| Total | 528,559,000 | (25,211,000) | 231,509,000 | (277,000) |

| Program | Nonpersonal Service | | Maintenance Undistributed | |
|---|---------------------|-------------------|---------------------------|---------------------|
| | Amount | Change | Amount | Change |
| Adult Career and Continuing Education Services | 72,122,000 | 15,173,824 | 0 | (14,887,824) |
| Office of Management Services Program | 21,768,000 | 148 | 0 | 0 |
| Office of Pre-kindergarten Through Grade 12 Education | 114,053,000 | 8,978,176 | 10,200,000 | (30,512,176) |
| School for the Blind | 4,114,000 | 115,000 | 0 | 0 |
| School for the Deaf | 4,087,000 | 186,000 | 0 | 0 |
| Higher Education and the Professions, Office of | 30,335,000 | 721,000 | 0 | (721,000) |
| Cultural Education | 40,371,000 | 1,135,852 | 0 | (5,123,000) |
| Total | 286,850,000 | 26,310,000 | 10,200,000 | (51,244,000) |

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

| Fund Type | Available 2010-11 | Recommended 2011-12 | Change |
|---------------------------------|-----------------------|-----------------------|------------------------|
| General Fund | 18,245,852,000 | 18,721,587,000 | 475,735,000 |
| Special Revenue Funds - Federal | 7,484,797,000 | 4,084,088,000 | (3,400,709,000) |
| Special Revenue Funds - Other | 6,462,479,000 | 6,240,479,000 | (222,000,000) |
| Total | 32,193,128,000 | 29,046,154,000 | (3,146,974,000) |

EDUCATION

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

| Program | Available 2010-11 | Recommended 2011-12 | Change |
|--|-----------------------|------------------------|------------------------|
| Adult Career and Continuing Education | | | |
| Services | | | |
| General Fund | 81,815,000 | 81,815,000 | 0 |
| Special Revenue Funds - Federal | 521,776,000 | 118,776,000 | (403,000,000) |
| Special Revenue Funds - Other | 12,458,000 | 12,458,000 | 0 |
| Office of Management Services Program | | | |
| Special Revenue Funds - Other | 5,214,000 | 5,214,000 | 0 |
| Office of Pre-kindergarten Through Grade 12 Education | | | |
| General Fund | 17,980,715,000 | 18,466,324,000 | 485,609,000 |
| Special Revenue Funds - Federal | 6,936,627,000 | 3,959,912,000 | (2,976,715,000) |
| Special Revenue Funds - Other | 3,163,000,000 | 2,912,000,000 | (251,000,000) |
| School Tax Relief | | | |
| Special Revenue Funds - Other | 3,273,000,000 | 3,302,000,000 | 29,000,000 |
| Higher Education and the Professions, Office of | | | |
| General Fund | 89,449,000 | 83,934,000 | (5,515,000) |
| Cultural Education | | | |
| General Fund | 93,873,000 | 89,514,000 | (4,359,000) |
| Special Revenue Funds - Federal | 26,394,000 | 5,400,000 | (20,994,000) |
| Special Revenue Funds - Other | 8,807,000 | 8,807,000 | 0 |
| Total | <u>32,193,128,000</u> | <u>29,046,154,000</u> | <u>(3,146,974,000)</u> |

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

| Comprehensive Construction Program | Available 2010-11 | Recommended 2011-12 | Change | Reappropriations 2011-12 |
|---|----------------------|------------------------|---------------------|-----------------------------|
| Education Building | | | | |
| Capital Projects Fund | 0 | 0 | 0 | 2,026,000 |
| Capital Projects Fund - Advances | 0 | 0 | 0 | 20,000 |
| School for the Blind | | | | |
| Capital Projects Fund | 0 | 0 | 0 | 2,095,000 |
| Capital Projects Fund - Advances | 0 | 0 | 0 | 200,000 |
| School for the Deaf | | | | |
| Capital Projects Fund | 0 | 0 | 0 | 676,000 |
| Schools For Native American Reservations | | | | |
| Capital Projects Fund | 0 | 0 | 0 | 120,000 |
| Capital Projects Fund - Authority Bonds | 0 | 0 | 0 | 3,398,000 |
| Cultural Education Center | | | | |
| Capital Projects Fund | 0 | 0 | 0 | 12,403,000 |
| Capital Projects Fund - Advances | 0 | 0 | 0 | 1,280,000 |
| Capital Projects Fund - Authority Bonds | 0 | 0 | 0 | 13,797,000 |
| Administration | | | | |
| Capital Projects Fund | 6,800,000 | 3,400,000 | (3,400,000) | 10,458,000 |
| Capital Projects Fund - Authority Bonds | 20,400,000 | 0 | (20,400,000) | 20,400,000 |
| Library Construction | | | | |
| Library Aid (Auth Bonds) | 14,000,000 | 14,000,000 | 0 | 16,222,000 |
| Public Broadcasting Facilities | | | | |
| Capital Projects Fund - Authority Bonds | 0 | 0 | 0 | 1,000 |
| Cultural Education Storage Facility | | | | |
| Cap Proj Fund - Cultrual Education Storage Facility | 0 | 0 | 0 | 60,000,000 |
| Total | <u>41,200,000</u> | <u>17,400,000</u> | <u>(23,800,000)</u> | <u>143,096,000</u> |